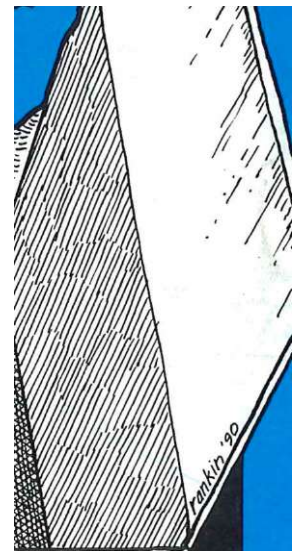
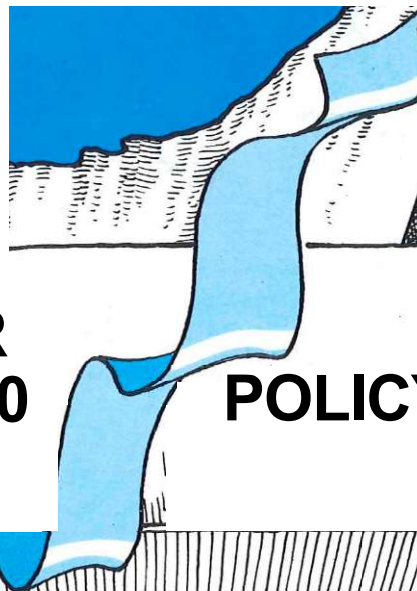




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**POLITICS AFTER
2 FEBRUARY 1990**

POLICY REVIEW

THE BAROMETER OF SOCIAL TRENDS

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BRAVE NEW WORLD

The close of the fourth quarter of 1990 brings one of the most dramatic years in South Africa's history to an end. The landmark speech delivered by President de Klerk on 2 February still echoes in the lengthening corridors of power inside and outside of parliament. The new, more open climate has broadened the spectrum of our politics as well as the parameters of policy debate.

With events unfolding apace, there has been little opportunity to gain a sense of perspective on the chain of action, response and counter-response engaging the main political actors. In selecting articles for this 1990 review edition of *Indicator SA*, we have attempted to provide just such a bird's eye view of the national processes at work and the specific policy issues in debate.

To predict the future we need to understand the past. Thus, in sketching likely scenarios for the early 1990s, our prestigious correspondents identify some of the political processes that underlie and explain recent developments:

- Richard Humphries traces the genesis of the National Party's about-face. Drawing on interviews with NP leadership and debate at the recent NP provincial congresses, he considers whether the party's new direction represents a change of policy or strategy.
- Khaba Mkhize evaluates prevailing theories of the civil violence in the Transvaal and Natal. Do our myths about ethnic violence and political intolerance obscure a deeper understanding of the nature of conflict in a transitional society?
- Lawrie Schlemmer discusses South Africa's ambivalent prospects for democracy. To what extent does our society meet the necessary pre-conditions of equality, democratic tradition, independent civil culture, interest group pluralism and free political choice?
- Cecil Manona presents a 'before and after' case study of the Ciskei coup. What kind of transitional arrangements fill the vacuum between the eclipse

of the old order and the brave new world? What are the national lessons of regional conflict and administrative collapse?

These are some of the critical questions that spring from the creative tensions between the processes of negotiation and conflict. Within this general framework, *Indicator SA* debates a wide range of specific policy issues which have come to the fore during the course of 1990. In this edition, leading policy analysts comment on land reforms, homeland reintegration, ANC economic policy, trade policy, local government policy, education policy, development policy and industrial environmental policy.

This bumper edition should provide enough material to keep our readers informed and stimulated over the entire holiday season! But if you are looking for further reading, we do have two special *Indicator SA* reports on offer: *Rotating the Cube: Environmental Strategies for the 1990s*, and *Opening the Cities: Comparative Perspectives on Desegregation*. Released in 1990, these two bestsellers are part of our revamped issue focus series (more information is provided on page 64).

Monitoring socio-political trends in South Africa against a backdrop of constantly shifting national priorities can be quite a tightrope act at times. *Indicator SA* strives to maintain both its editorial balance and its in-depth research coverage of current affairs. Turn to our special focus on the Transkei, for instance, which includes an up-to-the-minute interview with General Holomisa on the 22 November coup. Quite a topical scoop for a quarterly report!

We believe that the experience and reputation accrued by *Indicator SA* over eight years of research, monitoring and publishing gives us a distinct and obvious edge over a host of newcomers. In mid-1991 we will be launching a very special publication, the Indicator Project's fiftieth issue. So accept no facsimiles or imitations - we are the original *Indicator* with the original *Monitors*!

Graham Howe, Editor
December 1990

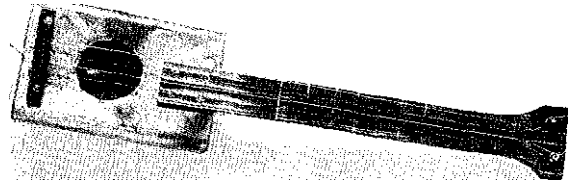
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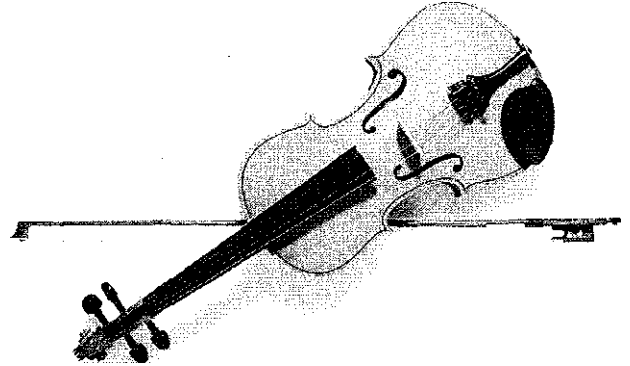


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It's not inside It's on top

The National Party after 2 February

*By Richard Humphries, Centre for Policy Studies,
Wits Graduate School of Business Administration*

South African politics was turned almost totally on its head by President FWde Klerk's dramatic speech to Parliament on 2 February 1990. Old orthodoxies and assumptions, held and pursued by major political movements, have had to be reconsidered during a year of rapid change. The National Party is no exception. Drawing on interviews with leaders and members of the ruling party, this review considers whether the new direction represents a fundamental change of policy or a shift in strategy.

There is a gentle irony that the National Party (NP) must now adapt to a political environment which its own leadership decided upon, ushered in and must now manage. Rank and file supporters, branch executives, party representatives and the core leadership itself now all have to develop and implement new strategies which the NP hopes will allow it to continue to play a major role in a very different political system. Under normal conditions this new political system can be no more than four years away. It is conceivable that it might be further away.

Can the National Party adapt to the rigours of competitive politics in a dramatically enlarged political arena in which all South Africans are able to vote? Can it, the interpreter and mouthpiece of Afrikaner nationalist interests for more than seven decades, develop new strategies and values which distance it from its past but while still representing essentially white capitalist interests? Or will its rebirth be still-born as many of its present white supporters find a new political home on the right in a bid to preserve the declining comforts of apartheid?

Clearly, the answers to these questions about the evolution of the NP in the next few years cannot be answered with any real confidence at this stage. Especially not if we are restricted to evidence and material after 2 February.

Two Interpretations

The appropriate place to start is the February speech, especially since this impinges upon issues of voter support for the NP and NP strategic planning in the transitional period leading to the first all-race election. There seem to be at least two explanations, which are not necessarily totally contrasting ones.

The first, more predictable explanation, is to see de Klerk's speech as the culmination of a series of pressures, internal and external, regional and international, which inexorably drove the NP towards unbanning the major resistance movements and embarking upon a negotiated settlement.

This view would suggest that the political and economic costs of maintaining white supremacy were primary determinants in prompting the speech. It implies that 2 February represented a set of fundamental policy shifts by the NP as it came to terms with these pressures, accepting if not majority rule then at least a major role for the ANC. In other words, a major break with the past.

One NP MP seems to generally concur with this line of analysis. Mr Piet Coetzer, MP for Springs, has said:

'We had reached the point of believing that we

had really reached the end of an era. The old policies had been coming loose at the seams for some time and we felt we had to develop new policies. The pressures were many. The economic situation ... the pressures inside the black political scene. Internal pressures bring you to formulating a new role. And we have.'

The ANC also presents this analysis of the speech and its context. If pushed too far, this argument can suggest that the NP government has now very limited options and thereby almost no room in which to manoeuvre while it sees out its last years in office.

A second, perhaps more controversial analysis, situates de Klerk's speech more within the context of continuities of NP policy rather than as a break from the past. This explanation is argued by a NP MP from Pretoria who suggests that the announcements contained in the speech had more to do with changes in *strategy* by the NP than to do with fundamental *policy* changes.

He argues that the prerequisite policy shifts had been made much earlier in the decade, at its 1986 federal congress in Durban. At this congress the NP accepted the principles of one citizenship for all South Africans in an undivided South Africa.

Despite having accepted these new policy principles, the NP, so this view continues, was unable or unwilling to implement these principles to their logical conclusion. The party was internally divided, while the state of emergency and an aging State President were not conducive to allowing the NP to proceed with new reform initiatives in line with the Durban decisions.

The election of FW de Klerk, as party leader and later as acting State President following the resignation of PW Botha; the NP's reasonable showing in the 1989 general election in which it obtained a reduced absolute majority; and the collapse of communist rule in Eastern Europe provided a different context within which the NP could launch new reforms, which the 'new Nats' had earlier argued for.

Thus the Pretoria MP says that February 1990 saw the NP providing a 'moral commitment to the implications of already existing policy'. In other words, there might be more of a continuity to February's speech than is generally realised.

He argues that the decision to unban the ANC and other resistance movements was not a policy shift on the part of the NP but a shift in strategy: 'We could not sit still and expect the ANC to abandon the armed struggle. De Klerk's speech represented a serious attempt to break out of this cul-de-sac ... to remove the obstacle of the armed struggle, unban the ANC and bring them into the open political market'. The implicit assumption is that

the NP was in fact prepared to negotiate with the ANC much earlier in the 1980s but for the issue of armed struggle.

Strategic Initiative

By asserting that the genesis of De Klerk's speech must be traced back to NP policy principles adopted in 1986 and by presenting it as a change of strategy on the part of the NP, a number of explicit assumptions are made. They are that the NP was firmly in control of government and that it was not pushed unwillingly by outside forces into making concessions under pressure. It also allows the party to remind possible nervous voters and supporters that in the general elections of 1987 and 1989, they gave the NP a mandate for reform and negotiation politics.

There is a certain logic to this 'strategy' argument. First, the NP even prior to 2 February had accepted that exclusive white control of government had to end. Equally, it argued that an exclusive black government was out of the question - there had to be a 'joint balance' as Stoffel van der Merwe put it in 1988.

Present NP policy, formally at least, still sticks to this point. The NP talks variously of a 'best man government' or a government that has minority representation in it. It suggests that the NP, before and especially after 2 February, retains as a general policy the goal of preserving or securing white participation in government. What has changed are the ways in which this might be achieved.

Second, there do seem to be some suggestive continuities in important respects in the NP's strategy towards the ANC and its understanding of support for the ANC. In an important interview in early 1988, the Minister of Information, Stoffel van der Merwe sketched the government's understanding of popular support for the ANC in a rather sophisticated way. He accepted that the ANC had extensive support but argued that this support was 'reduced to a very small group' when sympathisers or supporters were questioned on major aspects of ANC policy. There was thus 'a lot of symbolic support' for the ANC.

The NP now argues that the collapse of communist governments in Eastern Europe has changed the international political and ideological context within which the ANC used to operate - thereby, the assumption being, that it has been weakened.

In addition, the NP's critique of the way the Smith government in Rhodesia handled the nationalist movements suggests that the unbanning of the ANC forces it to defend its policies and organise its constituency. The government might feel fairly confident that the ANC will not be able to hold together under pressure.

The long-standing debate about the relationship between the SACP and the ANC is relevant here too. From the mid-1980s, it was often persuasively argued that the government was attempting to split the ANC-SACP alliance by playing the *nationalists* off against the *communists*. Recent statements by senior cabinet ministers which argue that the ANC's alliance with the SACP hinders the NP from cooperating with it, strongly suggest that this might still be the favoured strategy.

A further element of continuity is that the NP still looks to black moderates - homeland leaders, local authority councillors, church groups - as possible allies against the ANC. Now, however, this contest moves from the restrictions of the state of emergency to an open electoral battle. This is not though to suggest that the NP is determined to decisively defeat the ANC in an election in order to see its exclusion from a possible future NP dominated government. The goal would be to simply prevent the NP from being totally excluded from a future government. Even if this 'continuity' argument is correct, the NP still has to deal with the probable perceptions of white voters that the NP has fundamentally changed its policies towards the ANC and other aspects of policy.

For example, the 1987 and 1989 elections were both held in a context of the state of emergency. In 1987 the NP fought a largely law and order campaign. In both elections, too, the emphasis on group rights and minority protection or own affairs featured strongly. There was no real indication that the Group Areas Act and a range of other Acts would soon be abandoned, other than the NP's general commitment to remove discriminatory legislation. So too with the notion of the NP opening its membership to all races.

Where these two explanations of de Klerk's speech do overlap is in their stress on the changing context (leadership, domestic, regional and international pressures and changes) within which South African politics operated in the second half of the decade. Much more research is needed though before one can confidently explain the motivations of the landmark parliamentary speech of 2 February.

Transition Lessons

'Transition politics' and 'transition analysis' have become fashionable concepts and terms used by academics to analyse South African politics in comparative perspective. At another level though, we need to understand how the NP views generally similar political transitions and lessons that the NP might have learnt from them.

The most immediate comparisons drawn by the NP are those of the independence of Zimbabwe in 1980 and of Namibia in 1989. Both are relevant

because of the ways in which whites reacted to the imminence of, and the accommodation of their political interests in a black majority ruled polity. Traditionally, NP racial policies have tended to be informed by a reaction to developments elsewhere in Africa. The NP's recent approach towards group rights, an open party and alliance politics has been fundamentally informed by processes in these two countries.

On Zimbabwe, two major points are argued. First, Ian Smith's government took too long and fought a war before it faced the inevitability of a negotiated settlement. This weakened the negotiating position of whites. In the process, the black nationalist movements arrived at the negotiating table never having had the chance to make political mistakes on the way.

Second, whites in Zimbabwe attempted to define themselves as a racially different or distinctive group, who had to be politically accommodated as whites. This, one NP MP argues, led to their political irrelevance after 1980 - 'this was the most serious lesson for us'. Likewise, Mrs Sheila Camerer, NP MP for Rosettenville, argues that in Zimbabwe 'white exclusivity led to white exclusion' from power and government after 1980.

These comparisons have two implications:

- that the NP would not be prepared to accept a system of proportional representation for whites as a group, since this would automatically peg their representation to a minority and fixed level;
- that whites should attempt to secure their influence by gaining support from voters of other races for more broader-based values and policies.

This point is reinforced by the critique of Namibia's transition and the DTA's experience. Interestingly, the NP in South Africa has learnt more positive lessons from the DTA than it did from its sister National Party in SWA. One NP MP argues that ethnicity was the basis on which the parties drew their support in the 1989 elections. But that a sizeable chunk of whites, mobilised as an ethnic group, were able to link up with other regionally or ethnically based parties, to become part of large alliance.

Alliance Scenarios

At this stage the NP seems to hold out two scenarios for its future role - either as part of an alliance or as part of a broad political movement. The former implies that the NP would preserve an individual identity within an alliance, while the latter probably implies a surrendering of its present identity to a new larger grouping. There seems to be no clarity yet within the NP on which way it will evolve.

Alliance politics, strictly speaking, would involve some sort of agreement between parties within the alliance over limits to competition for supporters. This could be defined regionally, racially or a combination of the two. Mrs Sheila Camerer notes that the ruling German government of Helmut Kohl operates with a regional agreement between the CDU and the CSU parties over support bases.

The creation of a new political movement, essentially out of the NP, could develop from the decision to open membership to all races. Already, the prominent NP newspaper columnist Dawie has suggested that the party should, given the limitations of various opposition parties, embark immediately on a serious campaign to recruit 'non-white' members to bolster the position of the NP. He adds that this should happen at an earlier stage than the party might have wanted.

It is somewhat ironic that senior leaders of the NP, including FW de Klerk, justify the 'open party' stance by quoting former party leader DF Malan's famous statement of the 1940s that the NP should bring together those persons who through inner conviction belonged together. Where this was once meant to appeal for greater ethnic solidarity from Afrikaners for the NP, at the expense of the United Party, it is now used to appeal for support from Africans, coloureds and Indians for values and interests which transcend narrow ethnic interests.

In an interview with the author, an important NP organiser says that present white supporters of the NP will have more in common with those Africans, coloureds and Indians who join the party than they will have with fellow whites (or Afrikaners) who support the HNP or the CP. Is this the final acknowledgement of the permanence of *broedertwisl*

Minister Pik Botha has made similar remarks:

In the new South Africa, the colour of a person's skin or his race will not form the power base of any political parties. Shared interests, values and standards will transcend racial lines so that "minority" and "majority" should no longer be mistaken for "white" and "black".

Given the NP's history, this attempt to secure support on a range of broader values is obviously a high risk one. Yet with FW de Klerk enjoying substantial personal support from South Africans of all races, the NP might be able to mobilise this into support for the party or an alliance. A ticket of respectable political and religious conservatism could be developed by the NP and black allies.

Preserving

A crucial challenge to the NP in managing the transition is to preserve, as far as possible, its present support base. It is in the NP's short-term interests since FW de Klerk has indicated that general white approval for a new constitution will be needed at a referendum.

Yet managing white voter responses has longer term implications for the NP if it is to succeed in putting together either an alliance or creating a broad movement with which to contest post-transition elections.

So far, it appears that the NP is managing to carry the bulk of white electoral opinion along with it such that it would win any referendum held soon. However the Umlazi and Randburg by-elections both showed consistent rightwing growth in different types of constituencies.

The NP does not appear overly concerned about its position at this stage. Yet it does acknowledge voter concerns about an uncertainty of the negotiation process and its possible outcome. A Transvaal organiser says 'balanced results' - some losses and some gains - have been experienced in municipal by-elections. An NP MP says that there is 'no sense of defection' from the party; the MP argues that 2 February has given the Transvaal NP a new self-image and self-confidence as supporters can see an important future role for the NP in an alliance.

Grassroots feeling in the other provinces seems slightly more uncertain. The recent Cape and OFS NP congresses witnessed more critical reactions to recent developments than was heard at the Transvaal congress. This might suggest that sympathy and defections to the rightwing in the other provinces has some way to go before reaching levels found in the Transvaal.

If increased grassroots uncertainty was to set in, it would soon manifest itself within the NP parliamentary caucus. FW de Klerk is reputed to have united the caucus to a degree which it has not known for a long time; however, a very small group, literally a handful, is said to be anxious about policy developments. Their importance is minimised though on the grounds that they 'are not Andries Treurnichts'.

As the ruling party since 1948, the National Party has a long history. After more than forty years in power, its sternest test may well lie ahead, flg^

Ways of Seeing "Ethnicity & Violence"

By Khaha Mkhize, Editor, *The Echo* (Natal Witness), Pietermaritzburg

An experienced journalist argues that some sectors of the commercial media are infatuated with reporting conflict in terms of colour, and of late, in terms of ethnicity. In a provocative review of press coverage of political violence, Khaha Mkhize challenges the conventional wisdoms about ethnic conflict and political intolerance. Dismissing these 'media labels' as inadequate explanations of the violence, he suggests more constructive ways in which the press could contribute to conflict resolution in South Africa.

The violence on the Reef in recent months constantly has been reported in the commercial media as a Xhosa/Zulu conflict.

Suddenly, however, reports emerged of 'a third force' in the Transvaal killings after whites were spotted fighting on the side of vigilantes. But there were no new media labels attributing the violence to clashes between Xhosas, Zulus and whites-with-blackened faces.

At the height of the Reef conflict a report from a local news agency went so tribal as to specify what language Mandela was using in Sebokeng - 'Speaking in Xhosa, Mandela said .. blah blah blah.' Since when are we fed information about the language used by De Klerk, Mandela or Buthelezi? This is dangerous. This would only have been news if Buthelezi had spoken in Xhosa, which is not his mother tongue.

Earlier, in 1984, the police reports on national unrest described the violence as 'black-on-black' violence. Then in Pietermaritzburg in 1986 police reports described the ongoing violence as a 'faction fight'. But a small newspaper there, *Echo*, refused to swallow that line. We took the plunge, risking breaking the state of emergency regulations, by describing these events as political violence.

In 1985 the violence spilled over to the Mahatma Gandhi settlement in Inanda. The masters of phraseology came out with newspaper headlines screaming of 'Indo-African' violence. And when the violence broke out in the Durban Warwick Triangle in 1989, it was labelled 'black-on-Indian'.

Elsewhere, it broke out in Welkom, where the vocabulary of phrases choked with abruptness. No-one qualified it as 'white-on-black violence'. It was simply referred to as 'right-wing violence'. No racial tag this time.

The simplistic and naive distortion of news crosses the borders of our country and confuses commentators abroad. The media has been guilty of exporting wrong perceptions which only succeed in bouncing back wrong responses. This is the very sort of thing that has prompted many South Africans to point fingers at the media as having failed during a crucial period.

During the Vietnam war the Pentagon devised a system of 'let them eat handouts', the press releases which played down the numbers of US troops killed on foreign turf. Some of the American journalists bought this type of reporting and thus thrust themselves into collaborationist arrangements with the politicians.

In South Africa the unrest reports released by the SAP hardly ever refer to 'boys' or 'children' who are victims of violence. They are always referred to as either 'men' or 'people'. The omission of detail on their age group conveniently evaporates any compassion the reader would otherwise feel.

Journalists should not hide behind shoddy police unrest reports as an excuse for the perpetuation of shoddy journalism. Police are not trained as disseminators of information. Their standard phrase, 'a group of black men' in reports on violence

Although the national unrest was described as 'black-on-black violence', the outbreak in Welkom was simply called 'right-wing violence'

The misleading use of ethnic labels in the media cannot only be blamed on shoddy police unrest reports

should be used as a clue for broader human angles. Let's bring back that nerve centre of the profession: the *why* in events.

How many of us in the media have gone all out to investigate the ages of 'man-teenagers' in the violence or to investigate the causes of incidents? Why did a group of 'black men' attack three other 'black men' who are actually boys in age?

But let me grab this opportunity to commend the police. What I have been complaining about has, it appears, been attended to. I was very impressed when reading a police unrest report in late October with a difference - one without racial connotation. Whether credit must go Sapa or the police, I am not sure. Here it is: 'This is the official SAP unrest report as released to Sapa:

In another unrest incident, a man was slightly injured after his delivery truck was stoned and damaged by a group of unknown people.'

Yet in the same week a police unrest report was reported word-for-word by the media. It told of 'screams coming from a (Zulu) hut' but of employees of a (no race tag) hotel assisting the victims of violence in another incident.

Whereas media labels have succeeded in diminishing the conflict into an unimportant 'third rate' ghetto topic, no thought was given to the fact that violence as a virus would have no Group Areas borders to confine it.

One may racialise conflict but can never racialise violence because it is like a disease. Typhoid found in KwaMashu has easy access to La Lucia. Let's hope by now the lesson has been learnt. The knifing of whites, call it 'Manson-style' or 'Strydom-style' in downtown Durban in mid-October proves that violence knows no suburban boundaries. Racial reporting can be dangerously misleading.

On "Ethnic™ Conflict

Surely it undermines the quality of South African journalism to suggest that the media are ignorant of the fact that the war is not tribal but ideological.

Andrew Maphetho, former Robben Island prisoner and current Johannesburg regional organiser for the ANC, argues that:

'The perpetuation of tribal divisions and

animosities has been a key dynamic of the apartheid state ...at this very moment, when talk of constitutional negotiations is at the centre of the political landscape, the National Party flies a banner of minority rights, including the claim that African people exist as separate nations.

It is therefore justifiable to ask how the formulation of the current conflict as a Zulu/Xhosa war feeds into the politics of apartheid, how the apartheid regime benefits if the Zulu/Xhosa perspective triumphs, and how this formulation relates to the debate on a constituent assembly'. (Democracy in Action, Idasa)

Besides the political benefits, which are quite obvious, we are also poised to reap ghastly benefits should we allow the ethnicisation of the South African conflict. Ethnicity is the very core of apartheid. The same apartheid which the English commercial press has fought so well over the years.

Tribalism or ethnicity is an antiquated norm. Anyone fanning its fires must know that he or she is introducing retrogression in the country. This point must be amplified by all concerned. The media must provide the lead here.

On Intolerance

In the past, we developed a culture of tolerance for accepting abnormal tendencies as norms. Today, however, everybody is entertaining the fashionable question: 'Why is it that black people are so intolerant...?'

Has anyone in the media posed this question in an analytical and logical form: 'Why is it that black people have tolerated whites with their exploitation and oppression since 1652 but all of a sudden (since 1984) failed to tolerate each other?'

With a little research any enterprising newsperson worth his or her salt would have arrived at an answer to provide clarity and expose the stereotype projecting black people as being 'violent'. 'Internalised oppression' is your psychological answer.

The media, it would seem, have lost the inclination of scrutinising political intrigue and rely on academics, who most of the time are out of touch with reality. No-one wants to challenge today's cliché about 'political intolerance'.

The formulation of the current conflict as a 'Zulu/Xhosa' war benefits the politics of apartheid

The fighting among the oppressed is not caused by political intolerance among themselves, *per se*. The intolerance of political change among some powerful sections of the privileged class is one of the big causes of the violence. Nelson Mandela has breathed insight into this particular problem by affording us with the 'Third Force' theory.

It is only in our country, South Africa, that the emphasis is so obsessively placed on race and skin colour, that even weapons are categorised according to their culture! Assegais, knobkerries, pangas and bolted sticks are referred to by the South African Police as 'cultural weapons', for instance. Yet an AK 47 has never been described as an 'Euro-Asian weapon'!

What did the media do about these ethnic labels? Did they question them? No. Instead they lost even the inclination to use inverted commas to distance themselves from police statements when reporting on these 'deadly cultural weapons'.

Was a hammer reported as an 'industrial weapon'? A Thompson machine gun as an Anglo-Saxon weapon? A table knife, a 'domestic weapon'? Teargas, a 'pharmaceutical weapon'? No. Not at all. I think it is high time that the media and the police refer to these weapons in these terms if they want to be consistent! The balanced and objective traditions that the press boasts of is absent when an AK 47 is reported to be 'of Russian origin' (i.e. 'communist') or becomes subtly associated in reports with the ANC.

The commercial press, mainly the English liberal section, has been doing a fantastic job in valiantly crusading for the demise of apartheid. It is, however, a curious and regrettable irony that when apartheid shows signs of demise there emerges in our midst a disturbing tendency of promoting or encouraging ethnicity.

There are those journalists who are quick to excavate journalistic 'ethics' and 'virtues' by asking: 'Should we simply ignore any ethnic dimension in stories?'

The answer is simply NO. I am not suggesting that it should simply be ignored. Ethnicity has been with us from time immemorial. Journalists should report on ethnic factors when they have not been created by either the police or media

statements. And when doing so would not exacerbate the conflict.

If it happens that Xhosa workers are fighting Zulu workers on the mines on Reef, that is not enough justification to rush into print without examining the cause of the conflict. To do just that would imply that these people are simply mad to attack each other without any provocation.

When we read of the Irish conflict no-one is ignorant of the fact that it is just not Irish-on-Irish violence but Protestant versus Catholic violence.

The press must not assist egocentric politicians who are bent on using ethnicity for their own special ends. Ethnicity used negatively has the potent power of destroying this country. We are dealing with people's lives.

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The press must help destroy the culture of negative tolerance. We must embark on a campaign to educate the right-wing about the ills of pursuing a route marred with conflict because conflict has a habit of erupting into violence if not checked. The media must recognise the importance of responsible conflict resolution as part of their everyday journalism. We have the ability to adapt to a style of mediation journalism instead of reinforcing racial and ethnic conflict in our country.

The press, fortunately, has a shining record in exposing evil in the political web of South Africa. It exposed and helped destruct the nefarious information scandal which toppled this land's most powerful cabinet ministers. More recently, the press was able to expose the monstrous death squads, leading to the investigation by the Harms Commission.

The media have proved over the years that they have the power to be on the side of justice.

It is of course an accepted truth that the media is used as the scapegoat of society on many occasions; but this norm must not lull the press into complacency and prevent it from absorbing genuine criticism. While the cliché in the country sings the chorus of a New South Africa, the song must also percolate into the newsrooms. Q®®

Extracts from an address delivered on Press Day, 17/10/90, University of Natal.

The stereotype that projects black people as being politically intolerant and violent must be challenged

A new style of mediation journalism could undermine rather than reinforce division and conflict

The big lip of Sebe has Fallen



By Dr Cecil Manona, Institute of Social and Economic Research, Rhodes University

All four of Pretoria's 'independent homelands' have been rocked by coups in recent years but only Mangope's Bophuthatswana has survived the challenge. (The abortive November coup in the Transkei is reported on in the Rural and Regional Monitor). A military coup in the Ciskei on 3 March 1990 ended the rule of President Lennox Sebe and toppled the Ciskei National Independence Party (CNIP). Since 1978 the homeland legislature had been dominated by the CNIP, which had resorted to greater repression in the 1980s as it became increasingly unpopular.

This report firstly seeks to demonstrate the extent of rural dissatisfaction which culminated in the fall of Sebe's government and, secondly, to make an assessment of the new political climate which has emerged after the coup. It is based on field research done from 1989 in an area under the jurisdiction of the Ngqika Tribal Authority in the Keiskammahoek district in the Ciskei.

*After the coup,
a new freedom
song was
heard: 'Iwile,
iwile inyheke
kaSebe' (the big
lip of Sebe has
fallen)*

Three weeks after the Ciskei coup in March 1990, local government collapsed across the homeland when the new military leader, Brigadier Joshua Gqozo, announced that all headmen should resign their positions. Even though chiefs were not affected by this ruling, confusion and uncertainty reigned in the rural areas. At the same time, the virtual freeing of the Ciskei from an oppressive government immediately led to intense political activity by opposition groups and the establishment of new local-level political structures.

Since achieving 'independence' in 1973, the Ciskei had never enjoyed any peace or stability. With the demise of the opposition Ciskei National Party in 1978, the one-party government became more and more intolerant of all opposition groups. Apart from the bus boycott which continued for many years in Mdantsane and claimed many lives, opposition to Sebe's rule in the 1980s was also notable in several communities which resisted incorporation into Ciskei.

In these communities people formed residents associations to oppose the South African government's intention of incorporating them into the Ciskei (cf. Lund 1988). Other residents associations were formed in places where the Ciskei government intended to re-locate residents, eg. in Balasi. They were also formed in some urban areas falling under homeland administration, e.g. the Mdantsane Residents Association (MDARA) and the Dimbaza Residents Association (DIRA).

In the rural areas the most overt instance of opposition to the government began in January 1990. Thousands of residents in the Chalumna area (including 22 villages) announced their intention to reject Ciskei independence and their desire to return to a unitary South Africa. They were to demonstrate their resolve either by burning their CNIP membership cards or by returning these cards to their local headmen.

As this anti-independence campaign got underway, similar developments were

occurring elsewhere in the region. By the beginning of March 1990, up to two-thirds of the rural population had either burned their CNIP membership cards or returned them to the headmen (*Daily Dispatch*, 1 March 1990).

One of the most serious outbreaks of violence in rural Ciskei occurred in early March 1990 at Khambashe outside King William's town, when youths burnt down the homes of a chief and a headman. Announcements made in South Africa on 2 February which, among other reforms, unbanned the African National Congress (ANC) created a climate which made this anti-Ciskei activism more possible. The area under the jurisdiction of the Ngqika Tribal Authority was affected by these developments. It is an interesting case study which reflects the slow buildup of tensions before the coup and the aftermath.

Tribal Authorities

Rural dissatisfaction in the Ciskei is, to a large extent, the legacy of the implementation of the 'homeland' and 'tribal authority' systems. The passing of the Black Authorities Act in 1951 effected a radical change in local government in the Ciskei and throughout South Africa. Up to that time the policy of the white administration was to rule black people through government-appointed headmen who were placed in charge of demarcated 'locations'.

The Act shifted the administrative focus from the headmen and provided for the establishment of so-called tribal authorities which were headed by chiefs. The principle underlying the tribal authority system sought not only to reconstruct old customs and usages but also to revive traditional leadership.

The community case studies are of six villages in the Keiskammahoek districts of the Ciskei which came under the jurisdiction of the Ngqika Tribal Authority in 1966. This authority consisted of the chief, two salaried headmen and 19 councillors.

The offices of the tribal authority and a hall for its meetings were located in the village of Burnshill. Since its establishment this local authority was not able to improve living conditions in these villages. One reason was its lack of representativeness in that it was merely a homogeneous body of mostly old men, many of whom had only a

few years of schooling. In this sense the Ngqika Tribal Authority could not reflect the educational and occupational diversity of the population of these six villages.

