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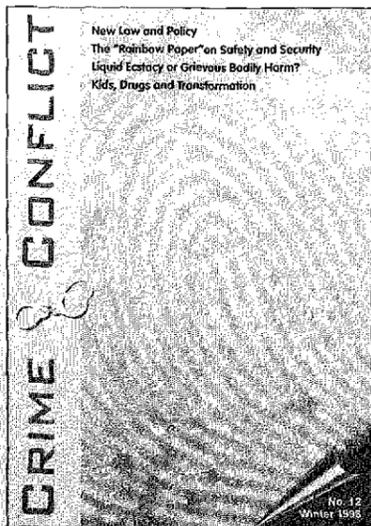


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S O U T H A F R I C A

EDITORIAL

Race has become a distasteful subject for most sensible South Africans. To recollect that so much pain was caused over so many years by something so utterly arbitrary and trivial is a profoundly nauseating experience. But apartheid seems to have ensured that cleaning up after the race error will be an integral part of South African life for the foreseeable future.

Though largely discredited as a scientific concept, the sociological reality of ethnic identity is not similarly susceptible to rational disproof. If indeed it is possible at all, uprooting the tendency of people to identify with those of a similar genetic origin would take many generations, assuming we could agree that such a goal is one worthy of pursuing.

South Africa has opted for the "multicultural" rather than the "assimilationist" model of integration, in which 11 languages are nominally acknowledged at the same time that an unapologetically Western model of development is advanced. The "African Renaissance" ideal is aimed at finding international competitiveness through diversity, but too often compromises on both ends ensure that we achieve neither goal, as many of those involved in participative development will attest. Too often, the process of consultation becomes nothing but a covert and tedious act of co-optation, in which the outcome is assured but it is still compulsory to waste time going through the motions.

Theorists argue that the flip side of globalisation is fragmentation – in a global society that advances competition as a normative good, the tendency to split into teams is only to be expected, particularly among the marginalised. Often the most convenient fissures lie upon ethnic lines. Cultivating these identities is a dangerous game, where biology and history and economics and superstition become conflated in a highly volatile little cocktail, which we seem

eager to down even before the last hangover has faded.

In South Africa, ethnic identity has transformed itself into an odd bundle of entitlements. The claim of black South Africans to a better way of life is not premised solely on human rights or civil delict or an ancestral claim to the land and its fruits, but on a curious and ill-defined amalgam of all of these. The continued call for a *volkstaat* is likewise tied to the peculiar idea that property rights can arise out ethnicity. All this seems rather backward in a world where the relevance of national identity is coming increasingly into question.

This issue of *Indicator* looks at the continuing role ethnicity is playing in the rainbow nation of God. Gibson and Gouws gauge the degree of success we have had in synthesising a national identity while maintaining distinct cultural groupings, a balancing act that proved too much for the former Soviet Union in its 70 years of struggle. Adele Thomas looks at the most controversial attempt to compel inter-ethnic cooperation – the Employment Equity Bill – and urges that business make a virtue of necessity.

Whatever one thinks of culturally sensitive development, it is certainly true that the people must be approached where they live if development is to be sustainable. Whiteside and Michael look at the effect AIDS has had on development, and articles by Meintjes and Hamilton explore the struggle to reconcile tradition and modern medical reality.

Finally, we look at the role South Africa and other dark-complexioned countries play in the global scheme of things. Johnston argues in favour of the continuing relevance of NAM, while Bond and Padayachee consider the chaos that comprises international capital flows.

Ted Leggett

Editor

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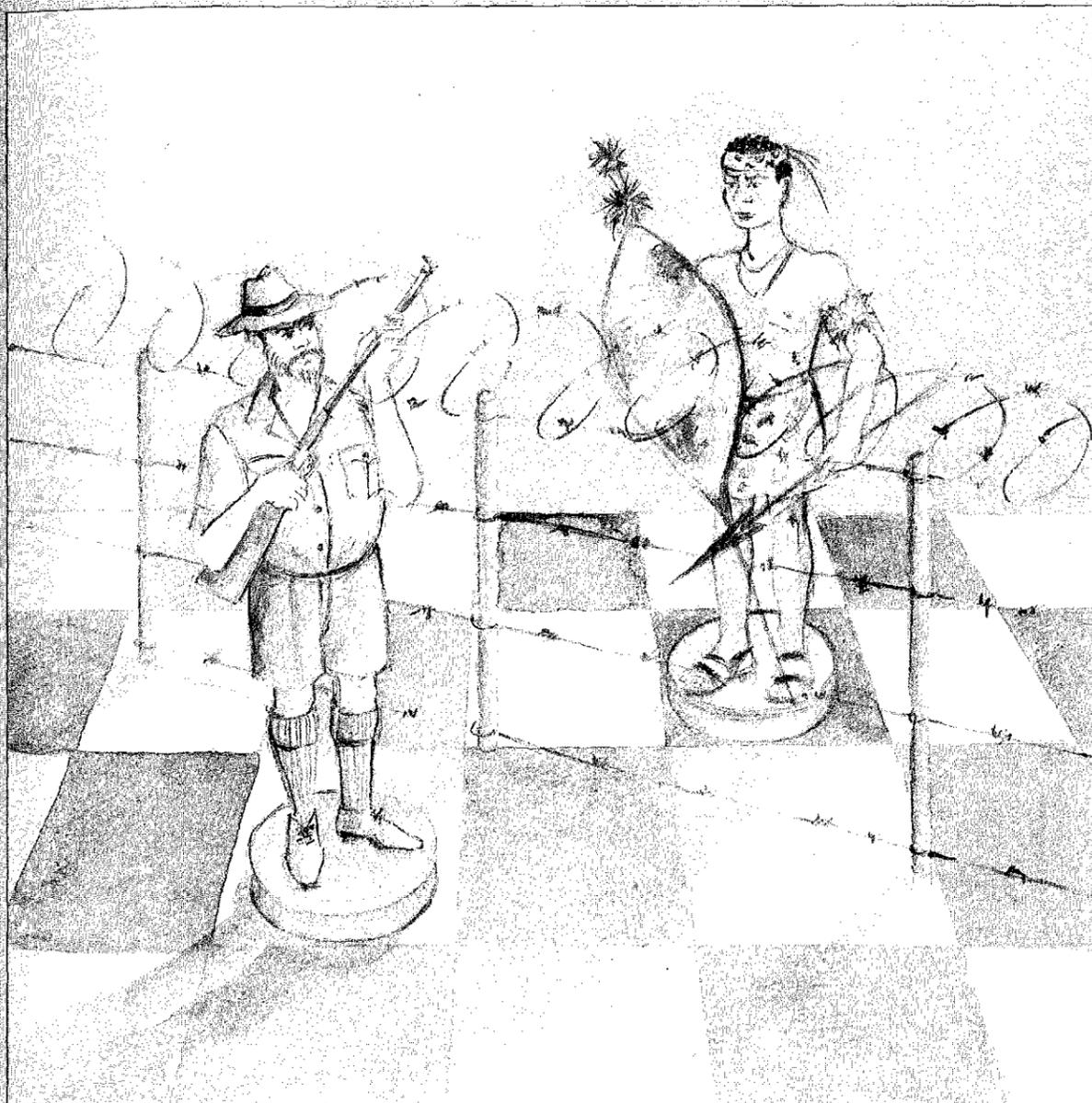
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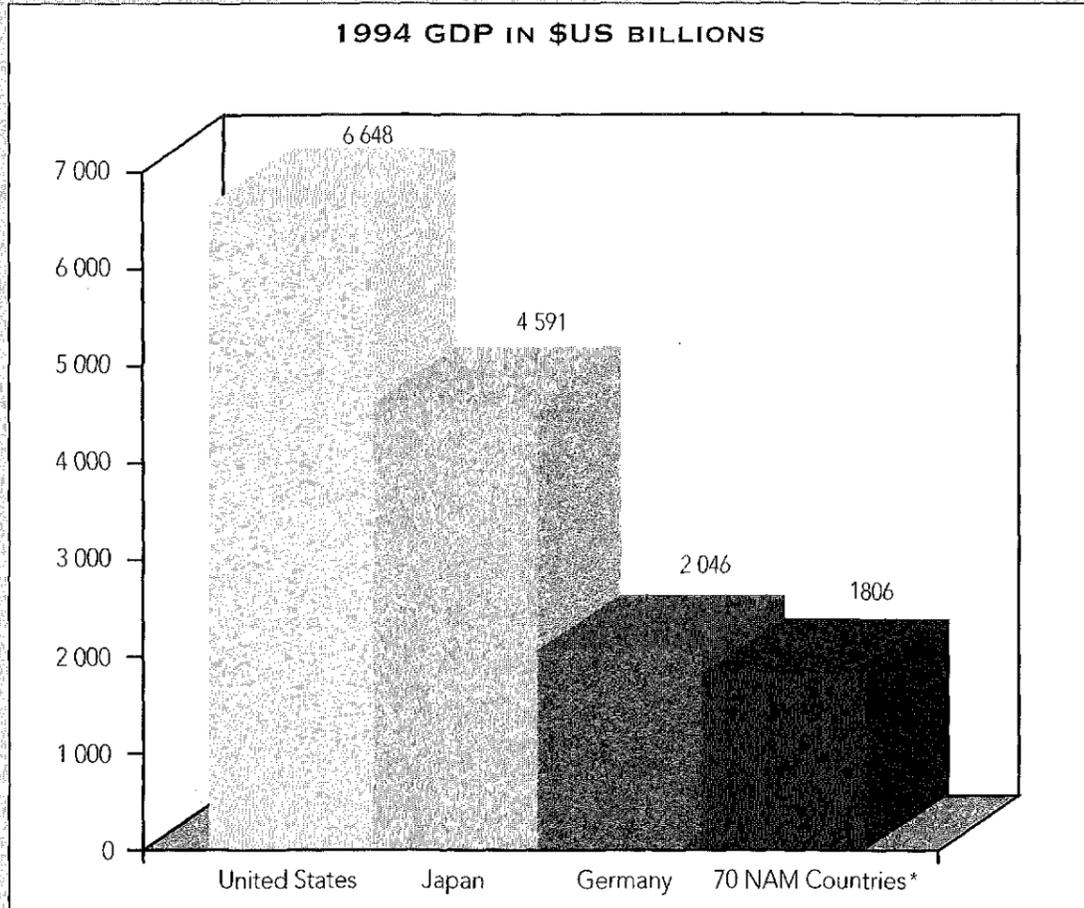


CAN'T WE ALL JUST GET ALONG?

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POLITICAL
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IN THE POST-COLD WAR WORLD, NAM'S AUTHORITY IS LARGELY MORAL. EVEN IF THE NON-ALIGNED STATES WERE TO ACT IN UNISON, THEIR COMBINED ECONOMIES ARE NO MATCH FOR THE BIG PLAYERS.



Source: Human Development Report, 1997

*** 70 NAM COUNTRIES FOR WHICH DATA WAS AVAILABLE**

Algeria, Bangladesh, Benin, Bolivia, Botswana, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Chile, Colombia, Congo, Cote d'Ivoire, Ecuador, Egypt, Ethiopia, Gabon, Gambia, Ghana, Guatemala, Guinea, Guinea-Bissau, Honduras, India, Indonesia, Iran, Jamaica, Jordan, Kenya, Kuwait, Lao People's Democratic Republic, Lesotho, Madagascar, Malawi, Malaysia, Mali, Mauritania, Mauritius, Mongolia, Morocco, Mozambique, Namibia, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Peru, Philippines, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Singapore, South Africa, Sri Lanka, Thailand, Togo, Tunisia, Uganda, United Arab Emirates, United Rep of Tanzania, Venezuela, Viet Nam, Zambia, Zimbabwe

BETWEEN UNILATERALISM AND THE CULTURE OF SOLIDARITY THE NON-ALIGNED MOVEMENT AFTER DURBAN

ALEXANDER JOHNSTON
Department of Politics, University of Natal

- THE TASK OF THE NON-ALIGNED MOVEMENT REMAINS THE SAME IN THE POST-COLD WAR WORLD: TO FIND A WAY IN WHICH DEVELOPING COUNTRIES CAN HAVE A VOICE IN INTERNATIONAL POLITICS AND ECONOMICS.
- THE PRIMARY BARRIER TO PURSUING THIS GOAL IS THE INDEPENDENT INTERESTS OF THE STATES INVOLVED.
- THE COLLAPSE OF THE SOVIET UNION REMOVED THE DELUSION THAT WESTERN DECLINE WOULD MEAN CONCESSIONS TO THE THIRD WORLD.
- THE FRAGMENTATION OF THE THIRD WORLD ALONG ECONOMIC LINES HAS LED TO TWO APPROACHES TO THE WEST: THOSE THAT EMBRACE THE WESTERN POLITICAL, ECONOMIC, AND SOCIAL VALUES, AND THOSE THAT DO NOT. THE FORMER GROUP IS TEMPTED TO MAKE SEPARATE ARRANGEMENTS WITH THE WEST, THE LATTER TO FALL INTO ISOLATIONISM.
- RECONCILING THESE TWO GROUPS MEANS SATISFYING BOTH THOSE WHO ADHERE TO THE TRADITIONAL

OPPOSITIONAL ROLE, BASING THEIR CLAIMS ON MORAL DEMANDS, AND THOSE THAT DESIRE TO ACCEPT RESPONSIBILITY FOR PRESENT CONDITIONS AND NEGOTIATE ALTERNATIVE WAYS OF INTERACTING WITH THE WORLD.

- THE FINAL DECLARATION OF THE SUMMIT REJECTS WESTERN CONDITIONALITIES ON TRADE AND AID, EVEN THOSE BASED ON HUMAN RIGHTS ABUSES, AS "THINLY DISGUISED FORMS OF PROTECTIONISM." USE OF THESE CONDITIONS IS CONDEMNED AS "UNILATERALISM", A TERM THAT HAS THE SAME CONNOTATIONS THAT "IMPERIALISM" CONVEYED TO EARLIER GENERATIONS OF THE NON-ALIGNED.
- ALTHOUGH THE DECLARATION STRIKES A STRONG MORAL TONE ABOUT THE INJUSTICES OF THE PAST AND THEIR PRESENT LEGACIES, ITS PREDOMINANT POSITION IS TO REQUIRE THE INDUSTRIALISED WORLD TO FULFILL THE TERMS OF ITS OWN POLITICAL AND ECONOMIC DISCOURSE.

Executive Summary

THE TWELTH NON-ALIGNED Movement (NAM) Summit Conference in Durban (29 August - 3 September) was, understandably enough, the subject of much media editorialising about the state of the movement and South Africa's role in chairing it for the next three years. This was the third post-Cold War summit of NAM, following Jakarta (1992) and Cartagena (1995). After a decade of a one-superpower world, in which there is no serious, foreseeable, alternative to the principal values and policies around which global politics and

economics are organised, it seemed urgent that NAM should make some comprehensive statement establishing its relevance to these new conditions.

The relevance issue was often couched as the question "non-aligned in terms of what?", as if the removal of the Cold War had removed NAM's central purpose. In fact, its essential rationale (as well as its central dilemma) remains completely unaltered by the end of the Cold War. That purpose is to provide a means through which the developing countries of the

South can engage with the rules, values and institutions of a global system of politics and economics which they had little part in shaping and have little influence in operating. In so doing, the countries of the South hope to defend themselves against the worst effects of what they see as unjust and discriminatory power structures and, in doing so, to alter them as well.

DILEMMAS OF REVISIONISM

The central dilemma which they face in pursuing these goals, is that of all would-be revisionist (or revolutionary) actors in international relations. The countries of the South have all sorts of incentives (national interests, regional insecurities, special relationships with former colonialists or other great powers) to work within the existing system and get what they can out of it. And all of them are subject to the bottom-line conservatism of all states.

This means that sovereignty, non-intervention, and reciprocal solidarity with others similarly-placed, are imperatives which usually get in the way of radical change. Under these conditions, the difficulties in assembling a coherent, uncompromised agenda for change, which will not be instantly discredited by hypocrisy and partiality, are truly formidable.

The philosophy of non-alignment is engagingly and deceptively simple. To stay out of conflicts which do not concern you is both prudent and ethically correct. The claim of the non-aligned states was that they would even-handedly engage with both great centres of power in the Cold War:

- By their principled rejection of power politics, they would moderate the conflict between them;
- By the force of their solidarity, they would resist the imposition of hegemony by either, and;
- By their refusal to adopt wholesale the developmental prescriptions of either, they would force each to acknowledge shortcom-

ings in its own approach, and both acknowledge the pluralism of choice in social, political and economic systems.

In fact, behind the rhetoric, the main function of "non-alignment" was to give a superficially non-confrontational and even-handed gloss to what, given the provenance of the laws, values and institutions of international society, was bound to be an anti-Western project of structural change.

This did not mean that all non-aligned countries wished for Western defeat in the Cold War. On the contrary, many of them looked westward for political and economic support. But each, in its own way, hoped for a moderation and dilution of Western power to shape – or even dictate – the system of relations which affected them all. This is the real meaning of non-alignment and it is a meaning which was affected scarcely at all by the end of the Cold War.

What the end of the Cold War did do was to remove the distraction which the USSR posed to the main post-colonial agenda of finding a decent modus vivendi between the developing countries of the South and a Western-dominated international society and political economy. The doomed Soviet experiment combined forced social revolution and political autocracy at home; abroad, it represented a strained marriage between pretensions to internationalism and an indecent haste to adopt the habits and special claims of a Great Power. In representing these qualities, the USSR was not only a distraction but also a source of delusion in the relations between the developing countries and the West.

These delusions were numerous. Among them, perhaps the most important was the belief that the decline of the West meant better times for the Third World, and further, that such a decline was inevitable and the gains which Third World countries would make thereby (whether individually or collectively) were irreversible.

In practice, this meant the belief that the West would be brought to make concessions over issues like the Third World's demands for a New International Economic Order (NIECO), as its political and security positions weakened *vis a vis* the Soviet Union. What held together this

NAM'S CENTRAL PURPOSE
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entire structure of delusion was the expectation that while the Non-Aligned Movement reserved the right to exploit the Cold War for its own purposes, the West would hold the two sets of relationships – East-West and North-South – separate.