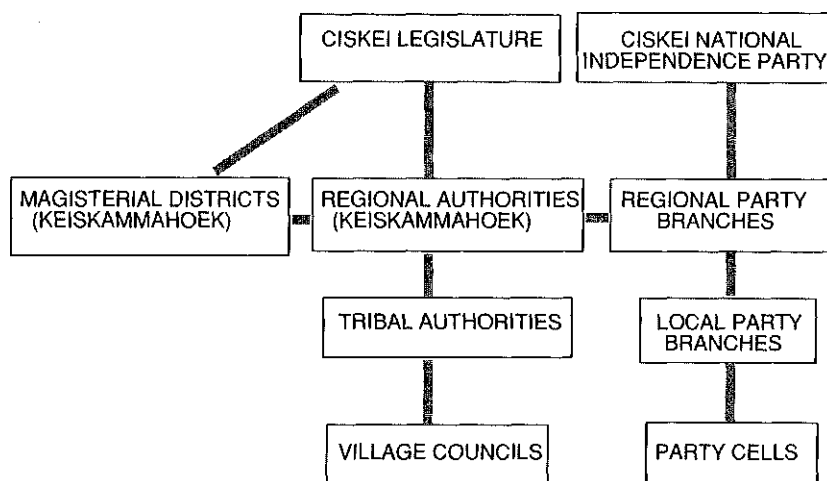
Although it had a wide range of duties, the fact that the body had meagre financial resources had adverse effects on its performance. Therefore it could not be the focal point of rural administration capable of promoting the general well-being of these villages. Instead, it focused attention mainly on the ways and means of carrying out instructions received from higher authorities.

Reflecting the constraints of the wider political structure which emphasised authority and repression, the tribal authority failed to encourage participation at grassroots level or to appreciate the residents' needs and aspirations. Corruption was another crippling factor.

By February 1990 the authority had no money and its secretary had not been paid for two months. A sum of R22 000 which was collected over several years for the purchase of a mini-bus for the tribal authority had disappeared. By this time people strongly believed that the funds which were collected fairly regularly for the ruling party and for government-associated undertakings were being embezzled.

Growing opposition in the Ciskei was a response to corrupt and unrepresentative local government

**Figure 1: Before The Coup
Administrative Structure of the Ciskei**



By early 1990
there was open
revolt against
homeland
independence
in the Ciskei

Growing local opposition to the Ciskei government was partly a response to popular dissatisfaction with corrupt and unrepresentative local government. At the end of January 1990 the principal of the High School in Burnshill was detained by the Ciskei security police. His apparent 'crime' had been to organise a fund with his staff and students for the purposes of assisting Ciskei refugees dislodged from their homes in East Peulton and housed temporarily in church accommodation in King William's Town. (These people were being persecuted by the Ciskei government for their rejection of homeland rule.) The principal's detention elicited strong criticism from the Ciskei Teachers Union (CISTU). He was released from detention a few weeks later.

Local discontent with the tribal authority became more apparent in February when it was confronted by delegations which queried its actions. One group of men demanded an explanation about the R22 000 collected for the purchase of a mini-bus. Whereas the chairman of the tribal authority tried to show that the money was used for other purposes, the delegation found the explanation unsatisfactory.

Shortly afterwards, a delegation from another village rejected the headman whom the chief had imposed on their village. The leader of this group, an old man of about sixty, stunned the tribal authority members when he began to address the meeting. Without saluting the chief, he applauded the ANC, singing praises such as 'Viva Comrade Oliver Tambo'.

Indeed, the chief had imposed the headman on this village. In the elections for a headman held in this village three years earlier, there were three candidates. The chief ignored the results of the election, however, and appointed the candidate who got the least number of votes! This headman became extremely unpopular in the village. People openly complained about his close association with the Ciskei security police and the arrest of young people from this village.

These were some of the grievances which were beginning to surface as the political situation deteriorated rapidly just before the coup. The fall of the Sebe regime did not come as a great surprise. By the beginning of 1990 opposition to Ciskei rule had developed into open revolt in many areas. Many villagers were detained, those who

refused to attend the Heroes Day Celebrations at the Ciskei's National Shrine were victimised, the Ciskei Defence Force was operating at village level, and headmen and vigilantes were being armed. A state of emergency had been declared in a number of areas.

The C

The Ciskei government was toppled on Saturday, 4 March 1990. The day before, Lennox Sebe had flown unannounced to Hong Kong, leaving behind growing turmoil as huge sections of the Ciskei population openly revolted against homeland independence.

Even though the coup was bloodless, it resulted in the colossal destruction of property, especially in Mdantsane and Fort Jackson where thousands of people went on the rampage, looting and petrol-bombing shops and factories. In these areas alone a weekend of anarchy caused damage of R1 lm with total losses estimated at R40m. By Tuesday, the South African Defence Force was brought in to quell the riots.

However, the fall of this much hated government was celebrated more peacefully in the rural areas. Virtually everywhere people cheerfully sang a newly composed song - *Iwile, iwile inyheke kaSebe* (the big lip of Sebe has fallen).

At a gathering of tens of thousands of people at Mdantsane on the following Sunday, the leader of the coup, a brigadier in the Ciskei Defence Force, spoke beneath the flags of the ANC and the SACP. 'We are looking for a new future', he said (*Daily Dispatch*, 5 March 1990). He said the seizure of power had become necessary on account of the widespread corruption and misuse of state money, nepotism and the deterioration of educational standards and health services. He emphasised that the new government was the people's government and that the fate of the people in the Ciskei would be determined by the people themselves.

Brigadier Gqozo has since held several political rallies in different parts of the Ciskei. He has often spoken of the need for the creation of democratic political structures through which the people can articulate their aspirations.

Three weeks after the coup, tribal authorities in the Ciskei as a whole collapsed after the new leader announced

The new
military leader
has encouraged
the creation of
democratic
political
structures at the
local level

that all headmen should resign their positions. He has encouraged the people to establish residents associations which should work closely with chiefs in the various districts. But it has not been easy for people to establish these new bodies. Months after the coup, local government in the Ciskei lacks clear direction and is still encountering many problems. The accompanying charts compare the old political structures with the new bodies which have been created for residents and the youth.

The Border Civics Congress is an umbrella body for all civic associations concerned with local government in the Border area, including the Ciskei. The organisation of residents in Keiskammahoek started in 1988 with the creation of the Keiskammahoek Residents Association. It operated underground before the coup, coming out into the open after the unbanning of the ANC.

However, it is the role of the youth which has been of great significance in the district long before the coup and more recently. For instance, the Keiskammahoek Youth Congress (Keyco) came into existence as early as 1985. At that time it was unsafe for members of Keyco to operate publicly and young people living in the various villages joined the organisation as individuals. Rugby matches brought the youth together for discussion and communication. In 1987 this youth organisation affiliated to the South African Youth Congress (Sayco).

By 1989 members of Keyco had increased and it became possible for the organisation to operate in the various villages. Meetings were also held by young people at their schools. By the end of February 1990, Keyco had a substantial following in the various schools and villages. The youth decided to boycott classes for a day and to join a march by Keiskammahoek residents who were to protest against Ciskei independence. This large gathering of marchers was dispersed by Ciskei security forces using teargas and sjamboks.

Th@ Aftermath

After the coup, youth political activity intensified to an even greater degree in an environment which now allowed freedom of organisation and expression. In the months that followed, the youth in virtually every village became tightly organised. They tirelessly pursued their goal of mass political education through a 'cultural

After the Coup
Figure 2: Structures for the Residents

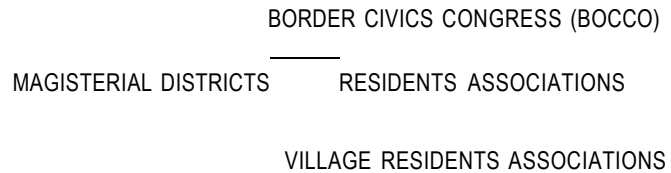
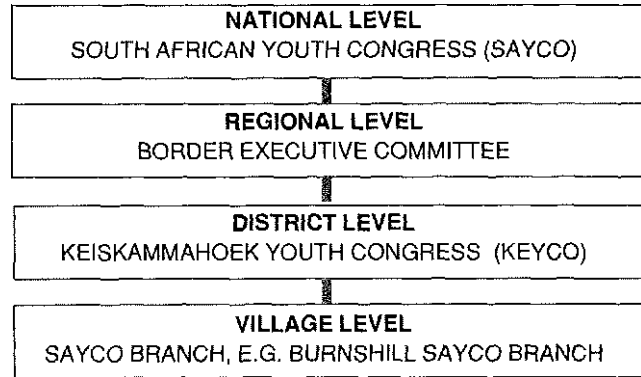


Figure 3: Structures for the Youth



programme' which enables the various village units to associate with each other. Parents have become accustomed to their children being frequently away from home attending meetings or practicing for their performances.

Many adults became frustrated, however, when they saw the youth taking a leading role in political affairs. In all the villages it was the youth who called meetings and persuaded adults to form residents associations. Adults suddenly found themselves in an awkward situation in which they were being led by their children. Thus the village associations came into existence only after much debate, sometimes as long as four months after the coup. Now, in every village there is a residents association and a youth branch. (In general, the youth are under thirty years of age.)

The resignation of the headmen resulted in confusion and uncertainty in these villages. Even though the chief was to continue in his position, the higher authorities did not indicate how chiefs could exercise their functions in the changed situation. In seven of the nine villages in the Keiskammahoek case study there are no recognised individuals handling routine matters like pension applications. In the other two villages such duties are performed by people who have been nominated by the residents associations.

Many adults are frustrated over the leading role the youth have taken in political affairs

Without constitutions or guidelines the new residents associations have been unable to achieve much

At the same time, the new residents associations have been able to achieve very little. They have no constitutions or guidelines as to how they must operate. In some villages political change has resulted in conflict and the pursuit of sectional interests by some individuals and groups. In two villages the old friction between the landowners and the landless has surfaced once again. The landowners maintain that landless people reside on their grazing land and that they must leave and settle elsewhere.

These perceptions irritate the youth who are trying various ways and means of uniting the people. The youth believe the people's failure to share what they have is at variance with the letter and spirit of the Freedom Charter. The youth strongly believe that the residents associations should be developed into important local forums for the involvement of the people in a democratic process. It is these circumstances which would see the emergence of responsible local leadership.

Yet this is not quite what the ordinary adult in the villages has in mind. For these villagers, the local situation can only be improved by the intervention of the government. This measure of powerlessness contrasts with the more innovative ideas of the youth who believe that the people have enough power to change their situation, if they are given the right direction.

In some of the villages the elected committees are not representative of the people they serve. Some committees include almost a full complement of old pensioners. In one case the committee consists entirely of landowners even though that grouping comprises about a third of the village population. Also, there are many villages where the young people feel that they are not consulted by the adults. Commonly, these ill-feelings come into the open when the youth and the adults discuss village matters at meetings.

In addition, these resident associations are a novelty in that they allow women to participate in village discussions. Unlike

the tribal authority, all the committees include women and they are playing an active role. Some men feel threatened by this arrangement. Already there are complaints to the effect that women dominate village discussions and that men do not find enough chance to express their views. This is in sharp contrast with the non-sexist approach of the youth organisations.

To conclude, it could be said that the collapse of tribal authorities in a territory like the Ciskei was inevitable because of the very inefficiency of this local government institution. This inefficiency resulted largely from a lack of legitimacy and incompetence.

At the same time, the government which took over after the coup assumed that civic organisations in the rural areas would develop into acceptable local government structures. But it is now clear that this could not happen this easily, more so as the government did not give any guidance in this regard nor set out any definite rules and powers.

It is also clear that youth organisations are playing an important political role today in the rural areas of the Ciskei. They even exert a strong influence on the residents associations themselves. Even though there are many difficulties that are being encountered at present, the ideal of a people's democracy is likely to be attained in the long term. P3&

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Friction has surfaced between landowners and the landless, adult villagers and the youth, and between men and women

NO EASY PATH TO PLURALISM

*By Professor Lawrence Schlemmer, Director, Centre for Policy Studies,
Wits Graduate School of Business Administration*

By third world and African standards, South Africa has relatively many of the elements necessary to ensure democratic pluralism in the post-apartheid future. At the same time, however, it is by no means free of some very sobering universal impediments to multi-party democracy. In a penetrating critique of our political traditions and current trends, Prof Schlemmer concludes that the outcome is by no means assured.

This essay was presented at the conference: 'The New Southern Africa: Prospects for Growth', convened by the World Economic Forum in Geneva between 1-2 October 1990.

The focus of this analysis is specifically that of 'pluralism' and not 'democracy'. Given the over-generous definition of the concepts 'democratic' and 'democracy' all over the world, disguising all manner of political perversions, one can understand why Oscar Wilde once defined democracy as '... the bludgeoning of the people, by the people, for the people'.

It is, therefore, somewhat more comfortable to address the concept of pluralism. Perhaps the phrase, democratic pluralism, denoting constructive and reasonably free competition between opposing political interests, is more precise a way of describing the topic.

There is a very extensive debate among political scientists about the prior social and economic conditions which facilitate the emergence and survival of democratic pluralism. For present purposes, only those major preconditions which are generally accepted will be identified in order to assess the threats to democratic pluralism which exist in South Africa.

Inequality Stresses

Stable democratic pluralism is taken to be facilitated by both relative socio-economic equality and by an adequate basic quality of life. Similarly, economic growth which is redistributive in its effects, through encouraging occupational advancement, reduces solidified antagonism between classes. As such, it also lowers the resistance to compromise among privileged groups that may arise from fear that too much may be at stake.

It is a sensible assumption that a stable framework for pluralist democracy requires that all major competing interests must see sufficient chances of

benefitting within the framework of their society to want to protect it. In other words, with growth towards equality, conflicts of interests and sharpness of polarisation are not so severe as to motivate political groupings to want to destroy the rules of the economic game.

How does South Africa shape up as regards these conditions? The inequality in South Africa, as measured by the well-known Gini Coefficient, is among the greatest in all societies in which there is enough data for measurement (Wilson and Ramphela, 1989). Furthermore, South Africa's real economic growth over the past decade has been sluggish at roughly 1,5 per cent per annum. Unemployment among blacks in the cities is very high, at over 20 per cent at least, and it is growing.

On the basis of these fairly compelling facts, potential new entrants to an inclusive political system, like the ANC and the PAC, have felt it necessary to articulate policy intentions which, as stated, quite fundamentally threaten established interests.

The economic policy position of the ANC has softened and become considerably elaborated in recent months. The most recent statements, for example, avoid reference to nationalisation of production (Mboweni and Cassim in *Business Day*, 25/9/90; 26/9/90; *The Star*, 2/10/90). Continued threats are nevertheless made either to dismantle the major conglomerates, to redirect the investments of the major finance houses or to give effect to dirigist policies.

Could a brittle new peaceful democratic competition survive a perception by some constituencies that other parties intend to interfere with life savings? Equally, could it survive a perception among those with no savings that the savings of the relatively privileged are inviolate?

There are other similar economic stress factors in South Africa but the one above illustrates the point. The jury is out on whether peaceful political competition will survive what could be a very sharp clash of economic interests. As the foremost analysts, Diamond, Lipset and Linz (1987:9) concluded after an extensive review, consistency, prudence and moderation in economic policy are conducive to democratic stability'. Is prudence and moderation possible in South Africa's post apartheid future?

D@m@crati© Culture

South Africa as a consolidated state has enjoyed a partial parliamentary democracy since 1910, and its democratic traditions reach further back than that. South Africa's racially closed parliamentary democracy, in terms of the acknowledged principles of competitive pluralism, suffered from four linked deficiencies, however, even within the narrow context of the enfranchised white minority.

Firstly, the first-past-the-post 'winner takes all' system (the Westminster model) has meant that effective parliamentary power in terms of seats held has typically exceeded the proportion of support gained by the ruling party. Secondly, the very long periods in which a single party or party-alliance has been able to rule (the National Party since 1948) has enabled a very close interdependence to develop between bureaucratic and administrative authority and the political programme of the major party.

Thirdly, the socio-economic stresses of governing an unequal and polarised society, in the context of unqualified (white) majoritarianism, has led to an extreme 'centralisation' of power and to overly passive and dependent lower tiers of government. Fourthly, these same factors, since the late 1970s, have led to an increase in the autonomous executive powers of the State President and to an untoward bypassing of parliamentary authority by state departments governing by regulation.

In recent months the FW de Klerk government has become concerned at these deficiencies (perhaps because it can no longer anticipate always being the majority party) and has stated its intention to full return to parliamentary accountability. Unfortunately, however, the system as it has operated has established a plethora of perceptions and expectations among those aspiring to power in a new system. Perceived precedents have been created which exert substantial pressure for what can be termed 'centralist' majoritarianism, completely at odds with the successful pluralist democratic traditions in, say, most of Europe.

From the side of majority-based politics, another political tradition is at odds with the requirements of democratic pluralism. This is what appears to be

a marked tendency among majority-based political movements to attempt to dominate political 'territory' and to actively mobilise pressure to silence or exclude opponents.

It is significant that in the first legal issue of the ANC's mouthpiece, *Mayibuye* (August 1990), an ANC spokesperson admits a tendency towards political intolerance in the organisation and that some members have not allowed other forces to put their views across.

The factors at the root of political territoriality include a confusion of political and revolutionary strategies, non-urban concepts which assume homogeneity in community life, totalitarian tendencies to associate one popular point of view with the 'will of the people' and many others. Whatever the causes, the effects hardly facilitate democratic competition. Many observers have noted a praiseworthy 'internal' democratic process within the UDF and linked youth organisations but this internal accountability is rather more compatible with the tradition of one party democracy than democratic pluralism.

Then again, it goes without saying that a range of right-wing parties and movements, by retaining the goal of political segregation of the races, are fundamentally anti-democratic in the context of the whole South African population. Hence, from both 'sides' of South Africa's political spectrum there appear to be traditions at odds with the requirements of pluralism.

Independent Civil Society

Another major social factor bearing on the prospects of democratic pluralism is the need for a web of civic organisations, voluntary associations, professional bodies, organs of the media, interest lobbies and religious denominations to exist independently of political organisation. This independence allows civil society to in a sense arbitrate in the interaction between political authority and the people.

The prospects for a strong *civil* society in a new South Africa are mixed. In cosmopolitan middle class metropolitan society South Africa has successfully developed this web of independent organisations which articulate socio-political interests. South Africa also has some uncomfortable tendencies, however.

A tradition in the white National Party establishment, albeit currently in a process of fragmentation, has been to establish political coherence and over-arching discipline in an interlocking network of institutions, including the party, the major churches, cultural organisations, the party-linked media and even business organisations. This infinitely strengthened

centralism and majority party hegemony in the white community. Dissent could be effectively discouraged and debate controlled within this network.

Today, 'Christian-national' coherence and unity is questioned; Mr FW de Klerk said recently that relations between government and the press should never be 'too cosy' and that 'creative tension' was required (*Star*, 25/9/90). The Afrikaans churches today are engaged in an intense debate over political commitments.

Among black majority political formations, however, the picture is mixed. The ANC, for example, after its unbanning, entered the political arena as the leading force in what was termed the 'Mass Democratic Movement', alternatively referred to as the 'Charterist Alliance'. Under this broad umbrella, which still exists although the terminology is changing, are drawn together UDF-linked civic associations, street and area committees, youth and student organisations, a number of professional associations (Neusa, CTPA, other progressive teachers unions, etc), the ANC itself, the SACP, and, at a somewhat greater distance, Cosatu and certain black business organisations like Nafcoc.

If this kind of mass alliance were to persist and to consolidate and strengthen, then *civil* society on the majority side in South African politics would certainly be fundamentally threatened. Cosatu general secretary, Jay Naidoo, and many others call for an intensified political strategy to build a strong 'Mass organisation' (*New Nation*, 31/8/90).

The UDF National Executive is considering the promotion of a broad unity front, led by the ANC but incorporating the PAC, Azapo and Inkatha (*Business Day*, 21/11/90). At the same time, there is among some civic associations a perceived need for independence seen in a 'reluctance among sectors to cooperate with the ANC on the issue of establishing new grassroots structures' (*New Nation*, 31/8/90).

In the earlier struggle for civil rights and political liberation, the logic of mass unity was obvious. For this reason it still appears to be a political touchstone. As suggested, the coherence of this mass unity is uncertain. Pluralist democracy would not be served if it were to become so firmly entrenched as to dominate civil society in black South Africa.

Political Choice

Democratic pluralism assumes that people exercise choices based on interest. To exercise choice the political system must offer reasonably clear-cut and crystallised options.

An excess of alliance politics before choice is exercised robs the ordinary voter of freedom to differentiate. This is to be contrasted with negotiated coalitions among nearly similar parties after electoral choice has been made. In the latter case the voters have at least given a verdict on the strength of their precise policy preferences.

A great danger for South Africa's first open election is that on both the racial majority side and the racial minority side there will be alliances based on sentiments, fears and symbolism rather than on concrete interests. There is a very real chance that the need for political security in a period of uncertain transition will cause minorities to mass under the umbrella of some form of NP-led alliance.

The governing party at this stage appears to be rejecting this form of mobilisation in favour of looser cooperation between separate parties with similar values and interests (SABC TV 27/9/90: statement by FW de Klerk). The question is whether the insecurity-based symbolic alliance will not prove to be too tempting to resist in the run-up to the first open election.

On the ANC-UDF-MDM side, if the appeals for mass solidarity succeed, voters in that camp may also not vote in terms of interests but mass together, captivated by the symbolism of resistance to apartheid and a consolidated bid for power. The question of what kind of power may not be easily discernable in an alliance which has to bridge radical socialism, African nationalism, immediate welfare needs and socio-economic grievances, a workerist labour consciousness and the idealism of non-racism.

The opposition of these two kinds of unifying sentiment, which on both sides obscures real political interests, is not good for democratic pluralism.

Heterogeneous Interests

Major positive indications for democratic pluralism might be sought in the fact that the NP, the ANC, Inkatha, the PAC, the Democratic Party and the Labour Party are all firm verbal proponents of multi-party democracy. For small parties this is a very self-interested commitment for obvious reasons. For a large party it is a verbal commitment which might begin to weaken if it perceives opportunities for excluding opposition in a society which will be extraordinarily volatile and stressful to govern. Hence verbal commitments cannot be taken as conclusive. No political system should be based only on the good intentions of politicians.

Rather more positive indications arise out of the fact that, unlike many post-colonial societies,

South Africa is not simply a society composed of a formerly-oppressed, homogeneously underprivileged mass with a thin layer of elites. As the most-developed society in sub-Saharan Africa it has achieved considerable socio-economic differentiation.

If one considers that major crystallisations of interest include an urban proletariat with a large modern, first world labour component, rural subsistence peasantry, a large white and a small but growing black middle class and a large non-racial bureaucratic class, then the horizontal interest differentiation is clear.

Furthermore, it is also linguistically and ethnically differentiated: it has twelve linguistic divisions of varying sizes and with differing degrees of socio-cultural compatibility. In addition, previous policies of separate development have established, or reinforced, varying degrees of commitment to regional interests, clustered round the decentralised governments and administrations of the so-called homelands. While these administrations were never a viable or legitimate alternative to central participation, once the latter is achieved, vested interests in the regional structures may emerge quite strongly (Humphries and Shubane, forthcoming).

In other words, the common struggle against apartheid has obscured what is a rich tapestry of differentiated political, cultural and geographic commitments. Therefore a centralist and monopolistic hegemony would be extremely difficult to sustain, particularly in an international climate very conducive to the pluralist, multi-party aspirations which are currently sweeping Africa. As a central political monopoly, the country would quite conceivably become ungovernable.

This differentiation is reflected in the preferences indicated in opinion polls. None of the recent polls properly represents the full regional and rural urban differentiation, but even with restricted samples, no leader or party achieves overwhelming majority support.

The largest party, the ANC for example, in a very recent all-race study by the Institute of Black Research (with an acknowledged urban middle-class bias) showed the ANC to have only marginally above 50 per cent support. Choice of future national leadership gave Mr Mandela 41 per cent and Mr de Klerk 24 per cent (*Star*, 3/9/90). If rural areas were fully represented the ANC support might decline somewhat in relative terms.

Hence one party domination is unlikely. This is supported by various studies of the political values of rank-and-file blacks (as opposed to politicised activists, students and urban middle-classes) which reveal a roughly two-thirds preference for shared rule or coalition government as opposed to

majority party or black majority rule (see for example, Rhoades and Cooper, 1987, and Market and Media Research, 1988).

Transition Conditions

The most telling factor, however, is that unlike so many other post-colonial societies in which multi-party constitutions have been usurped by hegemonic take-overs, coups or the entrenchment of majority party domination as one-party rule, South Africa is not undergoing a complete transformation of power.

The reality of South Africa's transition is that:

- ® opposition or minority party strength is very unlikely to be less than one-third;
- the powerful civil service and the military establishment for a long while will have an association with minority interests;
- some very determined regional and local authority-based power structures will remain cohesive and viable after transition;
- the powerful business community has over the past few years become increasingly outspoken on political issues, and despite considerable divergence of opinion within itself, will at least lobby for relative independence from government.

Under these conditions of transition it seems abundantly clear that some form of accommodation, whether formal or informal, between the majority party and the largest minority party (the NP) will be necessary. In fact without the 'political sponsorship' of the NP, a majority party will conceivably find it impossible to assume the reins of power.

The transition to inclusive rule, therefore, quite apart from what a new constitution will determine, is likely to occur in a situation of institutional checks and balances. Constraints on majority-party hegemony are, one possible guarantee of pluralism or multi-party rule.

Ironically, however, this 'big party checkmate' situation could in itself threaten democratic pluralism. The danger lies in the possibility of a strategic coalition between the majority party (the ANC) and the largest minority party (the NP) which excludes other smaller parties and interests.

In the seminal work of O'Donnell, Schmitter and Whitehead (1986) on transitions from authoritarian rule, and subsequent analyses by Schmitter, it is suggested that where existing power elites introduce reform, take steps to include mass-based parties and together 'impose' a new, inclusive rule, the danger of a type of 'corporatist' domination by a multi-party 'cartel' can arise. This would occur in South Africa if the challenges of governing the country were to create a need for a kind of power

cartel. If this occurs it might dilute democratic principles of freedom. It would, however, still represent some degree of pluralism under the umbrella of the 'cartel'.

Weighing up Prospects

Simple assessments of the prospects for democratic pluralism in South Africa are inappropriate. The signals are complex. What is clear is that there are powerful forces and traditions working for and against a balanced multi-party system. Although the former are powerful, South Africans committed to freedom should not be lulled into complacency. They might be well-advised to mobilise themselves to support the following kinds of objectives:

is Accelerated economic growth within policy frameworks which reduce inequality by harmonising interests.*

Inequality will undermine democracy but so will equality which is achieved at the cost of polarising and attacking the interests of some classes for the benefit of others. This emphasises the critical need for an expanding economic cake, which can only be achieved with inflows of external capital.

raf Innovative and cooperative ways of addressing inequality.

Inequality should be seen as a national problem which transcends political divisions but without obscuring political interests. It should be addressed on a multi-party basis through programmes which combine the resources of minorities and majorities as well as the state and the private sector. This type of programme is likely to instill a perception that even one's political opponents have resources to offer for the common good. This perception underpins the basic rules of democracy.

The scheme announced by the State President to establish an Independent Development Trust under Mr Jan Steyn, with all kinds of political persuasions represented on its Board of Trustees, is an early illustration of what is required. More initiatives are needed.

A constitution which backs-up or protects the balance of varied political interests in the country. Checks and balances should not be racially based but, however else achieved, are essential to create space for all kinds of interests to participate and retain political self-confidence. Geographic federalism and devolution of power are devices of this kind.

The necessity to define and articulate interests. South African democrats must oppose political pressure tactics and work to encourage all interest groups to state their interests and preferences independently, openly and freely. Totalitarian or racist terminology like 'the will of the people',

'mass unity', 'black unity' or 'white unity', are all hegemonic power concepts. They must be criticised and opposed wherever possible. The media has a particular responsibility in this regard.

•s" A recognition of the complexity of democracy. At root, democracy is or should be aimed at the ideal of the representation and participation of everyone in a society. In practice this is impossible, and the failure of ideal practice has opened doors to the misuse and corruption of democracy. Sound democracy which is true to its original goals has to involve balanced compromises with reality.

On the one hand, the principle of numbers and majority choice must apply because this principle empowers the greatest number of people. That is a necessary but not a sufficient condition for democracy. A second condition is that the majority empowerment should not disempower or marginalise minority preferences and contributions. Hence the zone of empowerment must always be as widely expanded as possible to allow participation by minority parties.

Even that is not sufficient, however. Parties can manipulate and even disregard their constituencies, particularly between elections. Hence civil society or the voluntary associations of people on the ground must also participate, if not at parliamentary level, then in all manner of policy-making agencies. This incorporation of the general public is also advanced by devolution of power in order to bring government close to the people, and by local referenda on important issues.

Democracy should not be a device for creating careers in government or for institutionalising sectional power. A society as unaccustomed to full democratic participation as South Africa needs public debate about what *democracy* should be even more than it needs debate about *which policies* to choose. PQ£\

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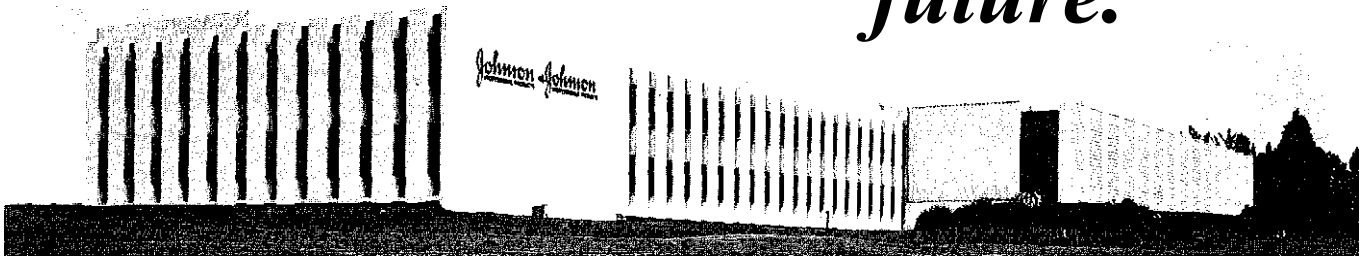


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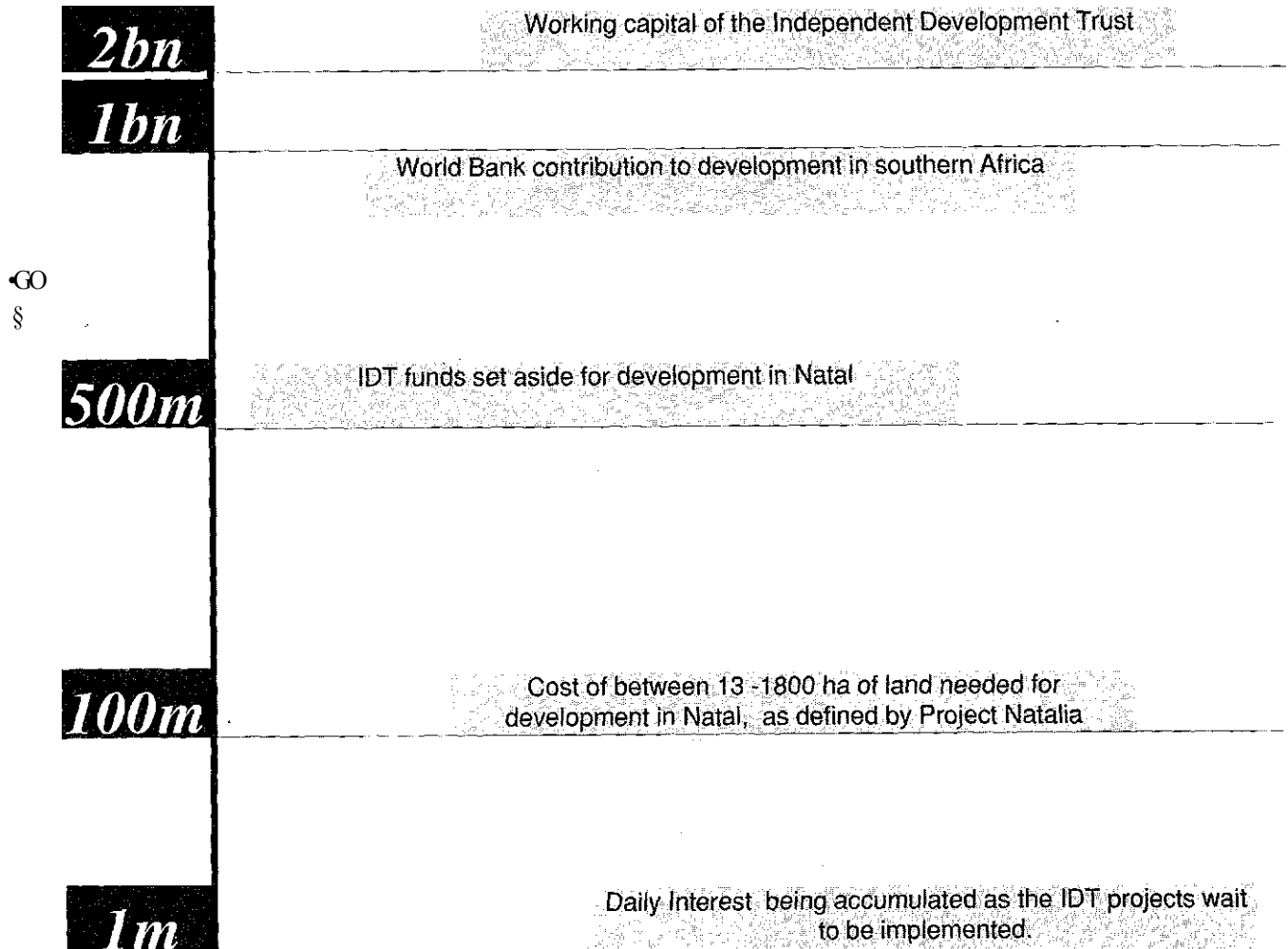
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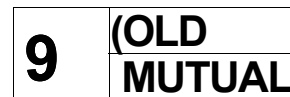
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Violence & the Natal Economy

By Dori Posel, Department of Economics, University of Natal

An economist examines the implications of the violence in Natal for the region and for the South African economy in general. The study addresses the extent to which violence and political instability in Natal are contributing to the depressed economic climate, in what ways the civil unrest could affect the future growth prospects of the economy and how this complicates the implementation of an appropriate post-apartheid economic policy.