Nothing was further from the truth. Throughout the 1970s, Western countries generally and the USA in particular suffered reverse after reverse. Economic difficulties at home were sharply exacerbated by the producer revolution in the oil industry which quadrupled the price. Military defeat in Vietnam was followed by revolutions in former Portuguese Africa and the overthrow of Western clients in Ethiopia and Iran. Events in El Salvador and Nicaragua towards the end of the decade seemed to show that at last, revolution could be successfully exported to the mainland of Latin America.

THE REVOLT OF THE WEST

None of this inclined the Western states in the least to make concessions to the Non-Aligned Movement's agenda of structural change in international politics and (latterly) the world economy. They were not at all disposed to regard these demands as somehow separate from the overall balance of forces in an increasingly hostile and unstable world, requiring to be treated exclusively in their own normative terms of distributive and procedural justice.

Rightly or wrongly, the governments of the radical right which were elected in Britain and the USA at the beginning of the 1980s were inclined to treat Third World demands as another front of an all-embracing war, in which it was time to take the offensive. While the countries of the Third World were not the principal target for this counter-offensive (which came to be known as "the Second Cold War"), they suffered indirectly in a number of ways, notably from rocketing interest rates on their debts. At a minimum, all prospects of constructive dialogue between the industrialised and developing worlds were wrecked by the indifference or even hostility of the latter to Third World arguments in favour of change.

The collapse of the Soviet Union removed the distractions of the Cold War, the delusion

that the West was in decline, and the fantasy that this would favour the Third World. It did this without providing any great urgency or enthusiasm for the resumption of dialogue between the developing and developed worlds, certainly in the case of the latter.

But the essential dilemma which gave rise to the Non-Aligned Movement in the first place remains. How can developing countries, individually and collectively, accommodate themselves to a system of structures and relationships which facilitated their colonial subordination and presides over their continually deteriorating position relative to the industrialised countries?

Given that the dominance of the latter in formal policy-making institutions of global governance is now backed with the moral authority of their own success, how can such an accommodation take place which retains some individual and collective sense of developing countries as an autonomous force in global politics?

FRAGMENTING THIRD WORLD

These problems have to be addressed at several levels. In the first place, can such a large and diverse grouping as NAM deliver a meaningful consensus on relations with the developed world and reform of the global political economy? After all, a small and relatively homogeneous grouping like the EU has many problems in delivering a common foreign policy under infinitely more favourable conditions.

The problems of diversity are certainly undeniable. The economic fragmentation of the Third World (a term which itself must now be used with much hesitation and qualification) into oil producers, middle-income industrialising states and the poverty-stricken "Fourth World" has long been recognised. At the political level, the end of the Cold War may have removed one source of division between radicals and conservatives in NAM, but attitudes towards the developed world remain quite varied.

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There are those, like South Africa, who may be wary of the extent and reach of Western political and economic power, but themselves subscribe to broadly similar conceptions of political and economic good and are quite happy to embrace Western material culture in its various influential forms, including communication, information and entertainment. Others have a much more urgent and insistent conception of the need to resist Western power on a much more broadly defined terrain than purely political and economic decision-making.

IT IS PRECISELY TO
NEGOTIATE THE CHOPPY
WATERS BETWEEN THE
EXTREMES OF CO-OPTION
AND REJECTIONISM THAT
IS NAM'S TASK.

The temptation for the former, like South Africa in its Bilateral Commission with the United States and its bilateral negotiations with the European Union, is to make their own accommodations with the industrialised world. An even better example is Mexico, whose close relationship with the United States (especially now that the North American Free Trade Area is a reality) keeps it from membership of the NAM, despite its demonstrable eligibility.

The temptation for the second group, whose rejection of Western influence is much broader, is barren isolationism and a self-inflicted distancing from most of what is dynamic, innovative and productive in global politics and economics. It is precisely to negotiate the choppy waters between the extremes of co-option and rejectionism that is NAM's task.

CHOICES FOR RE-ALIGNMENT

South Africa's mission on accepting responsibility for chairing NAM through the next three years was openly expressed in the following terms; to bring a sense of urgency and renewal to the problems of dialogue between the developed and underdeveloped world; to reaffirm the suitability of NAM as a principal medium for that dialogue; and to manufacture a consensus among NAM's diverse elements on re-setting the terms of the Movement's engagement in the dialogue.

What is involved in this mission can be elaborated in terms of choices to be made within three sets of opposed imperatives.

- **Realism or revisionism:** to what extent must the structures of global politics and economics be regarded as non-negotiable? If those who control them simply will not cede their dominant position and refuse anything other than minor adjustments, for which a high price in conformity and co-option by the developing world is in any case asked, what alternative programme of revisionism is possible?
- **Continuity or change:** to what extent can NAM afford to admit individual and collective error in the past? For instance, can endogenous factors in underdevelopment be admitted (as even radical development economists have done for years)? Or do the demands of solidarity ensure that the inadequacies and deformities of Third World conditions be treated as hitherto, the result purely of exogenous factors derived from structural injustices? The other side of this coin is whether to continue to treat the success of the industrialised countries as attributable to historical good fortune and the original sin of exploitation, or admit to some inherent qualities of Western values and policies which account, at least in part, for their prosperity and stability.
- **Moral claims or pragmatic adjustment of interests:** essentially, NAM can approach the industrialised countries as an injured party seeking legitimate redress, or as a prospective partner in an enterprise with potential for mutual profit. Tempting as it is to invoke a moral dimension to historical phenomena such as slavery and imperialism, it is very difficult to base specific claims on such grounds and make them politically and legally operational. In any case, to do so risks accusations of creating a culture of dependence, entitlement and refusal to accept due responsibility for one's own condition. But unless Third World demands for change are situated in a moral framework, they will lose much of their force.

FORWARDS, SIDEWAYS, REVERSE

Like all its predecessors, the Durban Summit produced a Final Declaration. This is a comprehensive situation report on global politics, economics and governance. Little new could be expected in the political passages, but in the sections on the international economy, it is clear in many places that the drafters were eager to take one step forward in the direction of realism, focus and commitment to dialogue with the developed world on specific, realisable issues. Often, however, this is followed by another step, this time to the side or even backwards, usually prompted by the demands of solidarity and the special interests of members (Libya, Iraq, Cuba) who have specific conflicts with the developed world, usually the USA.

One of the most typical ways in which this phenomenon is woven into the fabric of the Movement can be seen in the affirmation of a principle, immediately followed by the denial of means to put it into practice. References to human rights in the "Durban Declaration" (the short statement of aims and principles which summarises the spirit of the Final Declaration) come into this category. The same is true of references to labour standards. The fullest expression of this phenomenon comes in paragraph 270 of the Final Declaration:

The Movement, while subscribing to the values of environmental protection, labour standards, intellectual property protection, sound macro-economic management and promotion and protection of human rights, rejects all attempts to use these issues as conditionalities and pretexts for restricting market access or aid and technology flows to developing countries.

A defender of the Declaration might argue that this analysis misses the point. NAM is indeed committed to these principles, but they must only be articulated, implemented and upheld by multilateral agreement. For instance, paragraph 268 affirms that "the ILO is the only international body competent to set and deal with labour standards". All attempts to influence NAM members on issues of labour standards, or

human rights generally, outside such a framework of multilateralism, are examples of the unacceptable practice of unilateralism (whose baleful presence appears in most sections of the Final Declaration).

In this context, conditionalities which make trade, market access, transfer of technology, or any North/South transaction, depend on some human rights issue or another, are unacceptable. This is true because, being unilateral, they are (indeed, *they can be nothing other than*), "thinly disguised forms of protectionism."

Particular conditionalities may or may not be that. In practice, it can be difficult to tell, while it might also be argued that the right moral effect can come from self-interested actions. But where NAM is on strong ground is the blatantly selective application of such conditionalities by industrialised countries, according to the perceived importance of any given developing economy, either in its general potential as a market (like China) or in specific sectors (like oil, or arms sales). Of course, NAM countries (South Africa included) are no strangers themselves to selective hypocrisy.

More serious than tit-for-tat accusations of selectivity and self-interest in pursuing any labour or human rights regime, though, is the prospect that NAM's vision of a purely multilateral framework for addressing such issues carries risks of its own. The principal one is to reduce the whole project of upholding rights on an international level to the lowest common denominator of what can be agreed across the board.

Doubtless NAM's own culture of solidarity and protection for the special needs and interests of its members would do much to ensure this. And it is doubtful whether national and international NGOs – whose motives are certainly not those of protectionism and other forms of national economic advantage – would relish the loss of the "unilateral" conditionalities which they lobby for, nor would they favour the vesting of human rights issues solely in agreements between the governments, among whom are the principal abusers.

ACCORDING TO NAM,
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IMPERIALISM TO UNILATERALISM

The many appearances of "unilateralism" in the text of the Final Declaration suggest that for the Movement in the 1990s it has the same status that "imperialism" conveyed to earlier generations of the non-aligned. Doubtless this shift is meant as a linguistic concession, dropping the earlier term's associations with Marxism-Leninism and with the more obvious and grosser forms of exploitation and denials of others' rights.

Despite this, the continuity with past rhetoric is fairly clearly signalled, especially in sections on sanctions and extra-territorial measures. In choosing to emphasise these, however, NAM's drafters have highlighted issues on which they may win more than a little sympathy among developed countries other than the USA, the principal target of critical references to unilateralism.

Another sign of continuity is the emphasis on violations of rights between governments, which are assumed (somewhat tenuously in the case of some NAM members) to be synonymous with their peoples. In his keynote speech, Deputy-President Mbeki said (in the context of challenging the powerful vested interests of global political economy):

Clearly, any among us who is preoccupied with denying his or her people their democratic and human rights, who is fixated on waging wars against others, who is too busy looting the public coffers....will not have the time to participate in meeting this historical challenge.

Little, if any, of the spirit of this boldly-expressed, inwardly-directed rebuke, survived into the Final Declaration. This is hardly surprising, but all was not negative rhetoric and

strategic silence. The Declaration went far further than any previous, similar document to accept openly the imperative of integration into the global economy as the best (the only) hope of development.

Not only this, but it acknowledged in impressive detail the terms of restructuring that developing countries have to meet to make such integration possible. Indeed, although the Declaration strikes a strong moral tone about the injustices of the past and their present legacies, its predominant moral position is to require of the industrialised world that it fulfill the terms of its own political and economic discourse.

This means that NAM is effectively adopting a dual approach to dialogue with the developed world. While the emphasis on past injustice will remain a permanent fixture, the actual dialogue will take place largely in terms of persuading the North to be true to its own principles of liberalisation and free trade, while seeing its own interests in regulating undesirable instabilities like volatile movements of short term capital.

THE SPIRIT OF DURBAN

Somewhere between the challenge of unilateralism and the uncertainties of its traditional culture of solidarity, NAM is painfully working toward a new moral and tactical synthesis with which to engage in dialogue with the industrialised world. Unsurprisingly, the Final Declaration had something for everyone, from pragmatic reformers to determined fundamentalists.

But to an important extent it represented the views and the interests of countries which had moved quite far to create the domestic conditions of economic success as laid down by the orthodoxies of globalisation. The battle to come is whether the developed world is prepared similarly to move in creating an enabling international environment to match this domestic movement. ■

THE DECLARATION
OPENLY ACCEPTS
INTEGRATION INTO THE
GLOBAL ECONOMY AS THE
BEST HOPE OF
DEVELOPMENT.

POLITICAL INTOLERANCE AND ETHNICITY INVESTIGATING SOCIAL IDENTITY

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- PREVIOUS STUDIES OF ETHNIC TOLERANCE HAVE SHOWN SOUTH AFRICANS TO HAVE VERY LITTLE CONCERN FOR THE RIGHTS OF OTHER GROUPS.
- THIS STUDY EXPLORES THE WAY SOUTH AFRICANS IDENTIFY THEMSELVES, HOW STRONGLY THEY HOLD THESE GROUP IDENTIFICATIONS, AND HOW THIS AFFECTS THE WAY THEY PERCEIVE THEIR FELLOW SOUTH AFRICANS.
- NEARLY ONE THIRD OF BLACK RESPONDENTS CHOSE TO IDENTIFY THEMSELVES AS "AFRICAN". ONE THIRD OF AFRICANS AND OVER ONE HALF OF WHITES, COLOUREDS AND ASIANS CHOSE "SOUTH AFRICAN" AS A FIRST OR SECOND CHOICE, RATHER THAN A RACIAL TERM.
- WITH REGARD TO THE REPORTING OF ANTI-IDENTITIES, 21.9% AFRICAN RESPONDENTS HAD NO ANTI-IDENTITY BUT ONLY 5.5% WHITES NO ANTI-IDENTITY. A CERTAIN PERCENTAGE OF AFRICANS CHOSE IDEOLOGICAL SUB-GROUPS SUCH AS BOER OR AFRIKANER WHEREAS 37% OF WHITES CHOSE "BLACK".
- 75% OF SOUTH AFRICANS OF ALL RACE GROUPS RATED IDENTITY AS VERY IMPORTANT, THE HIGHEST SCORE ON A FIVE POINT SCALE
- GREATER GROUP ATTACHMENT IS ASSOCIATED WITH GREATER POLITICAL INTOLERANCE. STRONG GROUP IDENTITIES ARE, THEREFORE, NOT CONDUCTIVE TO DEMOCRATIC POLITICS, ALTHOUGH THIS IS LESS TRUE FOR AFRICANS THAN FOR WHITES.

Executive Summary

SOUTH AFRICA HAS ALWAYS BEEN a deeply divided society along ethnic, race and linguistic lines. These deep divisions opened the way for politicians to inflict all kinds of social engineering on South African society as a way of regulating conflict, such as apartheid and pseudo-consociationalism. The effect of these political systems was to entrench the divisions even further, making democratisation even more difficult.

Acts of violence and intolerance are part of the fabric of South African society. But scholars have only recently begun to do empirical studies of political tolerance. Findings since 1993 have shown high levels of political intolerance among all population groups in South Africa.

Some of the studies done so far (Gouws 1993, Gibson and Gouws, 1997) have used the

"least liked" measurement approach (Sullivan et al, 1982) where respondents are asked to choose a target group they really dislike and then indicate how willing they would be to allow this least liked group certain civil liberties (such as freedom of speech, association and assembly). Most respondents indicated that they would definitely not allow their least liked group to demonstrate, or to run as a candidate for political office, or even to exist as a group.

Political tolerance is conceptualised as an attitudinal characteristic of the respondent – it forms part of the attitudes which are necessary to bolster a democratic culture. Findings of Gouws and Gibson (1997) show that, when using language as an indicator of ethnicity, all groups are highly intolerant of both their least liked group as well as another disliked group.

Race is certainly central to South African politics, but intra-racial (or ethnic) divisions are terribly significant as well. In deeply divided politics, people typically develop strong in-group positive identities, often leading to strong outgroup negative identities. The world is divided into friends and foes.

IDENTITY AND TOLERANCE

Researchers have tended to assume that intolerance is a natural consequence of group identities, but that relationship has rarely been investigated empirically and has never been conclusively established. Indeed, the literature on political intolerance seldom considers social identity theory - the connection between a people's knowledge of their social group, their emotional attachment to it, and their levels of political tolerance.

Based on our 1996 survey we begin by

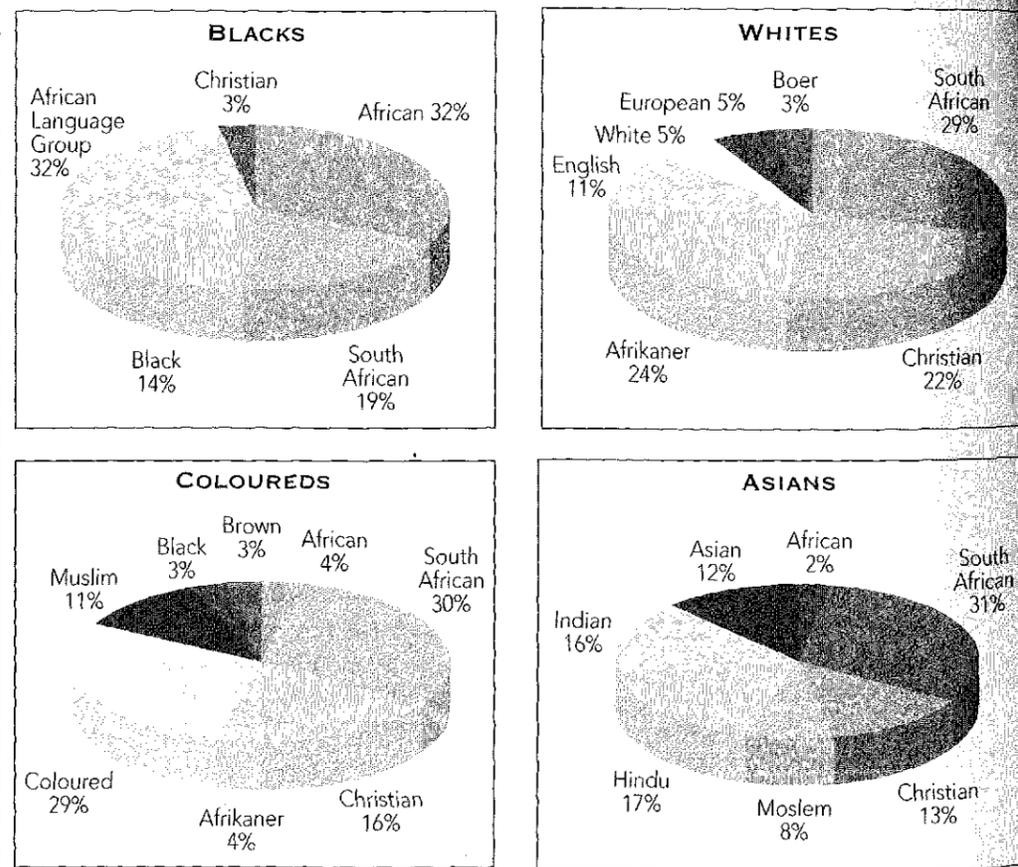
exploring the structure of group identities among ordinary South Africans. Because our sample includes representative sub-samples of the major ethnic/racial/linguistic groups in South Africa, we are able to assess how social identities vary across groups.