The difficulty of obtaining salient statistics makes it impossible to offer a rigorous, *quantitative* analysis of the direct effects of civil unrest on the economy. The violence in Natal (and the rest of the country) is continuing and as such, its impact is not always subject to immediate quantification. Moreover, local industries are reluctant to disclose data such as recent profit margins and rates of turnover which might enable one to estimate the costs of the unrest. This study looks then at the broader macroeconomic implications of the violence.

Without delving into the causes of the Natal violence itself, it is argued that poverty, unemployment and a lack of infrastructure in the townships have fuelled (and continue to aggravate) the conflict. This implies that in order to create an environment of political stability in the country, an essential pre-condition will be a redistribution of wealth and an improvement in the living conditions of lower income groups, and particularly the African population. Further, given the legacy of apartheid, any redistribution of wealth will also depend on a redistribution of political power in South Africa.

It is in minimising the costs of this redistribution that growth in South Africa gains importance.

In short, it is argued that there exists a two-fold relationship between growth and political stability. On the one hand, future growth in the economy is dependent to a large degree on political stability. On the other hand, a lack of growth, which will adversely affect opportunities for redistribution, can only exacerbate the climate of political unrest.

Ironically, despite falling profit rates and a decline in real output, the country could also be entering one of the most promising periods of its history. The recent process of

political reform, which arguably seeks to challenge all structures of apartheid, offers South Africa the opportunity of being re-integrated into the world economy and increases the scope for foreign finance. By assessing the effect of unrest on recent political negotiations, one will be able to establish the prospects for re-incorporation into world markets.

One of the most visible economic consequences of the conflict in Natal has been its impact on local production, where industries have been operating at below full capacity and have been experiencing a decline in the productivity of labour. There are numerous ways in which unrest in the townships has affected day-to-day production.

Since 1989, at least seven stay-aways have been called for in the Natal region, four of which served as protests against conditions in the townships and a perceived lack of active involvement (by both the state and business) in addressing the situation. The extent of support for these stay-aways varied from area to area. For example, the stay-away on 9 April 1990 (called largely to protest the KwaZulu police presence in the townships) witnessed an absentee rate of between 90-95% in Pinetown, 55-90% in southern and central Durban and 25-100% in Pietermaritzburg. Five (out of nineteen) factories that were surveyed by the Pietermaritzburg Chamber of Industries reported total stay-aways (*Natal Mercury*, 10/04/90).

Daily absenteeism of the work-force also has increased as a result of the violence. As opposed to a normal absentee rate of 3%, factories reported a daily rate of between 15-30% during the periods of escalating conflict. Other areas that have been affected by civil violence, such as Alberton and Port

The conflict in Natal has resulted in declining industrial production and labour productivity

The labour force feels low morale, fears further violence and shows a high absentee rate

Elizabeth, have been reporting similar increases in absentee rates and stay-aways.

The lack of transport for the labour force indisputably hampered work attendance. Taxi activity in many townships showed a substantial decline over the past eight months and bus companies (KwaZulu and Green Line) have been forced to withdraw services in some areas. Factories also reported difficulties in continuing over-time work because of the reluctance of bus companies to operate at night.

The violence also has adversely affected the productivity of labour. Low morale of the labour force, nervousness, lack of sleep, an ever-growing number of displaced people (with estimates suggesting the presence of more than 16 000 refugees in Pietermaritzburg and surrounding areas) and fears of further violence and revenge attacks have all contributed to a fall in the productivity of labour. From the perspective of business this has entailed a decline in the 'efficiency' of production.

Stay-aways, increased daily absenteeism and a falling productivity of labour have immediate and direct repercussions for production. These include:

- a fall in total output;
- an inability to meet deadlines with retailers, thus incurring the possible reduction of future markets;
- difficulty in covering fixed costs of production; and
- a substantial drop in profit margins.

For the African workforce, falling productivity reflects the disordering and often ruination of ordinary daily existence. Although a house-count is extremely difficult to obtain, it is estimated that more than 5 000 houses have been destroyed in Natal. In April alone this year, more than 400 houses were gutted in Natal. In one weekend (26-27 May 1990) in Richmond, sixty houses were burnt down. The destruction of property, in turn, has further implications.

Many township dwellers find themselves caught in a double-bind. There is no insurance available to compensate for destroyed property. Even if funds were forthcoming, however, people are reluctant to repair houses until there can be some assurance that the violence will end. Further, the destruction of existing housing stock, shops, schools and garages implies that future resources will be absorbed in replacing stock and infrastructure as opposed to addressing already acute

backlogs. It is not surprising that the productivity of those labourers who have lost their homes and possessions (as well as members of their families) has been impaired.

In other words, the impact of violence on the economic environment in Natal is not simply confined to the short-run. For these visible effects are likely to incur long-run costs that will persist even 'when' the violence is resolved.

Any analysis of the long-run economic impact of the Natal violence must be seen in the context of three national socio-economic parameters:

Firstly, there is the the current economic slowdown and the use of contractionary monetary policy designed partly to combat inflation. This has precipitated a rise in interest rates and a slackening demand for consumer products. Although it was hoped that interest rates would be allowed to fall in the third and fourth quarters of 1990, the Gulf crisis could well delay any easing of contractionary policy. Higher interest rates, in turn, place increased pressure on smaller businesses in particular, whose performance is sensitive to phases in the business cycle. In order to overcome rising cost structures, it becomes increasingly important that businesses improve the productivity of both capital and labour.

Secondly, there are the substantial housing backlogs in low income areas. The Urban Foundation has estimated that if these backlogs are to be overcome, at least R2bn a year must be allocated to the provision of housing units for the next 20 years.

Thirdly, there is the problem of pervasive unemployment in South Africa, where Natal is no exception. An approximate estimate suggests that in 1988, in the Durban Functional Region, more than 40% of the labour supply was unemployed. Over the past few years, production has become more capital intensive, which is reflected in the slow growth in employment over the past four years.

However, given the economic downturn, it is unlikely that employment prospects will improve before the middle of 1992. With an estimated annual population growth rate of 2.3%, low real GDP will imply a fall in the average per capita living standards and increasing unemployment, the burden of

Industry cannot meet deadlines with retailers, loses existing markets and faces a drop in profit margins

which will be borne primarily by the lower income groups.

In the long-run, the violence in Natal can only exacerbate these existing economic problems. One of the most damaging economic consequences of the unrest will be its adverse impact on the growth of industry. In April, the Pietermaritzburg Chamber of Industries estimated that its members were 'losing R500 000 a day in production costs because of the violence' (*Natal Mercury*, 27/04/90).

Given the immediate costs of the violence to production, many factories that were seeking to expand production in Natal have been forced to adopt a 'wait and see' attitude dependent on the outcome of the continuing unrest. For example, South African Nylon Spinners are seeking to expand their plant in Hammersdale by approximately R85m. As a result of the violence in Mpumalanga, the viability of this expansion is being questioned.

As business confidence in Natal declines, so the province 'risks being struck off the list of locations earmarked for new investment ventures' (Sacob spokesperson, quoted in *The Sunday Tribune*, 12/07/90). One example is the recent relocation of a R100m industrial complex to the Transvaal that was initially intended for the Durban area. Stagnating or contracting industry in Natal will only compound the problem of unemployment in the province. It is estimated that in Pietermaritzburg alone, 50% of the economically active population is unemployed (*Natal Mercury*, 27/04/90).

Moreover, as the costs and risks of production for industries increase, so their expenditure on training workers for the future is likely to decrease.

The problem of a lack of skills in the labour force is compounded by expectations of a 'lost generation' of black youths in the townships who, given the disruptive impact of the violence, have had little exposure to formal education and who are seen by companies as being 'unreliable' and 'unemployable'. Of the more than 16 000 refugees in the Pietermaritzburg and surrounding areas, 6 000 are estimated to be school pupils. Further, 21 schools in these regions have been forced to close. It has been estimated that as a result, an estimated 60 000 pupils are being denied effective schooling.

Those firms that are struggling to survive in Natal are opting (where possible) for more

capital-intensive techniques of production. There have also been indications that, as the reliability of the existing labour force is seen to decline, so firms are changing their hiring practices by using more expensive Indian or retired White pensioner labour, rather than unionised or un-unionised African workers.

It is likely that the immediate and visible effects of the violence on the Natal economy will be transformed into the more structural problem of permanently reduced employment prospects and the deterioration of already adverse living conditions in the townships. Insofar as socio-economic conditions fuel the violence and discontent, the possibilities of a long-term resolution of the unrest will be eroded. As one commentator observes, '... the growing workless element has become a major one in the violence and disarray in the urban townships' (*Business Day*, 17/08/90).

A self-perpetuating cycle is thus being created whereby prolonged conflict both reinforces, and is reinforced by, declining economic activity.

For as long as the violence, and the fundamental factors precipitating it remain unresolved, the current process of political reform stands to be undermined. Indeed, the continuation of the conflict raises questions about the extent to which substantial reform is possible in this country. Certainly, for as long as violence persists in the townships, there will be those who remain unconvinced of the benefits of political reform.

The political climate is a fundamental factor influencing the level of foreign investment in the country. Following President de Klerk's announcement in February 1990 of forthcoming political reforms, there was a wave of cautious optimism over the possibilities of renewed economic growth. South Africa's re-incorporation into world markets, the opportunity of rolling over the country's maturing loans and a revival of foreign interest seemed imminent according to numerous commentators.

The finance spokesperson of the Democratic Party, Mr Harry Scharwitz, on his return from a visit to Europe and the USA remarked that 'a whole new approach to the South African problem and its economic isolation had developed among

The decline in business confidence means that Natal risks losing new investment ventures

As the costs of production increase, expenditure on training decreases and exacerbates unemployment

New capital inflows will depend on the level of instability that accompanies political reform

leading US and EC businessmen and financiers in the past few months' (*Natal Mercury*, 14/08/1990).

This optimism, however, is evaporating in the face of the continuing violence in Natal and other provinces which is likely to inhibit increased foreign investment in the country. Even if all foreign restrictions on investment were removed, the issue of whether or not South Africa offers good investment prospects would still pertain. Disinvestment may have served as an objection to the inequalities and injustices entrenched in the South African system. Nonetheless, the scrapping of apartheid laws alone is inadequate to reverse this aspect of the country's economic isolation. Ultimately, the level of capital inflows will depend on the kinds of upheaval that are seen to accompany political reform and accordingly, on the future stability of the economy.

Irrespective of the specific characteristics of the Natal violence, many see its manifestation as typifying future conditions in South African society. A conflict-ridden South Africa evokes images of the rest of Africa and its economic performance. These perceptions have undermined the state of both foreign and domestic business confidence in the economy. Risk-averse European investors view the reform process in South Africa - with its tension between the growing right-wing and the rapidly transforming National Party, Inkatha and the ANC, and calls for nationalisation - as high-risk territory. Opportunities for attracting foreign capital are curtailed further by the opening of new markets in Eastern Europe and its calls for European aid.

In short, when examining South Africa's relationship to the world economy, the conflict in Natal and in other provinces can be seen to have adverse implications for both the current and the future economic climate in the country. The continuation of the violence weakens the impetus of current political negotiations and certainly does not enhance perceptions of South Africa's international acceptability. Political uncertainty, and perceptions of current and impending conflict undermine foreign business confidence in the economy and hamper prospects for capital inflows, particularly as avenues for foreign investment exist elsewhere in the world.

Violence weakens the impetus of negotiations and further worsens socio-economic causes of discontent

What should be, or is being done, to address the unrest? Any kind of policy intervention in Natal must confront certain realities. Firstly, the violence in the province is not a recent phenomenon. Indications are that the 'unofficial war' in Natal has been raging since 1985, with 1 094 fatalities reported in 1987 and 1988 alone (Aitchison in *Indicator SA* Vol7/No1:58).

Secondly, it is becoming increasingly difficult to distinguish between causal factors in the unrest and aggravating elements. Causality aside, however, one may legitimately suggest that the massive destruction of houses and other facilities in these areas and the inability of the regional peace talks to reach a resolution are resulting in increased conflict and tension.

Indeed, a disturbing aspect of the violence is that it is spiralling in a vicious cycle. Violence disrupts production, investment opportunities and thus employment prospects, and declining employment and living conditions in turn, aggravate the unrest. Similarly, the bloodshed and conflict is disrupting the process of political negotiations which, in turn, is adding impetus to the unrest.

It is precisely for these reasons that intervention is essential for resolving the conflict. The main form of state involvement thus far has been the recruitment of additional police and security forces in the townships. Alleged partiality on the part of the police, however, is eroding even further the rule of law in the country and is thereby limiting the ability of security forces to restore peace to the townships.

To restore 'long-term peace' to Natal and the country in general, any immediate cease-fire must be seen as the pre-condition for a more long-term political settlement and a redistribution of wealth that will redress an entrenched lack of infrastructure and recent damages to property. Ultimately, the violence seems set to continue unless fundamental inequalities in access to power and resources are overcome. fI0JSJfii

Trade Policy.

TRADE FINANCE AND THE FOREIGN DEBT

By Carolyn Jenkins, Department of Economics, University of Natal

Tentative interest shown by members of the international community in making investments in the South African economy following moves towards a negotiated settlement must be encouraging to both the monetary authorities and the business sector. Since the precipitation of the debt crisis in 1985, the country has received virtually no inflows of new foreign investment capital and has faced continual outflows as a result both of disinvestment actions and obligatory debt repayments. The consequent sustained deficit on the capital account of the balance of payments has necessitated action by the monetary authorities to enable the servicing of the foreign debt.

This sequel to Carolyn Jenkins's earlier article on the rescheduling of the debt (Indicator SA Vol 7/No 3: Winter 1990) examines more closely the way in which trade financing has facilitated debt repayments.

The crisis on the capital account of the balance of payments implies that it is crucial that a large surplus be maintained on the current account in order to accumulate the foreign reserves to service the foreign debt. In anticipation of the large repayments of short-term debt due in 1985, the authorities implemented policies which turned the 1984 current-account deficit of R2 220m into a large surplus. This was still insufficient, and the monetary authorities borrowed R2 671m in order to provide the necessary foreign exchange. Interest payments on loans were also very high: in 1985, the payment of interest on non-direct investment amounted to R4 114m.

A series of disinvestment transactions by several large companies in 1986 and 1987 generated large outflows of long-term direct investment. Considerable sums of short-term capital also left the country during these years, although not nearly to the same extent as in 1985. Substantial current-account surpluses were sufficient not only to cover these outflows, but also to allow significant reductions in liabilities related to reserves. Interest payments on loans in these two years remained high, although were lower in real terms than in 1985 (R4 237m and R3 295m respectively).

The precariousness of the situation is evident from the flows recorded for 1988 (see table 1). A current-account surplus of R2 728m was achieved, but this was nowhere nearly able to finance the marked increase in short-term capital outflows, coupled with sustained long-term outflows. It was necessary for the authorities again to increase the

liabilities related to reserves by R1 800m. During 1988 gross gold and foreign reserves declined by R1 236m, amounting at the end of December to only R6 704m (US \$2,9bn). This situation continued through 1989, with liabilities related to reserves being increased by a substantial R2 626m in order to maintain gross reserves at a similar level.

There are few places where the authorities can raise finance if banks refuse to roll over the debt. Access to the International Monetary Fund and World Bank has been constrained since the early 1980s. Because of its commitment to secrecy and neutrality, the Bank for International Settlements's (BIS) must undoubtedly be a useful intermediary. There is obviously no information available on the banking activities performed by the BIS for the Reserve Bank, but it probably holds gold, and makes short-term advances (which must be fully collateralised).

It is believed that Swiss, French, Belgian, West German and South-East Asian banks are willing to lend new money to South Africa. The Swiss banks have arranged gold swaps, which enable the authorities to raise foreign exchange using gold reserves as collateral. Loans reportedly have been raised with West German, Swiss and Belgian banks by the public corporations, particularly Escom, which is borrowing substantially abroad, although there are reports that this consists largely of medium- to long-term trade finance. Legislation and political pressure have reduced the proportion of business done with US, Canadian, UK and Japanese banks.

As circumstances stand at present, however, creditor banks are rolling over debt, and some new loans are being raised. In his position as SA's Finance-Director, Dr Stals noted in 1988 that 'One must be modest in one's expectations, but there are possibilities; maybe more from the providers of capital equipment than loans initially, but all this accounts as finance.' This point is particularly important, because it highlights the central significance of trade finance as a major source of new credit for South Africa at present.

New Credit Source

Trade credits are the international equivalent of the extension of credit for transactions within the domestic economy. They permit countries to import goods and services, and to pay for them over an extended period of time - from thirty days to ten years, depending on the commodities traded. Generally, international trade in primary and manufactured goods is financed by 30 to 180 day credits; credits for industrial and agricultural capital equipment may run from 180 days to five years; and long-term credit arrangements usually apply to major engineering or construction projects.

Most often, these loans take the form of export credits (so-called 'supplier credits'), extended either directly by the exporter, or to the exporter through commercial banks in the exporting country or official institutions which exist for this purpose. 'Buyer credits' are arranged by importers with foreign banks or official institutions. Export credits are a competitive device, promoting exports particularly amongst countries with limited foreign exchange reserves. Longer credit facilities and more favourable rates of interest enhance competitiveness.

Governments may, in fact, indirectly subsidise exports by offering low-interest loans to exporters or their foreign customers. Even if the government of the exporting country does not engage directly in such finance, there are often provisions for guaranteeing or insuring the credits offered in the private sector, either by government agencies or by the banking system. For a small fee, these bodies (like the British Export Credit Guarantee Department and the US Export-Import Bank) provide a guarantee that the exporter will be paid even if the importer defaults, thus improving exporters' credit standing with lending banks and securing loans on more advantageous terms.

Both political and economic considerations do influence the extension of credit to customers in many foreign markets, although there are international pressures to ease restrictions on trade and trade financing, so as to increase the scale of international transactions. In general the share of world trade that is financed through export credit

agencies has been falling in recent years. The agencies were adversely affected by the world debt crisis, and have therefore been more cautious about their exposure to highly-indebted countries. Banks, however, are generally more willing to provide medium- or long-term trade credit than they are to offer project or general purpose finance, since the sums involved are smaller and frequently guaranteed by official agencies.

Total volumes of trade credit are considerable, and most is short-term and so turns over quickly. International statistics for short-term trade credits are very difficult to collect even in developed countries. A country's international economic position is modified not by the gross amount of trade credit extended, but by net changes in trade credit. Therefore, if trade is steady and a constant proportion is financed abroad, a country's foreign indebtedness under this heading will remain unchanged, even if flows are substantial. If an increasing proportion of imports are financed on credit, there will be an increase in short-term foreign investment in the borrowing country.

It is credit for primary products and consumer goods trade (which is usually financed on a shorter term basis) that dominates the changes in short-term liabilities of the private sector as importers and exporters switch between domestic and foreign sources of credit, and as the level of trade rises and falls.

Detailed figures for short-term borrowing are not available beyond those under the headings of short-term liabilities (non-direct investment) and short-term capital movements on the balance of payments. However, lack of detailed information does not prevent identification of the importance of this credit, particularly for the private sector. (This is not to suggest that all short-term borrowing is undertaken in order to finance trade, since governments, public corporations and even private enterprise may borrow money abroad on a short-term basis if loans are cheaper, in order to resolve a temporary imbalance between expenditure and the inflow of revenue).

On the balance of payments, goods supplied on credit appear on the current account as if paid for, with a contra entry included with the net short-term (usually private) capital flows. It is not surprising, then, that on the South African balance of payments, except for 1984, net short-term capital inflows not related to reserves (most of which are accounted for by the private sector) were consistently positive when the current account was in deficit and negative when the current account was in surplus (see table 1). This indicates an increase in foreign trade financing when imports of goods and services exceed exports, and a net repayment of short-term foreign borrowing when trade receipts exceed payments.

TABLE 1
SELECTED CURRENT ACCOUNT ITEMS 1980 - 1989 AND 1990¹

R Millions	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990 ¹
Balance on current account	2 818	-4 089	-3 696	-451	-2 602	5 087	6 114	5 995	2 728	3 108	3 087
Long-term capital movements	-478	542	2 423	-232	2 610	-522	-3 162	-1 701	-1 173	-1 230	-2 127
Short-term capital movements not related to reserves	-1 804	419	2325	390	-1 374	-7 799	-1 910	-1 150	-5 035	-3 115	-469
of which											
public authorities	-19	-74	-32	102	2	75	-71	8	-59	42	2
public corporations	30	-241	23	-11	-17	-157	-224	-40	35	97	-36
non-bank private	-1 815	734	2 334	299	-1 359	-7 717	-1 615	-1 118	-5 011	-3 254	-435
Change in liabilities related to reserves	-2	2 123	-135	1 369	477	1 998	-2 195	-1 259	1 800	2 626	-523
SDR alloc./valuation adj.	979	-543	-841	-431	1 244	1 802	989	330	445	-1 190	-433
Change in gross gold and other foreign reserves	1 513	-1 548	76	645	355	566	-164	2 215	-1 235	199	-465

NOTE:

1. Figures for 1990 are for the period January to June

SOURCE:

South African Reserve Bank Quarterly Bulletin, December 1988 and June 1990

During the 1980s abnormally high net outflows of short-term private capital were recorded in 1985 and 1988. The massive outflow of short-term capital in 1985 was linked to the refusal of foreign creditors to roll over short-term debt. The large outflow in 1988 was explained by the Reserve Bank to be, at least in part, a reflection of a switch from offshore to domestic sources of trade finance.

For South African importers, the alternative to foreign trade finance is the raising of trade credit locally. The decision as to which source of finance to use is determined both by relative interest rates (lower rates abroad making foreign credit more attractive) and expectations of currency fluctuations (an anticipated stronger rand encouraging foreign borrowing). High domestic interest rates and low foreign rates during much of the 1980s have meant substantial purchasing of imports on foreign credit. This changed markedly during 1988. The Reserve Bank reported large outflows of short-term capital resulting from a switch to domestic trade financing, with the trend continuing into 1989. The reasons for the switch include a combination of a sustained rise in international interest rates and expectations of further rand weakness.

The economic implications of the shift include the placing of further strain on the balance of payments, since foreign trade credits do provide

some short-term relief to the sustained outflows. This, in turn, places considerable pressure on the country's gold and foreign-exchange reserves. In order to arrest the trend, local interest rates were increased in November 1988, although the effect of this was temporary, and the trend continued through 1989. The Reserve Bank also lowered the cost of forward cover on foreign exchange transactions, but since this policy incurs large foreign exchange losses, the relief provided by this measure cannot be continued indefinitely.

Positive Trends in 1990

During the first quarter of 1990 net reserves rose by almost R3bn, as a result, not only of a healthy current-account surplus, but also of restrictive monetary policy, which reversed the trend and encouraged importers to use foreign financing for trade. Simultaneously, the more positive perceptions of South Africa's prospects which followed the State President's speech on 2 February 1990 encouraged an inflow of short-term capital. Net inflows of short-term capital of R576m to the non-bank private sector were recorded.

During the second quarter, however, the level of reserves plunged with over US \$2bn (R5bn) of scheduled debt repayments having to be made.

Deepening pessimism with regard to the country's economic and political future discouraged further capital inflows and net outflows of 1011m from the non-bank private sector were recorded. Continuing tight monetary policy was responsible for importers still preferring foreign (as opposed to domestic) trade financing however, a factor which prevented to some extent a critical reserve position from developing. At the end of June 1990, gross reserves stood at about R6,4bn, the equivalent of six weeks' worth of imports, considerably lower than the internationally accepted desirable figure of three months.

By the end of August 1990 reserves held by the Reserve Bank had topped R8bn, just lower than they were in May 1988 before the decline set in. While a substantial trade surplus was partly responsible for the improvement in the reserve position, it appears that capital inflows also played a role in August. During September and October the level of reserves declined again, with the repayment of maturing foreign debt.

Relieving Debt Pressure

Trade credits by foreign banks and suppliers for South African trade are not subject to the debt moratorium, nor, in fact, are they subject to special approval when they are guaranteed by either a foreign government or the government of South Africa. Trade credits are also exempt from much of foreign sanctions legislation, although the USA, Australia, Austria, Canada and New Zealand have banned export credit guarantees, and the Netherlands and West Germany have placed a ceiling on medium- to long-term guarantees. The active insuring of credits by European, Japanese and Taiwanese agencies, however, provides for continued exports to South Africa.

After the 1985 standstill declaration, international banks became cautious about granting loans to this country. Trade credits have, in some measure, begun to substitute for other forms of lending. For example, public corporations like Escom, which formerly raised money for large projects through bonds and syndicated loans, have now shifted their source of funding to insured trade credits. This is to some extent reflected in net inflows of longer term capital to the public corporations except in the first three quarters of 1988.

In 1987 Escom claimed that at least 85 per cent of its import requirements could be financed from trade credits, adding that there had been no indication that that sort of finance would be withdrawn. Even in the 1970s it was anticipated that the Sasol II programme would be 20 per cent financed by export credits, and, even though this did not materialise, it indicates the potential significance of this type of financing to the South African economy.

Because uninsured trade finance agreements involve only the creditor banks and their foreign or South African clients, and are subject to the same degree of confidentiality as most banking activity, details of values are unobtainable. Agencies insuring or guaranteeing trade finance, however, do publish details of approved guarantees. International organisations like the Organisation for Economic Co-operation and Development (OECD) and the Bank for International Settlements (BIS) publish the total trade credits insured or guaranteed by any of the governments of member nations.

OECD data indicates that at the end of 1983, approximately US \$3,9bn of insured trade-related claims on South Africa (undifferentiated according to maturity) were issued by member countries, of which \$2,5bn were bank claims and \$1,4bn were supplier credits (non-bank credits). These fell through 1984 and 1985 to a low of \$2,8bn (\$1,8bn insured bank claims and \$0,95 bn insured non-bank claims). By mid 1986, insured bank trade credits amounted to about \$1,75bn and insured supplier credits had risen to \$1,1bn. BIS data indicate that trade credits guaranteed by governments worldwide totalled \$3,1bn in June 1987, of which \$1,8bn are bank claims and \$1,3bn are non-bank trade credits.

The above data would include all of South Africa's major trading partners with the exception of the United States after 1985, since, while the Comprehensive Anti-Apartheid Act excluded trade credits from the US loan ban, it did prohibit the guaranteeing of such finance by the Eximbank. All US trade financing is therefore likely to be excluded from the above data, as are all trade credits extended by countries which do not report to the above organisations, and, of course, all uninsured bank commercial letters of credit and other trade finance of OECD member countries. Although insured amounts are believed to be a small fraction of total trade financing, presumably all large capital items are covered by government guarantees and insurance, both because of the large amounts of each transaction, and because of the long-term duration of such financing agreements.

Despite the fact that the outflow of trade credits which have not been rolled over is mounting, the trade finance offered by foreign suppliers and banks remains an important source of foreign exchange, providing some short-term relief to balance of payments pressures. Policies adopted by the Reserve Bank in an attempt to encourage a switch back to offshore trade financing would reinforce this view.

In the words of the new Governor of the Reserve Bank, quoted in the December 1986 issue of *Euromoney*:

We should not think of our relationship with the

international banking community only in terms of capital flows. What about the handling of foreign trade business through the banking system? If the world banking community should effectively exclude South Africa from international trade and payments systems, it would be a much more effective sanctions measure than the trade sanctions applied by governments. It would put us on a barter system overnight. That is the muscle they have on their side.

Limiting Access

The importance of trade financing in relieving the pressure created by the debt crisis was underscored by a study prepared for the Commonwealth Committee of Foreign Ministers on Southern Africa and considered by that committee in August 1989 and by the Commonwealth Conference in October 1989. The study lists six recommendations as essential for the success of any sanctions package (out of a total of thirty recommendations).

One of the six necessary recommendations reads, 'Trade credits for sales to South Africa should be phased out over three to five years'. The rationale for such a recommendation is given as follows: 'With the ending of most other loans and investment, trade credits have become South Africa's main international source of finance. A reduction in trade credits would also have the effect of discouraging trade'(p.vii).

Should even the more modest objective of simply persuading governments to ban the guaranteeing of trade credits be successful, the strain on the balance of payments would increase, and large repayments, such as those due in 1990 and 1991 would present severe difficulties.

Limiting the country's access to trade finance while it is under considerable pressure to repay debt would cause a larger deficit on the capital account of the balance of payments (reflecting a reduction in short-term debt as trade-related loans are not rolled over). This deficit would need to be covered by even larger current-account surpluses. Imports would need to be suppressed, and financed on a cash basis, which would absorb an amount of cash equal to the value of credits withdrawn. The only alternative would be to engage in counter-trade: a form of barter between countries where exchanges of currency are avoided through balancing groups of imports and exports with a particular trading partner.

It is not known how widely counter-trading is practised by South Africa at present, and, while it

may be increasing, the vast proportion of trade is carried out on credit or on currency exchanges. Barter trade is both difficult and slow to arrange, and reduced efficiency will add to the costs imposed on the economy. However, some multinational firms and banks have established special departments to organise barter trade, and in 1988 there were reports of twelve counter-trade deals involving South Africa, worth about US \$80m. The South African Foreign Trade Organisation has suggested that counter-trade may be a good way to maintain access to foreign technology.

It seems unlikely, however, that foreign trade financing will be suppressed. For a start, foreign perceptions have apparently softened considerably since the early months of 1990. That notwithstanding, foreign banks would continue to service their own clients' trade with South Africa, providing supplier credits at least. In addition, banks in countries not subject to legislation banning all South African trade support would act as channels of credit. Furthermore, even in the unlikely event of lobbyists succeeding in having all governments ban the guarantee of trade-related loans by official agencies, the South African government could intervene to provide official support for foreign trade credit, reducing the impact of the sanction.

Finally, South African companies like Sasfin, have begun providing offshore financing for South African importers, and have reported rapid growth in business, earnings and profits. Sasfin sees the trend continuing if the reluctance of overseas suppliers to extend trade credit grows commensurate with political pressure on insurers. It should be borne in mind, however, that the facilities offered by these concerns are insufficient to fill the gap created by even a moderate reduction in foreign trade financing.

While trade credits cannot provide a permanent solution to the country's foreign capital requirements, they have provided some cover for short-term balance of payments difficulties. This enables the authorities to risk higher growth policies, financing imports on credit. Capital equipment bought on medium-term or even long-term credit assists the economy in meeting its current debt obligations from the current-account surplus and (small) reserves of gold and foreign exchange. It must be stressed, however, that trade credits are a less efficient source of finance than are loans or direct investment, since each transaction has to be negotiated separately. Furthermore, they do not provide the sustained access to foreign capital that the economy requires; at some stage, they need to be repaid.

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RETROSPECT

The latest revised figures for the Gross Domestic Product (GDP) clearly illustrate the depth of the recession into which the South African economy has fallen. The decline in real GDP of 2,1% in the third quarter of 1990, annualised and seasonally adjusted, was the fourth consecutive decline in real GDP. It also represented the largest decline since the gloomy days of early 1986. This decline followed on a decrease of 1,3% in real GDP in the second quarter of 1990.

The exceedingly poor performance of the economy in the third quarter of 1990 was due to a 32,8% contraction in agricultural output which far outweighed the modest increase of 0,1 % in non-agricultural output. It is anticipated that agricultural production will continue to experience difficulties as the effects of the drought in the Orange Free State and the Transvaal are felt with further declines in output and rising imports.

Concomitant with the deepening recession has been the increase in the world price of oil. The Gulf crisis could not have come at a less propitious time for South Africa. Inflation, although moderating, was still at double digit levels. At the same time, the economy was in the grips of a deepening recession.

The inflation trend as measured by increases in the Consumer Price Index has been downwards over the last year. The quarter to quarter increase in the CPI peaked at 18% in the second quarter of 1989, declining steadily to 13,1% in the second quarter of 1990. During the third quarter of 1990 the rate of increase in the CPI rose to 13,6%, however, with 15% predicted for the fourth quarter of 1990. Not only will the increase in the price of oil give a shock to inflation but it will also slow the domestic economy further.