We wanted to establish if people with stronger group identities are more likely to be hostile toward outgroups, more likely to be threatened by their political enemies, and more likely to be intolerant of them.

The pie charts represent the primary social identities of the four major racial groupings in South Africa. Respondents were asked: "People see themselves in many different ways. Using this list, which of them best describes you?" And then: "Do you think of yourself in any of the other terms as well?"

We found that the most attractive identity that black respondents chose was African, cho-

TABLE 1. THE DISTRIBUTION OF PRIMARY SOCIAL IDENTITIES



Gibson & Gouws, 1998

... by nearly one third of them. White South Africans were more likely to think of themselves as "South Africans" as did about one third of coloured and Asian respondents. Few whites were attracted to the label white and only 28.5% of coloured chose coloured and 25.9% of Asians chose Indian. What is important is that a certain percentage of respondents self-identified with the label South African as a first or second choice (one third of Africans and over one half of whites, coloureds and Asians) rather than choosing a racial ascriptive identity.

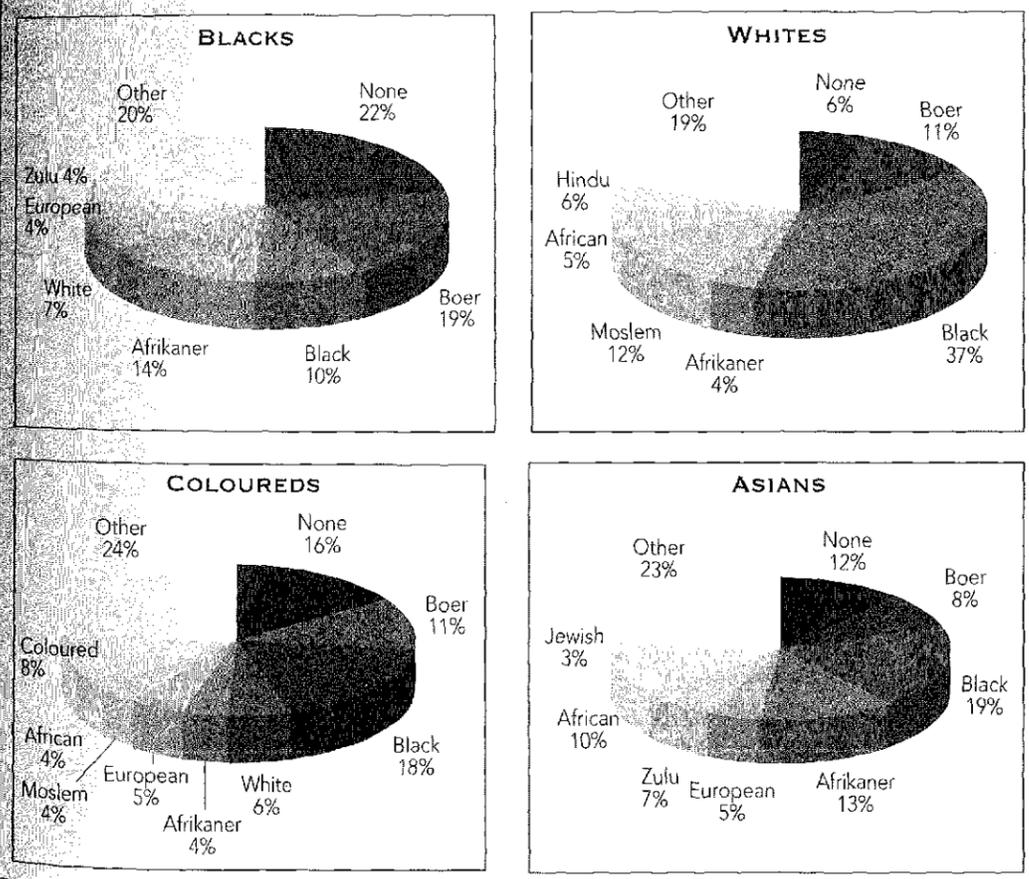
Many South Africans, however, used racial or ethnic terms to define themselves, with 39.7% of the respondents selecting a general racial term and 30.6% using an ethnic term as their primary identity. Only slightly more than one fifth claimed a national identity as their primary identity. Using an ethnic label for self-

identification was most common among African respondents.

We also asked respondents to indicate groups with which they dis-identify, with the question "Which would you say most strongly does NOT describe you?". We call these their "anti-identities".

With regard to the reporting of anti-identities, 20% of respondents could not report any anti-identity. 21.9% African respondents had no anti-identity but only 5.5% whites had no anti-identity. Some Africans chose ideological sub-groups such as Boer or Afrikaner. We see a significant difference in the willingness to report an anti-identity among the different race groups with whites focusing on a single group such as "blacks" but Africans reporting anti-identities across the spectrum of possible identities.

TABLE 2. THE DISTRIBUTION OF PRIMARY NEGATIVE SOCIAL IDENTITIES



HOSE WHO BELIEVE IN
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Whites were most likely to assert an anti-identity and Africans were the least likely to name a group with which they dis-identified. But for South Africans of all race groups having an identity is important. 75% rated identity as very important, the highest score on a five point scale.

What the findings show is that there is not necessarily a relationship between a positive attitude toward identity and the ability to name an anti-identity. The question remains: which identities are most conducive to creating intolerance? Identities that foster group solidarity seems to create the need for internal group conformity and therefore more negative attitudes toward out-groups. We found moderate support for the relationship that those who ascribe greater importance to their identities hold attitudes favouring group solidarity ($r=.25$)

ANTIPATHY, THREAT & INTOLERANCE

One implication of strong group identifications is that people will tend to see the world as composed of political enemies. Those with stronger identities will therefore be more likely to judge

a variety of political movements negatively, and perhaps to be threatened by them and unwilling to tolerate their political activity.

We tested the hypothesis that those with stronger group identifications will hold higher levels of group antipathy, will perceive their political enemies as more threatening, and hence will be less tolerant of them.

We have already discussed the "least-liked measure" and our findings pertaining to the measurement. As part of this measure a sampling of groups from the left and right was presented, and the respondents were asked to rate each on an eleven-point scale ranging from "1" indicating disliking the group very much, to "11," which means that the respondent likes the group very much. A general measure of group antipathy can be constructed by determining the number of groups rated at the most extreme negative point on the antipathy scale. We hypothesised that stronger group identities are associated with more outgroup antipathy.

We find that there are indeed some consequences of identity for antipathy. For instance those who more strongly believe in the need for group solidarity are more likely to dislike a wider variety of political groups in South Africa. The overall relationship is .16, but the

	% All South Africans	African	White	Coloured	Asian
Identity					
National	21.3	19.0	28.2	29.7	31.3
Racial	39.7	45.7	10.3	38.3	30.6
Subracial/Ethnic	30.6	32.7	37.7	5.5	—
Religious	8.4	2.6	23.8	26.6	38.1
Anti-Identity					
National	.2	.2	0	.4	0
Racial	34.9	30.0	51.0	50.0	44.9
Subracial/Ethnic	38.2	42.7	22.5	22.4	34.0
Religious	7.8	5.0	20.8	11.0	9.4
None	19.0	22.1	5.7	16.3	11.7

Correlation exceeds .20 for both white and coloured South Africans. This finding supports the belief that the attitudes of those who hold very strong political identities will threaten democratic politics.

There is also some relationship between group antipathy and the reported degree of psychic benefits derived from group attachments, with those reporting receiving more benefits being more likely to dislike more groups ($r = .15$). Again, the relationship is stronger among white and coloured people. Surprisingly, the direction of the relationship is reversed among South Africans of Asian origin, with those deriving more psychic benefits of group membership holding less group antipathy. This may be a function of the relatively high prevalence of religious identification among Asian South Africans.

Several of the other aspects of group identity have selective influences on group antipathy. For instance, beliefs about the political relevance of groups are connected to higher levels of antipathy among white and coloured South Africans, but not among Africans, and only weakly so among South Africans of Asian origin. South African identity is associated with less antipathy among white and coloured South Africans, but (slightly) more hostility among South Africans of Asian origin, and is unrelated to levels of antipathy among Africans. White and coloured South Africans who hold an anti-identity tend to hate more political groups, although this is not true among African and Asian South Africans.

Finally, greater group attachment is associated with greater political intolerance, although the relationships are slightly weaker. Those who derive greater psychic benefits from their group identity and who believe more strongly in group solidarity are more likely to be intolerant. Generally, except among the African majority, those who hold more meaningful group identities are more likely to be intolerant.

FRAGMENTED IDENTITIES

In this research, we have supported several important deductions from the existing literature on social identities and democratisation.

Most importantly, stronger and more developed group identities are associated with greater inter-group antipathy, threat, and intolerance. South Africans who identify with a group are among the less democratic segments of the population. Strong group identities are therefore not conducive to democratic politics.

The above findings are perhaps most true of white South Africans, not African South Africans. That is, variability in social identities among white South Africans is more closely connected to antipathy, threat, and intolerance than among any other group in South Africa. This is certainly a finding that warrants additional investigation, and the difference between Afrikaans and English-speaking whites is of special interest, but certainly the deleterious effects of group identities are not confined to any single segment of the South African population.

These findings are drawn from a single point in time - 1996. At this point the development of a national identity was questionable. The development of a national identity is very important for the consolidation of democracy. A consolidated democracy encompasses the idea of a nation which may consist of different identities but which are tolerated by each other. It has to be a more solid identity that the idea of the "rainbow nation" which is an artificial identity with very little content. Fragmented identities cannot contribute toward becoming a South African nation.

For those optimistic about the consolidation of democracy our findings unfortunately show that the construction of strong group identities do not contribute to lower levels of antipathy, threat, or intolerance (except perhaps among whites). Though developing a sense of national identity is surely important, it is not clear that those who think of themselves as South African will necessarily be any more tolerant of their fellow South Africans. We also have to be aware

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that this was a study of attitudinal (in)tolerance and not behavioural intolerance. It is the case that the relationship between attitudes and behaviour is difficult to establish. It is never quite clear whether people will act on their intolerant attitudes. They may despise certain outgroups but when will they act on their attitudes?

This research supports what appears to be a fundamental aspect of social interactions – people who identify with a group have a tendency to develop attitudes about the nature of individual allegiance to, and solidarity with, the group and these attitudes often give rise to a form of xenophobia – political intolerance. Yet, given the limited analysis of these data to date, we cannot be certain whether group identities are a cause or an effect of xenophobia. It may well be that those who are more fearful of their political enemies

seek solace and protection from groups, rather than groups contributing independently towards antipathy and xenophobia. The entire causal structure of identities is a question worthy of considerable additional research, given the frightening rise of xenophobia expressed against African immigrants from other countries on the continent.

Finally, these data reinforce the view that intolerance is learned behaviour, and is not entirely an attribute of individual psychology. People learn where they belong in society, and this knowledge of belonging often leads to beliefs about not belonging. This process of adjustment results in people learning who their enemies are, which then contributes to threat perceptions and ultimately to intolerance. It perhaps does not follow that social isolation contributes to tolerance and democratic values, but the ways in which individuals come to understand their location in social and group space is crucial. ■

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A full report of the findings summarised in the article is available from the authors.

A VOLKSTAAT FOR AFRIKANERS

CHRIS JOOSTE

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- THE RIGHT TO SELF-DETERMINATION IS WELL-ESTABLISHED IN INTERNATIONAL JURISPRUDENCE. THE AFRIKANER CASE IS COMPARABLE TO THAT OF THE TSWANAS OR THE JEWS.
- THERE ARE ABOUT THREE MILLION AFRIKANERS IN SOUTH AFRICA, BUT LESS THAN ONE MILLION WOULD BE INTERESTED IN A VOLKSTAAT. DIFFERENCES OF OPINION AMONG AFRIKANERS SHOULD NOT BE USED TO JUSTIFY INACTION ON THE PART OF THE GOVERNMENT, HOWEVER.
- THE QUEST FOR A VOLKSTAAT IS NOT A NEW ONE FOR AFRIKANERS, BUT REPRESENTS THE CULMINATION OF CENTURIES OF LIBERATION STRUGGLES. LIKE MANY OTHER WHITE SOUTH AFRICANS, AFRIKANERS ARE FEELING MARGINALISED AND THREATENED IN THE NEW SOUTH AFRICA.
- THE AFRIKANER SHARE OF THE TOTAL POPULATION

HAS DECLINED FROM 12% IN 1921 TO 7.7% IN 1991. IT IS EXPECTED TO DECLINE TO 4.7% IN 2026 AND TO 1% OR LESS IN 2100. AFRIKANER VOTING STRENGTH WILL DECLINE ACCORDINGLY, TO 5.2% IN 2020 AND TO LESS THAN 4% IN 2035.

- THE AGEING OF THE AFRIKANER POPULATION WILL ALSO HAVE AN EFFECT ON ITS ROLE IN THE LABOUR MARKET AND ITS DEPENDENCY ON THE REST OF THE POPULATION.
- THE SITING OF THE VOLKSTAAT HAS BEEN DEBATED BETWEEN THOSE WHO SUPPORT SELECTION OF AN AREA IN WHICH THERE ARE LARGE NUMBERS OF AFRIKANERS, SUCH AS PARTS OF GAUTENG, AND THOSE WHO SUPPORT AREAS WHERE THERE ARE FEW NON-AFRIKANERS, SUCH AS THE AREA AROUND ORANIA IN THE NORTH WESTERN CAPE.

Executive Summary

THE TERM VOLKSTAAT IS ACCEPTED and used in government and other circles as referring to a sovereign state for Afrikaners. A volkstaat is defined as a predominantly homogeneous people in their country under their government, as distinct from a population (heterogeneous), a country and a government.

Two established principles relating to the quest for a volkstaat should be stated at the outset. Firstly, a volkstaat is a recognised form of self-determination. Other recognised forms include amalgamation with an adjoining state and various types of internal autonomy, ranging from corporate to local or regional self-rule. All of these or combinations thereof, constitute legitimate options for exercising rights of self-determination.

Secondly, self-determination constitutes a collective right to which all peoples are entitled. Governments and the international com-

munity are bound to protect and promote it. They are obliged to negotiate and to come to an effective and mutually acceptable solution without delay. Unfree peoples may choose the form of self-determination that would suit their needs. They have to enter into negotiations with the government about the application of the choice that they have made. Of course, the outcome of such negotiation may be, and often has been, quite different from the original choice.

The UN and the vast majority of authorities regard self-determination as a peremptory rule of international law. This means, *inter alia*, that it cannot be relinquished and that it cannot be denied or withheld from those who are entitled to it. Most Afrikaners view themselves as a people entitled to self-determination. They are so viewed by other people here as well as overseas interests.

WHO ARE THE AFRIKANERS?

Afrikaners are scattered over the entire country. They are divided on what they need most, on how they should view themselves, and on what their relations with others should be. It is wrong

to interpret such a lack of unity as abnormal, and for governments to use it as an excuse for doing nothing about their various and often conflicting ideas and claims.

Some Afrikaners are loosely associated with their people. They stress their identity as members of a multi-cultural South African nation, regard human rights as adequate protection of their identity, and have no concerns about assimilation. Others view their subordinate status emotionally and with trepidation, as a state of powerlessness, of exposure to assimilation, and a threat to their survival. They regard different forms of autonomy, including territorial autonomy, as essential. Among the latter there are those who are satisfied with the status of a minority or community, with rights of self-determination, but excluding a volkstaat.

There is no need to delve deeply into the question of who is an Afrikaner. Thus far it has only been raised as an issue of party political discourse. Internationally, it has proven difficult to compile a single list of objective criteria which can define membership in a people. It has become customary to view all those who regard themselves as members, who accept each other as such, and are so recognised by others, as constituting a people. Afrikaners identify themselves in a similar way.

The number of whites who record Afrikaans as their first or home language gives a close approximation of the size of the population. There may be a slight undercount. In 1991, only 0.8% of whites reported both Afrikaans and English as their home languages. There are also those who use English, German, Dutch, Portuguese or other languages in their homes but regard themselves as Afrikaners and are accepted as such.

Understandably, the assimilation of non-whites in recent history was negligible. This figure can be expected to increase in future, but is unlikely to exceed the 4% to 9% of the 17th and 18th century when the foundations of the Afrikaner people were laid.

Thus, there are approximately three million Afrikaners at present. They are expected to increase to about 3,1 million by 2015, to decline thereafter, and to be back at three million 15 to 20 years later. The decline will continue for some considerable time.

When people embark on a volkstaat certain sacrifices to get the state on its feet seem unavoidable. From the Jewish experience and that of the Tswana, Basotho and Swazi it would appear that in the case of a scattered people only about a third are prepared to make those sacrifices. If the same is true of Afrikaners, a state for no more than one million will be needed.

International law and practice, custom and conventions, and numerous charters and resolutions, assist Afrikaners in a most decisive manner in their quest for a volkstaat, and/or one or other internal arrangement. They were deprived of their republics wrongfully in 1902 and are entitled to restitution. Without control of the government, rights under international law and UN conventions have become vitally important to them.

The major obstacles are of an internal nature. In terms of its international commitments, the South African government is duty bound to negotiate conclusively on the most appropriate forms of self-determination. There is a perception among Afrikaners that the government is dragging its feet in respect of negotiation, that it is doing so deliberately in the hope that the claims for a volkstaat will subside, and that it is hiding behind divisions within the people about the form of self-determination they want.

Walzer, in arguing that absence of fear of oppression and assimilation presents a basis for national unity and co-operation, admonishes governments to accept that space provides security, and to refrain from denial of territorial solutions. They should allow such solutions to take place and renegotiate gradual return to adherence to some community of interest. In this way,

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peoples overcome the disadvantages of territorial divisions. He points out that sovereignty and democracy have first to be achieved before national unity can proceed.

Obstacles are also inherent in the perception that the different forms of self-determination stand in opposition to each other, that only one option should be selected and that the matter has to be decided in the party political arena. Efforts are under way to put this in its proper perspective, so that the different forms supplement each other in a way that would meet the divergent needs of the people concerned.

Afrikaner leaders are working towards a self-determination portfolio encompassing possibilities for territorial and cultural forms of self-determination, and for individual options of assimilation, or human rights.

THE VOLKSTAAT OPTION

The quest for a volkstaat is not new. Afrikaners have a long history of struggle for identity and statehood, for a state of their own, or at least control of a state. A number of factors have kept the idea of a volkstaat in the forefront of Afrikaner thinking, and still do. Three of these are referred to below.

Firstly, many Afrikaners view their local history against the background of the plight of their ancestors in Europe during the 16th and 17th centuries. They had no political or religious rights, and were persecuted. The history of the Eighty Year's War must have been fresh in the minds of those who came to the Cape in 1652. Persecution in France was rife and resulted in the addition of 151 Huguenots to the resident population of about 600 in 1688.

Free burghers kept themselves informed about political developments elsewhere. They knew the slogans of the American and French Revolution and applied them against autocratic governors and in the establishment of their several republics since 1795.

Afrikaner ancestors started to exert themselves as an evolving political entity towards the close of the 17th century when Governor Simon Van der Stel's school and church policies were successfully opposed by Huguenots. Early in the 18th century the farming community tri-

umphed over Willem Adriaan van der Stel's oppressive administration. By the end of that century they had had enough of "alien rule" and started to free themselves, at least from the Cape administration.

Great Britain took control of the Cape in 1806 and the 19th century was for Afrikaners, in Smuts' words, "a century of wrong". Their early schooling and experience and successes in modern political practices under the Dutch, no doubt enabled them to resist British denationalisation policies for the next hundred years.

A minority of Afrikaners ultimately succeeded in freeing themselves from British domination through the founding of internationally recognised republics in the north-east, outside the sphere of British control. However, colonial expansion proceeded and in 1902, through force of arms, the whole of South Africa came under Britain's control.

Afrikaners lost their freedom, which from then on had to be regained through political process. From 1910 they shared one political system with an English-speaking community, 700 000 strong, culturally and politically influential and loyal to Britain. In the first half of the 20th century relations between the two communities constituted the central issue that stood, not only in the way of Afrikaner freedom, but also in the way of coming to terms with black demands for freedom.

In addition, the presence of a numerically superior black citizenry with very little in the way of political rights, made the prospects of Afrikaner freedom visibly insecure. The subsequent history of black resistance, the experiments with territorial partitioning and, ultimately, democratic government over the South Africa of 1910, are well-known. Once again, many Afrikaners see their people as being back in 1902 politically, in a position where they have to negotiate for some form of expression to their rights of self-determination.

AFRIKANERS HAVE A
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THE AFRIKANER SHARE
OF THE TOTAL
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1921 TO 7.7% IN 1991.

Secondly, more and more Afrikaners are experiencing feelings of frustration, disillusionment and despair about the effect of transformation on their personal and family lives. Many have decided to emigrate. The crime situation, farm murders and land policies are perceived as particularly destructive.

While some continue to prefer membership of the South African nation as their first identity, and while many still choose cultural forms of self-determination, concern about what they regard as inroads on their education, their heritage, the status of their language, modes and prospects of affirmative action, and their sense of safety and security appears to be growing.

Thirdly, Afrikaners have a longer history of demographic transition than the vast majority of other South Africans. They constitute a rapidly aging population, growth is confined to the higher age groups, the death rate is increasing and will in the next decade or so exceed the birth rate. The entire population will then decline while other South Africans will continue to increase for the next 50 to 100 years.

The Afrikaner share of the total population has declined from 12% in 1921 to 7.7% in 1991.

It is expected to decline to 4.7% in 2026, to 3.5% in 2035 and to about 1% or less in 2100 according to different projections.

THE AGEING OF THE
AFRIKANER POPULATION
WILL LEAD TO
INCREASING OLD AGE
DEPENDENCY.

Because of their concentration in the older age groups, the voting strength of Afrikaners (8.5% in 1998) exceeds their share in the total population of about 7%. However, those under 30 years of age are already declining. Annual

additions to the Afrikaner voting population, which stand at 43 000 at present, are expected to decline to 39 000 annually by 2020.

All other voters are increasing by over 900 000 annually at present and this number will increase to 1.4 million by 2020, and to 1.6 million in 2035. Afrikaner voting strength will decline accordingly, to 5.2% in 2020 and to less than 4% in 2035.

The declining share of Afrikaners in the total and in the voting population will diminish their influence in national decision making. Their role in society may become less satisfactory and less meaningful in future than it is at present. Governments rule in a way that will not make their power more secure. The interests of the power base are protected. The stage of demographic development of Afrikaners makes it inevitable that their critical interests will differ substantially from those of the government power base. It is more than likely that they will increasingly perceive government priorities as detrimental to their interests.

Afrikaners have almost completed the cycle from slow growth through high birth and death rates, to rapid growth through declining mortality, and slow growth through declining fertility. During this transition they have been through stages of rural poverty and urbanisation, through education crises and the poor white problem, and through struggles for political and economic empowerment.

In addition to the declining share of Afrikaners in the total population, the labour force and the voting population, the foregoing transition will have the result of increasing old age dependency (from 10 in 1980 to 12 in 1991 and an expected 29 in 2035), and declining child dependency (from 47 in 1980 to 35 in 1991 and an expected 30 in 2035).

The median age of the labour force has been rising and is expected to continue rising from 35 years in 1991 to 40 in 2035. The corresponding increase for all other South Africans will be from 31 to 35. The socio-economic and political consequences of these changes and of differences between them and other South Africans, erode the role and influence of Afrikaners in society.

The situation is complicated by the fact that Afrikaners have throughout their existence intertwined their lives with vastly superior numbers of other South Africans. They have become dependent on them, and this interdependence has grown in the course of time. Ultimately, it has led to political, educational, economic and other forms of disempowerment.

Problems of survival as a people are seen to

... be bad as they have been at any previous stage of their history. If continued, interdependence may mean that the struggles of the past against poverty, educational backlogs and subordination will have to be repeated.

THEORY AND PRACTICE

Elluova (1994) observes that:
"however artificial, 'constructed', or 'made', or 'invented' and recent, ethnic identity is no less important to its bearers, and probably more so. Problems connected with it have no less politically destructive potential than they would if ethnicity was not a construction... 'Imagined' does not mean less real or important..."

While some Afrikaners view dispersal, interdependence, and the absence of a territory as factors which facilitate assimilation and undermine their identity and their future, others see them as foundations on which a non-racial society can be built. Minorities and dependent peoples fear assimilation, however, and they rarely see it as an option.

According to the results of the 1994 and subsequent elections, about a third of the Afrikaner population support a volkstaat. They accept as its underlying philosophy the quest for effective and lasting freedom in a state with recognised sovereignty.

The vision of a national home became a pressing matter during the 1960s, when it became clear that freedom through apartheid was unlikely, and that continuation of the status quo could not be justified.

Volkstaat supporters maintain that their objective is, and always has been, to find an alternative to apartheid, not to perpetuate it. They are concerned that their willingness to liberate themselves from apartheid, and to participate constructively in negotiation, government and other democratic processes, have not been rewarded in the manner envisaged in the Accord on Afrikaner Self-determination, forged between the Freedom Front, the ANC and the South African Government/ National Party, 23 April 1994.

Little progress has been made in terms of

Sections One and Two of the Accord concerning regional and other forms of self-determination, and Section Seven regarding the problems of the agricultural sector.

They also argue that a people needs a state to serve all its members effectively, wherever they may be, to meet its international obligations, and to contribute in its own way to development, competitiveness and international peace and security. The view, or the fear, that statehood can precipitate a return to apartheid, is regarded as unviable and outdated. The Accord is clear enough on that point.

Afrikaners by and large realise that cultural or territorial self-determination can endure and succeed only as the outcome of an internal settlement which conforms to the Constitution and to international law. Settlement should be negotiated and implemented in a way that would support and supplement regional political and economic development. International trends concerning the rights of nationalities and of present day thought and practice regarding national states should be kept in mind.

SITING THE VOLKSTAAT

The question of where a volkstaat should be located is a sensitive matter. There are two views on this issue, the first being that it should be located where there are many Afrikaners, and the other that it should be where there are few non-Afrikaners. The term "many Afrikaners" usually means that there are also many non-Afrikaners and the term "few non-Afrikaners" that there are few Afrikaners.

Gauteng has the largest concentration of Afrikaners, with about two fifths of the total population. There are many other South Africans in the area as well. According to recent estimates, 1,184 million Afrikaners and 5,881 million other South Africans were living there in 1995, or, expressed as a ratio, 201/1000. The ratios vary according to the his-

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torical location of living areas, from 58/1000 in urban Randburg in 1991 to 1108/1000 in urban Pretoria. Under the new dispensation these ratios are bound to decrease.

Opponents of the "many Afrikaners" view hold that Gauteng is largely an urban area, and entwinement and interdependence are too complex and the structures too large to unravel there. Even if an area could be defined where Afrikaners have a substantial majority, there will still be a numerically strong and influential non-Afrikaner community. Under existing laws and demographic trends, the minority will be able to outgrow the Afrikaners and make their state and freedom unsustainable.

The Freedom Front has opted for a sparsely populated region in the North-Western Cape, where there are few Afrikaners and few non-

Afrikaners. Boundaries have not been demarcated, but proposals include a region stretching from the Orange River to the West Coast through the districts of Hopetown, the southern parts of Prieska, and Kenhardt, Britstown, Carnarvon, Williston, Calvinia, Clanwilliam, Vredendal, Vanrhynsdorp and the southern part of Namakwaland, including Hondeklipbaan and Garies. Large urban places and traditional areas of other communities have been excluded.

Objections to this area include its location (far from the markets), its climate (low rainfall), its size (146 000 km², almost six times the size of Israel, or 12% of the area of South Africa), its undeveloped state, and the smallness of the Afrikaner population (23 000 Afrikaners in 1991 compared with 123 000 [84%] other South Africans).

Proponents of this area maintain that its location and nature are essential features of its sustainability, that it would be easier there to meet the requirements of the Constitution and of international law, and that it would be more negotiable than any other part of South Africa.

Firstly, the establishment of a volkstaat in this region rests on the assumption that the government can be persuaded to accept a volkstaat there as a national objective. The Minister of Constitutional Development has cautiously referred to a national home for Afrikaners in the region (not a volkstaat) as a practical possibility.

The Northern Cape Government has thus far adopted policies of non-intervention in Orania. The town has about 600 inhabitants, it is run on volkstaat principles and set for increasing rural expansion in the foreseeable future.

What is needed is a declaration of intent by the government, on the lines of the Balfour Declaration in 1917 with respect to a Jewish home in Palestine. This would send a signal to the international community, to developers and to Afrikaners who wish to settle in their own state. The public service would be drawn into the planning and development of a home for Afrikaners and in setting up the transitional political and social infrastructure.

Secondly, it is assumed that Afrikaners of different persuasion will come to accept a volkstaat in the region as essential and practically

feasible for those who want it, that they will support implementation of the idea, or at least not oppose it, that stability and development in South Africa will be an objective of volkstaat development and that Afrikaners will relinquish violence, or other opposition to the continued existence of South Africa.

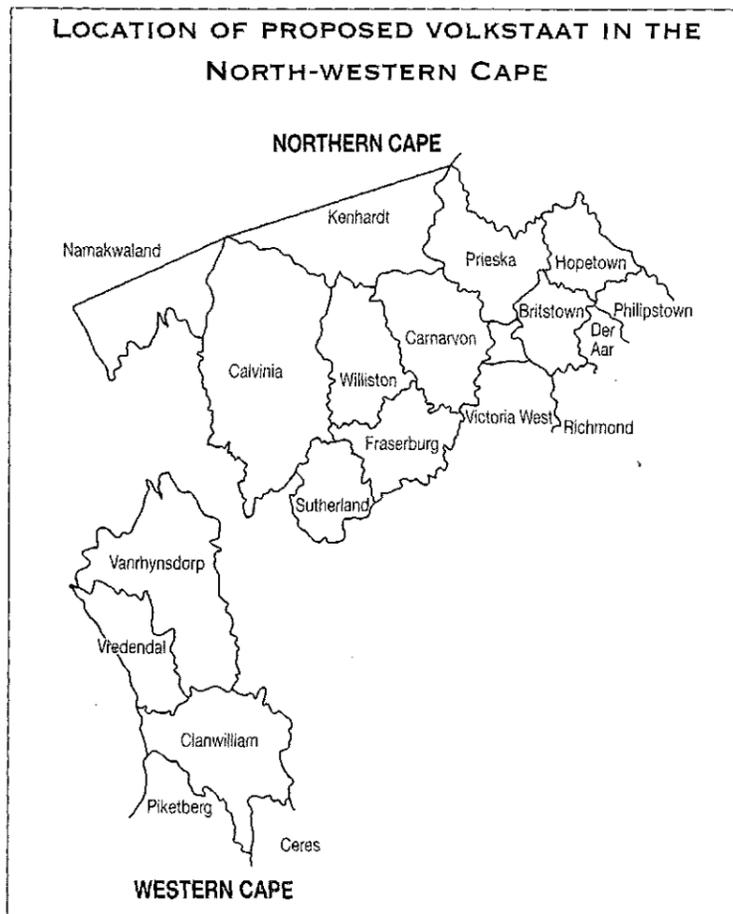
Thirdly, agreement will have to be reached on the protection of the rights and interests of other South Africans. The government's acceptance of volkstaat development as a national objective will enable it to negotiate with them, to raise between them and Afrikaner leaders, to come to mutually acceptable transitional arrangements, and to embody such arrangements in intergovernmental agreements and legislation providing for independence. The agreements should deal, *inter alia*, with citizenship, employment, affirmative action and restitution.

Finally, the establishment of a volkstaat in the North Western Cape can only come about if

an additional 500 000 Afrikaners settle there voluntarily in the next 30 years or so. Allowing for a moderate growth of other South Africans, they will then constitute about 80% of the population. Present strategies include preparations for the establishment of a growth point in the western part of the region and to develop from there inland as Orania is developing inland from the east.

Afrikaners who think they can achieve this ambition draw inspiration from Theodore Herzl's dictum with respect to the establishment of Israel: "If you will it, it is not a fable". They believe that it can be accomplished peacefully as more and more Afrikaners and other South Africans begin to see the advantages of stability and development in the region. |

THE ESTABLISHMENT OF
A VOLKSTAAT IN THE
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DRAWING THE LINE BORDER DISPUTES AND ELECTORAL POLITICS

KUSENI DLAMINI
Political Researcher

Executive Summary

- THE NEW PROVINCIAL BOUNDARIES WERE ESTABLISHED IN A RUSHED AND POLITICALLY-SKEWED PROCESS.
- THIS HAS RESULTED IN THREE SETS OF DISPUTES: BETWEEN KWAZULU-NATAL AND THE EASTERN CAPE, BETWEEN MPUMALANGA AND THE NORTHERN PROVINCE, AND BETWEEN THE NORTHERN CAPE AND THE NORTH-WEST.
- THE KZN-EC DISPUTE WAS REVIEWED BY THE TRENGROVE COMMISSION, BUT ITS FINDINGS WERE REJECTED BY THE ANC AND THE IFP. STRONG RESISTANCE HAS BEEN EXPRESSED IN A NUMBER OF AREAS TO BEING INCLUDED IN THE EC.
- THE MPUMALANGA DISPUTE INVOLVES THE BUSHBUCKRIDGE AREA, AND LOCAL RESISTANCE HAS BLISTERED INTO VIOLENCE ON A NUMBER OF OCCASIONS. THE SITUATION IS STILL VOLATILE AND UNSOLVED.
- THE NORTHERN CAPE/NORTH-WEST DISPUTE IS THE MOST POLITICALLY SIGNIFICANT, AS THE NP FEELS IT MAY WIN THE PROVINCE IF THE BORDERS ARE DEMARCKED IN A FAVOURABLE WAY. THE SHUBAN COMMISSION HAS RECOMMENDED A REFERENDUM BE HELD PRIOR TO THE 1999 ELECTIONS, BUT THE SITUATION IS STILL UNRESOLVED.
- ALL OF THESE DISPUTES ARE FOUNDED IN APARTHEID SPATIAL POLICY, ROOTED IN ECONOMIC INEQUITIES AND LEND THEMSELVES TO FURTHER POLITICAL EXPLOITATION.

AS THE 1999 ELECTIONS SPEED towards us, the issue of unresolved boundary disputes becomes critical, especially in the Northern Cape where it will tilt the balance of political power. Unlike the 1994 elections, next year's voters will only cast their ballots in provinces where they are registered, making border demarcation a far more significant issue. The Ministry of Home Affairs has already begun a campaign to issue IDs to all eligible citizens and the process of compiling voters' rolls is underway in all provinces.

Boundaries will therefore have a more significant impact on the outcome of the 1999 elections than they might have had in 1994. Indeed, as the Oxford scholar, Gavin Williams (1994)

argues, when parties are unable or unlikely to exercise power at the national level, they attempt to create domains within which they can do so. Competing and conflicting interests within and between parties and communities need to be taken into account in analysing and understanding provincial boundary disputes in South Africa.

If we want to explain the boundary disputes we should start by explaining the purposive and expressive actions of the people in the affected areas. Firstly, this means asking questions about the cost/benefit analysis the people make in deciding to which province they want to belong. This means taking rationality and interests as significant factors at play in the boundary dis-

disputes. Secondly, explaining people's expressive actions requires taking context, in terms of both time and space, into account.

DRAWING LINES

Boundary disputes must be viewed against the backdrop of the demarcation process which took place in South Africa between May and November 1993. The Commission on the Demarcation of States, Provinces or Regions (CDDR) was set up to oversee the national demarcation process. It was the first-ever widely inclusive commission involving, as it did, all 26 parties in the negotiating forum. Members of the Commission were carefully selected to reflect the varied political, professional, race and gender interests in the country.

The first task of the Commission entailed travelling throughout the country to receive written and oral submissions. In the first phase the commission received 304 written submissions and 80 oral submissions from different communities and interest groups, and in the second phase 467 written and 107 oral submissions were received.