An external shock in the form of a deterioration in the terms of trade will have adverse effects on Gross National Product (GNP). For example it has been estimated that in the industrialised OECD countries, all of which are net oil importers, for every sustained US \$10 a barrel increase in the oil price, growth falls by a half-point and 0,75 points is added to the rate of inflation.

The September trade figures were more robust than had been expected. Exports fell marginally by R668m to R4,9bn, with an almost equal decline in imports to R3,6bn leaving a surplus of about R1,3bn. Even though exports fell by a nominal 1%, in the light of slower world economic growth

this year, this performance is notable. In particular, the commercial exchange rate of the Rand is still at much the same position it was this time last year. Given the the differential rates of inflation between South Africa and its trading partners, exports have been maintained in the face of a real appreciation of the Rand.

The October trade figures showed a record R2,67bn in unclassified exports, increasing exports for October to R6,26bn. Cumulative exports at R50,5bn were 3% above those of last year. The increase in unclassified exports have been attributed to booming arms sales to the Gulf region rather than to increases in precious metals as their prices and volumes were generally low in October. In the same month imports rose to R3,92bn with unclassified imports falling by R207m, leading economists to believe that oil reserves may have been utilised to supplement the decreased physical volumes of imported oil.

During 1990 the capital account of the balance of payments has also been more favourable than expected. Although a small outflow of capital unrelated to reserves occurred in the first quarter of the year, to be followed by a large outflow in the second quarter, there are indications that the account will be in surplus during the second half of 1990. This has been reflected in an improvement in the net gold and foreign exchange reserves of the Reserve Bank during 1990.

Unfortunately, the Gulf crisis has introduced a note of uncertainty into the balance of payments outlook for the rest of 1990 and 1991. It is fortunate that the Reserve Bank has resisted the upward pressure on the exchange rate for the Rand and rather improved the net reserve position of the country. Given the very doubtful prospects for a higher price of gold, any increase in the price of oil will place pressure on the exchange rate. As foreign exchange reserves are only equivalent to two months of imports the ability of the Reserve Bank to defend the exchange rate is limited.

The fears about South Africa's foreign debt position have receded. The foreign debt inside the standstill net declined from US \$13,6bn, or 57,4% of the total foreign debt in August 1985, to US \$7,3bn, or 35,4% of the total debt at the end of 1989. During the the first half of 1990 it declined further as repayments of US \$150m were made in terms of the standstill arrangements and conversions to long term debt occurred.

Growth in the broad monetary aggregate, M3, continues to fall. It has been provisionally estimated that it grew by 13,3% in the twelve months to September 1990. Furthermore, the prime rate has remained at 21% despite pressure from

any quarters for the Reserve Bank to ease monetary policy. At the time of writing, these figures suggest that anti-inflationary monetary policy is still on course and will help to contain the inflationary impact of the higher price of petrol.

ANC ECONOMIC POLICY

Dramatic political developments since 2 February IWO have rippled through South African society. In the economic sphere, President de Klerk's unbanning of organisations such as the ANC, PAC and SACP have widened the arena of policy debate about post-apartheid economic models. The recently released 'Discussion Document on Economic Policy' provides the first reasonably elaborate statement of the economic policies which might be expected under an ANC democratic regime.

The proposed goals of economic policy as set out in the document are:

- creating new jobs and eliminating unemployment;
- raising real incomes, particularly for those who are impoverished;
- Ⓜ increasing output and productivity;
- correcting racial and gender imbalances in the economy through affirmative action policies;
- implementing a land reform programme capable of simultaneously addressing a major national grievance, responding to the acute land hunger and increasing food production;
- Ⓜ developing major new housing, education, health and welfare programmes;
- Ⓜ improving the provision of infrastructure to deprived areas;
- Ⓢ promoting greater democratic participation in economic life and a more equitable pattern of economic ownership;
- creating a more democratic industrial relations framework based on full rights of workers to organise and growing participation by unions in policy formulation;
- guaranteeing high standards of administration in economic affairs while ensuring that destabilising financial imbalances are reduced;
- ensuring that growth takes place in ways which harness the environment in a constructive and responsible manner;
- Ⓢ promoting new forms of involvement in beneficial international economic relations and creating new patterns of mutually beneficial economic interaction in the southern African region and African continent.

The imperative need to reverse the trend towards stagnation and promote economic growth is recognised if these goals are to be achieved.

The private sector and the concept of a mixed economy are given a significant role in the ANC's vision of the democratic society. The issue of the concentration of ownership on the JSE in the

conglomerates is singled out for attention. Foreign investment is also to be encouraged, but on terms which must be consistent with the ANC's development goals, and operating under employment practices which are acceptable to the trade unions. Interference with either would have adverse consequences on the prospects for economic growth.

In the ANC's vision, the government would play an important co-ordinating and planning role in the mixed economy, as well as providing for increased levels of education, health, housing and welfare services. Caution is however, expressed about the government running up large budget deficits.

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 infra-structure 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'. 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 need to use land efficiently for the production of food.

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While there is likely to be very general sympathy towards the ANC 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 1970-73 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 and 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.

PROSPECT

In the shorter term, most forecasters are predicting either very little growth for 1990 (0,5%) or an actual decline in real GDP of 1,0%. Furthermore, persistently high interest rates and a gold price below a predicted US \$400 give little prospect for an early or strong recovery from the recession in 1991. Without a strong increase in the price of gold, the performance of the economy in the future is going to depend critically on the performance of non-gold exports. These exports, in turn, will depend on growth prospects internationally, and more importantly on the easing of sanctions.

Growth prospects for South Africa's major trading partners in 1991 show a deceleration, particularly in the USA and Britain. If the price of oil remains high, growth rates will be further reduced. Nevertheless, most forecasters are of the opinion that the world economy is not heading for a major recession.

The lifting of sanctions also remains an area of uncertainty for South Africa. Financial as well as goods sanctions have imposed ongoing costs on the economy. Once sanctions have been abandoned, expectations will be radically altered for future growth prospects.

The ANC also suggests in the document that the finance for increased government expenditures is to be raised largely from increases in company taxes. Economists have not as yet provided conclusive answers to the question of the incidence of company tax. It is difficult to square this proposal with the other goals of the ANC. If the increased tax lowers investment by reducing the return on capital, economic growth will suffer. If the tax is shifted to consumers its effect will tend to be regressive.

Finally, 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.

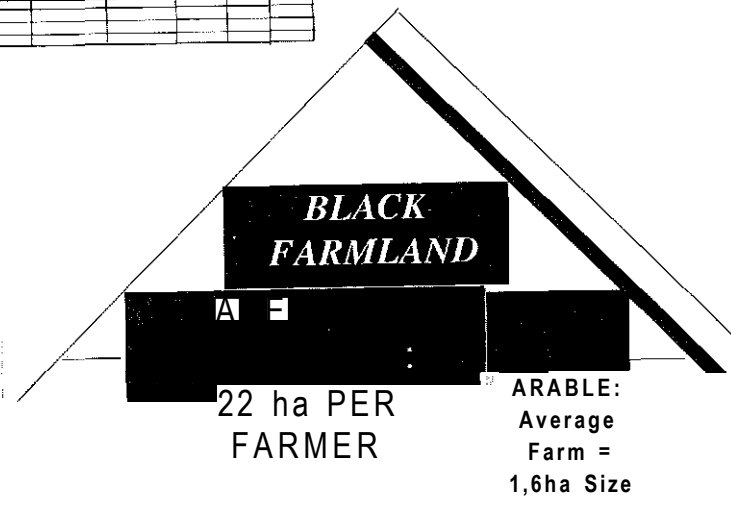
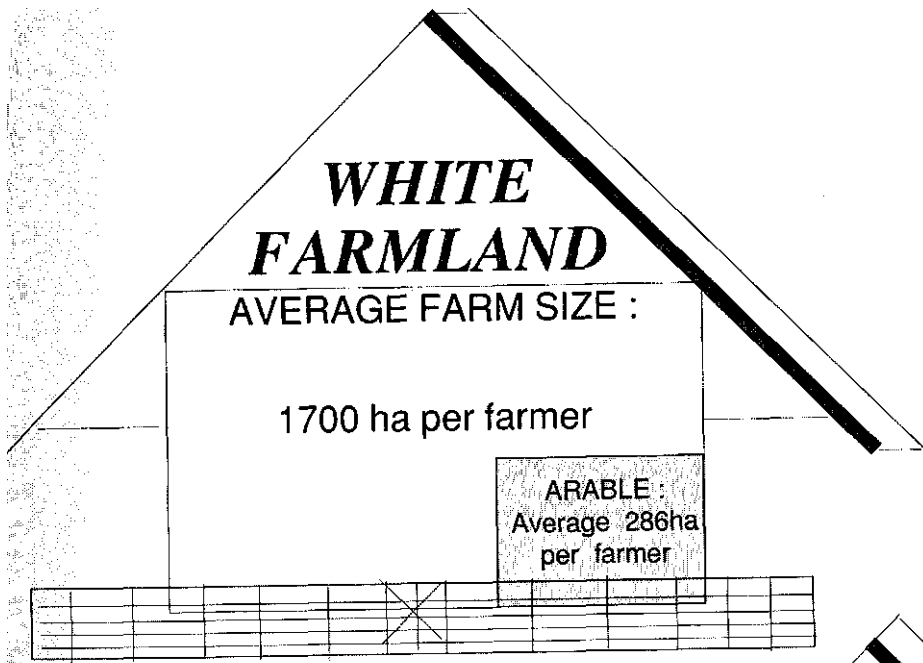
While there is a softening of the approach adopted in this ANC document, and there are not threats of nationalisation, the tone is strongly interventionist. Taken as a whole, it does not convey a message which is likely to provide the basis for attracting foreign investment or stimulating domestic confidence. 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 thrashing out a set of policies which will put the economy on a path of redistribution through growth.

Despite the poor prospects for growth in 1991, the Reserve Bank places top priority on reducing the rate of inflation. Both monetary and fiscal policy are being directed so as to ensure that inflationary pressure does not emanate from these sources. Apart from the recent rise in the price of oil, the steady external value of the Rand has ensured that imported inflation has been minimised. Hence policymakers are laying the blame for double digit inflation at the door of inflationary expectations. To this end, the Reserve Bank appears to be determined not to accommodate demands for cash from the banking sector.

The adjustment of the country to monetary stability will undoubtedly require hardship and prolong the current recessionary conditions. The Reserve Bank refers to a target rate of inflation comparable with our trading partners. We question the length of time required to eradicate ingrained inflationary expectations and the will of the present government to continually enforce such a policy in the face of rising unemployment and growing unrest. As long as the actors in the economy have the same doubts, the longer it will take to eliminate inflationary expectations and the greater the cost to the economy.

RURAL & REGIONAL

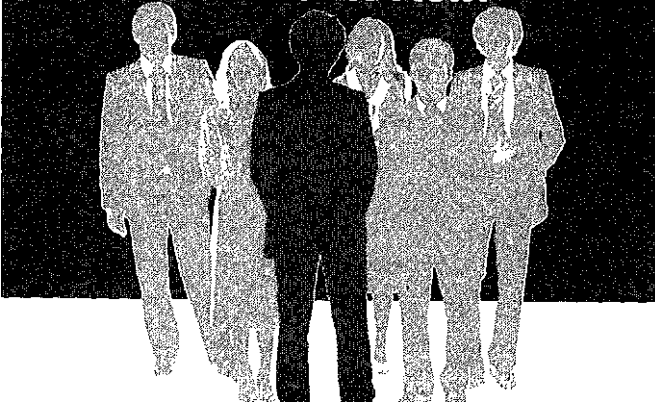
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Towards Sustainable Development

By Raymond Auerbach,
Institute of Natural Resources
University of Natal

In dealing with the land issue, it is often argued that given our rapid population growth, a strategic priority for any government will be to ensure that the population is adequately fed. However, any government which relies for its continuation in office on broad-based popular support will also have to consider how to achieve a more equitable distribution of wealth.

*Current debate about the need to repeal the Land Acts as part of the national reform process tends to contrast these two objectives. In this overview the author argues that in addition to the perspectives of food production and equitability, a third vitally important strategic priority is recognised by many development analysts. This is the perspective of **sustainable development**.*

The third world is littered with failed short-term development solutions which have ignored the necessity of building on the foundation of people's cultural values and traditions. If South Africa cannot learn from development experience of the last forty years, we too will contribute to the burgeoning literature on short-sighted approaches to development and why they failed.

Technocratic approaches such as *the green revolution* have created more problems than they solved (Chambers, 1983; Timberlake, 1985). Unless a more participatory approach to the land issue is adopted in southern Africa, as is embodied in current thinking on sustainable agriculture, the future here too looks bleak (Conway & Barbier, 1990). For this reason, this overview focuses as much on the kind of development process which will be important in resolving the land issue as it does on possible tactical solutions.

Who's who in the 2000?

South Africa has a land area of approximately 122m ha, of which some 17m ha are arable (Nattrass, 1981). About 85m ha are under the control of white farmers. Of the 50 000 white commercial farmers:

- the top 3 000 (or 6%) produce 40% of commercial agricultural production;
- the middle 10 000 (or 20%) reasonably productive farmers produce 40%;

- the remaining 37 000 (or 74%) produce only 20% of commercial agricultural production.

Clearly then, within the existing commercial sector, productivity is not equally distributed, in spite of general access to substantial assistance, both technical and financial.

One can thus argue that feeding the nation might well be most easily accomplished by supporting the highly productive farmers, and helping the unproductive ones to bow out of agriculture. However, when we consider equitable distribution of resources, the problem becomes more complex, as human problems are inclined to do.

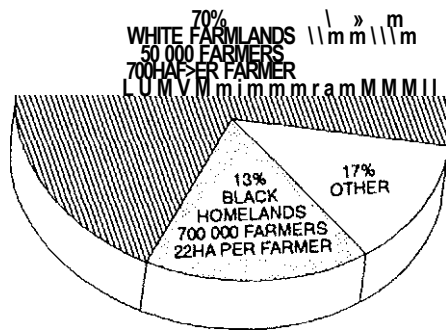
Defining who is a farmer is not an easy task, and estimates for South Africa vary from four million to 700 000. Most of the *de facto* heads of households are women, and it has been shown that many factors, including the double load of 'reproductive' and 'productive' tasks which they carry out mitigate against their access to land and other resources (Auerbach, Murphy & Dlamini, awaiting publication). But even taking the rather low estimate of 1,2m black farmers, figure one shows the inequitable distribution of land among all of the country's farmers.

While the average white farmer has a holding of 1 700 ha, of which 286 ha is arable, the average black farmer (including communal grazing land) has a holding of 13 ha, of which 0,9 ha is arable on average.

The 50 000 white farmers receive in total at least twice as much assistance as do the 1,2m black farmers (about fifty times as much per head). Indeed, up until 1936, white farmers received a total of 200 times as much aid as did all black farmers. In this context, it is surprising that one does still find highly resourceful and productive black farmers who have been able to marry modern technology and traditional knowledge. What is not surprising is that there are not very many of them.

In fact, black farmers have been systematically forced out of agriculture. As early as 1894 the Glen Grey Act restricted black farmers to a maximum land holding of four ha each, and the bantustan policies of relocation and restriction have led to the ongoing impoverishment of the black rural areas (Huntley, Siegfried & Sunter, 1989).

Figure 1: Distribution of South African Farmland
(from Huntley, Siegfried & Sunter, 1989)



The widespread soil erosion in many black rural areas is a direct result of overcrowding and maldistribution of resources, and there can be no doubt that any credible popular government will have to act to redress these injustices. Certainly, the 'poor white problem' in this country was tackled by providing sheltered employment, especially in the burgeoning public sector, and in quasi-government and nationalised industries.

It is not surprising that the African National Congress leadership regards the current trend towards privatisation as a strategy intended to maintain the *status quo*. Although the business community vigorously protest that the objective is simply to encourage maximum wealth creation in a free market, the timing is rather convenient from the point of view of the wealthy.

However, there can also be little doubt that centralised planning has been shown to be disastrous, from the productivity perspective as well as that of civil liberties. This is especially so in agriculture, where the individual's ability to adapt to changing conditions is one of the major determinants of success or failure.

However, not only must we feed the ever-growing population and work towards a more equitable distribution of resources, but we must do this in a way which protects those resources in the long term.

Changing Fashions

Over the past forty years, many different development fashions have come and gone.

In the immediate post-war period, increased production was the watchword. Industrialised countries exploited raw materials from colonial empires, striving for growth as a desirable thing-in-itself. In the late sixties, equitability began to come under consideration, and the cry was modified to 'growth with redistribution'.

Still development projects were plagued by the failure of interventions to make substantial contributions towards improved quality of life, and so the 'basic needs approach' was adopted in the late seventies. Increasingly, development initiatives concentrated on making a difference to the poorest of the poor, and began to ask the people 'what is it that you really want?'

Development, however, is not an easy process. It is riddled with conflicting aspirations and hidden agendas. Those involved with encouraging the development process are often themselves more interested in political or Utopian goals than in the bread-and-butter issues with which poor people tend to be preoccupied.

Often interventions have also resulted in increased dependency, the classic case being the disastrous effects of food-aid on African agriculture. Although some deaths from malnutrition have no doubt been prevented, many local farmers were ruined. You cannot sell your crops to people who are receiving free food!

Sustainable development, then, involves understanding local community dynamics before intervening in any way in local affairs. In fact, this amounts to common courtesy, but courtesy is not a hallmark of people who are convinced that they know what is good for others. Robert Chambers (1983), speaks of 'rural development tourists' who zip into an area for four hours once a month, and on the basis of this superficial picture of the community, design programmes which attempt to change fundamentally the way of life of local people.

Sustainable development therefore starts by admitting that we don't know what is good for others, and that we need to spend some time asking them, and in particular asking the women, who are often prevented by tradition or by development convention from participating adequately in the development process. Having learned a little about how things are in the community, the development worker is in a position to be able to facilitate rather than prescribing possible changes.

Unless local people have a feeling of 'owning' innovations, many will see them as impositions. An example is the provision of boreholes and hand-pumps in rural communities. Often, government comes and drills the hole and fits the pump without much liaison with the community. Everyone is pleased to have clean water, but it remains 'government's pump'. If it ceases to function, 'government must fix it'.

But what if the installation of the pump had been preceded by the development of a local water committee based on the recognition of the critical importance of women in decision-making in this

field (Srinivasan, 1990)? And accompanied by the democratic appointment of people responsible for the maintenance of the pump, the training of such people, and the provision by the community of an on-going maintenance fund?

Such an intervention might be sustainable, as it would no longer depend on outside agencies for its continued functioning. Spare-parts would still come from outside, as they do in any community. The aim is not to isolate a community with some outdated concept of total self-sufficiency, but rather to empower people by facilitating the community's ability to access outside resources.

Just as sustainability has been recognised more recently as essential to successful development initiatives, so too sustainability in agriculture has become a major topic of debate.

Parallel to the post-war trends in development in general, agriculture too experienced an initial pre-occupation with growth: high-yielding varieties were developed, increasing use was made of fertilisers and pesticides, and later also of herbicides. The diversity and inter-dependence of natural eco-systems was increasingly exchanged for the 'efficiency' of large-scale mono-cropping.

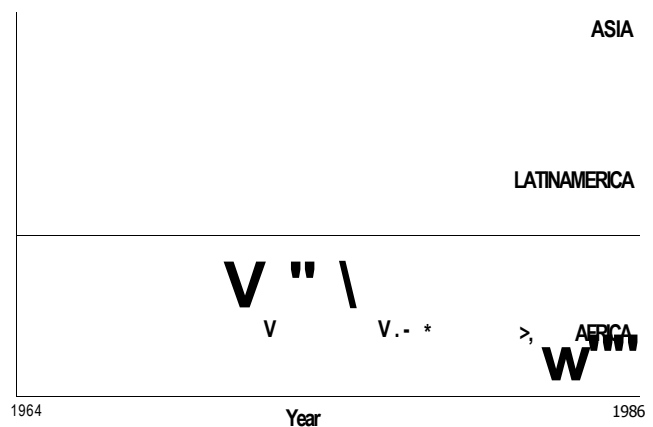
More recently, many critical assessments of modern agriculture have concluded that here, too, increasing dependence on high levels of bought in substances inherent in these 'high input' systems of agriculture involve hidden costs which are often not recognised (Board on Agriculture, 1989; Boeringa, 1980).

Not only have energy costs increased dramatically, and thus also the cost of fertilisers which use large quantities of fossil fuel in their manufacture, but the long-term effects of both fertilisers and biocides are becoming increasingly apparent. These include nitrates and herbicide residues in water, the build-up of resistance to pesticides in many pests, and the enormous costs of modern agriculture in financial and ecological terms. These costs have contributed to an increasing move by farmers themselves and by governments, towards a more ecologically sound approach to agricultural production.

In the third world, *the green revolution* which was technology's answer to poverty and starvation, has in many cases created more problems than it has solved. There are many reasons. High input farming only works if the whole technological package is available. Four of the main constituents of such a package are:

- the bought inputs (fertiliser, seed, biocides, fuel, etc);
- the farmer's management skills;

Figure 2: Changes in Per Capita Food Production, 1964 to 1986
(from Conway & Barbier, 1990)



- rainfall and other aspects of climate; and lastly
- the soil itself.

Firstly, in many developing economies, the inputs are bought with scarce foreign exchange reserves, and this often means that produce must be exported to recoup this expenditure. Excesses are often used to service foreign debts. This, in turn, often means that the local people see very little of the food produced.

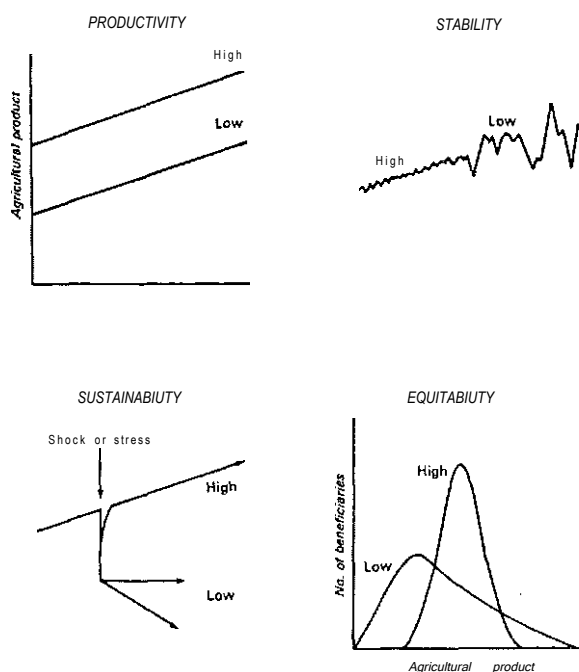
Secondly, management is just as critical. Access to technology requires a fairly high level of education, and is thus restricted to a fairly privileged sector of the population. As has been shown in terms of the productivity of white farmers, high levels of productivity are associated with a relatively small 'farming elite' of 3 000 farmers. Often, poor management of a high input production system results in disastrous indebtedness. The farmer is unable to repay money borrowed to purchase the inputs unless the crop is fairly successful.

Thirdly, the climate, being uncontrollable and difficult to predict, is something of a wild card. Only 1,5m ha of South African farmland is potentially irrigable. Of this, 80% is already under irrigation. The potential for controlling the destabilising effects of rainfall on agriculture through irrigation is thus low.

Sources in government soil laboratories estimate that the average white farmer harvests a maize yield which is approximately 60% of the target yield which inputs were designed to achieve. It is clear that the effects of the interaction of climate and management limitations are severe, even in a situation where technical and financial back-up are readily available, and on high potential soils.

Figure two shows the overall effects of the green revolution internationally. Beneficial effects experienced especially in Asia are due largely to

Figure 3: Indicators of Agricultural Performance
(from Conway & Barbier, 1990)



improved seed varieties, mainly of rice and wheat. The net effect of the green revolution in Africa has in fact been negative. This can be attributed partly to population growth, partly to climatic conditions and partly to development policies. What the figure does illustrate is that the green revolution has not solved Africa's problems.

Sustainable agriculture has become a popular term which tends to include all that is good and beneficial. As Conway and Barbier (1990) point out, the agriculturalist sees agricultural production and food sufficiency in itself as sustainable agriculture, while the environmentalist brings the concept of protection of the resource base into the equation. And the economist insists that resources should be utilised efficiently, while the sociologist warns that unless traditional values and culture are included in both the development and implementation of agricultural innovations, the result will not be sustainable once the development agency withdraws.

The current multi-disciplinary approach towards development has led to increasing unanimity about the importance of sustainable agriculture, but it is not possible to achieve all of the (often conflicting) goals set simultaneously:

- 9 high, efficient and stable production
 - low and inexpensive inputs
 - making use of traditional knowledge
 - food security and self-sufficiency
 - conservation of wild-life and biological diversity
 - help for the poorest and disadvantaged

- preservation of traditional values and the small family farm
- production on marginal land
- a high level of participation in development decisions by the farmers themselves.

In evaluating the relative importance of conflicting priorities, it is useful to examine indicators of agricultural performance (see figure 3).

Thus *productivity* may be high or low, while production may be *stable* at a high or low level of production. (In South Africa, dryland maize production is an example of an unstable system, where high levels of fertilisation may result in a high or low yield, depending on rainfall.) In response to short-term shocks or long-term stress, a system may quickly 'bounce back' to its former levels, showing high *sustainability*, or it may be permanently affected or even destroyed.

Finally, at whatever level of productivity the system is achieving, production may be *equitably* distributed, so that no-one has nothing, and no-one has huge amounts of produce, but most of the farmers produce a reasonably large amount. Alternatively, an *inequitable* distribution would see many farmers with very little indeed, and a few farmers with the lion's share, as is the case in South Africa today.

In the debate over the land issue in the new South Africa, the inherent tension between productivity' and equity is likely to be no less of a thorny issue than it has been in Zimbabwe.

In Zimbabwe, a dual approach has been adopted based on the philosophy that existing commercial production must be maintained, while at the same time resources and support must be redirected on a large scale towards assisting the transition of small farmers to a more market-based economy (Cross & Haines, 1988).

There is, however, a regrettable tendency among many planners to assume that traditional systems are 'primitive', 'corrupt', 'inequitable', 'unproductive', 'unstable' and/or 'unjust'. Traditional land-tenure systems, for example, are often written off as totally unproductive and unsuitable.

Letsoala (1987) argues that many of the problems associated with tenure in the tribal areas are more a function of the restrictive and unjust system within which they have had to operate for the whole of this century rather than being the result of inherent shortcomings in tribal tenure itself. She shows evidence of the ability of traditional systems to adapt to changing circumstances, and warns of the dangers of creating a landless class, citing the problems of inequity in Kenya which were caused by redistribution of land outside of a traditionally rooted system of land tenure.

It has been pointed out above that unless people take charge of the development process in as much as it affects their own lives and localities at grassroots level, development is unlikely to be sustainable. In the case of the land issue, this means starting with what is familiar to people, and evolving towards the unknown with the support and understanding of the people. This applies to both white and black farming communities

After Land Acts G©

The recent announcement of the proposed lifting of racial restrictions on the ownership of agricultural land raises several highly sensitive political questions.

Firstly, only those who have not themselves experienced the back-breaking and soul-destroying nature of sub-subsistence agriculture would advocate it as a desirable end. Rather, it must be seen as a present evil. Assisting people to feed themselves in such a system must go hand-in-hand with facilitating avenues for helping rural people to break out of the vicious cycle of rural poverty.

Since it is estimated that 90 to 95% of people living in rural areas do not wish to farm, there is no point in trying to force them into agriculture. Equally, trying to force them off the land, or even proposing a process of 'villagisation' will not solve the problem. The only magnet that will draw non-farmers away from the rural areas is money, and this fact is likely to find expression in increasing urbanisation, which can be helped or hindered by urban planners. The critical issue here is likely to be the provision of suitable peri-urban land and resources.

Commercial and semi-commercial farmers in the rural areas should be helped as far as possible, either to farm better on their land, or to acquire access to additional land, without compromising the security of others in their communities.

It must be recognised, however, that there is a third group of resource-poor rural dwellers who *would* like to farm, but lack access to land, management skills, capital or other inputs (Auerbach, 1990). In view of the small number of commercial farmers in South Africa, these people must be helped to develop first into semi-commercial farmers, and then into full-scale commercial farmers if they wish to do so.

In practice, many rural dwellers will not want to move away as long as they have security in their existing communities, and a prospect of increasing participation in development of their local resources. Those who are at present landless will naturally seek increased security wherever this can be found.

There are only 13 000 highly productive farmers in the commercial agricultural sector. In other words, the most limiting resource as far as agriculture is concerned is not land nor capital, but the farmers themselves.

Any rational land policy must take this fact as the starting point, and address the critical issues of;

- attracting competent and intelligent young people to practical farming;
- training them in the basic principles of sustainable agriculture; and,
- making it possible for them to contribute productively towards the feeding of the nation.

A pragmatic and innovative approach to farmer education will be one of the cornerstones of a successful agricultural reconstruction of South Africa. The European apprenticeship system is one that could be adopted.

The question of the distribution of the land itself has to be considered separately with regard to the different categories of land bequeathed to us by our anachronistic political history. There are five major categories to be considered: 'black' rural land, privately owned 'white' farmland, company-owned 'white' farmland, urban and peri-urban land and South African Development Trust (SADT) land.

Any changes in *the present* tribal areas should be locally controlled and built onto traditional tribal values. Cross and Haines (1988) comment, 'Since the right to belong to a rural community is conditional on moral and upright behaviour, and since it passes through land, any interference in the universal right to land ... destroys the community's capacity to organise itself.'

The acquisition of land adjacent to the tribal areas where possible may prove a workable strategy which could relieve the pressure of growing numbers to some extent. Some of this land belongs to the second category, 'white' (privately owned) farmland. In some cases, such land has already been abandoned by the owners, in others it has been 'bought out' and transferred to the SADT, or else has been controlled by the government for a longer period of time. However, much land adjacent to the bantustans belongs to white farmers.

In many cases these farmers have developed a relationship with their neighbours, which has sometimes been exploitative, but often mutually beneficial. The South African Agricultural Union (SAAU) has tried in a rather half-hearted way to promote a 'twinning' of black and white farmers, designed to enable black farmers to learn and receive advice from their more affluent counterparts. Although the potential exists for positive co-operation, stories abound in white organised agriculture concerning the short-sightedness of black farmers.

**Table 1: Provincial breakdown of SADT land
(in millions of hectares)**

PROVINCE	VESTED IN TRUST	LAND ACQUIRED	TOTAL
Transvaal	2,1	3,3	5,4
Natal	2,6	0,5	3,1
OFS	0,1	0,2	0,3
Cape	5,7	1,6	7,3
TOTAL	10,5	5,6	16,1

Source: Department of Development Aid, 1990

These perceptions are the result of a lack of insight on the part of many white farmers into the principles of participatory sustainable development. Although there are many instances of black farmers obtaining significant help from white farmers, much more could be achieved if those interested in helping received some training in development theory, and also some financial support for what is often a very time-consuming task. This could also be a practical and cost-effective way of introducing apprenticeship-type training for young would-be farmers.

The question of nationalisation of large-scale company farms is one that has stirred up strong feelings in many quarters. Agricultural departments all over the world are worried about the disappearance of the traditional family farm, and the increasingly amoral control of large corporations concerned only with generating profits. Yet it cannot be denied that these agri-business enterprises are generally-speaking highly productive at least in the short-term.

Whether they always adopt a sustainable approach is a matter for debate: certainly their land use practices tend to be well designed, but often then-approach to production is of the high input - high return genre. Their contribution to environmental degradation is thus sometimes very high.

A possible 'middle road' between *laissez-faire* and nationalisation might be insistence by government that company-owned farms must include a high level of participation in profits and also in ownership by all levels of employees. Such a policy could lead to increased production as well as increased equity.

Because of the appalling history of maldistribution of resources, urban and peri-urban land problems will need substantial affirmative action, if urbanisation is to avoid slipping into even greater chaos. This is likely to include substantial expropriation of peri-urban land, as well as the provision of serviced sites on a large scale.

Another category of land, SADT-controlled land, is clearly land which was alienated under the apartheid system. Since the owners were paid out for it, there is a moral imperative that this land should go to those communities who lost land-rights through the implementation of the

apartheid doctrine. The same applies to other suitable government-controlled land.

It is interesting to note that 16m ha of state land is, under the control of the SADT (see table 1). Some of this land is already occupied by rural black communities, but huge tracts of land are potentially available for development which will disenfranchise no-one.

How should this land be used? If we are guided purely by equity, everyone who has no land should get some of this land. On the other hand, if productivity is the priority, the land should be controlled by the most productive farmers.

If the land is to be used sustainably, however, young farmers from disadvantaged backgrounds who have received training should be settled on such land, initially on a lease-hold basis, with the option to purchase land if their performance is satisfactory. If the 16m ha is similar to the national average and comprises 14% arable land, then table 2 gives guidelines to the number of viable farm units which might be feasible on this area, even if 4 million ha are already settled as non-viable subsistence units.

Table 2: Potential Farm Units available on SADT Land

NO OF UNITS	CLASS	AV SIZE	TOTAL
20 000	Grazing	500 ha	10m ha
20 000	Arable	100 ha	2m ha
40 000	Viable	300 ha	12m ha

Such a settlement programme would demand massive inputs of training and support, but could result in the emergence of a stable, productive and independent class of commercial farmers, which in any country form the backbone of the rural community and the foundation of a healthy nation.