The Commission faced time constraints in this process due to the pace of the negotiations and the targeted April elections. A significant aspect of the public hearings was their conspicuous domination by white establishment interest groups and the conspicuous absence of black and small community representation (Muthien and Khoza, 1994).

The under-representation of African communities at the Commission's public hearings may have been due to their exclusion from mainstream socio-political processes under apartheid, or to the fact that high illiteracy levels made preparing technical submissions difficult. Whatever the reasons, the Commission failed to reach most ordinary people from African communities to participate in the demarcation process.

BOUNDARIES & IDENTITY POLITICS

Boundaries are largely about identity and culture, which in turn have significant implications for the production and reproduction of regional consciousness. Cultural identity has a

significant power relation aspect, especially in the post-modern era in which we live. The structuring of boundaries establishes patterns of power and authority and confers the right to take decisions on some and not others.

Boundaries are not, therefore, neutral geographic entities. They should be seen for what they are: powerful socio-political and cultural inventions. They determine access to scarce material and cultural resources in significant ways. The two main questions that should be asked about any boundary structure are whether it serves people's material and socio-cultural needs and whether it is consistent with their liberty.

CRITERIA AND DISPUTES

The Multi-Party Negotiating Council set criteria for demarcation which included consideration of economic and development potential, socio-cultural issues, and administrative and institutional capacity. However, the compendium of criteria was more contradictory than coherent and, as a result, "... could not generate a single set of boundaries," (Muthien and Khoza, 1994).

After an independent professional commission had completed the process, political tinkering exacerbated the problem. The process had been broadly acceptable to all parties at the negotiations, but, "in the end, politicians realised how difficult it was to satisfy all constituencies and that, by altering at one end of the map, ripple effects were created elsewhere" (ibid).

In the process of tinkering, the politicians ignored production relations and added to uneven development, which in turn laid the foundation for the current disputes.

This demarcation process has produced protracted boundary disputes, which have taken different forms in different provinces. The disputes have shown how complex and sensitive the issue of boundaries can be, especially in a

A SIGNIFICANT ASPECT OF THE PUBLIC HEARINGS WAS THEIR CONSPICUOUS DOMINATION BY WHITE ESTABLISHMENT INTEREST GROUPS AND THE CONSPICUOUS ABSENCE OF BLACK AND SMALL COMMUNITY REPRESENTATION.

deeply divided society like South Africa. Intra-party and inter-party political considerations may be in direct conflict with the needs of ordinary people and communities.

In the new South Africa, ordinary people have started to assert their right to choose their rulers or governors by expressing their preference to belong to this or that province. These issues have been manifest in different ways in the unresolved boundary disputes examined below.

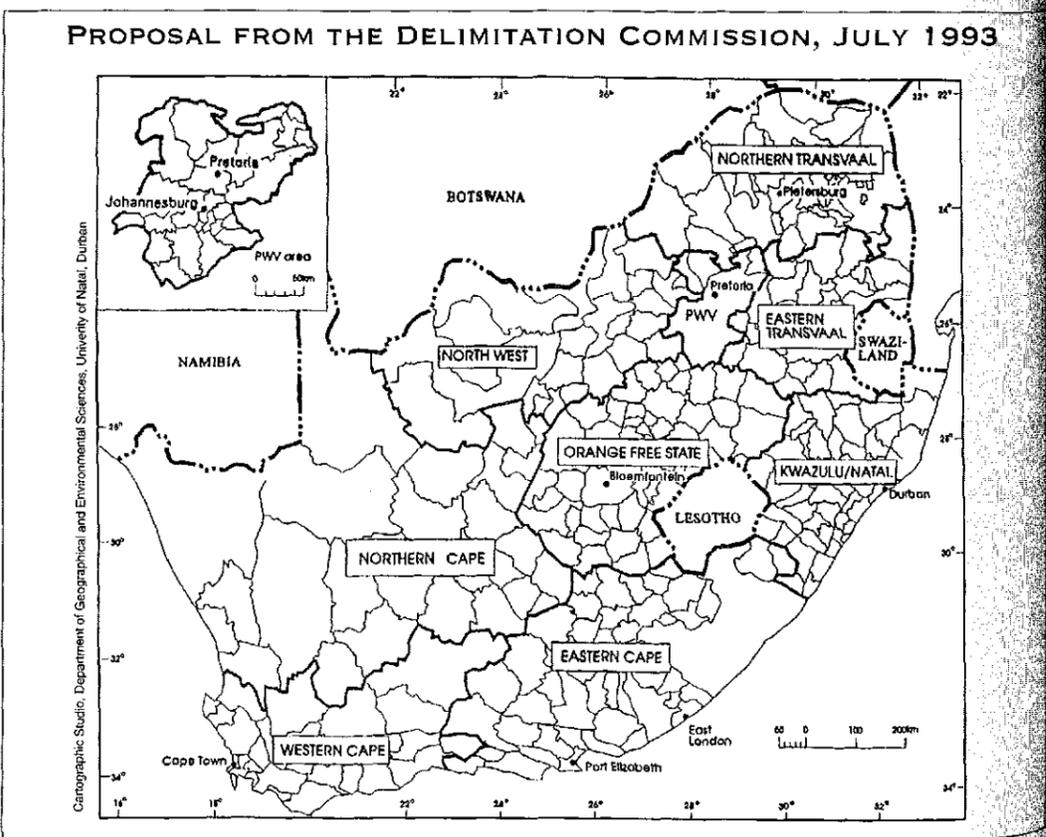
KWAZULU-NATAL AND EASTERN CAPE

In July 1993, the Demarcation Commission submitted its nine-region map proposal as a basis for the country's provincial structure. This map had East Griqualand and Umzimkhulu in the Eastern Cape province. In November of the same year the Multi-Party Negotiating Council amended the map and incorporated East Griqualand into KwaZulu-Natal while leaving Umzimkhulu in the Eastern Cape.

The Trengrove Commission of Inquiry into boundary disputes between the two provinces recommended, in May 1996, that the Mouton Curie district including Kokstad and Matatiele (KwaZulu-Natal) be incorporated into the Eastern Cape. The Commission recommended that the Umzimkhulu district should be incorporated into KwaZulu-Natal.

Both the ANC and the Inkatha Freedom Party (IFP) in KwaZulu-Natal rejected the commission's recommendations. The ANC said, if necessary, a referendum should be held in the affected areas to resolve the issue. Both parties' positions were probably a reflection of the grassroots rejection of the Commission's recommendations.

In May 1996, Kokstad residents burned a copy of the Commission's report on the town hall steps. They also embarked on a consumer boycott to highlight their grievances. Most of them rejected not only incorporation into the Eastern Cape but also the lack of consultation and community involvement in the demarcation.



process

Residents of Umzimkhulu formed the Umzimkhulu Progressive Committee to "free Umzimkhulu from the Eastern Cape." They held a protest march in November 1996 to demand reincorporation into KwaZulu-Natal. In November 1996, the ANC in KwaZulu-Natal said it favoured a joint initiative between the two provinces to resolve the issue.

MPUMALANGA AND NORTHERN PROVINCE

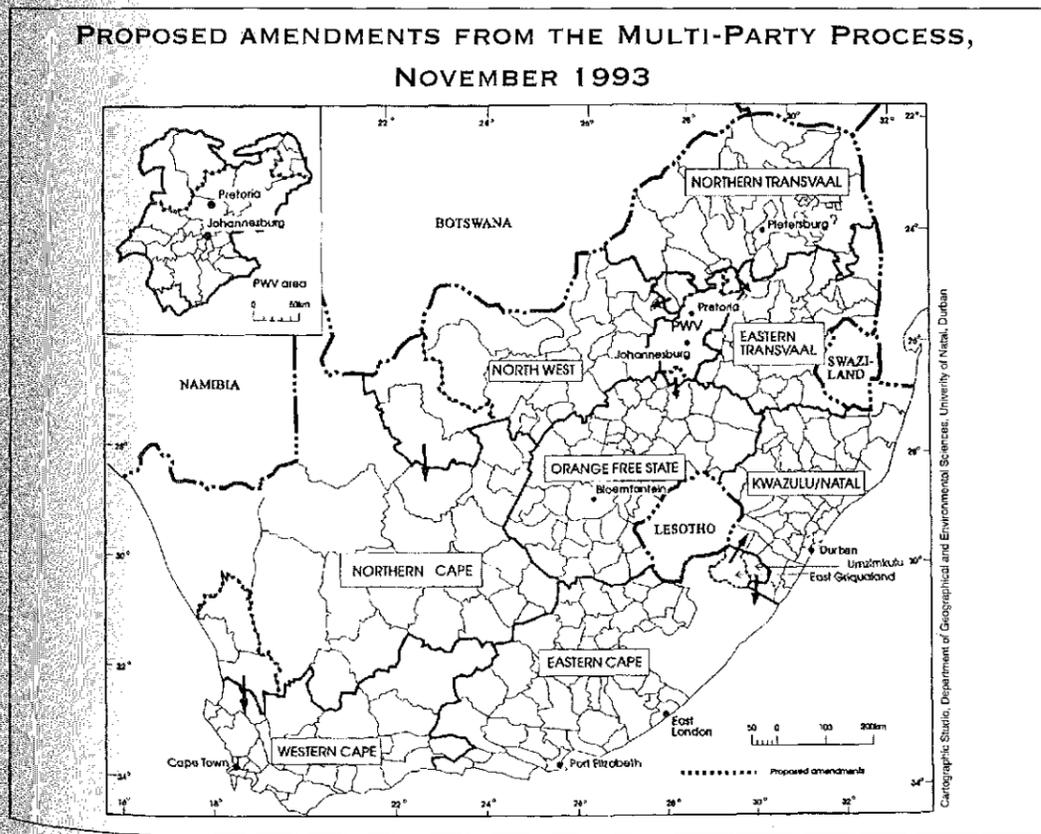
The boundary disputes in these two provinces have been marked by ordinary people, mainly from Bushbuckridge, protesting (sometimes violently) against being incorporated into the Northern Province. Intervention at the highest levels has involved President Mandela, Constitutional and Provincial Affairs Minister Valli Moosa and the Premiers of both provinces.

The people of Bushbuckridge have a fundamental objection to any deal that falls short of full incorporation into the Mpumalanga

province. Protest marches, and school and consumer boycotts have been called by the pro-Mpumalanga Bushbuckridge Border Committee. This dispute opened the way for the PAC to move into Bushbuckridge to sign up new members. How the dispute will ultimately affect voting patterns remains to be seen.

The boundaries that resulted from the demarcation process had split certain Mpumalanga districts into two, with one part in the Northern Province and the other in Mpumalanga. For example, rural areas adjoining the Mpumalanga towns of Burgersfort, Graskop, Ohrigstad and Steelpoort are now part of the Northern Province. In September 1994 it had been agreed at a meeting held between, among others, Valli Moosa, Matthews Phosa and Ngoako Ramathlodi that Bushbuckridge be transferred to the Mpumalanga province. Most residents affected welcomed this decision.

However, the transfer was initially delayed and eventually halted by the complex and cumbersome constitutional process that has to be fol-



lowed before an area or region can be transferred from one province to another. In terms of the Constitution, at least a two thirds majority in each one of the houses of parliament is required to effect changes to provincial boundaries. Furthermore, a province's boundaries cannot be amended without the consent of the relevant provincial legislatures. The Constitution also provides for consultation with the people affected prior to the alteration of boundaries.

Things subsequently took a different twist in November 1995 when Premier Matthews Phosa and the Mpumalanga legislature decided that the areas affected be ceded to the Northern Province, ostensibly to boost its economy. Subsequent to this decision a series of protest marches ensued which forced the Mpumalanga legislature to withdraw its decision.

NORTHERN CAPE AND NORTH-WEST

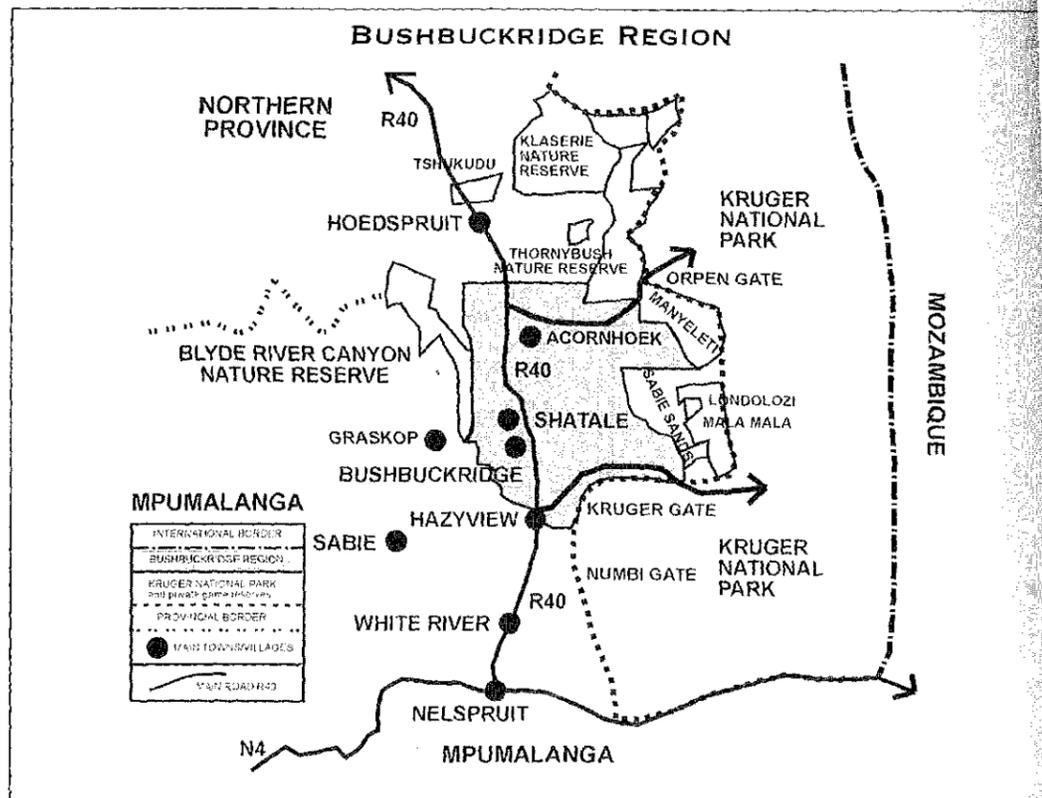
In response to a joint request from the governments of the Northern Cape and the North-West, President Mandela set up the Shubane

Commission. The Commission was briefed to investigate ways of resolving the dispute over the incorporation of the townships of Kuruman, Taung and Pampiriestad from the Northern Cape into the Northern Cape.

The ANC-NP dispute over this incorporation is perhaps the most politically significant of current boundary debates. Its resolution will, among other things, determine two crucial things: firstly, which party will win the Northern Cape in 1999 and, secondly, by what margin.

In a February 1997 hearing, the Shubane Commission was told that the provincial executive committees of the ANC in both provinces had agreed that the townships be incorporated into the Northern Cape province. The NP contested this view.

The incorporation of Kuruman and Taung alone would add about 800 000 people to the Northern Cape population of about 750 000, effectively doubling the province's population. This would tilt the balance of power in the ANC's favour and consolidate the party



prospects of controlling the Northern Cape beyond the 1999 elections.

The Department of Local government has just started the process of implementing the Report's recommendations by amalgamating Mothibistad with Kuruman. This process should be finished in time for the affected people to be registered under the Northern Cape's voter's roll by October 1998.

Regarding Taung, the Commission Report had recommended that a referendum be held to determine the will of the people. Indications are that a concerted effort will be made to hold such a referendum before the 1999 elections. Provincial Affairs and Constitutional Development Minister Valli Moosa will soon hold meetings with the Provincial Working Committees (PWCs) of both provinces to, among other things, discuss the referendum and its logistics.

Residents of Taung are divided on the issue of which province they want to fall under. Some prefer to remain in the North-West while others want to be incorporated into the Northern Cape. Mike Modise of Taung said, "We want to be part of the North-West. We are Tswanas and the North-West is a province for Tswanas". On the other hand, 'Ishepo Molefe, also from Taung, had this to say: "I want Taung to be part of the Northern Cape because my brother and I work in Kimberley. Most people in Taung work in Kimberley. They do their Christmas shopping and other activities there because it is nearer than Mafikeng".

Political party lobbying will have an important impact on the results of a referendum on the incorporation of Taung into the Northern

Cape province. On the face of it, it seems more likely that most Taung people will vote for incorporation into the Northern Cape. This will not only be because they want to be part of the Northern Cape but also because the ANC, which enjoys about 90% support in Taung, wants them to belong to the Northern Cape. The North-West ANC has nothing to lose ceding these areas to the Northern Cape and the troubled Northern Cape ANC has a lot to gain.

The other boundary disputes remain largely unresolved. If the implementation of the Shubane Commission recommendations results in the successful resolution of the boundary disputes in the Northern Cape, a good precedent will have been set for the resolution of disputes elsewhere.

WHITHER BOUNDARY DISPUTES?

The boundary disputes are, by and large, a symptom as well as a result of the socio-economic inequalities in South Africa, as they are rooted in the spatial policies of the apartheid past. They should be seen as a logical outcome of the political struggle for access to scarce material resources, for dignity and for identity.

The political tinkering with the 1993 demarcation process meant that it fell short of undoing the legacy of apartheid urban and regional planning to which the disputes are ultimately traceable. These struggles are set to intensify if the gap between people's rightful aspirations and the government's capacity to deliver continues to be constrained by social formations bent on maintaining past privilege and safeguarding narrow political interests. ■

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Many thanks to Professor Peter Vale of the Centre for Southern African Studies in Cape Town.