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The Day of the Generals

An Interview with General Holomisa

Major-General Bantu Holomisa, the head of the Transkei's ruling military council, discusses the recent coup attempt, the forthcoming referendum on homeland independence, relations with Pretoria, the ANC/PAC and other homelands, and the Transkei's stance on national issues at the negotiation table. The interview was conducted in Umtata by Yvonne Muthien and Paulus Zulu, senior researchers of the Centre for Social and Development Studies at the University of Natal.

YM: What do you consider to be the main motivation behind the abortive coup on 22 November 1990?

Holomisa: I think that there are many key players with vested interests.

Firstly, there is a clique of business people, who were doing business in an illegal or irregular manner in the Transkei before we took over. They might be interested in changing the status quo in order to carry on with their various objectives. There are people whose pockets and bank accounts are drying up since we have been in power.

Secondly, there are certain people within certain circles in South Africa, who are not genuine in this negotiation process. They would like to see a government in this part of the world which will be similar to their's, so that when negotiations actually start they have their parrots or puppets here. The coup could be based on jealousy - Transkei seems to be far ahead on reforms. Certain people perhaps feel that we have taken the initiative from them.

YM: What were the intentions of the coup leaders? Were they trying to reinstall the Matanzima's?

Holomisa: Well, the coup leaders are all related to the Matanzima's, unfortunately - Craig Duli (ex-TDF second-in-command) is a relative of Kaiser Matanzima; Vulindlela Mbotoli (a Transkei businessman) is another relative. They are from the same area as the Matanzima's. It also was alleged that Kaiser Matanzima (former president) was here in town on the day of the coup.

YM: Did your announcement of the abolition of the minister's council on 20 November trigger off the coup in any way?

Holomisa: Not at all. I'm sure the coup might have been planned long ago. Yet my announcement on the minister's council was on Tuesday and they attempted the coup on Thursday.

There is no bad blood between us and those ministers. We were merely warning the ministers, the public and the administration that we will be having twelve ministers, not twenty. That is called rationalisation. There will be less soldiers than civilians on the new military council. Well, it could have fermented opposition if we had put new people in. But the five soldiers are drawn from the existing military council and the seven civilian members from the minister's council. These changes have elevated the status of the ministers because in the past they did not have executive powers. It will also improve productivity and remove all this bureaucratic red tape.

YM: Military coups beget counter-coups. Were serving members of the TDF involved in this coup attempt?

Holomisa: No. Up to now, no serving member of the TDF has been implicated in the attempted coup. So, it is an outside job completely. All of those people were residing in South Africa, which means there are many questions to be answered by Pretoria. Where did the coup leaders get the people and the weapons from? Because it surprised everybody. Only if the attempted coup had involved serving TDF members, could you say, 'yes, maybe the changes to the military council were related to the coup'.

YM: Could you provide us with an update on Pretoria-Transkei relations?

Holomisa: We are accepting the invitation for a meeting between President Ndamase and President de Klerk. There are certain issues which have to be clarified in the light of Pretoria's threat to squeeze us financially. Our president was never told that there would be a cutting of financial strings. That's the mischief from South Africa's junior officer of foreign affairs, Mr Rusty Evans. There will be clarity on that.

ONFLIGHT CHRONOLOGY

TRANSKEI BETWEEN THE COUPS 1987-1990 *Compiled by Yvonne Muthien*

1987

30 Dec Transkei Defence Force executes coup and install military rule. Major-General Holomisa cites corruption in government circles, incl loss of R45m in government revenue blamed on ex-rulers, Matanzima brothers and Sigcau.

1988

2 Jan Martial law lifted, constitution partly reinstated and 8 ministers accused of corruption replaced. State President Tutor Ndamase is reinstalled.

21 Jan Pretoria recognises Holomisa's new military government.

Jan Alexander Commission terms expanded to investigate corruption in granting of exclusive gambling rights by George Matanzima to Sun International. (Report completed July 1988).

Feb-June Holomisa tours rural areas and announces socio-economic upliftment, incl installation of running water.

March Holomisa announces establishment of Rent Board to curb high rentals.

May eZibeleni residents request military council to dissolve and administer their town council.

June Protectionist laws lifted to allow non-Transkeians to own property and secure business licences in Transkei. Investments conditional upon 5% Transkei shareholding.

9 June Estate of George Matanzima sequestered to settle debts of R4m.

13 July Inauguration of new Transkei National Advisory Council consisting of wide range of progressive organisations.

July Transkei AG estimates R200m misappropriated between 1976-March 1986.

Aug Pretoria appoints Harms Commission to investigate corruption by SA businessmen in Ciskei and Transkei.

Aug Transkei AG begins prosecutions of officials on charges of corruption and embezzlement.

Aug Holomisa reinstates Wage Board to review minimum wages.

5 Sept George Matanzima extradited to Transkei from SA to stand trial for corruption - 64 civil servants from 10 departments are also charged.

Sept Transkei Development Corporation makes available 10m shares to public in Holiday Inns, Ohlssons Breweries, Transun, Singisi Forestry Products & Sunkei Speakers.

Sept Mount Frere Town Council dissolved by military council after charges of maladministration.

3 Oct Transkei Supreme Court rules that military government is lawful, after application brought by Kaiser Matanzima to have military decree nullified.

Oct 30 000 workers march to protest lack of union rights in Transkei. Nic Wiehahn appointed to examine Transkei labour law.

Nov Butterworth Municipal Council dissolved after reports of corruption.

25 Nov Police teargas ANC meeting addressed by Walter Sisulu in Umtata. Magid Commission of Enquiry to investigate incident.

7 Dec Transkei places ban on purchase of school books from SA.

YM: How would you describe relations between yourself and Pretoria now?

Holomisa: As far as I'm concerned, all this talk about bad relations is propaganda from the other side. As far as we know relations are still normal. We host their ambassador here.

YM: Mr Botha has called for a retraction of your statement that South Africa had prior knowledge of the coup. Will you be apologising to him?

Holomisa: No way, not one sentence, not one word will be retracted. I'm a man of proper senses. I know what I've said, so he's just wasting his time.

YM: The ANC and SACP have called on all Transkeians to rally to your support. Did members of Umkhonto we Sizwe actually participate in putting down the coup?

Holomisa: No, that was one (story) that was carried by SAPA. That was just a mischievous statement. What has embarrassed Pretoria is that I stayed up on my feet without asking them. That must have belittled them. It would be a grave mistake for me to ask for South African support because these people are hosting our enemies. That would have been against military ethics.

YM: We would like your views on the future of Transkei, whether it will continue with independence, or be incorporated into a unitary South Africa.

Holomisa: We have instituted a referendum to test the people', opinions on the issue. In the last 15 years we have experienced a no-win situation because we have been isolated by the international community. We did not have access to world organisations like the International Monetary Fund and the World Bank. The passport we have is a document of no consequence because we cannot travel worldwide with it. Economically, we have depended on one country, which gives South Africa a "weapon to control us. Since the outside world would not recognise Transkei, even politically, we could not have an independent state.

If the Transkei people opt for independence, they would have to address these problems. The political organisations which are likely to win an election for a new South African government are against homeland independence. So the Transkeian people would be faced with the task of negotiating with a hostile government. The honest options that will be open for a homeland that maintains independence is that they will be economically or militarily squeezed. There are also people here who don't want a homeland system, who want to vote for Mandela or Buthelezi.

YM: How do people feel about a federal or confederal system?

Holomisa: Such scenarios would have to be agreed upon at the national negotiating table with the other players. If the people in the negotiations resolve that they do not want anything to do with federalism, Transkei will be in a problem. But if the Transkei retains independence, the two obvious options are federation and confederation.

But will the liberation movements allow such a thing, will it not deny them the majority they are looking for? It is complicated, I will leave it to the political science students, I have not been to university.

YM: The situation does seem quite complicated, there are those calling for a unitary South Africa, as well as those calling for the existence of the Transkei as a separate entity.

Holomisa: The fact that the two main political parties operating here have disbanded, indicates to us that the Verwoerdian plan has collapsed. Now that the South African government is changing its strategy and is even prepared to say that the homeland system has been failing, I don't think that there will be a reasonable person clamouring for the homeland policy.

YM: You have also said that you do not foresee a reintegration into South Africa under the present circumstances. Can you clarify this statement?

Holomisa: What we are really doing today is to carry out one of the Transkei's objectives of 1976, to use independence to free the oppressed black man. In that sense it would need a good strategy, or it would be suicidal to go back to an apartheid South Africa.

Yes, we agree with negotiations, amnesty and so on, but if we were to go back to South Africa now, we would not like to fall into their strategy. Their strategy seems to be calculated at times to inflict a severe political defeat on their opponents - wherein they say, 'come in', you know like a Trojan Horse. Even in this indemnity, South Africa can still have the audacity to arrest and lock up people whom they have come to negotiate with. I for one am not prepared to take Transkei at gunpoint to de Klerk.

PZ: Let's presuppose that the referendum yields a yes-vote, what role do you see Transkei playing? What actually happens to the entire bureaucratic structure?

Holomisa: We don't expect that the present structures will be demolished. The new South Africa will be global, it would include these areas. Now for instance, Transkei has four million people who need services today and tomorrow. Let's take for instance the public service here. It will not be disbanded, they will remain as part of this entity depending on what status is given to areas like

1989

Jan Transkei unbans some organisations, incl Unity Movement of SA, SACC and Christian Institute.

1 Jan Withdraws licence for trading in wool, hides & skins from SA speculators.

13 Feb Demands that insurers doing business in Transkei register in Transkei.

11 Apr Proposes restriction on sale of full grains from SA.

Nov Lifts state of emergency in Transkei and unbans other political organisations, incl Swapo, Cosas, UDF, Azapo and SASM.

Dec Imposes restrictions on importation of sorghum beer from SA. Pretoria considers actions as breach Customs Union Agreement.

Dec Transkei police boycott celebrations to mark second anniversary of coup. Tensions exist over enquiries into police teargassing of ANC meeting and detentions.

1990

11 Jan FW de Klerk visits Umtata and discusses future of TBVC homelands - Holomisa states the homeland policy has failed; De Klerk urges Holomisa to reinstitute civilian rule.

3 Jan 5 180 new businesses are established in the Transkei since the coup, creating 6 746 new jobs.

Feb Transkei unbans ANC, SACP & PAC, releases political prisoners, lifts banning restrictions and amends Public Safety Act to allow free political expression.

Apr After 23 heavily-armed men are arrested near Queenstown, Holomisa alleges that SA border towns are being used as springboards to attack Transkei. Arrests lead to conviction in July, and coup attempt in November.

June Transkei Labour Decree recognises trade unions, industrial councils and centralised bargaining along lines of Cosatu-Nactu-Saccola Accord.

June Plan announced to hold referendum on Transkei independence, after meeting of ANC, UDF and homeland representatives. Transkei abolishes Independence Day (11 Dec) and observes 21 March & 16 June instead.

June Holomisa allocates 25% of budget of Office of Military Council to rural upliftment. 515 new industries established over past year, with investment of R71,8m and 6 800 new jobs.

June SA Dept of Foreign Affairs decides to withhold R1m in budgetary aid to Transkei until sorghum beer dispute is resolved.

July Transkei businessman (Mbotoli) and ex-intelligence TDF chief (Duli) convicted in PE court of plotting to assassinate Holomisa. Sentenced to 4 years for illegal possession of arms. Duli claims to be leader of the 'anti-Holomisa opposition'. On bail pending appeal.

Sept Skweyiya Commission appointed into plots to assassinate staff and students at Unitra by campus security; linked to Johannesburg Council spy scandal.

9 Sept Police break up Popcru (Police & Prisons Civil Rights Union) meeting in Butterworth.

30 Oct/1 Nov Venda hosts conference to discuss role of TBVC homelands. No resolutions are adopted but general consensus reached that future negotiated SA will include homelands. Bophuthatswana does not attend.

19 Nov The Transkei states it will not attack an alleged military base on its border near Maclear, responding to press reports of 800 men (incl AWB members) being trained there to overthrow Holomisa.

20 Nov Holomisa announces that the (civilian) minister's council will be dissolved on 1 April 1991. The ministerial portfolios will be transferred to an enlarged military council, including new civilian members.

22 Nov Duli, Mbotoli and others stage an abortive coup in Umtata, leaving 19 dead, including coup leaders.

Transkei - whether as a province or as a region on its own.

But on the political side, you'll probably have one parliament. The taxpayers stand to benefit - you won't have 15 ministers of health or education, you'll have one in a new South Africa. In that way you can save a lot of money. So the structures which are here will remain, but I am not sure about political structures.

There is a guarantee at least that the soldiers, the policemen, the civil servants, who are here, are still needed to keep the ball rolling. I think if you want to have a stable civil service, stable security forces, those areas need to be looked into now. Let's say, if you want to be a director-general of a department you must at least have a degree of public administration, or something like that, and look at the military, they must concentrate on conventional training.

YM: What happens to the relative autonomy and executive capacities of the present homeland leadership in a unitary state?

Holomisa: I think one would have to be honest when it comes to this question. Let's take the Nationalist Party and the present ruling parties in the homelands - when they were voted in, others never participated in this exercise, they were banned. This constituent assembly is going to kill a number of people, because they're going to be drowned, come elections.

We have to be aware that certain people would like to maintain these little kingdoms. It will depend really on the sincerity of individual leaders. With the military government, I don't think we have much of a problem because we are a government of workers - let's say we are an administrative government, not a political government. But sometimes we are confronted by political questions. So we will be forgiven if we perhaps deviate from the military role.

PZ: Looking at the question of violence, how honest do you think the negotiation process is?

Holomisa: President de Klerk has tried to push the securocrats away from him, and since 2 February he has done well. But maybe the securocrats feel that in order to be recognised, let us show some muscle. Because now de Klerk tends to listen to them too much. One is always surprised at this - surely de Klerk must be in a position to stop the violence, not only by the Askaris (special SAP unit of ANC defectors) and the Civil Cooperation Bureau, but also by Inkatha. He doesn't seem to be acting. Why?

You can't be a referee and a player at the same time. There are going to be elections and I don't think they can be fair if they are going to be

monitored by de Klerk. We don't trust him - he's an oppressor. We won't trust him until he takes us beyond the River Rubicon. There are still allegations that certain senior members of the National Party, some of them cabinet members today, vetoed the original Rubicon speech in Durban, by Mr PW Botha - a number of senior people were against negotiations.

PZ: Let's say conditions in the country forced these changes. Is de Klerk caught in a game beyond his own making, or is he still in control of the process?

Holomisa: The process was not started by him, he just arrived at the right time. Negotiations between the ANC and the government started long before he became president. Mandela has said it started with certain ministers like Kobie Coetzee, and others. Having all these pressures de Klerk has now said, 'let me do this', without thorough, proper planning. Now if he leaves the system, we don't have a guarantee that he will come back, because the CP is also gaining support.

So he has got four years. All that we can bank on now is, let's hope that he feels that he must make progress, whether he is voted back in or not. If he leaves it beyond his term of office, the change would be the other way around. It would be a political defeat for him - he will go down in history as somebody who has led people into an ambush position - if the CP wins the election.

YM: What sort of political cooperation is there between the homelands, for example, between the Transkei and Ciskei, KwaZulu and KaNgwane?

Holomisa: Well with Ciskei I think relations are very good. We have hotlines with Gqozo and if there are problems we always phone each other to chat. We are also trying to get the people who ran away from previous homeland governments to return.

The relations with KwaZulu, I would say are also good in that whenever I want to talk I just pick up the phone. Relations between our President and the King are good - but of course there are differences politically with Gatsha Buthelezi - we may not necessarily agree with whatever he says.

With Enos Mabuza, we meet from time to time, because he is trying to arrange for training for KaNgwane's policemen. We also discuss matters of common interest but we don't have joint strategies. With other homelands we also communicate with them in their places, we meet at various conferences.

YM: There were some major altercations between yourself and Chief Buthelezi in the press.

Holomisa: Well, unfortunately for Chief Buthelezi,

he is the leader of KwaZulu and Inkatha. I warned him that he must resign as a homeland leader and pursue the struggle as leader of Inkatha, then he's coins to be respected. No, he said, his homeland is not {^government, his KwaZulu is not a homeland, **he's a** hereditary chief minister. But he *is* the leader of a homeland. I respect him as an older person but where he's wrong I try to point it out.

YM: Many of your rallies have been addressed by both ANC and PAC speakers. What is their position in the Transkei?

Holomisa- We started this internal change, we found we could not all go to the struggle or to Tanzania. In 1988 we started to release prisoners, to unban political organisations, churches, to lift banishment orders. By December 1989 we had unbanned 30 organisations and churches, and then after 2 February we unbanned the ANC and PAC. But as early as 1989 they were in *de facto* operation.

We work closely with the ANC and we have also sent people to Tanzania to meet with the PAC. If any of them want help with their rallies, transport, VIP protection, we assist them.

YM: Are the liberation forces the dominant political forces in the Transkei today?

Holomisa: If one were to judge by the numbers at rallies, the ANC and PAC so far have drawn the bigger numbers. The main political parties which were here, the Transkei Independence Party and Democratic Party, have been disbanded. The members that belonged to those organisations, have either joined the ANC or PAC.

When you consider the issue of constituency, the ANC, PAC and other political organisations are going to concentrate on these areas, because the majority of the blacks live in the homelands. But I don't think that these organisations would allow the continued existence of the homelands.

YM: Is the ANC or the PAC gaining more ground here?

Holomisa: Well, if one were to judge by the rallies which have been conducted, I think the ANC still has the upper hand. Well, of course, the ANC leadership is almost all inside the country, while the leadership of the PAC is still outside.

YM: Is the Congress of Traditional leaders of SA (Contralesa) strong in the Transkei and is your government cooperating with them?

Holomisa: Yes, it is gaining ground, getting stronger. If they want to have a meeting, chiefs are controlled by government, we assist them, in whatever means they want, also the other

traditional leaders. We are trying to bring the two groups, Contralesa and the other traditional leaders, together to discuss certain common issues, because we want to make sure that there is stability.

YM: What about civic organisations? Are there any present in township areas of the Transkei?

Holomisa: Yes, we handle applications, they are just as free to engage in activities. If they feel threatened, they have direct access - we go and protect them. If someone is trying to disturb one political rally, he will be arrested. We make that clear. So anybody can hold or participate in a rally.

YM: Have many exiles returned to the Transkei in the past few months, or is it mainly the leadership core?

Holomisa: So far there have been a number of prominent people coming from exile, some coming for a week and others staying here temporarily, like Chris Hani (ANC MK chief). Some exiles are coming back permanently, looking for posts, while others will wait for the indemnity. The people who have come to the Transkei won't need visas. There are also people who have flown direct to the Transkei from exile, being in transit, without asking for indemnity.

YM: How did Pretoria respond when Chris Hani was allowed to stay in the Transkei after they withdrew his indemnity?

Holomisa: Phew, they were upset! When I was asked in the media, should Chris Hani go back to South Africa, I said, 'I don't work with Vlok'. If they have complaints about Hani, there are channels - if they want him for prosecution, they are free to ask for him. They must bring facts. The Operation Vula case is not an issue for me. As far as I know the revolution continues, the armed struggle continues. So they are not going to impress us with prosecution. Now Hani is repeating things which he said on South African soil in any case.

YM: Is there any integration of the ANC's Umkhonto we Sizwe into the Transkei Defence Force? Is the TDF undergoing Cuban military training?

Holomisa: I think those exercises started the worsening relations between us and Pretoria. This is typical of the government's propaganda. I think those reports were just intended for a certain audience. There is no integration of the TDF and MK whatsoever. The integration would have to wait for the negotiations. It is too early for one security force to do that. As for Umkhonto we Sizwe, would they want to get their name mixed up with a product of apartheid? ~~CG81~~

TRANSKEI TRANSKEI

The End Of The Verwoerdian Dream?

*By Dr Yvonne Muthien, Researcher,
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During 1990 the spotlight has fallen on the role of apartheid's homelands in negotiations towards a future South Africa. These fledgling regional administrations have been marked by political instability, military coups and popular demands for reintegration into the new nation in the making. In the first of an exciting new series of data profiles on the homelands, Indicator SA evaluates the dramatic developments in the Transkei and interviews General Holomisa. These articles will update the unique data profiles on all ten of the homelands published by Indicator SA between 1985-1988.

The Transkei was the first of South Africa's homelands to opt for apartheid-style independence, despite very little prospects of achieving economic self-sufficiency or self-sustained economic growth. Since the military takeover in 1987, however, the Transkei has charted a course in direct opposition to the Verwoerdian homeland policy.

In mid-1990, General Holomisa announced a referendum that would test public opinion in the Transkei on the choice of continued independence or reintegration into South Africa (special gazette No 35 of June 1990). The residents of the Transkei will in all likelihood reject homeland independence in this referendum, which is expected to be held in early 1991. The pro-independence parties have disbanded and the main political players (ANC and PAC) in the homeland call for a unitary South Africa and the abolition of the homeland system.

This scenario would bring the Transkei centrally onto the stage of national politics to negotiate the homeland's reintegration into South Africa, failing which the task might be left to a post-apartheid government. In the alternative scenario, however, if the Transkei were to opt for continued independence, it would continue to face international isolation, a hostile post-apartheid government and economic dependence on South Africa.

The Transkei achieved 'independence' from Pretoria in October 1976, headed by Chief Kaizer

Matanzima (1976-1979), then George Matanzima (1979-1987) and in a brief interlude, Ms Stella Sigcau (Sept-December 1987). On 30 December 1987, the Transkei Defence Force under Major-General Bantu Holomisa took over the administration of the country, vowing to clean up the corrupt rule of the Matanzima brothers. The new military leader has remained in power, surviving the recent coup attempt staged by ex-TDF dissidents and other unknown interests in Umtata on 22 November 1990.

Since Prime Minister FW De Klerk's visit to the Transkei in January 1990, Pretoria has formally urged General Holomisa to reinstitute civilian government. For the last three years, the homeland has been run by a military council comprising five senior members of the Transkei Defence Force. The military council will be enlarged by the inclusion of civilian members on 1 April 1991, with the transfer of all functions (eight ministerial portfolios) of the civilian minister's council. The dissolution of the latter body was announced in a surprise move on 20 November 1990.

General Holomisa has instituted a national advisory council, consisting of a wide range of progressive organisations in the Transkei. The new military leader has also sought popular support for his administration by touring the rural areas and convening regular rallies, hosting both ANC and PAC speakers. The Transkei provided a 'safe haven' for ANC Umkhonto we Sizwe chief of staff, Chris Hani, when Pretoria withdrew his indemnity from prosecution in August 1990.

While readily acknowledging that the ANC enjoys the most support in the Transkei, General Holomisa has been careful not to favour the ANC over the PAC. The military council considers these two national organisations to be the major political players in the homeland. All the homeland's independence parties were disbanded, following the banning of all party-political activities shortly after the coup. ANC and PAC notices are placed on notice boards in government buildings and the military council has pledged all possible support for ANC and PAC meetings, including the provision of transport, venues and public address systems for rallies.

Over the past three years General Holomisa has consistently expressed his determination to clean up corruption in previous administrations. The Van Riebeeck Commission of Enquiry into corruption in the Transkei found that R45m of government revenue was lost due to malpractices of former office-bearers. The corruption included:

- R 15m lost in a housing project in Mbuqe for which George Matanzima and Mr S Qaba were convicted;
- a R2m bribe for exclusive casino rights from Sun International to George Matanzima and R500 000 to Ms Stella Sigcau for the same;
- R8m lost in an aborted harbour deal;
- various kickbacks for contracts from companies; and
- extensive tax evasion by businessmen and senior government officials alike.

The military government is firmly recovering state monies by liquidating estates and recovering unpaid taxes of ex-government officials. In 1990 the figure for taxes collected in the Transkei increased by 28% and GST collected in the Transkei increased by 34%, from R82m to R110m. Court cases are proceeding involving a total of R9m lifted from state coffers.

Tensions with Pretoria

Given the new direction of Transkeian politics, tensions soon developed between Pretoria and the military council. In December 1988, the Transkei placed a ban on purchasing schoolbooks from South Africa and in January 1989, it withdrew licences for trading in wool, hides & skins from South African speculators. In February 1989, it demanded that insurance companies operating in the homeland should register locally and in April 1989, it placed a restriction on the purchase of full grains from South Africa.

In December 1989, Transkei imposed restrictions on the importation of sorghum beer from South Africa. This step finally brought General Holomisa into direct conflict with the Department of Foreign Affairs. Verbal skirmishes between Minister Pik Botha and General Holomisa followed, as Pretoria

considered these actions to be in breach of the Customs Union Agreement. In June 1990 the Department of Foreign Affairs decided to withhold R10m in budgetary aid to the Transkei until the matter was resolved.

In late November 1990, Pretoria threatened to suspend all financial aid to the Transkei if General Holomisa did not withdraw his allegations that South Africa was involved in the abortive coup attempt. This new development followed a renewed altercation in the media between Minister Pik Botha and General Holomisa. The severity of this threat has yet to be tested.

There has also been considerable animosity between General Holomisa and Minister Botha over legal action against the Sun International Hotel group. Mr Botha has denied that he was asked by the hotel group to persuade the military council to waive prosecution and reach an out-of-court settlement. General Holomisa, in turn, considered the fact that Mr Botha raised the issue with him as an attempt to pressurise Transkei into a settlement. Clearly, the fact that Pretoria controls the purse strings places major constraints on Transkei's ability to engage in conflict with the central government.

On the labour front, the military council adopted a labour decree in June 1990 which institutionalises an industrial council and centralised bargaining system, along the lines of the Cosatu-Nactu-Saccola Accord. The decree covers farm and domestic workers, but excludes civil servants. This dramatic step places the Transkei in advance of South Africa on industrial relations, but the provisions of the decree have still to be realised in practice.

The military council has been eager to depoliticise the role of the Transkeian police. In November 1988 the Magid Commission of Inquiry was appointed to investigate a teargassing incident at an ANC meeting in the homeland addressed by Walter Sisulu. In 1989 an inquiry was launched into school boycotts, which led to the recognition of student representative councils. Inquiries have also been held into deaths in detention since 1985, including the death in detention of Mr Batandwa Ndonga, the shooting of another detainee, Mr S Zokwe, and the recent death in detention of Mr Enoch Tsoene, accused of having plotted to assassinate General Holomisa.

These investigations have led to considerable tensions between the military government and the police, reflected in the almost complete absence of the Transkei police force at the second anniversary celebrations of the coup in December 1989. In addition the military government has abolished Independence Day (11 December) as a public holiday and replaced it with 21 March (Sharpeville Day) and 16 June (Soweto Day).

General Holomisa prioritised socio-economic upliftment in his budget policy speech delivered in June this year. In addition to the standard rural development budget, he has allocated R10m of the R42m budget of the Office of the military council for 1990/91 to rural development. Nevertheless, the Transkei remains unviable as a separate geographical entity and regional economy.

DEMOGRAPHIC TRENDS

DE FACTO POPULATION			
1970	1980	1985	1990#
1 890 679	2 623 110	2 876 122	3 163 250
(# estimate)			
Average Annual Percentage Increase			
1970-1980	1980-1985	1985-1990	1980-1990
3,3%	1,9%	1,9%	1,9%

The Transkei has an estimated population of 3 163 250, the second most populated homeland after KwaZulu which has a *de facto* population of over 4m. This means that the Transkei accommodates less than half of Southern Africa's total Xhosa-speaking population of over 7m; the Ciskei accommodates a mere 760 000 in comparison.

During the 1980s the population of Transkei increased by an average per annum rate of 1,9%, compared to 3,3% in the previous decade, and compared to an average per annum growth rate of 2,5% for the whole country. In the past, homeland growth figures were artificially boosted by the forced removal of Africans from 'white' urban areas to the homelands. The declining growth rates coincide with the abolition of influx control in 1986 and a decline in the forced removals of urban populations to the homelands.

Some 682 664 Transkeian citizens were permanently resident outside the Transkei in 1986. An estimated 67% of males in the economically active group were absent from the Transkei in 1986. Approximately 94% of the Transkeian population is settled in the rural areas. The table shows that the population was about 58% female and 42% male in 1990, with a high 50% in the under 14 age group.

POPULATION 1990			
RURAL	URBAN	MALE	FEMALE
94%	6%	42%	58%
under 14 yrs		15-64 yrs	over 65 yrs
50%		44%	6%

LAND

Located on the south-eastern seaboard of South Africa, the Transkei extends over 4 287 ha and is the largest of the ten homelands. It comprises of one large and two smaller fragments.

In 1988 the population density of the Transkei was approximately 74 people per km², compared to 69 people per km² in 1986. This is nevertheless considerably lower than the population density of 95 persons per km² in the Ciskei. The population density for the whole of South Africa amounts to a mere 27 persons per km². The estimated housing shortage in the Transkei was placed at 56 000 in 1987.

AGRICULTURE

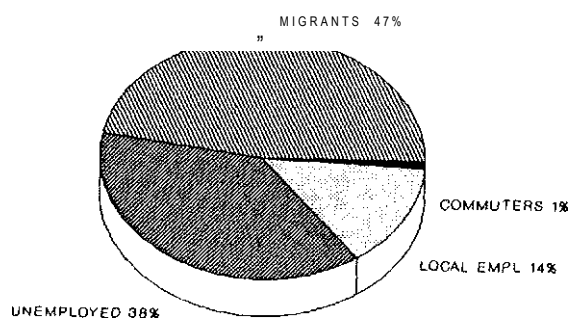
Only 17% of the land in Transkei is arable. Some 83% of the land is suitable only for grazing, nature conservation or non-agricultural purposes. The main crops are maize, sorghum, wheat and vegetables. The agricultural sector contributed some 18% to the total GDP of Transkei in 1986. Subsistence farmers produced 89% of the agricultural sector's contribution to the GDP in 1986.

In 1985 there were 58 cooperatives with over 2 000 members, of which 13 recorded an estimated turnover of R1m. The subsistence and cooperative sectors are clearly of considerable importance in Transkeian agriculture. In 1985 there were 34 agricultural projects, of which 27 were run by government corporations and 7 by private enterprises.

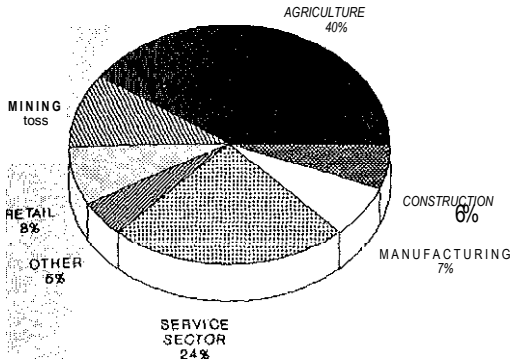
EMPLOYMENT AND INCOME

In 1986, 30% of the Transkeian population was classed as economically active. Migrants constituted 47% of the labour force, commuters 0,6% and locally employed 14%. Of the labour force, 38% was either unemployed or involved in the informal sector. In 1990 over 60% of the Transkei's adult male labour force was engaged in the migrant labour system.

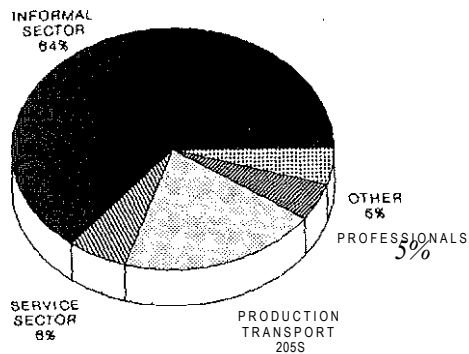
LABOUR FORCE 1986



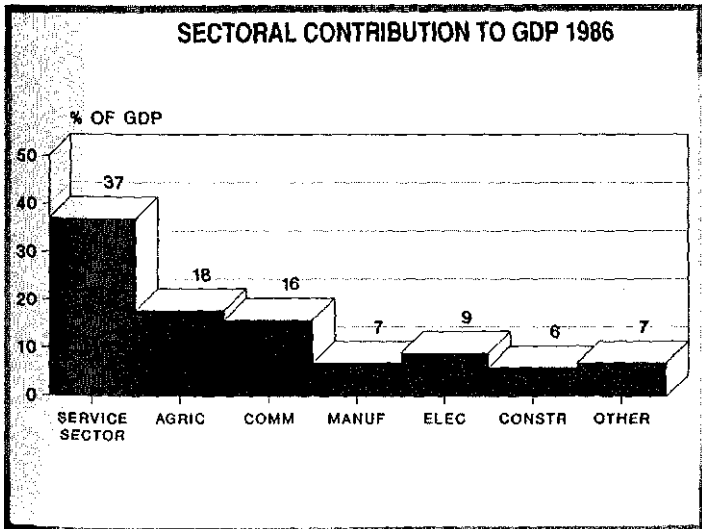
EMPLOYMENT BY SECTOR 1986



OCCUPATIONAL DISTRIBUTION OF POPULATION 1986



The diagrams show that the service sector is the most important contributor to Transkei's gross domestic product, providing some 37% of the GDP in 1986, followed by agriculture with 18%.

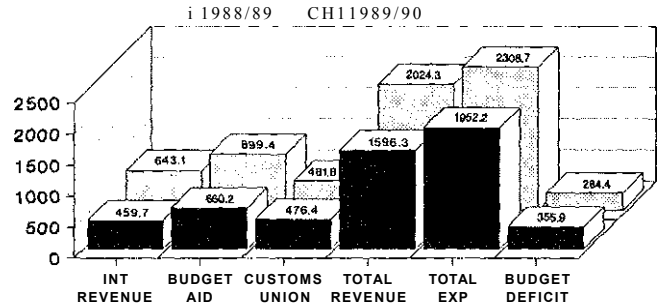


In 1986 the GNP of the Transkei was R3 713 million. Migrant and commuter earnings contributed 56% to the GNP in 1986. Hence the bulk of the Transkei's income was derived from outside sources. The GNP per capita figure amounted to R1 065, which was lower than that of QwaQwa, Bophuthatswana, Ciskei, KwaNdebele and Venda. Currently, the Transkei has a GNP of R4 016m at factor cost.

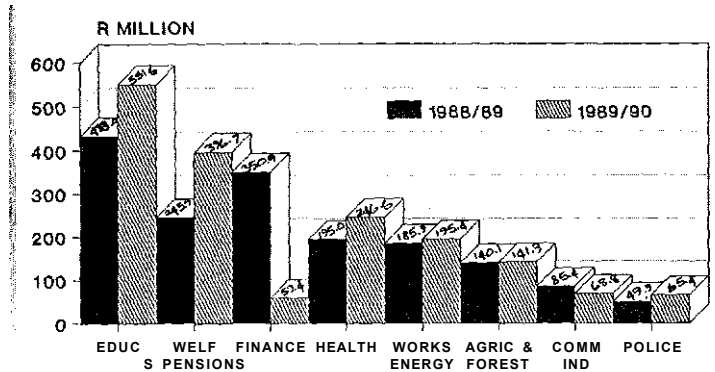
GOVERNMENT REVENUE & EXPENDITURE

In 1986/87 Transkei received 15% of the total development assistance from South Africa to the homelands and self-governing territories, compared to the 28% received by KwaZulu. In 1988/89 the Transkei received an estimated R660 246 000 from central government and R936 113 000 from own sources.

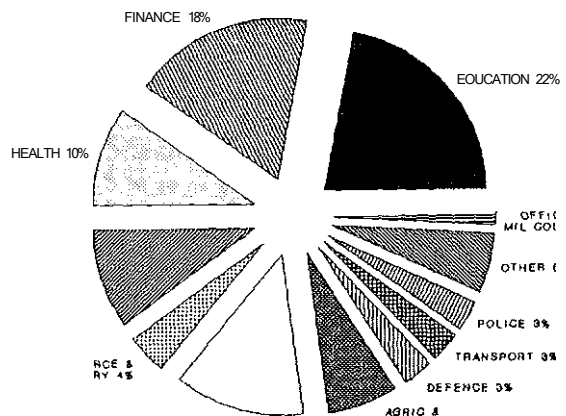
TRANSKEI GOVERNMENT REVENUE AND EXPENDITURE



TRANSKEI BUDGET IN R MILLIONS



BUDGET ALLOCATION BY DEPARTMENT 1988/9



However, on closer examination, the revenue derived from 'own sources' include various transfer payments from central government for, *inter alia*, migrant income tax, customs union payments, rand monetary area payments, general tax transfers and industrial incentives. A study by Leistner (1988) reveal that Transkei generated only 24% of its total revenue from internal sources.

The Transkei budget for 1988/89 amounted to R1 952 180 000 which constituted a 22% increase on the previous financial year. In 1987/88 the Transkei received R450m in budgetary aid to overcome its budget deficit.

In 1988 the TBVC homelands had a joint public debt of R5 000m and a combined budget deficit of R3 500m. Since 1986 the banks have refused to finance these deficits through open accounts/overdrafts and Pretoria has been forced to increase budgetary aid. In 1989/90 Transkei received over R875m in budgetary aid from the South African government. Some 43% of Transkei's budgetary expenditure goes towards social services.

In 1989/90 Pretoria paid a total amount of R1 671 292 640 to Transkei. A breakdown of this and indirect/additional amounts paid follows:

<i>Direct Assistance:</i>	
• budgetary assistance	R875 320 000
• technical assistance	R 608 000
• loan fund	R 4 617 675
• incentive for industries	R 25 327 100
<i>Bilateral Transfers:</i>	
• tax compensation	R192 301 965
• customs union	R548 915 000
• common monetary area	R 24 202 900
Total	R1 671 292 640
Creation of Job Opportunities:	R 6 517 000

HOUSEHOLD INCOME

The average household consisted of 6 persons with an estimated average of 1,7 earners per household in 1986. Commuter and migrant income constituted 74% of all household income and only 26% of income was generated in the Transkei. In the rural areas 27% of household income came from migrant remittances. The average household income was R3 450 pa in urban areas and R1 152 pa in rural areas. However, more than 50% of households earned below R3 200 pa in 1986.

EDUCATION

The educational expenditure for 1988/89 was R433 045 000, an increase of 26% from the previous year. Educational expenditure formed the largest part of the Transkeian budget, accounting for 22% of total government expenditure for 1988/89. In this year an estimated 42% of the

Transkeian population possessed no or very little education. Approximately 43% has below standard 5, 14% has some high school education and only 1 % are in possession of a diploma/degree.

These figures reflect some improvement on the position in 1986, as the table indicates. The pupil-teacher ratio in Transkeian schools was 62:1 in primary schools and 21:1 in secondary schools, compared to the average of 41:1 for African schools in 'white' South Africa in 1988/89. The ratio for primary schools were by far the highest of all the homelands, but the secondary school ratio, on the other hand, the lowest.

Education 1986 & 1990		
	1986	1990
• none/unspecified	54%	42%
• primary education	34%	43%
• secondary education	11%	14%
• diploma/degree	0,6%	1%

HEALTH AND WELFARE

The health budget for 1988/89 was R195 037 000. In 1985 there were 32 state hospitals in Transkei, placing the population-bed ratio at 392:1 and the population-doctor ratio at 11 827:1. The infant mortality rate for the Transkei was 57 per 1 000 in 1985, compared to 40 per 1 000 for Africans in 'white' South Africa.

The welfare expenditure for 1988/89 was R245 925 000, of which 62% (R152 540 000) was paid out in the form of pensions. Health and welfare expenditure constituted 23% of total government expenditure in 1988/89. Q

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URBAN

M O N I T O R

NATIONAL

Department of Planning and Provincial Affairs
Independent Development Trust
Department of Development Aid
Small Business Development Corporation
Joint Coordinating Committees (JCC's)
Urban Foundation

NATAL

Natal Provincial Administration
Development and Services Board

KWAZULU

KwaZulu Department of Works
KwaZulu Finance & Investment
Corporation
(KwaZulu Training Trust)

KWAZULU/NATAL

Project Natalia
RSA/ KwaZulu Development Project
Joint Services Boards
Small Business Development Corporation
Urban Foundation
Regional Development Advisory Committee
Joint Executive Authority

DURBAN FUNCTIONAL REGION

Durban City Council Economic Development Initiative
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The following review looks at both the nature of the socio-economic problems facing Durban as well as the major development projects launched to address these problems. The findings of a recent survey of development experts are reported on, identifying the most critical issues facing the region. The authors then go on to discuss the complexity of the overall network of development initiatives.

too many cooks spoil Durban's development broth?

By Simon Bekker, Director, CSDS and Pravin Singh, IPSA Researcher

The 1980s have witnessed unprecedented rates of migration into greater Durban. This has brought intensified pressure to bear on the authorities within this city to deliver shelter and public services to those in need, in particular to residents in the shack settlements located on the periphery of the urban centre.

Members of these 'have-not' urban communities have also suffered from a seemingly unending cycle of violence which continues to wrack their settlements. Causes of this cycle are complex and include high rates of unemployment, backlogs in service delivery, youth activities and community conflict, as well as certain forms of state action and wider regional and national political competition.

During 1990, the central government decided to address these socio-economic conditions so as to meet the growing challenge of poverty in the region. To illustrate commitment to this goal, Provincial Affairs Deputy Minister Dr Tertius Delpont, was assigned in May 1990 the task of coordinating state-initiated development projects in the city. After a recent cabinet shuffle, this role has been taken over by Deputy Minister Ami Venter.

In a recent survey of nineteen development experts in Durban and Pietermaritzburg, a wide measure of consensus over the major development issues in Durban emerged (Bekker & Wilson, 1990). These experts were selected in equal numbers from four separate categories:

- state and parastatal bodies operating in the region;
- private sector corporations representing commercial and industrial interests in the region;
- developers, representing town and regional planning bodies, change agencies, and development consultancies; and
- experts acting within, or on behalf of, civic and community-related organisations.

The people who were interviewed during June and July 1990, were chosen in accordance with their seniority and high reputation in their respective areas of expertise. The sample, though relatively small, did reflect a wide cross-section of development experts working in the Durban-Pietermaritzburg region.

To facilitate the process of interviewing, experts were asked to choose the three critical development issues they believed were present in the city of Durban. A conspicuously similar set of issues emerged from the opinions of experts within all four categories.

In the first place, housing issues were selected, highlighting the enormous backlog of housing as well as the inadequate housing delivery process, a process which was widely believed by experts to bypass the very poor. Twelve (out of nineteen) interviewees selected this issue.

The availability of land for urban and industrial development was selected as one of the critical issues by nine experts. Development on tribal land was widely viewed to be fraught with difficulties.

Experts express concern over the management of development projects by state and private bodies

Nine interviewees were also of the opinion that improving the education system was the best way to ensure the best investment in the future of their two cities. Another nine respondents expressed concern over the unemployment situation and, therefore, the need for job creation in the region.

The last major issue chosen - by eight experts - was the management of the development process itself. This process was perceived to include matters relating to management and administration, to local government and to political participation.

It is evident from the above choices that the experts agreed that the development challenge in this region is rooted in the rapid expansion of the metropolitan area, an expansion driven by the growth and settlement of 'have-not' communities within that area. As a result, development activities need to concentrate on meeting the need in these communities for shelter, services, and wealth-creating opportunities.

Significantly, about one half of the experts felt obliged to raise the issue of management of development projects - by state and private sector bodies - as a primary development issue in itself. This indicated a widespread and deep level of concern regarding past development policy and practice in this region.

Development should meet the needs of 'have-not' communities for shelter, services and jobs

In the light of these immense development challenges in Durban - challenges which over the past few years have been widely publicised and discussed - a number of large-scale and ambitious development initiatives in the region are currently operating or are planned to be launched in the near future (see chart on urban monitor cover). Four types of state intervention may be identified:

The RKDP Initiative

The first is known as the RSA/KwaZulu Development Project (RKDP). The RKDP is currently implementing proposals selected in 1986 by the KwaZulu/Natal Planning Council. These proposals identified development projects at a total estimated cost of R2bn. These include the upgrading of community facilities and of existing infrastructure (water systems, sewer systems, transport networks and so on) as well as the development of new residential areas estimated to yield some 86 000 sites over the next five to seven years.

These projects are being implemented under the jurisdiction of three authorities - the Department of Development Aid (DDA), the Natal Provincial Administration (NPA), and the KwaZulu government - with the majority of projects being implemented on KwaZulu land and on South African Development Trust land.

One of the stated aims of the RKDP is to establish economically viable and self-sustaining communities. This requires the use of a two-pronged implementation approach intended to combine the technical and socio-economic aspects of projects. The development of new townships - which makes up a large proportion of RKDP activity - depends largely on the availability of tribal land and, therefore, on the willingness of the relevant chief and tribal authority to release this land.

Funding of the projects on KwaZulu land is primarily undertaken by way of loans made available by the Development Bank of Southern Africa, while projects on Trust land are being funded by the South African Development Trust Corporation through the DDA.

The RKDP was generally perceived by the nineteen experts interviewed not to have satisfactorily addressed to date the development issues they had selected.

Joint Services Board

The second state intervention which is aimed, *inter alia*, at addressing the fragmentation of service delivery in the many urban communities in Durban, is found in the proposed establishment next year of a Joint Services Board (JSB) for the city and its environs. The KwaZulu and Natal Joint Services Act (No 84 of 1990), is closely modelled on the Regional Services Council (RSC) Act of 1985.

The purpose of the 1985 RSC legislation was described as three-fold:

- ® to rationalise service provision through bulk supply;
- to enable joint decision-making on matters of common concern;
- to provide for infrastructural development in areas of 'greatest need' from new levies on employment and turnover.

The JSB Act reflects these purposes. There are, however, two major differences. Firstly, the pivotal role played by the administrator in the RSC system is instead assumed by the Joint Executive Authority (JEA) (which incorporates representatives

from both KwaZulu and Natal). Secondly, die new metropolitan authorities will include from the outset local bodies in KwaZulu as well as in Natal. In short, the Natal-KwaZulu divide in the city of Durban, as well as service fragmentation caused by the city's plethora of 'own a flairs' local authorities, will - potentially at least - be circumvented by this new metropolitan authority.

The third and fourth state interventions are still in the process of being mounted.

csi' Project Natalia

The Project Natalia initiative was conceived at national level, and conceptualised within the Department of Planning and Provincial Affairs. After a comprehensive 1989 planning study into the city of Durban undertaken in collaboration with the Natal Provincial Administration, this Department proposed Project Natalia in mid-1990. Its aim is urgently to bring resources and appropriate action plans to bear upon the major development challenges in the Durban region, in particular with regard to those issues where state bodies are able to mount direct action.

Three primary types of motivation have been given for this new comprehensive development project:

- the need for plans and action in a metropolitan region characterised by huge and growing development issues, particularly within its poor urban communities;
- the need to address and change the socio-economic conditions which are conducive to continuing community conflict and violence; and
- the need to launch such a project within the new philosophy the government has developed since their widely publicised change of direction in February 1990.

In September, the project was reported to be designing an action plan (*Natal Witness*, 27/09/90), with a primary focus upon housing: 'several thousands hectares of land worth about R100m' will be identified for residential development (*Business Day*, 17/07/90). Plans include 'evaluation of current projects; making up of deficiencies; remedying duplications; and determining priorities' (*Daily News*, 25/09/90).

During its first few months of existence, Project Natalia has experienced problems - as has been the case with other state programmes - regarding implementation, community violence in the region, and suspicion about the project's credibility in

the eyes of a number of target community representatives.

DCC Initiative

The fourth state initiative has recently been constituted by the Durban City Council. Launched at a public Economic Development Conference held in early November, the initiative has selected as its goals:

- achieving 8% economic growth per annum in the Durban region by the year 2000; and
- facilitating the creation of 300 000 formal sector jobs in the Durban region by the year 2000.

With this in mind, the City Council has enabled the formation of an economic development 'parent committee' to which six issue-oriented committees report on proposals for action and for policy. These six committees cover areas ranging from big and small business activities to housing, education and land use. One committee will concentrate on possible key action projects in the Durban region, projects which may be started in the near future.

This initiative was launched in October 1990 so it is not possible to comment on progress at this time. Nonetheless, it is significant to note the wide spectrum of participants at the conference and the significant degree of private sector participation on the committees.

KFC & SBDC Roles

These four state initiatives do not cover the full spectrum of state involvement in development within the Durban region. State departments at all three levels of government are directly engaged in their specific functional activities.

In addition, a number of parastatals are also active in the region. Two require noting:

The KwaZulu Finance and Investment Corporation (KFC), formally the development body for KwaZulu, plays an important economic role in the Durban region, particularly with regard to the promotion of private sector industrial development and of job creation in the formal and informal sectors. The KwaZulu Training Trust (KTT) is located within the KFC.

Similarly, the Small Business Development Corporation (SBDC), via its Durban regional office, promotes the development of small private businesses in the region, and of consequent job creation.

Development of the DFR must change the socio-economic conditions which are conducive to community conflict

The ongoing violence hampers implementation of projects and creates suspicion about sponsor credibility

The IDT aims to alleviate urban poverty, promote rural development and create productive job opportunities

Private Stakeholders

Individual private sector bodies in Durban and their regional representative institutions are regularly involved in development activities in their region. These interventions include:

Tongaat-Hulett Forum

The Tongaat-Hulett Group - one of the largest private sector bodies in the region - convened a planning forum late in 1988. This forum of a small group of local experts, produced - after eighteen months of deliberations - a vision for the city of Durban, a vision to be realised by the year 2000. They also produced a series of strategies and action plans tailored actively to promote this vision among all they believe are 'stakeholders' in the future of the city and its environs. A number of these strategies and action plans are currently being implemented.

Independent Development Trust

A second initiative being launched revolves around the activities and funds of the Independent Development Trust (IDT). This Trust, which was formed by government in March 1990 by way of a R2bn grant, will probably allocate a substantial part of these funds to projects aimed at socio-economic development and the alleviation of poverty in Durban. A number of specific projects have already been mooted (*Engineering News*, 10:36) though final acceptance has yet to take place.

At the time of the establishment of the trust, the IDT's chairman, Jan Steyn, insisted that decisions taken regarding trust funds be strictly independent of government. A board of trustees with 'knowledge, understanding and experience of development in South Africa' has been formed. The trust aims to promote development among the 'very poor', and it comprises three aims (*Business Day*, 14/11/90):

- 'to develop communities';
- 'to have a specific emphasis on rural development'; and
- 'to create job opportunities of a productive nature'.

Recently, public voices have started to urge the IDT not to delay too long in its allocation of trust funds, and to inform the public of at least a proportion of the projects the trust has decided to support.

•s" The Urban Foundation

In addition, the regional branch of the Urban Foundation (UF) has been working

over a sustained period of time in the region on a number of projects, particularly in the fields of:

- the provision of housing and *in situ* upgrading in 'have-not' communities;
- educational projects (at pre-school as well as at other levels), the provision of classrooms in particular; and
- the establishment of institutions aimed at enabling communities themselves to meet their felt needs.

Other Agencies

The Built Environment Support Group (BESG) of the University of Natal is a service agency which has developed extensive links with 'have-not' communities in Durban. Accordingly, the organisation plays an important role at the interface between these communities and the state as well as development authorities.

The ANC and its local voluntary associations have yet to formulate definite policies on development strategy, on land distribution, on economic growth, on housing, or on the provision of basic services in the Durban region. However, after a series of recent consultations and workshops, 'broad policy guidelines' on these issues have been developed (Report on the ANC National Consultative Conference on Local Government).

The development process is viewed by the ANC as fundamentally political in nature, with the empowerment of citizens comprising an essential component. On metropolitan government, the following guidelines are identified: 'to work toward the creation of metropolitan authorities that will accommodate urban growth, reintegrate urban communities, facilitate a process of redistribution and local economic development, co-ordinate and be responsible for city-wide services and allow democratic control over broader development decisions'

Stumbling Blocks

In the light of the development challenge facing Durban, which major stumbling blocks to the launch of a coordinated development programme may be isolated? And what agreement on development issues exists among the various stakeholders?

Stumbling blocks may be identified in three areas: where stakeholder disagreement on development policy, strategy and practice occurs; where continuing state policy

The ANC believes metropolitan authorities should facilitate a process of redistribution and empowerment

seriously hampers development programmes; and where real immediate constraints 'on the ground' exist.

Stakeholder differences over development issues are found regarding:

- 0 what mix of public and private sector activities constitutes the optimal developmental model for Durban;
- whether decentralisation of state activities should be accompanied by devolved decision-making;
- what principles should underpin state policy on development finance; and
- in what ways current state structures - held in suspicion by certain groupings - should continue to function during transition (Bekker and Wilson, 1990).

Numerous aspects of present government policy have been criticised by stakeholders. However, the existence in the Durban metropolitan area of a provincial-homeland boundary is unanimously perceived to be a major constraint to development. Though opinions regarding strategies to remove this constraint differ, its speedy disposal in order to avoid duplication and fragmentation of planned activities is widely recommended by stakeholders. The same may also be said of the 'own' and 'general affairs' local bodies which have proliferated in the region.

The major, current 'on the ground' constraint arises from the continuing violent and intense turmoil which is wracking Durban's black 'have-not' communities. This turmoil interacts with, and severely constrains the continuation of, interventions by external development agencies aimed at improving the life chances and living conditions of residents in these communities. In short, without a substantial and visible change in circumstance, a large number of development projects in these areas will remain on hold, to the detriment of all concerned.

The stumbling blocks are, accordingly, numerous. Simultaneously, widespread consensus on a number of central features of development planning in the region also exists. For instance, all stakeholders agree that priority must be given to issues in Durban's 'have-not' communities, in particular to issues concerning shelter, skills, and work in these communities.

All stakeholders also recognise the need for fundamental organisational restructuring in the development arena. Past development practice needs to change, and past lessons point clearly to the need for decentralisation

and coordination of development planning. In particular, development activities need to be decentralised to levels at which community participation would be able to have the influence it ought to have in ensuring that outside intervention succeeds in human terms.

All agree that new and imaginative strategies need to be devised and tested to meet the development challenges of the region (Bekker and Wilson, 1990). To launch such a new development strategy in Durban is clearly no easy task. The issues in the city are complex and the challenges immense. Nonetheless, four immediate goals do stand out.

First, stakeholders in the city need to develop a common vision, and subsequently, to reach agreement on common action. This is needed particularly among private sector stakeholders who are better able to act with purpose and in concert on the economic challenges which have been identified.

Second, the constraints brought about by the KwaZulu/Natal divide, and by fragmented 'own affairs' administrations within the city, need to be surmounted. Shared planning and action across these divides needs to take place before the formal institutions themselves are changed by government.

Third, state and parastatal institutions which are involved in the development process embody invaluable development expertise and manpower. Individually, however, they need to overcome two weaknesses: suspicion regarding their credibility, and suspicion rooted in their past philosophies and past performance. These institutions moreover may include among their staff members of the 'old guard' who have not had a change of heart. It is important that these weaknesses be corrected, visibly and as rapidly as possible.

Finally, without a visible and rapid change in the context of the violence, crime and conflict which presently dominates many of the 'have-not' settlements in the city, many development projects will remain on hold. This context must be seen to be changing for the better.

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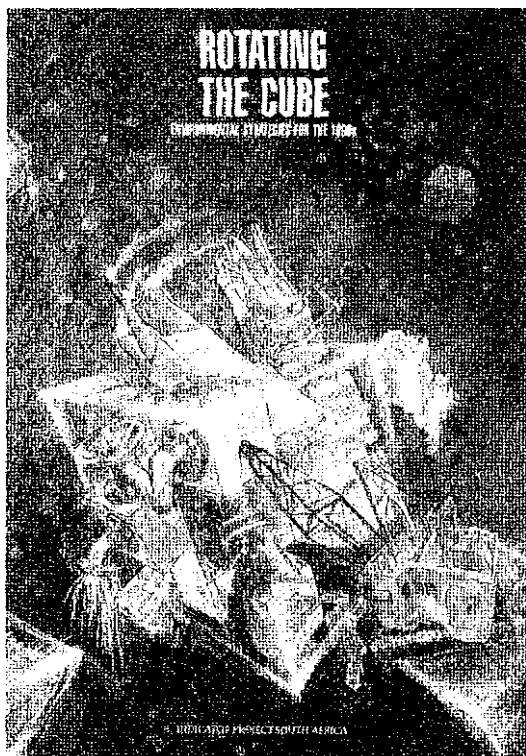
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The existence of a homeland boundary in the DFR is unanimously perceived to be a major constraint to development

New and imaginative strategies need to be devised and tested to meet the region's development challenges

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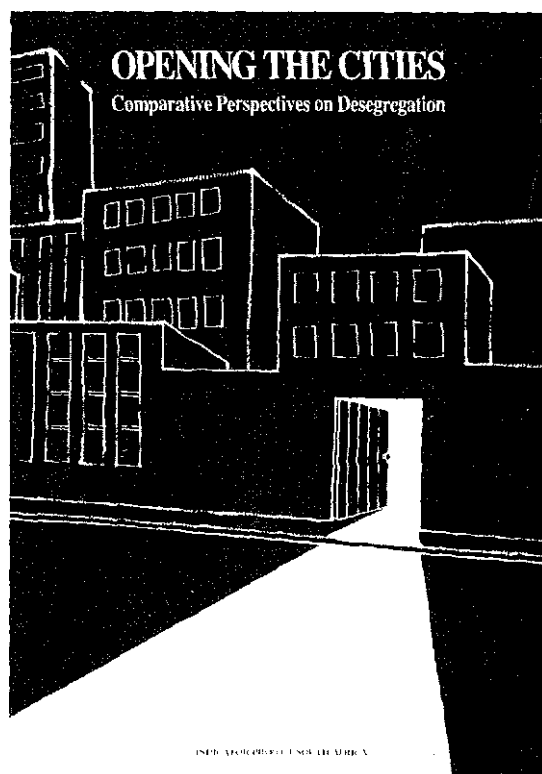
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Civic Strategies Beyond The Single City Campaign

*By Khehla Shubane, Centre for Policy Studies,
Wits Graduate School of Business Administration*

Rent boycotts and civic protests have again come to the fore in townships throughout the country. There is a stormy transitional stalemate between the old and new orders - the status quo of segregated black local authorities (BLAs) is rejected while the post-apartheid alternative of non-racial metropolitan government is yet to be negotiated. Under pressure from various sources and ongoing developments, the ANC has been trying to forge a coherent local government policy.

Until recently, the ANC's efforts in policy-making largely focused on macro issues related to the nature of the post-apartheid state, national government and the economy. Policies affecting local government and other micro issues only received attention in so far as they impinged on the overall macro issues.

Although a coherent set of local and regional policies is yet to evolve, some important issues have emerged which are likely to provide a starting point for the ANC. A great deal of these issues are a reaction to current policies and developments which underpin apartheid local government.

Various civic associations in townships throughout the country are already involved in struggles which have a distinct policy component. The fashioning of the ANC's local government policies are considerably influenced by the accumulated experiences of the civics. The emerging relationship between the civics and the ANC will undoubtedly play a critical role in the making of ANC policy.

Some of the principles which have evolved in the course of the struggles of the civics are a single non-racial local government, a shared tax base, and democracy within local government structures as well as at the local level generally. It is these issues which are at the base of efforts by the ANC to formulate a local government policy.

The struggle for non-racial municipalities has its origins in the mid-1980s with the start of rent boycotts in townships nationwide. Although many of the rent boycotts started as protest actions, they soon provided bases which led civic associations to articulate alternative local government policies aimed at transforming the apartheid city. The underlying objective of the civics was to seek to disrupt apartheid local government.

Although some of the civics were starting to articulate an alternative vision of the cities, this was muted in favour of the view that victory at a local level was not possible unless tied to overall victory over apartheid. The dominant view in the radical anti-apartheid movement necessarily meant that the dictates of local and national struggles were locked into tension. Most civics resolved this by straddling both levels in their day to day programmes and demands, *viz.* reduce rents to affordable levels, councillors must resign, end the state of emergency and release detainees.

The transformative phase was characterised by the designing of alternative policies aimed at changing the basis of the apartheid local government structures. Once these policies had been devised, the civics sought to engage in negotiations for their implementation. This transformation stage implicitly accepted the possibility of

The emerging relationship between the civics and the ANC will play a critical role in local government policy

The civics' demand for a single tax base sought to unite the apartheid city politically and economically

effecting major changes to the apartheid city *without* first seeking to transform the state as a whole.

It was clear from the way the policy proposals of the Soweto People's Delegation (SPD) were couched that the organisation wanted to focus on local level issues, not on changes to the nature of the state. However, the difficulty of attempting to clinically separate the two sets of local and national issues is clear from the key policy alternative to have emerged - the creation of a single tax base for white towns and their neighbouring townships. Although this is a local issue, it also directly affects national politics.

Township Colonies

The underlying principle of the apartheid city is that the relationship between the white section of the town and its neighbouring township remains characterised by colonial features. The white section of the town was assigned the role of having all the investments, commercial and industrial, located within its boundaries. In sharp contrast, the townships played the role of providing shelter for the labour force employed in these industries and later, of providing a market for the country's burgeoning manufacturing sector.

The socio-economic development of the townships was deliberately frustrated because township communities were destined by apartheid planners to go back to the bantustans eventually. Whites created institutions of local government for their communities which afforded democratic expression. Councillors were voted in by the white electorate and could similarly be voted out of office. These were the normal trappings of local government in most democratic countries.

In contrast, local government for blacks, particularly for Africans, was devised essentially as a mechanism for control. African councillors, some of whom were government appointees, enjoyed limited control over matters related to their areas. Local government was a transmission belt for the implementation of oppressive government policies which denied African people permanency, property ownership and a range of other rights in the townships.

Another characteristic of a colonial relationship is manifested in the routes followed by public transport in the

townships. This form of transport was designed essentially to carry large numbers of workers to and from work. It is, for example, easier to find public transportation from Soweto into Johannesburg in the morning than it is to find it from Naledi to Meadowlands (both townships are in Soweto). It is similarly difficult to find public transportation from Soweto to other townships like Kagiso, Mamelodi or Sebokeng, even though all are situated within the same region.

Transport routes between the townships and the apartheid city serve primarily to ensure the smooth transportation of labour. Leisure and other social activities are not specifically planned for in 'black' areas. This hiatus illustrates the views which informed the planners of apartheid cities. A further characteristic of the colonial relationship lies in the role the 'white' towns play as centres of control, both administrative and economic. The townships are the subject of that control.

Non-racial local government would provide the framework within which these colonial relationships could be broken down. There are large urban conurbations which may be difficult to govern effectively and efficiently, however, because of their high population but relatively low density. Single municipalities here may create a large bureaucratic government and run the risk of being unresponsive to local concerns. In such areas the ANC would, it asserts, opt for a metropolitan form of government which would not be a distinct tier of government but would operate at the local government level.

Economic Unity

ANC policymakers are committed to the unification of local government structures into non-racial entities. Unification in the sense of the creation of truly non-racial towns may take time to achieve, however, even in a post-apartheid scenario.

The civics' demand for a single tax base sought to unite the apartheid city at two levels, politically and economically. At a political level, their demand entailed the creation of single municipalities for functionally integrated areas. This posed a fundamental challenge to the racially based system of local government in South Africa.

When the civics began the process of devising alternative policies for local government, they proceeded cautiously.

ANC policymakers are committed to unifying local government structures into non-racial entities

They were reluctant to engage in processes whose outcome could have a huge impact on the broad constitutional issues over which the national liberation movement had to play a leading role. Consequently, there was less emphasis on the actual creation of single municipalities as political units than on issues related to economic unification.

The divergent views held by various groups on local government, and specifically how to restructure it in South Africa are very disparate. In this context, it is probably wise for the civics to await the outcome of national negotiations in which it seems unlikely they will play a direct role.

The view of ANC policymakers is that until agreement is reached with the government in the negotiation process on the parameters within which democratic local government can be constructed, there is little point in civics pursuing the creation of unified cities. Instead, the civics are calling for the resignation of councillors serving on black local authorities and their replacement by administrators.

This position, however, leads to a number of problems. Negotiations involving the civics have picked up a momentum of their own which might be difficult to stall. Furthermore, the implementation of a single tax base will probably work best under a single political unity of cities/towns. Delaying the political aspect of the single city/town campaign might also delay resolution of the economic aspect.

Within these parameters and constraints, economic unity is being pursued with all the vigour imaginable at present. The broader set of issues includes:

- writing off the rent arrears arising from the boycotts;
- introducing affordable service charges;
- cross-subsidisation, making available the benefits of revenue from white CBD areas to townships; and
- amalgamating service provision between white and black areas.

The principle of affordability is seen as crucial. Otherwise, numerous people presently in the townships will be pushed out to the peripheries of the cities, as is already happening with those squatter communities forced to locate well beyond the city boundaries.

Democratically elected councils should be responsive to local needs and strive to empower local constituencies by involving the maximum number of people in the ongoing work of the council. Current local government, by being so closely tied to the central government, lacks the autonomy it needs to creatively involve people on the ground.

While the ANC would want to create as much autonomy as possible for local government in the post-apartheid future, there is concern that autonomy at these and other levels should not be turned into a vehicle for transforming the country into a *de facto* federal system.

The ANC proposes to use economic issues in local government to achieve a number of goals. Some form of redistribution of wealth will be effected through restructuring the economy of local governments. This strategy is in line with the ANC's well-known economic proposals. Redistribution will be effected through the principle of cross-subsidisation which is specifically designed to address historical inequalities.

In areas too big to unite, a form of metropolitan government would be put into place. It is in such urban conurbations that cross-subsidisation would be particularly desirable. This approach is based on the assumption that even in a post-apartheid South Africa, the racial composition of residential areas will take time to assume a thorough-going non-racial character. So too will the location of industry and commerce which account for a sound tax base within white municipalities.

The ANC's preference is to strengthen the role of the public sector, specifically local government, in the provision of collective consumption goods. In this regard, the organisation is opposed to the privatisation drive currently underway that is affecting the provision of essential services in some townships.