A PAPER TIGER? THE DECLINE OF THE SACP

PATRICK LAURENCE
Financial Mail

Executive Summary

- DESPITE IMPRESSIVE MEMBERSHIP ROLLS, THE SACP IS PROVING TO BE A PAPER TIGER.
- COMMUNISTS ACCOUNT FOR MORE THAN A QUARTER OF THE ANC MEMBERS WHO SERVE IN PARLIAMENT, FAR IN EXCESS OF THE NUMBER OF VOTERS WHO IDENTIFY THEMSELVES AS COMMUNISTS. THEY COMPRISE JUST UNDER A FIFTH OF THE FULL CABINET. A CLEAR MAJORITY OF MEMBERS IN GAUTENG'S CABINET OR EXECUTIVE COUNCIL ARE PARTY MEMBERS, AND COSATU'S SECRETARY-GENERAL, ITS PRESIDENT, AND THE SECRETARY-GENERALS OF ITS TWO MOST POWERFUL UNIONS ARE SACP.
- SACP MEMBERS HAVE BEEN DISAPPOINTED BY THE SILENCE OF THEIR MOST PROMINENT COMRADES ON THE NEO-LIBERAL GEAR STRATEGY, BUT DARE NOT PRESS THEIR OBJECTION TOO HARD FOR FEAR OF PROVOKING A SPLIT. THE ANC HAS TAKEN ADVANTAGE OF THIS QUANDARY BY CHALLENGING SACP CRITICISM OF GEAR ON A NUMBER OF OCCASIONS.
- SACP'S 10TH CONGRESS MARKS THE HIGH WATER MARK OF COMMUNIST DISEMPOWERMENT, WITH THE FIERY ADMONITIONS OF MANDELA AND MBEKI, PETER MOKABA, WHO HAS PUBLICLY CALLED FOR THE EXCLUSION OF CARD-CARRYING MEMBERS OF THE SACP FROM ANC RANKS, LOOKED ON FROM THE FRONT ROW.
- THE GROWING AFRICANISM ASSOCIATED WITH MOKABA AND MBEKI RECALLS BLACK NATIONALIST ANTI-COMMUNISM MANIFESTED AT EARLIER STAGES IN THE ANC'S HISTORY.
- THE SACP WILL BE OUTFLANKED ON THE LEFT BY A POPULIST PARTY IF IT DOES NOT RAISE ITS VOICE IN DEFENCE OF THE POOR. BANTU HOLOMISA'S UNITED DEMOCRATIC FRONT COMES TO MIND AS A POTENTIAL CHALLENGER OF THE SACP'S ROLE AS THE CHAMPION OF THE DESTITUTE.

ONCE REGARDED AS A POWERFUL, manipulating force within the African National Congress, with its hands firmly on the levers of power, the South African Communist Party (SACP) is today increasingly seen as a paper tiger. The SACP is certainly a major force within the ANC on paper. But if it had to stand on its own, it is doubtful that it would be more than another minor socialist party yearning nostalgically for the past.

BIG NAMES

Assessing SACP strength at face level, a head count of communists occupying important positions in the middle and upper echelons of the

ANC is impressive by any measure. Starting with Parliament, of the 490 members of the National Assembly (400) and the Council of Provinces (90) more than 80 are communists. They account for more than a quarter of the more than 310-plus ANC members who serve in the two chambers, far in excess of the minuscule number of voters who identify themselves as communists in opinion polls.

In the cabinet, no less than five ministers are communists. Comprising just under a fifth of the full cabinet. They are: Safety and Security Minister Sydney Mufamadi, Trade and Industry Minister Alec Erwin, Public Works Minister Jeff Radebe, Welfare Minister Geraldine Fraser-

Moleketi and, most recently, the man nominated to replace former Labour Minister Tito Mboweni after he was appointed Governor of the Reserve Bank-designate, Shepherd Mchale. Two deputy ministers are party members: Ronnie Kasrils, who serves as deputy to Defence Minister Joe Modise, and Essop Pahad, who enjoys the status of a deputy minister in the office of Deputy President Thabo Mbeki.

Just one of the nine provincial premiers is a party man, Mannie Dipico of the Northern Cape. But below the level of premier the number of party members is impressive, particularly in Gauteng – the richest and, in many ways, most important of the provinces. A clear majority of members in Gauteng's cabinet or executive council are party members, including Paul Mashatile, who heads the Department of Safety and Security, and Jabu Moleketi, who is at the helm of the Department of Finance.

In the ANC itself, communists occupy two pivotally important positions. The ANC secretary-general Kgalema Motlanthe is a communist and was, until the party's 10th annual conference in July, a member of the SACP central committee. His deputy in the ANC, Thenjiwe Mthunzi, is a member of the party's central committee and a rising star within the SACP. Most, if not all, SACP central committee members serve in the ANC's national executive committee, including the SACP's newly-elected general secretary Blade Nzimande and his deputy, Jeremy Cronin.

Beyond that communists occupy top positions in the ANC's trade union ally, the Congress of South African Trade Unions or Cosatu, which – like the SACP – is a partner in the ANC-led tripartite alliance. Communists in Cosatu's ranks include its secretary-general Sam Shilowa, its president John Gomomo, and the secretary-generals of its two most powerful unions, the National Union of Mineworkers (Gwede Mantashe) and the National Union of Metalworkers of South Africa (Mbuyi Ngwanda).

The SACP, which boasts of 80 000 "signed up" members and an "activist core" of 14 000 members (The African Communist, 1998), is a force to reckon with – on paper – as the new millennium beckons and the first post-libera-

tion election looms. Yet the suspicion persists that it is a paper tiger, that far from manipulating the ANC from within, it is subsumed by the ANC, that when the ANC cracks the whip its SACP members fall into line.

REDS AND THE MARKET

The September Commission, a report on the trade union movement, written by nine leading trade unionists, talks scathingly of the SACP's failure to provide clear leadership to the working class. The authors refer to "a perception that the party has tended to lose its independent identity within its relationship with the ANC." The same view has been expressed more bluntly by middle ranking members of the party. Disillusioned by the failure of party notables in Parliament and Nelson Mandela's cabinet to raise the Red Flag and openly champion the communist cause, they accuse them of "singing the same song as the bourgeois." (Collins, 1995).

The accusation, first made during the SACP's ninth congress in 1995, is repeated today with more vehemence. A central reason for that is the government's economic policy of Gear (Growth, Employment and Redistribution). Adopted in mid-1996, Gear is seen by the party faithful as a definite shift away from socialism towards a pernicious doctrine of "neo-liberalism."

The silence of the communists in government on the change in ideological tack, epitomised by Mandela's declamation that privatisation is the fundamental policy of the ANC, is viewed by them as ideological apostasy. The affable Erwin has taken a lot of stick on that from his comrades in the party.

A former trade union leader who was prominent in the struggle against apartheid, Erwin has served as Deputy Minister of Finance and as Minister of Trade and Industry, but he has done or said nothing to distinguish himself from his non-communist colleagues. On the contrary

MOST SACP CENTRAL COMMITTEE MEMBERS SERVE IN THE ANC'S NATIONAL EXECUTIVE COMMITTEE, INCLUDING THE SACP'S GENERAL SECRETARY BLADE NZIMANDE AND HIS DEPUTY, JEREMY CRONIN.

MANDELA'S DECLAMATION THAT PRIVATISATION IS THE FUNDAMENTAL POLICY OF THE ANC IS VIEWED AS IDEOLOGICAL APOSTASY.

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he seems to have embraced Gear, with its emphasis on the need for accelerated privatisation, winning investor confidence and fiscal discipline, with the enthusiasm of a capitalist neophyte.

Once a staunch advocate of socialism and full of praise for the SACP as the only vehicle capable of achieving it, Erwin now says: "At the end of the day, we won't interfere with market forces" (Johnson, 1996).

Author and political analyst Hein Marais has described the situation vividly. Referring to SACP MPs who were elected on an ANC ticket, he writes: "When push comes to shove, most don ANC headgear and stick their party caps in their pockets."

SACP national organiser Mandla Langa says of party members who hold parliamentary seats or serve in the government: "We expect people to understand that they are communists and to distinguish themselves in ways which show that they are communists. When there are serious differences with the ANC, they should report back to the SACP instead of just toeing the ANC line." (Laurence, 1998).

ANC FIRST

Inside the SACP the suspicion is strong that their loyalty to the ANC supersedes their allegiance to the party. Behind the suspicion lurks a fear that if there is a parting of the ways between the ANC and the SACP, a majority of the SACP's high ranking leaders in government will remain with the ANC, as much because desire to retain public office - and the status and perks that go with it - as because of ideological conversion to the ANC's "neo-liberal" economic policies.

A former member of the SACP central committee, remarking on the desertion from the party of some of its members in the last decade, says: "When a liberation movement smells power, it begins to purge itself of communists ... Some

communists even purge themselves." (South African Review, 6).

Communists who have dissociated themselves from the party since the late 1980s include Mbeki (whose father, Govan, was a stalwart of the party and a man who challenged Mandela during political debates on Robben Island), Jacob Zuma, and, many observers believe, Deputy Finance Minister Gill Marcus. Significantly Mbeki and Zuma today hold the two top positions in the ANC, those of president and deputy president.

The departure of these prominent ANC leaders from the party ranks raises a question. If the lure of office causes communists to desert the party, then, by the same logic, the thought of losing office in event of a rift between the party and the ANC may have the same result.

From that another conclusion emerges. Whatever its disagreements with the ANC, the SACP dare not press its objection too hard for fear of provoking a split which could see significant sections of its leadership divesting themselves of their communist convictions rather than face expulsion from the ANC and loss of public office. Aware of a fundamental shift in the balance of power in their favour, ANC leaders are now willing to call the SACP's bluff and challenge it to terminate the alliance if it believes that the ANC has betrayed its commitment to the indigent historically disadvantaged victims of the apartheid.

CRACKING THE WHIP

Apart from Mandela's declarations elevating privatisation to a core doctrine of ANC policy - and thereby repudiating his emphatic affirmation of nationalisation on the eve of his release from prison in 1990 - statements in which ANC leaders have thrown down a gauntlet to the SACP include:

1. Mbeki's warning in June to Cosatu's central committee that the question which "faces all of us ... is whether we should now say farewell to the congress movement" which linked the ANC in alliance to the SACP and "progressive" trade union movement. It is worth recalling that the warning was deliv-

ered in direct response to Cosatu's constant public carping about Gear.

Mandela's uncompromising defence of Gear as the ANC's "fundamental policy" at the SACP's 10th congress in June, his admonition of the SACP for shouting "like opposition parties" and his ultimatum to the party to "face the implications" of its behaviour and to choose what role it wanted to play.

Mbeki's tough endorsement of Mandela's stance, his denunciation of unnamed comrades for reportedly dismissing Mandela's remarks as the "rantings of an old man" and his chiding of the SACP for arrogating to itself the role of "revolutionary watchdog" for signs of ideological perfidy in the ANC.

Two points are worth recalling about the SACP 10th Congress: seated in the front row of the hall was Peter Mokaba, the fiery former president of the ANC Youth League who has publicly described the ANC as a capitalist organisation and called for scrapping of the arrangement which allows dual membership of the ANC and SACP; seated to the left of the podium were several SACP heavyweights who occupy important positions in the ANC government but who, significantly, held their peace during Mbeki's hard hitting address.

Mokaba - who won notoriety by leading black crowds in the chanting of the slogan "Kill the farmer! Kill the boer!" - is seen by some observers as one of Mbeki's hitmen. Be that as it may, his call for the exclusion of card-carrying members of the SACP from ANC ranks strikes a responsive chord in the corridors of South African history.

One thinks of the strongly Africanist orientation and anti-communist stance of the ANC Youth League at the time of its formation in the 1940s and of the formation of the Pan Africanist Congress in the late 1950s in reaction to the perceived ascendancy of the white (and Indian) communists in the ANC alliance. Mbeki, who, more often than not, uses the term "African" in an exclusive sense (meaning black indigens, or what Ntatho Motlana has defined as the "black

blacks") is described as an Africanist by some commentators.

To label Mbeki an Africanist is not without justification. His rise to ascendancy in the ANC, as its president and therefore as the man destined to replace Mandela as South Africa's President after next year's general election, has been associated with an increasing emphasis on filling top positions with Africans (as distinct from coloureds and Indians).

R W Johnson, of the Helen Suzman Foundation, detects an intensification of the struggle between the SACP and "Mbeki's African nationalists." One sign of that, he believes, is the ANC's 25-strong national working committee, which serves as an ANC inner cabinet. There are only two non-Africans on the committee, Gill Marcus and Parliamentary Speaker Frene Ginwala. Johnson attributes its composition to the power of the "African nationalist whip." (HSF Focus, 1998).

Johnson notes that the seven of the first 10 directly elected positions on the ANC national executive were filled by non-Africans at the ANC's national conference in Mafikeng last December. Explaining the discrepancy, he writes that for tactical reasons - the need to stymie Winnie Madikizela-Mandela's bid to stand for deputy president of the organisation - the "African nationalist whip" was not cracked when the executive was voted in.

If the spectre of past campaigns by African nationalists against the party haunts communists today, it should in fairness be noted that the SACP has not abandoned the fight against Gear. But its criticism is much less vocal and certainly less audible in public. The stentorian warnings from Mandela and Mbeki have been taken to heart. Thus criticism of Gear as "an inappropriate macro-economic policy" in the final declaration at the end of the party's 10th congress is preceded by a declaration of loyalty to the ANC. "We shall work tirelessly as communists to ensure an overwhelming ANC

MOKABA'S CALL FOR THE
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electoral victory," the declaration says, noting loyally that the "ANC-led government has spearheaded major socio-economic transformation."

PARTNERSHIP OF CONVENIENCE

A rift between the SACP and the ANC is not in the offing in the immediate future and certainly not until after next year's election. The ANC, having set its sights on attaining a two-thirds majority, wants to deploy the full mobilising power of the tripartite alliance in its quest for a bigger victory than it secured in the 1994 election.

But the SACP cannot temper its criticisms of the ANC economic policy indefinitely. To do so long past the 1999 election will be to risk forfeiting its position as the party of the workers to rival organisations.

Significantly, the September Commission referred to earlier, posits the emergence of a worker's party as an alternative to an effete, hobbled SACP as a possible future scenario. There is another danger: that the SACP will be outflanked on the Left by a populist party if it does not raise its voice in defence of the poor. Bantu Holomisa's United Democratic Front, which has reportedly garnered substantial support in Transkei and in squatter settlements on the East Rand, comes to mind as a potential challenger of the SACP's role as the champion of the destitute in the rural

hinterland and the urban slums.

While the SACP will be compelled to raise its voice in protest against the ANC's policy of nurturing the emergence of a new and acquisitive black elite, it will have to be careful about provoking a backlash from the ANC which could lead to a parting of the ways before the party is ready to go it alone. The SACP will have to traverse a knife edge. To do so successfully and at the same time to garner support for the future when it can no longer shelter under the ANC's protective wing, will require skilful judgement. The challenge is magnified because the party is bereft of leaders of the status and charisma of Joe Slovo and Chris Hani.

It will, moreover, have to face the challenge at a time when communism is on the retreat in most parts of the world, except perhaps Cuba. To invert Victor Hugo's famous aphorism about the irresistible power of an idea whose time has come, there is no task as difficult as defending an idea which is seen as passé, if not as an anachronism.

A tough and testing time awaits Nzimande, the erudite son of a Shangaan herbalist from Mozambique who was elected to the pivotally important post of SACP general-secretary in July. He will have to prove that the SACP is not a paper tiger in the first decade of the new millennium. Judging from Mao Tse-Tung's definition of paper tigers, that means the SACP will have to prove that it can fend for itself in the political arena instead of relying on the assistance of the ANC. ■

THERE IS NO TASK AS
DIFFICULT AS DEFENDING
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ECONOMIC

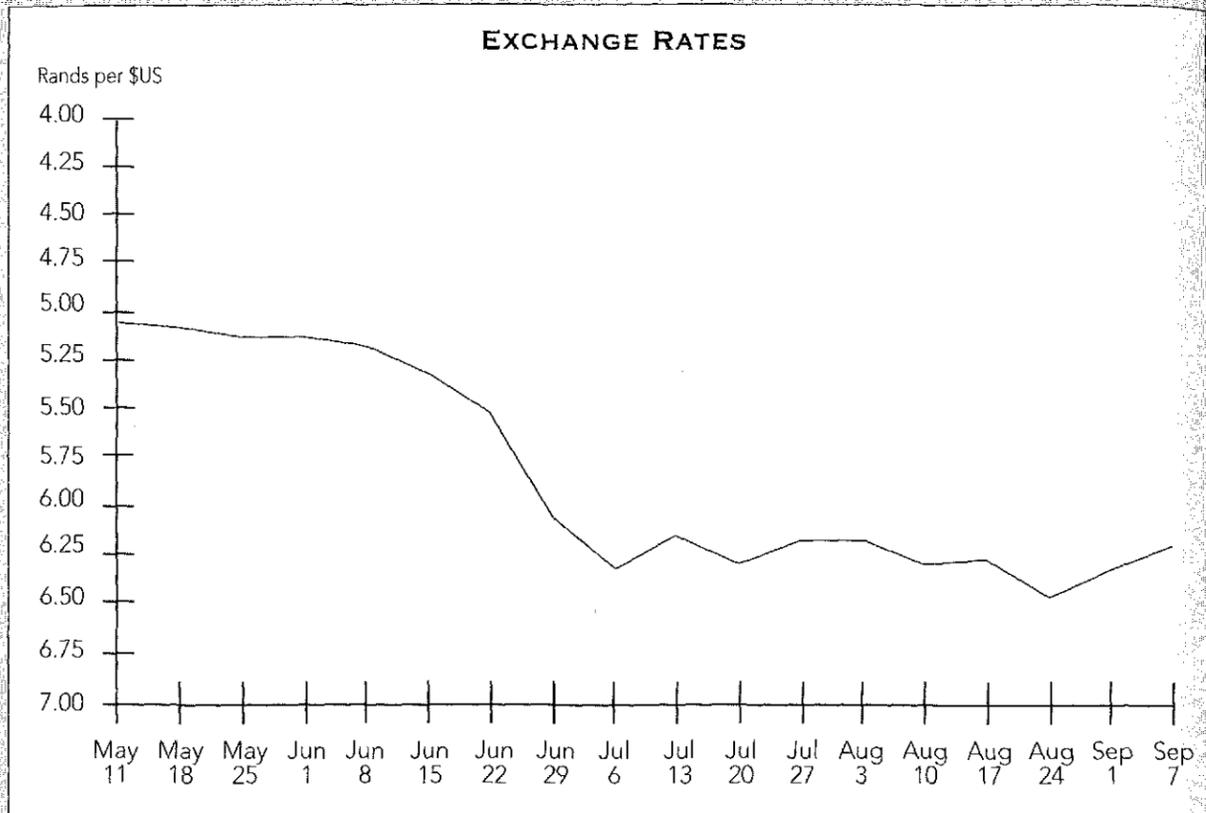
M O N I T O R



CAN WE AFFECT THE FLOW?