In the area of housing, the effect of the state's withdrawal and the almost exclusive private sector involvement has been devastating. This has worked to provide accommodation only to the tiny section of the township communities which can afford it, while neglecting the needs of the poor majority. The presence of significant numbers of people housed in privately owned houses may tone down the extent of

The civics should await the outcome of national negotiations to set the parameters of democratic local government

In the interim, the civics are calling for the resignation of BLA councillors and their replacement by administrators

A redistribution of wealth could be effected through restructuring the economy of local government

grassroots opposition to privatisation. Overall, however, local government probably will be where widespread opposition to privatisation finds the most clear-cut expression.

Leaving land adjoining the 'white' towns of South Africa undeveloped and locating squatters far away from areas where they are likely to find employment, causes considerable anger. Tracts of unused land separating white towns and black townships are an eyesore, especially where there is overcrowding. This has been interpreted as a continued commitment to the idea of buffer strips between black townships and white towns. These pressures will exacerbate the drive within the ANC towards nationalisation of land, for settling the poor who are being located further and further away from the cities.

Another distinct objective for ANC policymakers is to spread investments throughout the unified city rather than concentrate them in one area of the city as occurs at present. While this makes a great deal of sense, it is not clear where new investment funds would be generated in view of the massive demands which are going to be placed on capital resources. Sources of capital funding may be generated from the 'growth through redistribution' strategy set out in the latest ANC discussion paper on economic policies.

The ANC views the civics as independent groups which will play a political role in a post-apartheid society

The worldwide drift towards democratisation processes has been embraced by the ANC. The tendency inherent in governments and states towards undemocratic practices have led to a rising interest in civil society as a possible countervailing force and a way of enhancing the quality of democracy in various societies.

As possibilities for a transition to a democratic order in South Africa increase, the ANC has also shown growing interest in issues related to achieving a post-apartheid democracy of enhanced quality. In local government this has taken the form of conceding that there will be politics outside of state structures. This concession is crucial, given the reluctance of governments generally and those of the

third world specifically to allow the expression of political views outside of the state, ruling party or government.

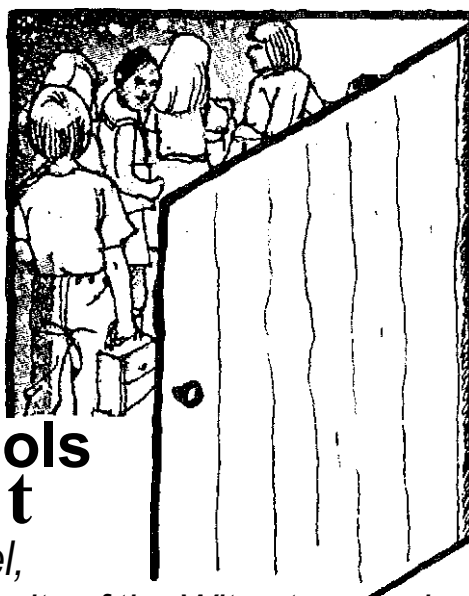
The seriousness of the ANC in this regard is underscored by its view that civic associations are not local governments in waiting. The ANC's view is that the civics are independent formations which represent the interests of people in their communities and strive for a better quality of life through struggles for affordable service charges and rates. The issues which have driven civics will not suddenly disappear in a post-apartheid South Africa, and people will have to continue to strive for a government at all levels which is more responsive to their needs.

While the ANC's view of the role of civics in a future non-racial South Africa is laudable and in line with concerns all over the world, it is not sufficiently far-reaching. Civil society will not thrive in a post-apartheid future because one component of it is given independence. A more comprehensive understanding of the complex and varied nature of civil society should be taken into consideration.

In South Africa, where struggle has been intense and multifaceted, the difficulty of transforming organisations which have been essentially part of the national liberation effort is immense. Civics may not find it easy to transform themselves easily into organisations which are part of civil society, partly because of their role in the broad struggle for liberation and partly because of their political partisanship. In a changed political situation many current members of civics may become part of the state, thereby removing from the civics an important resource, *viz*, experienced personnel.

Civic associations in combination with other organisations like trade unions, churches, some newspapers, etc., do have the capacity to provide a base for a vibrant civil society in the future. They can, however, only do so if there exists an understanding of their role in civil society. Until now these institutions have played an oppositional role to the state which was essentially confrontational. To change from this mould to one which is engaging and seeks to enhance the quality of democracy may take more than merely asserting the independence of civics from on high.

Open Sesame?



Parents on Non-racial Schools

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*By Dr Philip Frankel,
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In a surprise finding, a recent attitude survey has revealed that white and black parents share common concerns and stereotypes about racially mixed schooling. The co-ordinator of this Amcham project discusses parent and teacher responses to segregated education, identifying areas of support and resistance. He suggests the way forward would be a process of national dialogue drawing in all educational constituencies directly involved in policy changes.

The American Chamber of Commerce in South Africa has long been concerned with the quality of human resources for economic development in a post-apartheid South Africa. Within this context access to public education by children of all races is regarded as of primary importance.

Following the February 1990 announcement by Minister Clase that the attitudes of white parents would be a critical factor in government policy on open schools, the Chamber's Policy Research Unit (PRU) subsequently sought to pinpoint as many white schools in Johannesburg who, it was estimated, might be amenable to integrated education.

Informal discussions were held, in some cases, with teachers and parents in order to assess their attitudes toward the principle of integrated education. In other cases, schools were selected for the project because of their geographic situation. Many, but by no means all of the Johannesburg schools with which the Unit was to work in promoting the idea of non-racial education were profoundly under-utilised - even though some were in so-called 'grey areas' where black children had no reasonable access to any kind of alternative schooling.

The Policy Research Unit is currently working with approximately 30 city schools where surveys among parents have been (or are in the process of being) conducted by a major market research organisation contracted by the Unit to assess public attitudes to open schooling and the developmental consequences of non-racial education more generally.

Some of these schools - which cannot be identified for reasons of confidentiality - are in the 'liberal' north-east of Johannesburg and are ideally situated to service some of the educational needs of Alexandra township. Others are in the central, western and eastern portions of the city where the commercialisation of residential areas, white emigration and/or the ageing of the white community has depleted the white school-going population.

The surveys are aimed at every parent in each school. The general approach has been to adapt a standard questionnaire to the requirements of individual schools following consultation with the teaching staff and/or management committees. The return-rate has generally been in the range of 90% to 98%.

Many white schools, even in so-called 'grey areas', are profoundly under-utilised

Only a minority of white parents, about 15%, are prepared to accept open schools unequivocally

Initial results from the thousands of surveys already processed suggest that only a minority of white parents (approximately 15%) are prepared to accept open schools unequivocally. Generally-speaking, between 15% and 20% (depending on area) say that they would withdraw their children from their present school should it go non-racial.

At the same time, majorities in favour of non-racialism were encountered in most of the schools once parents were assured that open schools would not necessarily result in decreases in 'existing standards'. Relatively few parents were able to define the exact meaning of this term (and some readily admitted that their concern with 'standards' was directly prompted by the possibility of non-racial schooling). Even fewer could identify the 'ethos' of the school attended by their offspring, apart from the wholly negative notion that the school was 'white' in character.

There is nevertheless some tolerance of mixed education provided that admission procedures to 'open' schools are strictly defined, applied and monitored. White parents would, for example, support open schools based on competitive examinations between children of all races, although some cling to the discriminatory notion that these should only apply to black children. Of great concern is class size: virtually all parents believe that 35 children per class should not be exceeded even if this means excluding black children.

Tolerance of mixed education increases once strict admission procedures are defined

There is limited support for racial quotas along the lines of the 60%/40% white/black balance alluded to in some recent statements by central government. There is however near-obsessive concern for children of the same age being grouped together, particularly in mixed schools with both male and female children. This reflects a deeper anxiety about the intermingling of children of markedly different social, cultural and linguistic backgrounds.

The research has also found a clear link between class, ethnicity and attitudes. The strongest support for open schooling in Johannesburg is among primary school parents in the north-eastern areas where a number of schools are close to (or even exceed) the 72% threshold for admission laid down by present government policy. Affluence and tolerance on open schooling appear to run hand-in-hand, although it should be borne in mind that some of these relatively upper class state schools are already close to their designated numbers

and would not have to admit many black pupils anyway.

There is relatively greater resistance to open schooling among Afrikaans-speaking parents (especially in the lower socio-economic categories), although Afrikaans attitudes are far more complex than they appear at surface. Some Afrikaans parents of clearly conservative persuasion will for example, accept non-racial schooling with the same 'guarantees' as their English counterparts, where local schools, particularly at primary level, face closing. These pragmatic views appear to be shared by Afrikaans teaching staff, although there is a fairly widespread belief in these circles that few African children will want to take advantage of Afrikaans medium education.

The Policy Research Unit has also recently extended its project to the Greater Durban area - in Durban North, Durban Central and the southern metropolitan areas - where it is now working with approximately a dozen schools along lines similar to those in Johannesburg. The initial results from Natal are not dissimilar to those encountered in Johannesburg, although Durban parents appear to be slightly more 'conservative', even on the issue of admitting Indian pupils to the white public school system.

It has been estimated by the Unit that were all the schools with which it is working be opened, it would be possible to create a minimum 25 000 places. The project is also however sensitive to the fact that it is critical that the values and interests of black teachers, pupils and parents be taken into account in designing a post-apartheid education system. The Unit has subsequently embarked on a major project in Alexandra township, the purpose of which is to provide a profile of black stakes in open public education.

This dimension of the project, with its enormous potential to provide a point of dialogue between black and white teachers and parents, remains to be concluded. It is already apparent on the basis of several hundred interviews that most of the hopes, aspirations and even stereotypes about mixed education held by white parents are shared by their black counterparts.

Both groups are, for example, deeply concerned with discipline and the quality of education. Far from seeking to 'invade'

white educational territory, the majority of **Alexandra** parents are deeply concerned that open schools continue to maintain 'standards' appropriate to the hopes for upward mobility attributed to their children.

The mass of quantitative data generated by the Unit's surveys are complemented by substantial qualitative evidence gleaned from wide-ranging interviews conducted with parents and teaching staff in the course of the project. Some of this qualitative data is confirmed in the surveys; other is of specific importance in its own right.

Touchers in white schools, for example, are clearly alarmed at the prospect of having to possibly deal with black children in the foreseeable future in the light of their own inadequacy in the area of multicultural education.

Very few have received training in the practicalities of managing non-racial situations, and the overwhelming majority face the idea of open schools with a sense of dread, possibly greater than that of most parents. This is particularly the case in the more under-utilised schools in the lower socio-economic areas of Durban and Johannesburg where the teaching staff is caught in the cleft between supporting segregation and possible closure in the face of rationalisation, or opting for the relative unknowns of open status.

Large numbers of teachers, it can be anticipated, will leave the profession should these unknowns strain capacity. The development of some sort of in-service multicultural teaching program for staff, ostensibly backed by the private sector, is therefore regarded by the Unit as a priority in the process of transition.

Parent management committees are also crucial to this transition, particularly if their powers to define and apply admission criteria are enhanced by state policy to devolve authority for the running of open schools to local level. The overwhelming majority of these committees are unenthusiastic at the prospect of open schools, and are only willing to entertain the possibility of desegregation if they can control black access with the maximum of freedom.

Given the general conservatism of parent management committees, this means that only a meaningless fraction of black children will obtain access to what is now white public education unless the state takes a more interventionist position.

Alternatively, it is of central importance to develop initiatives to educate the governing bodies of schools to the benefit of multicultural education, or at least, to develop a more considered perspective than is normally encountered.

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The work of the Unit reveals that there is a need, in general, for greater communication in the process of opening schools, between parents and teachers, the various geographic regions of South Africa, and perhaps above all, across the racial barriers.

There are few parents today who do not foresee the deracialisation of schooling as an inevitability as part of the broader process of political settlement. This is equally true of the teachers, although there are understandable divergencies within the profession which reflect cultural and regional differences.

What is generally lacking is consistency in the dialogue and planning for the future. There are, by the same token, too many efforts in support of open schooling which, if well-meaning, fail to touch sides and/or waste energy through cross-purposes and duplication.

The movement toward open schools is generally more developed and institutionalised in the Western Cape. It is precisely for this reason that the Policy Research Unit has focused its work in the Transvaal and Natal. There is an urgency that similar schools associations embracing the various constituencies for integrated education be developed in these areas, possibly preceded by regional conferences to define and discuss the issues.

Ultimately, a national conference on open schooling would be an ideal vehicle for the private sector to concretise its commitment to a unified post-apartheid system of public education. 86

A majority of white parents would support open schools if existing standards were maintained

If under-utilised schools in Johannesburg were opened, at least 25 000 places would be created

Education Policy



*By Monica Bot, Policy Research Manager,
South African Institute of Race Relations*

Although different education departments still cater for specific race groups on a statutory basis, coloured, Indian, private and, most recently, white state schools are allowed to admit pupils from other groups if they wish to do so. The majority of pupils at an 'open school' must still belong to the race group of the department with which the school is registered, however. A leading education researcher reviews the government's new models for open schools and assesses a broad range of responses.

Many have welcomed the greater extent of decisionmaking granted to those directly involved: the parents. From January 1991, parents at white state schools can choose to become an open school by voting in favour of one of three models: a state-aided school, a private school, or an open state school. Any change in admission policy would also apply to a school's hostels.

There are two possible ways of looking at this development: either it is a deeply-flawed attempt to respond to certain pressures while at the same time ensuring and protecting white interests; or it is an attempt to handle admission policy sensitively at a sensitive time. These interpretations seem to underlie many of the reactions to the final models announced by the Minister of (white) Education, Mr Piet Clase.

While political parties and community groupings have been most vocal in their criticism of the models, those most affected - parent and teacher associations - have

generally responded cautiously or pragmatically. The integration debate now mainly takes place at individual school level, although pressure has been brought to bear on some schools through the distribution of pamphlets by both left-wing and right-wing political groupings, urging parents either to vote in favour of integration or to oppose it.

Both the Democratic Party (DP) and the Conservative Party (CP) reject the models, albeit for entirely different reasons: The DP believes that state schools should not be able to prescribe a racial admissions policy. It has expressed concern that the models entrench 'whites-only schools', in view of the fact that the Group Areas Act (GAA) and the Population Registration Act are going to be abolished (*Business Day*, 11/9/90). This concern seems to be borne out by a statement by Minister Clase, that the possible scrapping of the GAA 'will not affect the provision of education in my department' because parents would be able to maintain the status quo if they wished (*Financial Mail*, 18/5/90).

INTEGRATION MODELS FOR WHITE SCHOOLS

The CP, on the other hand, opposes the models on the grounds that they will lead to the elimination of mother tongue education, and that integration at some schools will eventually affect all white schools. It intends to mobilise the parent community at schools to resist the government's plans to 'destroy own-affairs education' (*The Citizen*, 11/9/90, 26/9/90). The Afrikaner Weerstandsbeweging went even further, saying that it would act without mercy 'should white schools be opened' (*The Citizen*, 13/9/90).

The National Education Co-ordinating Committee (NECC) said that the models are 'an affront to the people of South Africa' and that they give power to 'racist white parents to deny a decent education to thousands of black pupils' (*Argus*, 25/10/90). The Azanian People's Organisation (Azapo) similarly fears that it will entrench white racism. These groups, as well as the ANC, have called for all schools to be opened to all races (*Cape Times*, 11/9/90).

A month later, however, Mr Graeme Bloch, an executive member of the United Democratic Front, said that the ANC was excited by the developments at white schools. By voting to open schools, white parents were showing that they knew apartheid was over. He felt that the important contact that will come from this must not be underestimated (*Argus*, 25/10/90).

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While the Teachers Federal Council, with which all teachers in schools administered by the white education department must register, has committed its membership to making the models work, it is still examining possible implications for teachers (*The Citizen*, 11/9/90). The response from individual teacher associations has been mixed. Most did not respond to the models in any detail, however, because they had commented earlier on the initial models presented for comment.

Generally, associations representing English-medium teachers have criticised the models for not going far enough and still forming part of a racial, 'own affairs' education system. The South African Teachers Association said that it regards the models as an interim measure, and as such encourages members to use it (personal communication, SATA, 6/11/90). Both the

Model A: The Private School Option

- Buildings and equipment will be hired at a nominal amount or sold to the new 'owner' of the school. The management body of the school is then responsible for maintenance, insurance, etc.
- A subsidy of 45% of operating expenses will be granted, as is the case at existing private schools. This includes the salaries of all personnel, as well as stock and services, maintenance of buildings and equipment where applicable.
- The subsidy will be phased in over three years, with 85% being granted in the first year, 70% in the second year and 55% in the third year. It is estimated that with a 45% subsidy, parents would have to contribute roughly R2 520 a pupil a year.
- Personnel will be accommodated elsewhere in the state system, or they can apply to be employed by the new owner.
- Date of implementation: during the course of 1991.

Model B: State School with Open Admission Policy

- The management council can determine its own admissions policy and criteria for admission.
- No provision will be made for additional facilities or transport schemes.
- There are no financial implications.
- Teachers cannot insist on being placed elsewhere, should they not wish to remain in service.
- Date of implementation: from 1 January 1991.

Model C: The State-aided School Option

- The management council is replaced by a managing body. This body manages the school's funds independently, controls and manages the school in accordance with legislation, appoints teaching staff and administrative personnel, determines tuition fees, generates further funds and receives donations, and is responsible for maintaining physical facilities. The principal is a member of this body and is an accountable officer.
- 9 A sponsoring body can be appointed.
- Existing buildings and grounds are transferred to the managing body at no cost.
- The state pays full salaries of staff, which represents roughly 75% of operating expenses. The managing body has to acquire funds from a sponsoring body or school funds. In addition, roughly R900 per pupil per annum will be required.
- The staffing implications are still to be determined. It is possible to ensure that teachers will have to be employed by the new managing body. The governing body can appoint, promote or discharge staff, subject to the minister's approval.
- Date of implementation: following legislative change.

Transvaal and Natal teacher associations are addressing members and schools to prepare them for integration, although they have rejected the models. In October, the Transvaal Teachers Association nevertheless described the response from schools as 'heartening' (*The Citizen*, 26/10/90; personal communication, Natal Teachers Society, 6/11/90).

The largest white teacher association, the Transvaalse Onderwysersvereniging (TO), feels that the principle of self-determination should be recognised. It strongly supports

FURTHER PROVISIONS FOR ADMISSIONS POLICY

General Principles

- i Schooling must continue to be provided which has a Christian and broad national character, which has as its point of departure the culture of the target group. Similarly, open admission must not detract from the traditional values and ethos of the school.
- l Schooling must be provided in the mother tongue of its target group (i.e. Afrikaans or English).
- l White pupils from the feeder area of the school shall receive preference.
- 9 Alternative provision of schooling will be provided for pupils who reject change and wish to leave the school.
- l Irrespective of which model is adopted, at least 50% plus one of the pupils will have to be white in order for the school to continue to be registered with the white Department of Education and Culture (DEC)

Factors for Approval

The DEC will take the following factors into consideration when assessing a request from a school to implement an alternative model:

- Ⓜ the percentage of parents in favour;
- Ⓜ the number of pupils who would leave the school and the availability of alternative accommodation;
- the wishes of other schools in the feeder area of the school.

SOURCE:

Department of Education and Culture, House of Assembly. 'Additional Models for the Provision of Schooling'. Information Document, September 1990.

both the present dispensation as well as freedom of choice, with the proviso that the latter should not compromise the status quo. It is deeply concerned, however, about the fact that the debate around the models has pulled education deeper into party-political spheres (*Modelle vir Onderwysvoorsiening in die Republiek van Suid-Afrika*, Kommentaar van die TO).

While English teacher associations thus reject the models they are prepared to work with them; Afrikaans teacher associations, on the other hand, recognise the need for these options but think it unlikely that their schools will want to use them.

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In contrast to the teacher associations, English parent associations are fairly cautious in their response, mainly because each has members with conflicting viewpoints. Both in Natal and the Cape,

these associations simply inform schools about the issues in order to enable them to make decisions, but do not promote or reject the models (personal communication L Harris, 6/11/90; R Mazinter, 8/11/90).

The Transvaal English Medium Parents Association has been fairly active by canvassing member responses at regional meetings, and giving schools 'every encouragement' to vote on the issue (*Sunday Star*, 28/10/90). A spokesman said that they are very pleased with the opportunities given to parents to choose what they think is best, and support any route parents choose (personal communication, J Gordon, 6/11/90).

The response of the Afrikaans parent associations is similar to that of the Afrikaans teacher associations. The chairman of the national executive of the Afrikaanse Ouervereniging vir Christelike Opvoeding en Onderwys, Dominee G van Rensburg, said although they recognise that some people may need the models, there is no such need as far as they are concerned. They also feel that the models do not guarantee those principles which they regard as essential in a future constitutional dispensation: Christian, culturally-oriented mother tongue education, with the maintenance of standards (personal communication, 8/11/90).

The Transvaalse Afrikaanse Ouervereniging (TAO) said in a media statement that the majority of its members did not support the initial models proposed by Minister Clase. Now that these new models have been announced officially, the TAO has decided to advise its branches to maintain the status quo. It will inform them, however, about the possible consequences of each model if so requested. It also regards Christian, national, mother tongue education as non-negotiable, and will monitor all educational developments in the light of these principles (TAO, media announcement by Chairman van Deventer, 11/10/90).

It is thus clear from these varied responses that certainly in the short term, the decentralisation of decisionmaking about admissions policy may be the broadest acceptable solution. Although it gives parents the option of not accepting black pupils, such choice may be a necessary prerequisite for the success of integration. In other words, for integration to succeed from an educational viewpoint, it needs the support of those involved and therefore must be voluntary.

J Responses

Should a school's management council want to assess feelings about the admission of black pupils, a poll needs to be held among all parents and legal guardians of pupils at the school, and majority support obtained for one of the three possible integration models (see box). The vote in favour of change must be at least 72% of all parents, on condition that at least 80% of all parents participate in the poll. The percentage approval required will vary according to how many parents participate in the voting, as the following examples demonstrate:

Percentage poll	Percentage approval required
100%	72%
90%	80%
80%	90%

Although these percentages have been criticised for being unrealistically high, almost all schools that have voted to date have been able to meet the minimum requirements. In addition, the ministerial representative in Natal, Dr G Hoskings, has said that 'If it is proved in practice that the percentage required is too high, I am certain representations to the Minister will result in that aspect being reviewed' (*Sunday Tribune*, 16/9/90). Some Cape schools have however objected to the whole voting procedure, but have been warned by the Cape Education Department about disciplinary action should they not comply (*The Citizen*, 31/10/90).

The response from schools so far has been fairly positive: in the three months since the new models were announced, roughly 13% of schools have applied to vote or have already voted, all apparently about becoming an open state school (model B):

Total No of Schools	To Vote	Have Voted Yes
Cape	720	134 (18,6%)
Natal	252	79 31,3%
OFS	200	1 0,5%
Transvaal	943	54 (5,7%)
Total	2 115	268 (12,7%)

NOTES

* Another school in Natal has voted but failed to obtain the necessary number of votes. Two Natal schools opted for model C.

Tables compiled from: *Sunday Times*, 4/11/90; *The Star*, 5/11/90, 7/11/90; *The Citizen*, 7/11/90; *Sunday Tribune*, 11/11/90; *Daily News* 1/12/90.

The Cape leads the way in terms of schools opting for model B. Possibly, this is related to the fact that the Open Schools Association was started there, and many of its members are in the Cape. It has been providing assistance to schools, and has compiled a document which addresses

issues which schools may perceive as problems (personal communication, R Mazinter, 8/11/90). As far as is known, only three Afrikaans- medium schools have applied to vote, also all in the Cape.

While the poll results will be most decisive in determining the Minister's approval for change (some 63 schools so far have been given the go-ahead to admit black pupils: 31 in the Cape, 19 in Natal, 13 in the Transvaal), there are a number of other provisions which will determine whether or not a change in admission is approved (see box). The voting procedure is only the first hurdle, however, as the actual implementation of the models is certainly not without shortcomings.

Despite certain advantages of (semi-)privatisation, the overwhelming preference expressed so far is for open state schooling. This trend seems to indicate that parents are either unable or unwilling to pay for integration. In view of the limited financial resources of many black parents, this is in itself a positive development, although the fact that white schools already charge substantial fees may represent a similar obstacle. In 1989, white Transvaal schools charged parents between R600 and R1 200 a pupil, and not all parents can afford these fees (*Sunday Times*, 1/10/89).

In a survey among African parents, it was found that only the more urbanised, better educated and better employed parents would be prepared to pay more for good education. Only 10% would be prepared to pay more than R500 a year for a secondary school child and 6% in the case of a primary school child. (*The Third Alternative*, Summary Report, 'People's Response to the SA Education Crisis', IMR, August 1990).

A substantial proportion of African children would be excluded from admission to white state schools, let alone state-aided or private schools, unless funding is obtained from private sources to supplement school funds. In other words, despite the Department's statement that no additional facilities will be required and that there will be no financial implications, some financial provision may be necessary in practice. Many schools have indicated that they will apply admission tests, and most private schools have found it necessary to provide some initial bridging or remedial education, all of which have financial implications.

Voting trends on the new models seem to indicate that parents are either unable or unwilling to pay for integration

Substantial numbers of African children would be excluded from white state schools unless private funding is obtained

The expertise and knowledge developed by private open schools should be put to use in state schools

Another problem area is that the Department stipulates that schooling must be provided with white culture as its point of departure, and remain Christian and broadly national in character. Private schools, on the other hand, are allowed a greater degree of autonomy in respect of staffing, teaching methodology and content, all of which need to adapt and change somewhat in response to integration. Even the Transvaalse Onderwysersvereniging mentioned in its response that the ethos of a school will change.

This stipulation flies in the face of much experience with integration, both locally and internationally. In addition, the acknowledged bias of the present curricula and content of education has led to repeated calls for more relevant subject matter. Schools which accept black pupils will therefore face the task of somehow integrating new material, while handling existing material in an imaginative manner.

The changes will also place a heavy burden on staff. It is unfortunate that what expertise and knowledge has been developed by private schools cannot be put to use in state schools, other than in an informal way. The deregulation process should, in other words, have extended to curricula as well. No provision is made for the preparation of teachers in any way for what will undoubtedly make greater demands on their skills. Who will be responsible and how teacher training courses will be adapted are important issues that need to be resolved.

In addition, if a state school chooses to privatise, there are possible negative consequences for incumbent teachers: should they remain in the school, their job mobility may be curtailed, and they may lose government benefits such as pensions and medical aid. If they remain in the state system, however, they will be forced to move schools. It is uncertain, in view of continuing retrenchments in white schools, whether alternative jobs will be available.

Other problem areas are the fact that the subsidisation that will be given to state-aided and private schools is not based on the actual cost of running schools, which

includes school fees, the fact that in mixed residential areas, white parents hold the key to integration. Where parents oppose admitting black pupils, the state may have to play a pro-active role and establish open state schools where needed.

In addition to these specific problems (and there are many more), there are a number of grey areas, particularly in respect of state-aided schools. These would include the level of autonomy for state-aided schools, whether teachers of other races could be employed, and whether any assistance will be given to management committees to enable them to take responsibility for running a school.

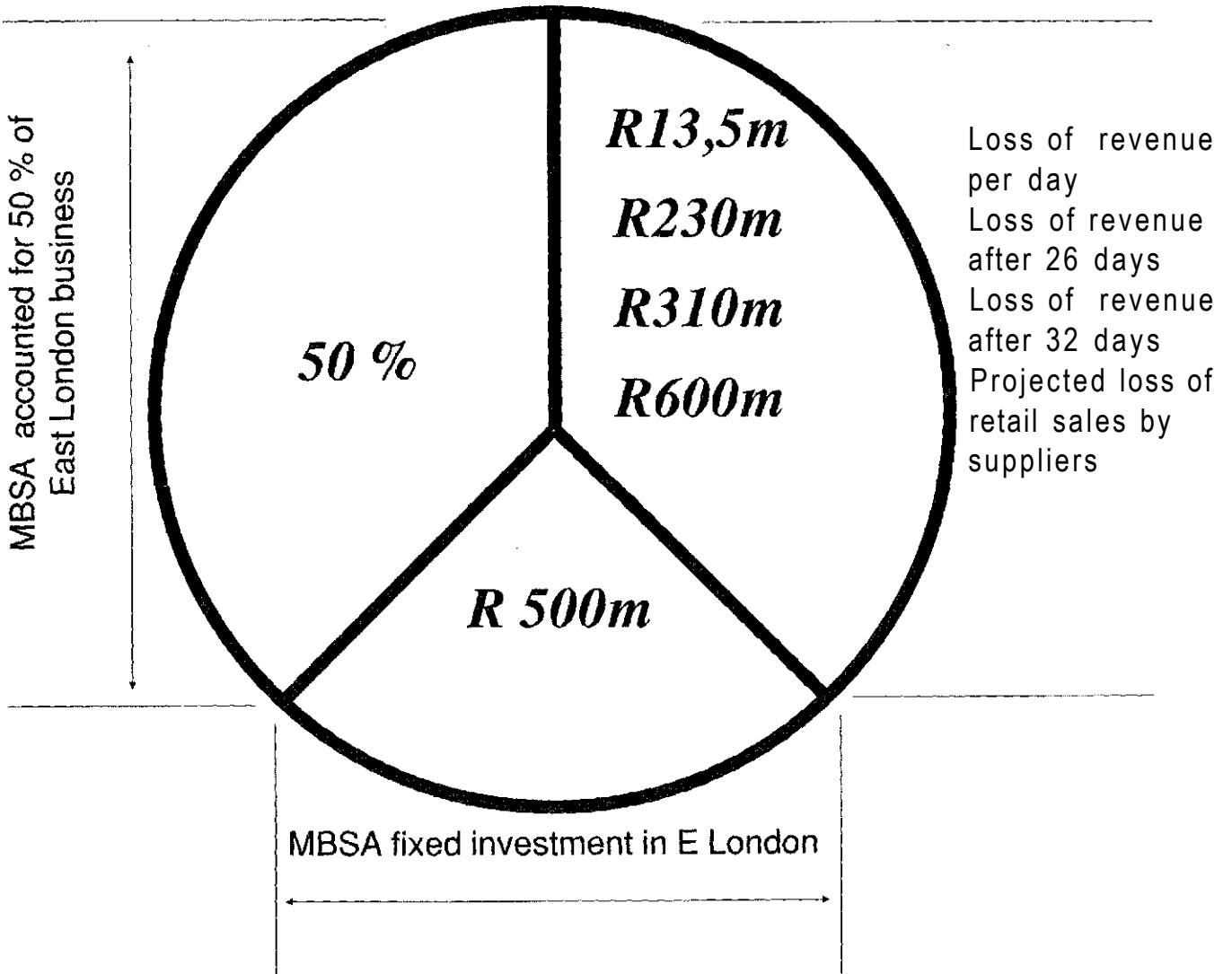
In conclusion, the more flexible admissions policy is certainly a positive development in view of the wishes of those involved. There is an urgent need for the broadest range of people to think about the provision of education and to debate issues relating to content, methodology, etc., especially in view of the changes that are expected to flow out of the negotiation process. In addition, what experience is gained now may hopefully inform this process.

However, as the above comments illustrate, some very important issues which could determine the success of integration have not been addressed at all in the present models. If the government is serious about its intentions, it will need to focus attention as much on addressing these issues as on the actual decisionmaking procedure. Private schools, furthermore, should be drawn into the discussions at all levels in order to utilise their valuable experience.

The models are an attempt to handle integration in a sensitive way, but there are serious flaws which need to be addressed. Mucfi will depend on the outcome of negotiations pertaining to the education system, the provisions made for improving the education delivery system, and the importance attached to individual choice and preference. White interests will be safeguarded in the short term. The actual size of the intake of black pupils will probably influence perceptions of the models among the black community, (ps[^]

Although the new models handle integration in a sensitive way, there are serious flaws

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IN

S X/ U M J B E R L A I N T J A

By Jerome Ngweriya, Legal & IR Advisor
Mercedes-Benz of South Africa (MBSA)



The industrial dispute at the Mercedes-Benz manufacturing plant in East London was an eye-opener not only to the company (MBSA) and the National Union of Metalworkers of SA (Numsa) but also to the parties in the National Bargaining Forum (NBF). A company spokesperson offers some firsthand insights into the dynamics of the dispute, the importance of democratically created structures and the future of the National Bargaining Forum.

The problem at the Mercedes-Benz manufacturing plant in East London was looming for at least one week before it actually started. When the workers commenced with the demonstrations during the course of the day, the company was taken by surprise. From my point of view there are three major causes for the strike:

- political in-fighting in the union (Numsa);
- historical militancy; and
- failure on the part of Numsa to educate its members.

What is obvious is that there are at least two groups within Numsa with opposing views.

Like any political in-fighting, the bone of contention is a power struggle at face value. One group believes that when the parties in the National Bargaining Forum (NBF) opted for the direction of central bargaining, the time was not ripe. However, on closer analysis one gains the impression that when the National Automobile and Allied Workers (Naawu) and SA Allied Workers Union (Saawu) merged to form Numsa, their historical differences had not healed.

During the strike it was normal to hear people referring to 'the old Saawu elements'. The feeling was that the old Saawu element within Numsa used the confusion within the union about the NBF for their own end to split Numsa. Whether the striking workers were old Saawu elements or not is another story. But the reality is that those who supported the sleep-in in defiance of Numsa's declared national policy had their own hidden agenda.