WHAT, THEN, MUST WE DO? 41
HEDGE FUNDS AND OTHER MYSTERIES 48

ECONOMIC
INDICATOR



Source: Standard Bank Economics Division

WHILE THE RAND IS NOT ALONE IN ITS RECENT PRECIPITOUS FALL, THE CURRENCY CRISIS IN THE DEVELOPING WORLD HIGHLIGHTS THE VULNERABILITY THAT COMES WITH GLOBALISATION. WHEN THE RICH GET RICHER AS THE MARKET FALLS, AND WHERE THE ECONOMIC CLOUT OF INDIVIDUALS EXCEEDS THAT OF NATIONS, COUNTRIES LIKE SOUTH AFRICA WILL HAVE TO COME UP WITH NEW WAYS OF PROTECTING LOCAL INTERESTS.

GLOBAL FINANCIAL CRISIS WHY WE SHOULD CARE, WHAT WE SHOULD DO

PATRICK BOND

Wits University Graduate School of Public and Development Management

- THE RECENT INTERNATIONAL FINANCIAL CRISIS GIVES LEADERS IN SOUTH AFRICA A RARE OPPORTUNITY TO CHALLENGE THE WASHINGTON CONSENSUS.
- THE PRESENT CRISIS IS ONLY THE MOST RECENT EVENT IN A SERIES OF SPECULATIVE ASSAULTS ON DEVELOPING ECONOMIES IN THE PAST DECADE. MUCH OF THE FLOW IS GOVERNED BY HERD INSTINCT.
- THE FINANCIERS' \$40 TRILLION IN STOCK AND BOND MARKET INVESTMENTS AROUND THE WORLD DWARF SOUTH AFRICA'S ECONOMY, WHICH GENERATES AROUND \$100 BILLION IN OUTPUT EACH YEAR.
- CAPITALIST CRISIS IS CYCLIC AND THE PRESENT DOWNTURN HAS EVOLVED STEADILY, SINCE THE 1970S, FROM OVERPRODUCTIVE SECTORS OF THE WORLD ECONOMY INTO FINANCIAL MARKETS. THERE IS MUCH EVIDENCE THAT THE BUBBLE IS ABOUT TO BURST.
- SOUTH AFRICA'S ENTRY INTO THE WORLD FINANCIAL SYSTEM THROUGH THE PROGRESSIVE LIBERALISATION OF THE CURRENCY AND OTHER FORMS OF FINANCIAL DEREGULATION HAS BEEN SUICIDAL. SOUTH AFRICA'S

FINANCIAL DECISION MAKERS HAVE EXPOSED THE COUNTRY TO FORMIDABLE WAVES OF CURRENCY SPECULATION, RAIDING OF FOREIGN RESERVES, INTEREST RATE HIKES, DOMESTIC CREDIT CRUNCHES AND STOCK MARKET PANIC. THE TIME TO DEBATE THESE POLICIES IS NOW.

- ON THE LEFT, THERE IS CONFUSION ABOUT WHICH WAY FORWARD: PROGRESSIVE THIRD WORLD NATIONALISM VERSUS INTERNATIONAL INSTITUTION-BUILDING. THE FORMER PARADIGM INCLUDES CAPITAL AND EXCHANGE CONTROLS SUCH AS "SPEED BUMPS", WHICH FORCE FOREIGN INVESTMENT TO REMAIN IN A COUNTRY FOR AN EXTENDED PERIOD, AND A RETURN TO A DUAL EXCHANGE RATE. THE LATTER HOPES TO DEMOCRATISE INTERNATIONAL FINANCIAL INSTITUTIONS FOR THE PROTECTION OF POOR COUNTRIES.
- RATHER THAN TRYING TO REFORM EXISTING INSTITUTIONS, A MORE RELIABLE WAY FORWARD IS TO FOLLOW THE INSTINCTS OF MILITANT GRASSROOTS SOCIAL FORCES ACROSS THE GLOBE AND DEMAND A NEW SYSTEM THAT SERVES HUMAN NEEDS, NOT FINANCIAL PROFIT.

Executive Summary

CAPITALIST CRISIS IS NOW UBIQUITOUS in the wake of a series of financial crashes that have reached even Wall Street. The failure of orthodox economic policy, under pressure from underlying market dynamics (overproduction of goods and financial speculation), presents a terribly important opportunity to South African society.

The most durable excuse offered for the government's inability to deliver the goods and services reasonably anticipated by the electorate, and for the current budget-cutting mania, is the

need to adhere to "sound" international norms of economic and social policy. And yet the past twelve months or so of nearly unprecedented fragility since East Asia imploded, have thrown those norms very much into question, even within think-tanks of the First World establishment.

The crisis associated with financial globalisation and ineffectual domestic policies may pose serious problems for an ANC returning to its roots for votes next year. The phrase "There Is No Alternative" – originally attributed to for-

mer British Prime Minister Margaret Thatcher, though often associated with judgmental financial institutions based in Washington, New York, London, Frankfurt and Tokyo (though just as much "homegrown" within our own Finance Ministry) – can be less and less successfully deployed by status quo defenders.

It is nearly impossible for GEAR champions to explain, in their own terms, why macro and microeconomic strategies based on attracting investors, enhancing public private partnerships, ensuring business confidence, or otherwise letting the markets work their wonders are now in tatters.

The more enlightened of South African government representatives should consider the period 1998-2000 as their historic opportunity not only to reverse the domestic economic slump, but also to make a case in international fora such as the Non-Aligned Movement (NAM) and the United Nations Conference on Trade and Development (UNCTAD) – both of which Pretoria now chairs – and the International Monetary Fund and World Bank, at which South Africa now temporarily enjoys an Executive Director's seat. Will the incoming Mbeki regime muster the courage and common sense required?

REFORMERS IN RETREAT

The next months are a portentous moment, crying out for vision. Other once-clear voices of Third World resistance to the New World Order are now discredited (Mugabe), ignored (Castro) or hysterical (Mahathir). Consider a brief list of leaders who came to power with overwhelming mass social movement (or populist) support but then reversed allegiances: Aquino, Arafat, Aristide, Bhutto, Chiluba, Manley, Mugabe, Ortega, Perez, Rawlings, Walensa (and the list could be extended still further over a period of two or three decades).

Selling out their working classes and poor citizens on behalf of international finance is also the general fate of so many labour and social democratic parties in the West. Even where

once-revolutionary parties remain in control of the nation-state – China, Vietnam, Angola, Mozambique, for instance – ideologies wandered over to hard, raw capitalism.

It is striking that the two contemporary leaders who enjoyed the most impressive working class support during their ascendance, namely South Korea's Kim Dae Jung and Nelson Mandela, have most convincingly rolled over and played dead before financial speculators on the warpath. Said Mandela at the recent Mercosur meetings of South American nations: "Globalisation is a phenomenon that we cannot deny. All we can do is accept it."

SPECULATIVE FRENZIES

But surely there must be some feasible, systematic response to the past few years' worth of global financial attacks on currencies and the austere programmes left in their wake – not to mention the legacy of the previous 15 years of Third World debt crisis. The recent arc of financial destruction began in Mexico (1994) and moved to Brazil (1995), South Africa (mid-1996), Eastern Europe (early 1997), Southeast Asia (late 1997) and back to Zimbabwe (late 1997).

This year, South Korea, Indonesia and Russia suffered severe beatings by speculators, as did a host of smaller countries. For six weeks during June-July South Africa also appeared a basket case, as the Reserve Bank threw billions of dollars of reserves at the financiers, fruitlessly trying to stabilise the rand back when it was valued at 5 to the dollar. (At 5.5 and then dropping to 6.7 at one stage, the exercise became a farce and Governor Chris Stals cried uncle and let it slide, providing only some very slight friction in the form of a massive increase in interest rates.)

At the outset of the spiral, in 1995, Soros Fund Management executive Kerr Nielson explained to Barrons how global speculators had come to view emerging markets: "What is being made clear by the Mexican problem is that in traded securities, you are going to have to be very careful about where these flows are going and where the herd is. When everyone is wild to get into a place, it is often better to just stay away... What a lot of people have missed are the implications of the global flow of equity funds –

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FOR GEAR CHAMPIONS TO
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and the new alignment, where the maniacs, like themselves, are driving the flow of funds around the world."

The herds of maniacs consist not only of "equity funds" (such as mutual funds) in search of stock market deals, but commercial banks, investment banks, insurance firms, venture capitalists, foundations and pension funds, which often invest in government and corporate securities in search of extremely high interest rates. These rates are in turn set by central banks desperate to preserve their supply of hard currency reserves, both by keeping local money inside the country and attracting "hot money" which has the disadvantage of not only coming in at will, but rushing out usually in a state of panic.

The financiers' \$40 trillion in stock and bond market investments around the world dwarf South Africa's economy, which generates around \$100 billion in output each year.

George Soros himself conceded the menace associated with such size, scope and speed: "The private sector is ill-suited to allocate international credit. It provides either too little or too much. It does not have the information with which to form a balanced judgement. Moreover, it is not concerned with maintaining macroeconomic balance in the borrowing countries. Its goals are to maximise profit and minimise risk. This makes it move in a herd-like fashion in both directions. The excess always begins with overexpansion, and the correction is always associated with pain."

THE LOGIC OF CAPITALIST CRISIS

The supposedly "new alignment" of investors capable of raiding national reserves at whim is in fact a variation on a classical process of capitalist crisis formation, rooted in untenable flows from production to finance that appear to repeat themselves over periods of roughly 60 years (give or take, depending upon institutional factors and regulatory systems).

Some call these periods "Kondratieff Cycles" (after the Russian who first noticed them) or "long waves" (distinct from short-wave business cycles), while others working from a Marxist tradition insist that the upturns and downturns of global capital accumulation

are rather more uneven. Indeed the very notion of "uneven development" can be understood as the displacement, across space and time, of these crisis tendencies – but never their resolution, until, that is, the point at which the bubble bursts and financial froth is swept away to make room for a new round of capital accumulation.

The current capitalist crisis has evolved steadily since the 1970s, from overproductive sectors of the world economy – raw materials and manufacturers alike – into financial markets (stocks, debt instruments, real estate and other speculative outlets). Illustrating the hazards of this process, historically, at least one third of all nation-states fell into effective default during the 1820s, 1870s, 1930s and 1980s-90s, following an unsustainable upswing of borrowing in the context of overproduction; likewise corporations and consumers went to the mat.

What with the difficulty capitalism now faces trying to move the crisis around, generalised financial collapse has ensued with the threat of global depression immediately ahead. It would be foolish to make predictions given so many imponderables. But standing at the pinnacle of neo-liberalism (free-market economics), the New World Order, the Washington Consensus, and unprecedented bank power, even the man perhaps most responsible for the post-1970s revival of orthodox economic wisdom, Milton Friedman, recognised the underlying contradiction when he spoke just prior to the 31 August Wall Street crash: "If anything, I suspect there is more of a bubble in today's market than there was in 1929."

If more evidence of potentially catastrophic bubbling and bursting is required, a mid-1998 global scan offers plenty:

- Russian government interest rates were tripled to 150% in May and then doubled again to 300% in August, public expenditure was cut dramatically (leaving millions of Russians without salaries and unable to borrow), huge IMF bailouts (approaching \$20 billion) had practically no effect, the stock market crashed by 70%, there was an

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unprecedented run on the rouble, foreign capital fled, and the country's fading political leadership lacked either a way forward or a clear successor at a time of unprecedented worker militancy.

- Japan's attempt to kick-start its economy through major government investment initiatives is evidently insufficient, with \$1 trillion in bad loans still on the books of commercial banks, a stock market down 60% from the late 1980s, and an embarrassing failure for US Treasury Secretary Robert Rubin who in June expended money and credibility trying to halt the rapid decline in the yen's value, all adding up to an estimated 5% decline in GDP this year; Chinese integration into world markets and privatisation are expected to cost tens of millions of jobs, and options for sustaining the country's previously overheated growth have evaporated, aside from the very dangerous option of currency devaluation.
- South Korean financial markets plunged to their lowest levels in more than a decade;
- In Indonesia, the passing of Soeharto's 32-year reign did not bring political stability, with capital flight from a finance sector largely owned by his family and friends one indicator of an economy that had still not yet, after all the suffering, hit bottom.
- In South Asia, the financial fallout from economic sanctions against nuclear weapons testing is as unpredictable as the next step in the escalating arms race; and the East Asian countries hardest hit by the 1997-98 financial crisis remain committed to exporting their way out of the dilemma, at a time when world oversupply is already a problem and bad loans at domestic financial institutions threaten the countries' remaining economic activity.

The advanced industrial countries of Europe and North America are also feeling the pressure, not only in rapidly falling stock markets. The US trade deficit remains enormous, and populist opposition from both left and right has

stalled US congressional approval of a Multilateral agreement on Investment "on track" trade deal-making authority for President Clinton, and an \$18 billion recapitalisation of the IMF.

THE MODEL IMPLODES

On top of all this, the intellectual foundations of global financial capital - once called the "Washington Consensus" - are now toppling. Early this year, as it became clear that orthodox IMF austerity programmes were amplifying the East Asian crisis, a stampede of mainstream economists began questioning the party line. World Bank Chief Economist Joseph Stiglitz, Harvard Institute for International Development head Jeffrey Sachs, former US Secretary of the Treasury and State George Schultz (who even called for the IMF to be shut down), former US Secretary of Labour Robert Reich, and Henry Kissinger, to name several whose censures of orthodox IMF logic received passing mention in the SA press.

In January, Stiglitz delivered a paper which pointed out that "the policies advanced by the Washington Consensus are hardly complete and sometimes misguided... the advocates of privatization overestimated the benefits of privatization and underestimated the costs... [below 40% per year] there is no evidence that inflation is costly... The focus on freeing up markets, in the case of financial market liberalisation, may actually have had a perverse effect, contributing to macro-instability through weakening of the financial sector."

Based on his recent surveys of macroeconomic policy performance, Stiglitz is in effect calling for the scrapping of GEAR, a policy two of the Bank's own economists helped draft in mid-1996.

Harvard's Sachs summed up the need to rethink the IMF's once-rigid commitment to fiscal and monetary strategies in East Asia: "The situation is out of hand... it defies logic to believe that the small group of 1,000 economists on 19th Street in Washington should dictate the economic conditions of life to 75 developing countries with around 1.4 billion people... Without wider professional debate, the IMF has

decided to impose a severe macroeconomic contraction on top of the market panic already afflicting these [Asian] economies."

The costs of contraction are severe both to the peoples whose unemployment rates are doubling overnight while the social wage plummets, and to the global economy, which is witnessing dramatic trade disequilibrium as more countries begin to degenerate into competitive currency devaluations.

But workers and poor people usually get the short end of the stick when underlying crisis tendencies can no longer be moved around; what is new and different is that not only does Kissinger mourn the loss of Soeharto at the hands of insensitive IMF economists, establishment economists from within the neo-liberal camp are now at each others' throats (witness Sachs against the IMF's deputy managing director, South African-educated Stanley Fischer).

LOCAL IMPLICATIONS

In this maelstrom of blame-shifting and down-sizing, it is hard to escape the conclusion that South Africa's entry into the world financial system, through the progressive liberalisation of the currency and other forms of financial deregulation, has been suicidal.

Without much thought – surrendering simply to the persistent drum-beat of the demanding financial markets – the main decision-makers (Chris Liebenberg, Trevor Manuel, Alec Erwin and Chris Stals) and their Washington advisors have subjected the South African economy to formidable waves of currency speculation, raiding of foreign reserves, interest rate hikes, domestic credit crunches and stock market panic. Business Day summed it up in a May editorial: "South Africans are fast discovering the downside of globalisation: rioting in downtown Jakarta can mean bad news for mortgage holders in Johannesburg."

Broader economic effects of the global crisis include stagnant GDP growth, declining trading competitiveness, and sectoral crises. At around 0.5%, South Africa's 1998 GDP growth is likely to be far lower this year than anticipated, either by GEAR (3.8%) or in last year's estimates. The economy's competitive fundamentals are not

particularly good, for notwithstanding impressive gains in worker productivity over the past few years the country has consistently scored between second and fifth least competitive of the 50 or so leading trading countries in World Economic Forum surveys since 1990.

Partly as a result of falling exports to Asia and partly because prices of commodity exports will drop, South Africa's previously enviable trade surplus could plummet this year. Specific sectors especially hard hit by the current financial fallout and the underlying glut of markets include base metals (copper, lead, nickel and zinc), automobiles and components, clothing and textiles, diamonds (as luxury consumption crashes) and gold (due to central bank sales).

Dramatic job losses continue as a result of increased international competition, local economic stagnation and private sector investment in excessively capital-intensive (labour-shedding) production processes.

These trends are likely to get worse as low-value East Asian currencies generate increased exports and declining imports. Not only did currencies crash in five worst-hit Asian countries: South Korea, Thailand, Malaysia, Indonesia and the Philippines; Russia's currency has collapsed, Japan's continues skidding and even China is under pressure to devalue. The vicious cycle could well lead to a 1930s-style deflation.

Already in March, Financial Times journalist Martin Wolf posed the logical question: "Is a serious slowdown in the world economy inevitable? No. But the answer is 'no' only if aggregate demand is sustained, even against the background of Asian adjustment." That answer may still, potentially, be valid, though signs are increasing that it is already too late.

Means by which South Africa can assist rejuvenation of demand – through promoting debt relief and international regulation, and by serving as a model of a country which, having tried IMF-style reforms and found them wanting, is prepared to consider a different approach – are worth exploring in public debate.