The difficulty facing Numsa, however, was, who was Numsa at the end of the day? In plant, out of twenty-three shop stewards, at least eighteen represented the striking workers. They informed the company, MBSA, that they had a mandate to demand that MBSA withdraws from the NBF and negotiate in plant. (The across-the-board increase at the NBF amounted to R2; in-plant it was R3.) For obvious reasons it became necessary for MBSA to ask Numsa to speak with one voice. At the end, Numsa was able to, which helped to take the matter further.

From the beginning of the strike on 16 August 1990 the parties engaged each other in negotiations (see chronology). Emotions at the beginning ran very high and the mood was militant. It appeared as though the striking workers had a large support base; they took control of the gates and their marshals manned them. The striking workers took control of the plant. Their placards read, among other things, 'NBF born 1989, died 1990'. There were many slogans displayed referring to the bureaucracy of union officials.

Whenever the workers met a member of MBSA management they would mention their R3 demand. Some workers would refer to the nine week strike of 1987, where the workers were demanding R5 and the company was offering 20c. MBSA had ended up conceding to the workers' demand and paid R4,50.

Several appeals were made to Numsa to appeal to the workers to leave the plant but to no avail. There was high tension between the workers and some union officials. On the fourth day of the sleep-in, the company sought and obtained a court

DATE	B B B B B B B j	REASON	DEMAND	
16 August 1990	Majority of the 3000 hourly-paid workers at MBSA	<ul style="list-style-type: none"> stage a sleep-in at the manufacturing plant in East London 	<ul style="list-style-type: none"> claim that Numsa's national bargaining policy is too centralised and less democratic 	<ul style="list-style-type: none"> MBSA withdraw from the industry NBF and negotiate with Numsa at plant level
21 August	MBSA Management	<ul style="list-style-type: none"> suspends all business activity at its plant 	<ul style="list-style-type: none"> 'for security and safety of employees and company property' 	
22 August	Management/Court	<ul style="list-style-type: none"> obtains and serves court order on sleep-in workers 	<ul style="list-style-type: none"> 'unprocedural action' in the form of the illegal sleep-in 	
24 August	MBSA Management	<ul style="list-style-type: none"> warns workers that <i>their</i> action is threatening the viability of the company and their jobs 	<ul style="list-style-type: none"> * their involvement in the sleep-in 	
24 August	MBSA Management	<ul style="list-style-type: none"> dismisses 200 workers 	<ul style="list-style-type: none"> failure to observe the court interdict 	
30 August	Numsa and MBSA	<ul style="list-style-type: none"> meeting of company and union representatives 	<ul style="list-style-type: none"> * to try and resolve the two-week strike at MBSA 	
31 August	MBSA Management	<ul style="list-style-type: none"> warns that it would be forced to shut down 	<ul style="list-style-type: none"> strike action 	
31 August	Automobile Manufacturers Employers Group	<ul style="list-style-type: none"> refuses to conclude an agreement with the National Bargaining Forum (NBF) 	<ul style="list-style-type: none"> MBSA strike and workers' demand for separate bargaining 	<ul style="list-style-type: none"> states clearly where Numsa stands in relation to the strike
1 September	Suppliers to MBSA	<ul style="list-style-type: none"> begins halting production, implementing short- time and retrenching employees 	<ul style="list-style-type: none"> strike action was affecting their revenue too 	
2 September	Management/Police	<ul style="list-style-type: none"> evicts 156 workers 	<ul style="list-style-type: none"> illegal occupation of the plant 	
2 September	MBSA Management	<ul style="list-style-type: none"> shuts down MBSA plant 	<ul style="list-style-type: none"> damage caused by striking workers, following police action 	<ul style="list-style-type: none"> damage is assessed and repaired; fair dismissal is finalised
19 September	MBSA Management	<ul style="list-style-type: none"> presents a draft employment agreement to Numsa 	<ul style="list-style-type: none"> new attempt to resolve the strike at MBSA 	<ul style="list-style-type: none"> Numsa assurance that workers want to resume work
19 September	MBSA Management	<ul style="list-style-type: none"> refuse to re-employ the 200 dismissed workers 	<ul style="list-style-type: none"> their part in the strike action 	<ul style="list-style-type: none"> Numsa demand their reinstatement
21 September	Steve Tshwete and Joe Slovo of the ANC	<ul style="list-style-type: none"> say MBSA closure would have disastrous socio-economic consequences 		<ul style="list-style-type: none"> support impartial arbitration if talks on opening the plant failed
17 September	Numsa and MBSA	<ul style="list-style-type: none"> accept the agreement concluded at the NBF and agree that workers dismissed during the strike would be referred to arbitration 		
3 October	Numsa and MBSA	<ul style="list-style-type: none"> resume talks 	<ul style="list-style-type: none"> to have 530 fired workers reinstated 	
9 October	Workers	<ul style="list-style-type: none"> return to work as MBSA reopens 	<ul style="list-style-type: none"> 7 week long dispute comes to an end 	

order to remove the workers in plant. The court order was served to the union first and thereafter, to the workers, who did not take heed of it however. What became obvious was the hostile attitude of the workers, who chased away contractors and a number of MBSA supervisors who reported for duty.

Only a contingent of company management carried on with their work. During this time the company involved community leaders and organisations to help resolve the problem. The striking workers would listen to no-one, however. When every conceivable effort sought to convince the workers to leave the plant had failed, the only alternative was to involve the police. At that stage even the number of workers in-plant had decreased. Some of them were already looking for a way out to save face.

Any possible police intervention at the beginning of the strike would have been disastrous. There could have been confrontation and the focus could have shifted from the real issues. The public would have *concentrated on the* issue of MBSA resolving an industrial dispute through the police. It was, therefore, not only important to keep the public informed but also to have the public judging the outcome for itself.

Democrat!© Structures

In the absence of any political structures, trade unions in South Africa have spearheaded the liberation struggle. Because of the dual role the unions had to play, a militant stance was a necessary strategy. Whether this attitude will change in the foreseeable future is for time to decide. One thing that is certain is that the workers who spearheaded the sleep-in at MBSA easily obtained the support of the militant grouping to further their objective.

It is unusual in South Africa to talk of democratically created structures. MBSA can however proudly state that all the structures in place regulating the relationship with Numsa were democratically negotiated. These structures were negotiated by the parties after some years of industrial strife and repression. But even though structures like the dispute procedure were in place, they were never given a chance.

It is difficult to say how the dispute would have been resolved had there been no structures in place at all. The kind of industrial unrest like the one recently experienced by MBSA is not something to brag about in order to test the credibility of the structures. One could say that at some stage a situation like this was bound to happen. The parties now equally acknowledge the need and value of such structures.

Futur© ©I NBF

It would be exaggerating to argue that the sleep-in was occasioned by Numsa's blunder. On the contrary, a very strong relationship had been forged between the upper echelon of the company and the union. While this strong relationship was nurtured, however, Numsa did not adequately educate its members about the structures which had been negotiated.

When the negotiations at the NBF started dragging, it became opportune for some members of the union to sow the seeds of division within Numsa. They referred to the NBF negotiations as a futile exercise.

The strike nevertheless was an eye-opener to both sides in that it exposed the shortcomings within the union circles and hence the road ahead for both sides. Apart from the confusion referred to above, the dispute raised no fundamental issues. The dispute was the appropriate opportunity to test the credibility of the negotiated structures. The structures proved credible in institutionalising the dispute and will continue serving such purpose in the future.

There were many reasons why the dispute dragged on for so long, which need not all be tabled here. Suffice it to say that after eviction, damages had to be quantified, the whole plant had to be cleaned up and a conducive environment to resume production had to be created. Hence lengthy negotiations had to take place. To date there is no precise figure for damages suffered but the company's losses amount to millions of rands.

In conclusion, despite the hardships, the MBSA management is very optimistic about the future in South Africa. The process of democracy requires strong disciplined leadership, functional structures and a demonstrated commitment to giving negotiated agreements credibility. If organised labour and organised capital are able to rise to the challenge and recognise that the future of this country depends on greater co-operation and dynamic disciplined collective bargaining, the road ahead may be much easier.

At MBSA the collective relationship was called to account. Despite the trauma, it passed the test. There may at best be a recognition that both management and the union have a legitimate and necessary role to play in developing a viable company for the benefit of the company, employees and society. ©RFA

Note

Although Numsa officials were approached to render their view of the MBSA strikes, at the time of print no response had been received.

Empowering the Unemployed

*Professor Valerie Moller, Centre for Social & Development Studies,
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The emergence of a fledgling union for the unemployed is a rather extraordinary event. With no bargaining power or representation in the country's collective bargaining forums, this large marginalised sector remain out of jobs and out of sight. The author of a series of recent surveys identifies a range of functions that the unemployed believe trade unions and community groups could perform to both highlight and ameliorate their predicament.

Unemployment will still be with us in the new South Africa. This is the viewpoint expressed by the majority of the unemployed. Clearly, new and imaginative methods of combatting the problems related to unemployment will be called for to sustain a decent standard of living and an acceptable quality of life for people out of work.

Recent research has revealed that the unemployed are not altogether optimistic about their current and future job opportunities:

- 66% fear that they will never find work;
- ® 68% believe that South African unemployment is a symptom of worldwide trends;
- 55% believe that there will be a shortage of jobs in South Africa in future due to population trends.

At the same time, the unemployed express expectations for a better deal for the currently unemployed in the new era:

- 83% believe that in a society without apartheid there will be enough jobs for everyone;
- ® 85% believe that when the economy looks up there will be enough jobs for people like themselves.

In this climate of uncertainty and raised expectations there is a dire need for both financial and moral support for the unemployed. The recent launching of a trade union for the unemployed (*CWeekly Mail*, 19-25/10/90) is a good omen.

The unemployed themselves are of the opinion that trade unions can play an important role in meeting the expectations and needs of the unemployed. Research carried out in three waves during the period 1987 and 1989 (see data base) identified a number of possible roles for trade unions which could turn the fortune of the unemployed.

Respondents participating in the first wave of research in late 1987 pointed out that many unemployed persons were former trade union

members and therefore deserving of and entitled to trade union support. Trade unions had a responsibility and obligation to assist the retrenched, especially in the case of workers who had been involved in strike action.

These respondents volunteered a number of ways in which trade unions could provide support and assistance to the unemployed. Recommendations can be grouped under four headings:

ra lobbying functions*

Trade unions can negotiate re-employment for retrenched workers, persuade overseas companies to remain in South Africa or return, and exert pressure on the state and industry to create new job opportunities.

i®' job securement and job placement

Trade unions can assist the retrenched and school leavers with their job search by organising training and reskilling programmes and by setting up labour bureaux.

us- financial relief

Stop gap measures to provide for basic needs include the provision of temporary jobs, emergency relief for families, and the creation of an unemployment fund to which workers would have contributed while still employed.

support function

A further measure is support for informal groups of unemployed who meet regularly to discuss problems and find ways to help themselves.

The former trade unions members among the unemployed participating in the second wave of research in early 1989 endorsed all the above options. In particular, they emphasised the need for trade unions to negotiate re-employment, press for massive job creation and support the unemployed with their self-help efforts.

The nationwide opinion poll conducted during the third wave of research in late 1989 confirms the need for trade unions to champion the cause of the unemployed as well as that of people in jobs. The majority of urban blacks in and out of jobs do not

DATA BASE

RECOMMENDATIONS FOR ASSISTANCE TO THE UNEMPLOYED - 1989 NATIONAL OPINION POLL

	What trade unions could do			What community organisations could do:		
	Total (n1002)	Union members (n163)	Unem- ployed (n279)	Total (n1002)	Union members (n163)	Unem- ployed (n279)
Lobbying for job creation and preservation						
Negotiate re-employment	33%	33%	32%	26%	30%	24%
Keep big employers in South Africa	19%	27%	17%	18%	16%	15%
Pressure for job creation	17%	20%	17%	21%	21%	16%
Job securement/placement						
Run job skills programmes	21%	23%	25%	23%	26%	26%
Run employment bureaux	14%	16%	15%	15%	20%	15%
Financial relief						
Provide temporary jobs	18%	13%	18%	18%	21%	19%
Provide emergency relief for families	15%	14%	11%	17%	15%	18%
Initiate an unemployment fund	9%	10%	8%	9%	8%	9%
Help to self-help						
• Provide support for self-help groups	13%	17%	17%	12%	15%	11%
Refer to other agents						
• Let other organisations assist; trade unions must look after the employed	14%	15%	12%	11%	9%	13%
Don't know	12%	5%	13%	14%	7%	16%

METHOD

A series of studies among the unemployed were conducted during the period 1987 and 1989 in three waves:

• The first wave of research carried out in 1987 was an in-depth study of 286 self-identified unemployed in three urban areas: Durban, Soweto, and Mdantsane outside East London.

m The second wave of research was conducted in early 1989 among 1 053 unemployed in the same three areas, but focused exclusively on KwaMashu in the Durban area. A representative probability sample of 351 unemployed adults was drawn in each of these areas.

© T h e third wave of research was a 1989 opinion poll commissioned by the author and carried out by Market Research Africa, using a probability sample of 1 002 black adults residing in urban areas. In the total sample 163 persons were trade union members and 279 persons were unemployed.

The possible roles for trade unions in assisting the unemployed were identified in the first round of research. The former trade union members participating in the second wave of research were asked to select the two most important among these roles. The same method was applied in the opinion poll which introduced a control question concerning the role of community organisations in assisting the unemployed.

recommend that trade unions concern themselves exclusively with the needs of people in jobs. Understandably, the unemployed are more inclined to stress this viewpoint.

There is general support for a multi-pronged approach to assist the unemployed. Substantial proportions endorse the need for trade unions to become involved in the various routes for action outlined above. Prominence is given to negotiating with employers to re-employ the retrenched and to keep jobs open. There is also support for stopgap measures: reskilling, temporary jobs, and emergency relief for families of the unemployed.

The relatively high percentages of 'don't know' responses may be a reflection of widespread feelings of powerlessness in the face of mass unemployment.

Community organisations would be expected to assist the unemployed along similar lines as the

NOTES

* Respondents selected 2 options. Options paraphrased.

The question read: 'Can you please tell me what the two most important things are, if any, that trade unions/community leaders could do to assist workers who have lost their jobs?'

The ten given answer categories read: • 'Organise training programmes to

job opportunities; • negotiate with employers to re-employ retrenched or fired workers; • persuade overseas companies not to leave the country so that workers keep their jobs; • operate an employment bureau/let workers know of job vacancies; • provide emergency relief to families of unemployed; • establish an unemployment fund to which workers contribute while they are still employed; • assist groups of unemployed people, who meet to discuss their problems and find ways to help themselves; • let other organisations assist unemployed people / trade unions must look after the employed.

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Rf|Jf1H W|S|J|I|N|P|E OF THE HUMAN SCIENCES RESEARCH S A S A R KENRAD ADENAUER FOUNDATION TOWARDS THE BP^/R^P^/J^S HEREBY ACKNOWLEDGED. OPINIONS EXPRESSED IN THIS PAPER OR CONCLUSIONS ARRIVED AT ARE THOSE OF THE AUTHOR AND ARE NOT TO BE ATTRIBUTED EITHER TO THESE SPONSORS OR TO ANY

trade unions, except that they are seen to be less well positioned to negotiate re-employment. The survey results suggest that community organisations and trade unions could co-operate with one another and share the burden of looking after the unemployed. The traditional broker role, pressing for re-employment of retrenched workers, is clearly seen as the preserve of trade unions. A common view appears to be that emergency relief is best left to community organisations.

If trade unions extend their services to the unemployed it will be important to take into consideration the reactions of their current members. A comparison between the poll results of unions members and the unemployed suggests that the two groups see trade union intervention in a somewhat different light.

Trade union members give top priority to a lobbying role for trade unions; lobbying for job creation and preservation, in particular in

multinational firms. The stopgap measures favoured by the union members are emergency relief and an unemployment contributory fund, while the unemployed are more inclined to opt for job skilling and temporary jobs. Notwithstanding the question whether the currently unemployed would benefit from an unemployment fund, these results suggest that the unemployed would prefer to actively seek to support themselves financially rather than relying on handouts or benefits which might undermine self-esteem.

Self-help Schemes

Noteworthy is that support for mutual aid and self-help groups is considered an important role for trade unions by both trade union members and the unemployed. In fact, the unemployed believe that trade unions are better placed than other agents to promote self-help groups among the unemployed.

The unemployment surveys revealed that the best adjusted were either persons who were optimistic regarding their job prospects or those who were opting for the self-employment route and seeking to become financially self-supporting, at least as a temporary measure. Women appeared to be more adept at taking the self-help route; male breadwinners were most at risk of suffering from loss of self-esteem in unemployment. Although the unemployed persons participating in the study showed admirable courage when they tried to cope in spite of all odds, there was an obvious need for external assistance.

The unemployed recommended a catalyst role for trade unions. First wave respondents commented favourably on the superior organisational skills of trade unions which could be used to mobilise self-help groups among the unemployed. Trade unions could assist with venues and bulk buying of materials for co-operative efforts of the unemployed.

In some urban areas where self-help groups were already flourishing there was a tendency to resent union interference. It was recommended that trade unions tread lightly and not overrun the fragile organisational structures emergent among the unemployed. Successful self-help groups might prefer to operate independently but with the blessing and backing of trade unions. This outlook is reflected in a number of statements made by survey respondents:

- 'We do not want the trade unions to do things for us.'
- 'Trade unions should encourage small self-help projects that have started all over Soweto. They should be encouraged and given more working materials and nothing more.'
- 'Trade unions are us working people who come together and look at our problems. Trade

unions should just bring us together and we could take it from there.'

In other areas where the unemployed were dispersed, respondents stated they would welcome guidance and material support from trade unions.

Th@ UIF Maz®

A spokesperson for the National Unemployed Workers' Co-ordinating Committee (NUWCC) believes that a union for the jobless can play a role in guiding the unemployed through the jungle of the Unemployment Insurance Fund (UIF) legislation (*Weekly Mail*, 19-25/10/90).

The unemployment studies confirm the need for assistance in securing UIF benefits. Only one-third of former job holders among the unemployed interviewed during the second wave of research had ever received UIF benefits during their working careers.

Ignorance, fears and discontent appear to be widespread when it comes to collecting UIF benefits. Fourteen per cent of former job holders who were not receiving UIF benefits at the time of the survey, indicated that they did not know how to apply for UIF, a further 11 per cent did not apply for fear of jeopardising chances of finding another job, and another 8 per cent could not be bothered.

Moral Support

The victims of unemployment may be the unsung heroes of the struggle to end apartheid. They suffer not only from material deprivation but also from a loss of prestige and identity. There is a danger of unemployed workers becoming isolated from the mainstream of society. Perhaps one of the most important effects of trade union intervention may be to restore the self-esteem of the retrenched and to return former trade union members to the fold.

The unemployment studies revealed that apart from economic hardship, another serious problem for the unemployed is their sense of rejection by the employed. Signs of isolation and marginalisation were detected among half of the unemployed polled during the second wave of research in 1989:

- 63% felt ashamed to be unemployed;
- 55% felt employed people did not care about unemployed people;
- 47% felt that only employed persons are respected;
- 46% felt other people avoided them in the streets.

There is evidence to suggest that some unemployed persons also felt betrayed by their trade unions. Only one in three former trade union

members participating in the second wave of research stated that their unions had backed them up after they had lost their jobs. In some cases former union members felt they had received too little recognition for their role in the struggle to end apartheid.

In order to effectively assist the unemployed, trade unions will have to address the identity crisis of the jobless. Retrenched workers do not wish to identify with the ranks of the unemployed. Their aim is to escape from unemployment and underemployment into a regular job or to overcome unemployment by turning to self-help work or regular self-employment. The first challenge for the newly formed trade union for the unemployed will be to find an appropriate name for itself which spells hope rather than gloom.

The New Divide

There are telling signs that the new divide in South Africa in the 1990s will be between persons in jobs and those out of work. Trade unions are ideally placed to bridge the gap between the newly defined 'haves' and the 'have-nots'.

In the 1990s, employed people represented by the trade unions make up the mainstream. Unionising the unemployed either as individuals or through their self-help groups may provide a unique opportunity to bring the people dispossessed of their jobs back into the mainstream. There may be a case for seeking to minimise the distinction between union members in and out of work in the interests of worker solidarity.

The possible routes taken to engage the unemployed are manifold. Research has identified at least ten possible channels of assistance which would be welcomed in black communities and by the unemployed themselves (see data base). The appropriate mix of strategies of assistance will need to be sensitive to regional needs which vary according to the local composition of the unemployed and the social climate in the area.

During the 1980s the trade unions made enormous gains in empowering the mass of black workers. At the beginning of the 1990s there is a danger that mass unemployment may erode the progress made during the last decade by leaving behind the retrenched and the youthful work seekers.

The decision to welcome the unemployed back to the fold is a welcome gesture of recognition on the part of trade unions of the role played by the victims of unemployment in the struggle to end apartheid. Trade union support may go a long way to restoring first class citizenship to the ranks of the unemployed, replacing their lost identity, and empowering them to take their rightful place in the new South Africa. PSI&

STRATEGIES FOR SURVIVAL

IPSA RESEARCH

The organisation of the unemployed has gained prominence in the context of economic recession, retrenchment and the resultant loss of union membership. With the consolidation by industrial sector of workers employed in the formal sector well underway, the spotlight has fallen on groups excluded from the LRA's ambit such as farmworkers, domestic workers and the unemployed. These initiatives, however, have not solely emanated from the unions, but from the unemployed themselves as they seek new 'strategies for survival'.

BACKGROUND

By January 1986, no less than three umbrella organisations of the unemployed existed nationally. These included :

- Unemployed Workers Coordinating Committee (UWCC), a coordinating body of various unemployed groups in the Transvaal.
- The Unemployed Workers Movement, comprising action committees in the various townships in the Western Cape.
- The East London Unemployed Workers Union, which coordinates its activities in East London and the surrounding rural areas.

In addition, retrenched workers from specific industries also constituted themselves into organised structures. At the second national conference of the national UWCC this year, 70 delegates were present representing eight regional unemployed structures.

FORMATION

Between 9-10 January 1987 these organisations met nationally to constitute the National Unemployed Workers Coordinating Committee, whose task was to set up an unemployed workers union.

Closely resembling community structures rather than unions, the NUWCC was based on township structures rather than shop floor structures. A fee of between 20c-50c would be payable as dues. Set up by Cosatu, the project receives much support from the federation. However, the strongly favoured affiliation of the NUWCC to Cosatu may ironically come to outnumber the labour federation's present membership. More than '20 million South Africans may be out of work' (*Weekly Mail*, 19-25/10/90), of whom a substantial section would probably be attracted to the NUWCC.

ACTIVITIES

Some of the regional organisations for the unemployed have been in existence since 1985. Their activities included setting up co-operatives and related projects, running advice offices, initiating campaigns around jobs, UIF, overtime bans, support work for strikes, worker education and training. As importantly, these groups addressed struggles around general community issues.

The NUWCC is specifically concerned with reconciling the conflict of interests between the unemployed and organised workers. It has forged strong links with the trade unions, to reduce the prospects of the unemployed taking over strikers' jobs and undermining strike action by organised labour through 'scabbing'. Members of the NUWCC are also represented on Cosatu locals.

Tense industrial relations in the 1980s led to many wild cat strikes and mass dismissals. The union response has been swift in some instances and led to the creation of worker co-operatives, many being successful ventures that continue to the present. The following co-operatives are notable initiatives to create work opportunities for the unemployed:

- Sarmcol Workers Cooperative (Sawco)
Following the longest dispute in the country which saw the mass dismissal of workers by the British firm, BTR Sarmcol, Sawco was formed by the Chemical Workers Industrial Union. A co-operative specialising in printing t-shirts for political and community organisations, the work of SAWCO was popularised through its play, *The Long March*, which played out the strike itself.

- Zenzelani Cooperative:
Set up by the SA Clothing and Textile Workers Union (Sactu) for workers retrenched from the textile industry, the Zenzelani Cooperative has two branches in Durban. A successful textile co-operative, it has the sole contract for all ANC clothing and accessories in the region.

Beside the co-operatives, unemployed workers continue to organise themselves into structures. The Unemployment Silent Majority Organisation, (UMSO), with a membership of about 500 jobless workers was recently formed in Pietermaritzburg (*Natal Witness Echo*, 22/11/90). Interestingly, it intends to march to the prisons to secure food and shelter for the unemployed. The organisation includes in its agenda specific issues related to the unemployed as well as broader national issues such as Group Areas and sanctions.

The Green Industrial Revolution

A South African delegation of six students and an industry representative attended an international AIESEC conference held in Tokyo, Japan, in September 1990. They were part of the 300 delegates from over fifty countries representing AIESEC, other youth organisations, NGO's, business and governments, who attended.

One of the participants reports on the dynamic strategies adopted to focus action on environmental issues, emphasising a strong global and multi-disciplinary approach. The agenda was structured around the UN World Commission on Environment and Development, incorporating 28 working groups researching environmental issues.

One of the most significant aspects of the AIESEC World Theme Conference was the recognition that the environment is a shared responsibility which requires a multi-disciplinary, multi-sectional and global approach. The new generation is committed to the environment and to taking responsibility for it rather than trying to apportion blame for the state that it is in today.

There have been few, if any, attempts to internalise social and environmental costs into corporate systems. Industry has been allowed to pollute with impunity. Solutions to environmental degradation must be approached in the same way that the corporations have tried to account for social costs by establishing social responsibility programmes.

The AIESEC working groups reported to the conference on several fundamental problem areas they had identified in the relationships between industry and the environment:

✎ lack of information

There appears to be a low level of knowledge both at the top management level and in corporate organisations in general. Changing into an environmentally friendly corporation has been seen to be and is, in some cases, a burden and unprofitable. Education systems within such corporations naturally lack support.

Firstly, there is a shortage of appropriate information, either because it is non-existent or because it is simply unavailable. Often the data that is received is not valid or is biased because of

its source. Secondly, the information systems within companies tend to disregard or play down environmental issues. To resolve these problems, companies must introduce information systems to act proactively and on weak signals.

The environment should be seen as a stakeholder in corporations in the same way as consumers, stockholders and employees. A related problem seems to be the limited perspective of shareholders, who apply pressure on management to produce short-term profit rather than invest in sustainable development projects.

We need to develop educational programmes which aim at all levels of management, shareholders, employees and the general public. Recruiting, developing and rewarding employees based on 'green' insight and initiative is a crucial short-term and long-term objective. Furthermore, all research into the environment must observe uniform standards and reporting conventions, and include total system (cradle to grave) perspective in analysis.

lack of educational preparation

The current generation of management have not received environmental training or support from educational institutions in addressing the new environmental agenda. Environmental management has been seen as the exclusive role of scientists and professionals, whereas it should be incorporated into the very fabric of the industrial corporation.

Part of the solution lies in initiatives to introduce sustainable development into the content of university courses and company training programmes. At present no university in South Africa has incorporated even elementary environmental education into their commercial courses. Within the company itself, training should be provided at all levels.

no effective controls

In the past, it appears that the environment was perceived as a government rather than industry responsibility. As a consequence there is a lack of established tools for necessary self-regulation. An environmental audit could become a regular management practice and provide strategic information for planning. To be successful, though, there must be consensus on definitions and methodologies. The question of whether to make audits voluntary or mandatory depends on the business and regulatory environments.

usr environmental costs excluded

The market system as it stands does not account for environmental costs, e.g. market pricing structures do not encourage the phasing out of resource-inefficient, polluted industries. In addition, there is a conflict in time frames between environmental (long-term) and business (short-term) interests. This situation is further complicated by the somewhat cynical attitude amongst companies which regard environmental issues as short-term marketing opportunities rather than a long-term commitment to change.

Taxes and incentives might be introduced to produce the appropriate market response congruent with sustainable development within industry. Business is by nature opposed to any sort of state intervention but such steps will remain necessary until corporations show they are willing to incorporate the environment into their accounting and financial systems.

suitable legislative approaches

This is a particular problem on a global scale. Tax incentives, coupled with suitable sanctions, may provide a suitable legislative framework. This would involve tax policies regarding expenditures, grants and penalties, criminal accountability with regard to environmental degradation, and environmental policing. We also need to set advertising and marketing guidelines in order to allow consumers to make informed and intelligent decisions when choosing products and services.

^ environmental business opportunities

This problem overlaps with some of those identified above and basically has three elements, namely:

- lack of long-term perspectives in business decision-making;
 - the uncertainty of 'green' technology and operating procedures; and
- 9 poor government leadership in policy-making.

The most obvious course of action is to motivate management and shareholders through outlining business opportunities. In South Africa the world megatrend towards environmental concern is not as obvious simply because there are other national socio-political issues on the agenda. Nonetheless, it is safe to assume this scenario will change and environmentally aware companies should have a competitive edge in the future.

**** role of consumer demand**

This aspect of environmental education is obviously related to the demand side of the market equation. With our present education crisis, perhaps we are facing far more of a problem in South Africa than elsewhere. The solution lies in consumer education.

Business needs to play a leading role in attempting to solve the educational problems facing us,

including education on the environment. Environmental issues need to be incorporated into the very fabric of our educational institutions.

Some other possible actions that could be undertaken by business were identified by the AIESEC working groups, namely:

- 9 To set up local advisory boards comprised of consumers, activities, experts, youth and company representatives. The board could serve as an advisor on a confidential basis to review actions and company plans on an ongoing basis;
 - 9 To extend education by supporting and encouraging competitions and business games that take cognisance of the environment. This also applies for university business theses;
- To set up an independent institution to develop uniform standards for environmental data and information processes within corporate systems. AIESEC is currently involved in an initiative along these lines;
 - To develop environmental cycles with the cradle to grave approach;
 - To implement 'green' auditing style assessments of corporations, particularly for use by investors and shareholders; and
 - To eco-label all products to assist consumers in making their choice of product. This should be done according to set standards so as to avoid the current debacle of 'ozone-friendly' stickers on deodorants.

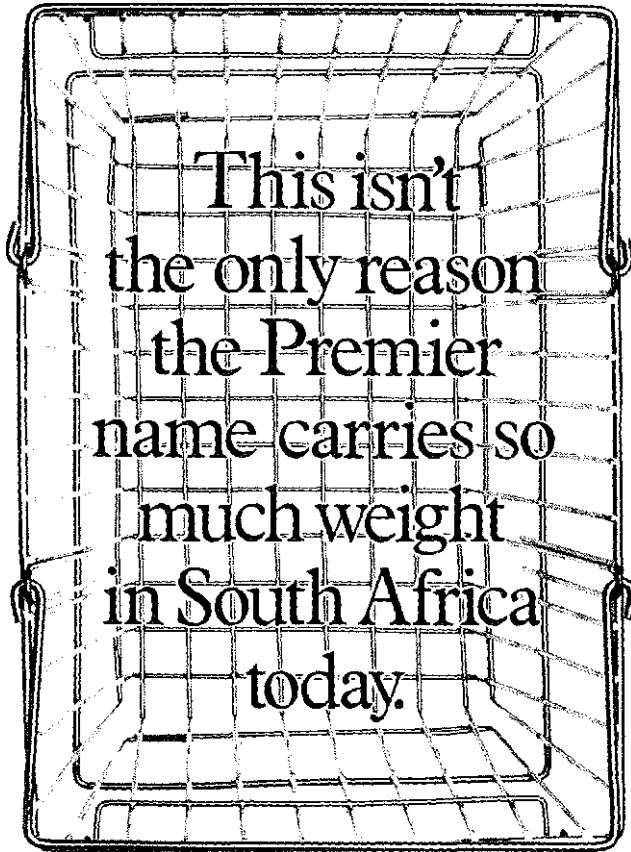
Lastly, self-education is an absolutely vital part of any enforcement and regulation process. Intelligent participation requires a community of committed and articulate individuals willing to work with all sectors of society, despite differing perspectives, towards the resolution of the environmental crisis.

The conference participants concluded that in order to succeed in achieving sustainable development we will have to adopt a global approach that disregards national and cultural boundaries. This will require extensive networking and commitment. It is no longer acceptable for business to ignore its responsibility towards the environment.

Note

*A special Indicator SA report, **Rotating the Cube: Environmental Strategies for the 1990s**, looks at the current debates on the relationship between industry and the environment.*

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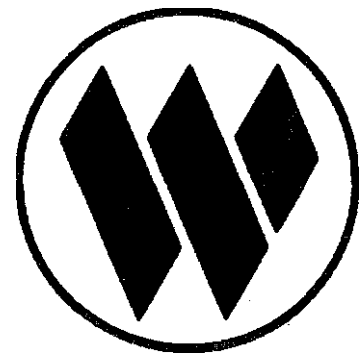
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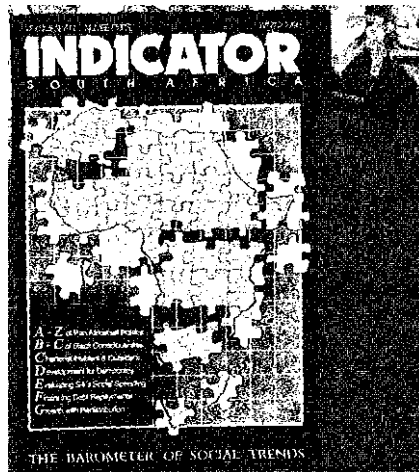
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