SOUTH AFRICA'S ENTRY
INTO THE WORLD
FINANCIAL SYSTEM HAS
BEEN SUICIDAL.

A WAY FORWARD?

What, then, is to be done? "Reform" of the international financial system is very much the rage – witness Alec Erwin's call at the NAM summit for a global conference – but there is not much hope for sufficient control systems at this stage, given the international balance of forces.

To illustrate, when the British Commonwealth recently set up a group to study the impact of hot money, they chose as its chair Chris Liebenberg, the Finance Minister from 1994-96 who retired South Africa's main defence against hot money, the financial rand. Liebenberg also chairs Nedbank, one of South

Africa's more notorious (and, historically, foolhardy) foreign speculators, whose 1985 ventures into New York nearly brought South Africa a full-fledged financial meltdown.

On the Left, there is confusion about which way forward: progressive Third World nationalism versus international institution-building.

The two camps have very different instincts, with the former taking a page from the 1933 Yale Review notes of John Maynard Keynes, the economist whose work on the Great Depression revolutionised his discipline: "I sympathise with those who would minimise, rather than with those who would maximise, economic entanglement among nations. Ideas, knowledge, science, hospitality, travel – these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible and, above all, let finance be primarily national."

Given the hostile balance of global forces, say many Left nationalists, it is vital to reclaim the nation-state as the site at which democratic contestation of public policy can proceed. Capital and exchange controls to guard against speculators are more and more widely accepted, even winning a grudging nod from Business Day editorialists. "Speed bumps" – which force foreign investment to remain in a country for an extended period, as Chile has done – are expected to get the endorsement of Liebenberg's Commonwealth commission. (This is uncontroversial, for after the 1994-95 Mexican melt-

down, even the IMF acknowledged the desirability of controls on inward financial flows.)

Moreover, as recently as 1990, 35 countries (including SA) had a dual exchange rate (although judging by prosecutions of currency "roundtrippers," the apartheid-era Reserve Bank did not take enforcement seriously and indeed was a large part of the problem) and this could be readily reinstated. The SACP and Cosatu are making an increasingly vocal case for capital controls.

But if the pedigree for national-level regulation of capital is strong, there are also Left voices insisting upon coordinated global action by way of reforming existing embryonic global state agencies. Can the IMF, World Bank, Bank for International Settlements, World Trade Organisation and United Nations ever become more than the global wing of the western establishment? Can they play host to a potentially democratic global state which, sometime in the next century, progressive parties across the world contest through democratic ballot?

Yes, insist Left internationalist reformers (based largely in a plethora of Washington DC NGOs), even now we can build democracy into the global institutions. The World Bank, for instance, is now more green, gender-conscious, transparent and open to community participation in the wake of a decade of intensive anti-Bank activism. (Too bad Bank economic strategies are still the same, the presence of Stiglitz notwithstanding.)

Options for global capital regulation do exist, Nobel economics laureate James Tobin points out with his proposed 0.5% tax on buying and selling foreign exchange. American University's Howard Wachtel advocates a strategy of G-8 country coordination of interest rate and exchange rates, which would act as a foundation stone to stabilise all other volatile currencies in the absence of the global fixed exchange rate system which worked well from 1945-73.

Third World debt relief or even cancellation (including apartheid debt) is another area of urgent global action, but here, South Africa's retreat from leadership at the NAM conference was noticed.

OPTIONS FOR GLOBAL
CAPITAL REGULATION DO
EXIST.

These reforms present certain opportunities for Left reformers to "engage" (usually a verb associated with retreat) global capital, and perhaps to restore some international economic stability. Would this, however, simply set the stage for a resurgence of the 1980s-90s neo-liberal formula, with its declining standards of living for workers (even the US working class lost 20% of its per capita income from 1975-95), degradation of Third World societies, and trashing of global ecology? Given their abysmal track record, can we expect the key international institutions to do anything more than bail out global capital?

In contrast, a more reliable way forward is to follow the instincts of militant grassroots social forces across the globe – the Zapatistas of Chiapas, a land movement in Brazil, many of South Africa's trade unions and the growing popular movements of Asia, to name a few of the most prominent – which are turning their attention more and more to the threat of finance-driven globalisation.

With social struggles increasingly throwing out new options, it may not be too long before top-down reformist solutions, aimed largely at stabilising and lubricating a world economic system which has become profoundly skewed and unequal over the past decades, are answered by popular, democratic demands for a new system that serves human needs, not finan-

cial profit.

The period of consciousness raising we are now witnessing, like the long ebb-and-flow decades of South Africa's liberation struggle, will entail all manner of organic demands arising from grassroots circumstances. The process prevents an easy global blueprint from emerging at this stage.

But at the same time, the establishment must avoid repressive reforms – in the spirit, really, of the Botha regime's decaying strategies – and leave options open for democratic institutional forms that are global and national in scale, as well as for space (currently denied under the World Trade Organisation) for communities to control their own capital.

Certainly holding actions such as a Tobin Tax, interest and exchange rate coordination, debt relief and greater space for national currency and capital controls are all vital. But without nurturing the development (and post-development) visions of social, labour, environmental and women's movements, the establishment politicians and economists who redesign the international financial system in coming months and years – no doubt with some leading South Africans having a say – would probably only confirm the tendency towards barbarism, into which so many societies seem to periodically degenerate under conditions of global capitalist crisis. ■

LESS IDEOLOGY, MORE COMMON-SENSE FINANCIAL GLOBALISATION AND THE CURRENCY CRISIS

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Executive Summary

- BOTH NET FOREIGN CAPITAL FLOWS AND FOREIGN DIRECT INVESTMENT (FDI) INCREASED DRAMATICALLY IN THE 1990S, INCLUDING FLOWS FROM DEVELOPED TO DEVELOPING COUNTRIES, ALTHOUGH THE FDI COMPONENT REMAINED SMALL FOR AFRICA.
- UNLIKE LATIN AMERICAN INVESTMENT IN THE 1980S, FLOWS IN THE 1990S TOOK PLACE UNDER CONDITIONS OF MACROECONOMIC STABILITY.
- THIS FLOW HAS BEEN FACILITATED BY THE ABOLITION OF CONTROLS ON CURRENT ACCOUNT TRANSACTIONS AND THE GRADUAL MOVE TO CAPITAL CONVERTIBILITY, SOMETIMES UNDERTAKEN VOLUNTARILY AND SOMETIMES AS A REQUIREMENT OF STRUCTURAL ADJUSTMENT PROGRAMMES.
- TWO MOVES MAY FURTHER FACILITATE THESE FLOWS: THE IMF'S PROPOSAL TO REQUIRE ALL MEMBER GOVERNMENTS TO REMOVE CAPITAL CONTROLS, AND THE OECD'S MULTILATERAL AGREEMENT ON INVESTMENT WHICH WOULD REPLACE ALL EXISTING BILATERAL INVESTMENT AGREEMENTS WITH ONE GLOBAL AGREEMENT.
- THIS INCREASE IN CAPITAL FLOWS REFLECTS THE GROWTH IN BOTH THE NUMBER AND FORMS OF NEW FINANCIAL INSTRUMENTS, INCLUDING "HEDGE FUNDS".
- HEDGE FUNDS, SPECIALISING IN HIGH-RISK, SHORT-TERM SPECULATION FOR THE ULTRA-RICH, HAVE MORE THAN DOUBLED IN NUMBER AND ASSETS SINCE 1980. PERFORMING WELL REGARDLESS OF THE DIRECTION OF MARKETS, THEY BORROW MONEY TO SELL SECURITIES THAT THEY DO NOT OWN IN ANTICIPATION OF PRICE FALLS.
- GLOBAL SPECULATION HAS INCREASED DRAMATICALLY IN RECENT YEARS, WITH LESS THAN 2% OF GLOBAL CURRENCY FLOWS FINANCING TRADE IN REAL GOODS AND SERVICES. HOW ALL THIS TRANSLATES TO EMERGING MARKETS IS NOT CLEAR.
- ALTHOUGH SOUTH AFRICA STOOD OUT FAIRLY WELL AGAINST THE FIRST WAVE OF THE EMERGING MARKET CRISIS, UNCERTAINTIES ABOUT BOTH GLOBAL AND LOCAL CONDITIONS MADE IT RIPE FOR SPECULATION. THE FINANCIAL CRISIS HAS SEVERELY AFFECTED THE REAL SOUTH AFRICAN ECONOMY.
- DEBATES ON HOW TO AVOID A GLOBAL SLUMP CONTINUE ON THE LEFT AND THE RIGHT: WHETHER AFFECTED COUNTRIES SHOULD KEEP INTEREST RATES HIGH AND DEFEND THEIR CURRENCIES OR DROP THEM TO PROMOTE REAL GROWTH; WHETHER TO RESTRICT THE FLOW OF FOREIGN CAPITAL THROUGH SPECIAL EXCHANGE TAXES AND EXCHANGE CONTROLS, OR TO KEEP THE FLOW OPEN.

THE GLOBALISATION OF FINANCIAL relations has been proceeding apace for well over a century already. However, the depth, reach, speed and core character of financial flows across national boundaries has altered dramatically in the closing decades of the mil-

lennium. The most obvious evidence for this has been the growth in net foreign capital flows. Growth in capital flows has occurred among industrialised countries between industrialised and developing (transitional or emerging) economies (DTEs); and to some extent even

among developing countries in so-called South-South investment relations (Padayachee and Valodia, 1997). Capital flows to DTEs in particular have changed significantly since the 1970s, and given the current crisis in these markets, it is these developments that are worth some additional commentary.

During the 1970s, net capital flows to DTEs were low in dollar terms and as a percentage of combined GDP – \$16 billion annually and 0.8% respectively. This rose only marginally in the 1980s, averaging 1.1% of GDP. In addition, in both these decades FDI flows to DTEs were extremely low.

This picture changed markedly in the 1990s. Net capital flows to these countries more than doubled from \$71 billion in 1990 to \$157 billion in 1991, rising to R200 billion in 1996. Within this, FDI flows increased rapidly, from 0.3% of DTE GDP in 1990 to 1.6% in 1996.

The largest share of these flows in the early 1990s went to Asia and Latin America, and later to the transition economies in eastern Europe and elsewhere. Net flows to Africa have been sluggish in this period, and the ratio of FDI to total flows for Africa declined between 1990 and 1996 (Knight, 1998:1187).

Unlike the financial crisis in Latin America in the 1980s, where most foreign borrowings were made by governments in conditions of macroeconomic instability, most foreign capital flows to Asia in the 1990s were undertaken by the private sector in conditions of macroeconomic stability, i.e. when the 'fundamentals were right'. Economic growth was high, inflation was low, budget surpluses (or low deficits), and rising (or stable) reserves were the order of the day (Wade and Veneroso, 1998:4).

If there was a problem with these countries' economies it was that the regulation of their domestic banking and financial systems in some cases did not develop sufficiently quickly to accommodate the consequences of rapid capital inflows. To this must be added a related problem originating on the political side – what Krugman has recently called the "dark underside" to Asian values – where, for example "dubious investments...were cheerfully funded by local banks, as long as the borrower had the right government

connections" (Krugman, 1998:28).

The acceleration in the flows of foreign capital to the DTEs has been facilitated by a number of important developments. These changes, including the abolition of controls on current account transactions and the gradual move to capital convertibility have contributed to the lowering of domestic barriers to foreign capital of all kinds.

While these policy changes have been undertaken voluntarily by some DTEs, they have been forced upon others as part of IMF or World Bank adjustment programmes.

Knight has observed that "[o]ver the 45 years to 1990, a total of 68 IMF member countries, including 35 developing countries, accepted the obligations of Article VIII of the IMF's Articles. By contrast, during the period 1991-96, 52 DTEs accepted Article VIII," (1998:1187). Article VIII requires a member to refrain from imposing any restrictions on payments for external current account transactions.

The removal of these barriers on current account payments has, in some DTEs, also been accompanied by liberalisation on capital account transactions, either as a deliberate policy change or, given the difficulties of distinguishing between some current and capital transactions, by default.

Two initiatives that are currently under discussion might further open up global financial markets. The first is the IMF's attempt (despite the crisis in Asia) to amend its Articles of Agreement to require all members governments to remove capital controls and adopt full capital account convertibility.

Secondly, the OECD, despite some resistance, is pushing ahead with negotiations on the Multilateral Agreement on Investment (MAI) from which negotiations developing countries are excluded. MAI aims to replace all existing bilateral investment agreements (some 1500 by one estimation) with one global agreement. The intention is to liberalise all direct foreign invest-

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ment restrictions, in this way ruling out the scope for government intervention to direct or proscribe certain kinds of foreign investment, as some developmental states have done (Wade and Veneroso, 1998:19).

The "spectacular" increase in capital flows to DTEs has also reflected important financial innovations within developed countries. One such set of innovations has been the terrifyingly dizzying growth in the number and forms of new financial instruments, assets, funds and traders. In one view, speculators, including those "mysterious" new financial vehicles called "hedge funds" are central to an understanding of why the crisis in emerging markets has been so deep, intense and widespread.

HEDGE FUNDS

There are now reputed to be about 4 000 hedge funds – more than double the number two years ago, specialising in high-risk, short-term speculation. The biggest of these is George Soros' Quantum Fund, which is said to have had more than \$11 billion in investor funds a few years ago. Total hedge fund assets have grown from under \$150 billion in 1996 to an estimated \$400 billion by mid-1998. Traditionally, they have been pitched at the super-rich, although some funds now require a minimum investment of (only!) \$250 000.

Their appeal is superior performance virtually regardless of the direction of markets. What they do (in essence) is to borrow money to place leveraged bets and sell securities that they do not own in anticipation of price falls. Leverage is key: a hedge fund with say, \$15 billion worth of investors money can lever up to \$150 billion of resources, giving it enormous clout (Khor, 1997). The industry is largely unregulated – both at national and international levels, and there are no signs that regulation is on the cards.

The growth of hedge funds has contributed to the rapid increase in the share of global finan-

cial flows that are speculative in nature (as against flows to finance trade). One indication of this is provided in the work of American Economics Professor, David Felix. In 1977, according to Felix, the annual value of world exports was \$1.3 trillion whilst annual global foreign exchange transactions were \$4.6 trillion. By 1995, world exports were \$4.8 trillion, but annual global forex volume had jumped to a staggering \$325 trillion. In other words, "only \$1.50 of every \$100 of foreign exchange movements was for financing trade in real goods and services", the rest being used for investment and speculative purposes.

Another indication of this trend is the rapid growth in daily global forex turnover in relation to global official forex reserves. In 1977 global forex reserves were \$266 billion and daily global forex turnover was only \$18 billion. By 1995, the value of daily forex dealings (\$1 300 billion) had exceeded world official forex reserves (\$1.202) (Khor, 1997).

Grilli and Roubini point out that "most of the turnover in the foreign exchange markets is generated by financial operations and a large part of these are of a speculative nature" (1993:107). These figures give some indication of how difficult it is for central banks to fight off sustained efforts by powerful speculators (who exercise control over a significant part of these flows) to influence the level of particular currencies.

Debate about the impact of speculative activity and hedge fund operations continues – while most point to their destabilising effect in the recent crisis, others have noted that their actions often simply speed up policy changes to correct economic imbalances and weaknesses which would have been inevitable.

Specifically in regard to their impact on exchange rates, Grilli and Roubini's empirical work demonstrates that, at least for those OECD countries studied, financial liberalisation and increased speculative activity may (by increasing uncertainty in markets) increase exchange rate volatility in the short-term, while "in the medium-long run an increase in the number of traders should thicken otherwise 'thin' markets and tend to reduce the volatility of exchange

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rates." (1993:107).

How all this translates to emerging markets is not clear. Most hedge fund activity occurs within markets in the developed nations. However, in the last few years, an environment of relatively low interest rates in the US and Europe and the perceived need to diversify portfolios led some fund managers to seek out higher (albeit riskier) yields in DTE bond and equity markets.

They have done so following careful and ongoing studies and monitoring of the underlying political and macroeconomic conditions in these DTEs. Their dealings have invariably been based on an estimation of the willingness and capacity of the governments and central banks in these countries to defend their currency, equity and bond markets. Their resultant activity has introduced some of the dynamics of developed country financial trading into (not always well-regulated) DTE financial markets.

CRISIS IN EMERGING MARKETS

Financial and currency crisis in its "present form" began in Mexico in December 1994, spread to Brazil in 1995, hit South Africa briefly in early 1996, and eastern Europe in early 1997. It reached some of the highly successful Asian developmental states only in the second half of 1997.

The contours of the Asian financial and currency crisis are likely to be familiar to most readers by now and will not be recounted here in any detail (see for example the Asian crisis website - <http://www.stern.nyu.edu/~nroubin/asia/asiashomepage.html>). A series of currency depreciations have swept over Thailand, the Phillipines, Malaysia, Indonesia and Singapore since the middle of 1997, sparking off a chain of events that have severely dented growth prospects in many of these economies.

Thus, for example, compared to America's worst post-war recession year - 1982 - when the economy shrank 2.1%, Indonesia's GDP is expected to fall by as much as 15.1% in 1998 (Krugman, 1998:28).

Initial attempts by governments and central banks in east Asia to shore up and defend one another's currencies proved unsuccessful.

Asian currency, equity and bond markets have all come under severe pressure in the year since then. The debate about the underlying cause of the crisis remain unsettled.

In general, it is argued that the cause of the crisis revolves around some combination of internal factors (instability in the logic of the Asian accumulation strategy, weaknesses in the banking and regulatory system, the impact of 'crony' capitalism etc.) and global developments (rampant financial liberalisation, the power of speculators, the absence of any effective international financial regulation and leadership).

South Africa stood out fairly well against the first wave of the emerging markets crisis, but a combination of factors, including the threat of global deflation (which would not have been good for a major commodity exporter like South Africa); some negative sentiment about the performance, and fundamentals, of the local economy; and concerns in some quarters that the South African Reserve Bank did not put up interest rates quickly enough (a view expressed recently by Jeffrey Dennis of Deutsche Morgan Grenfell), paved the way for an attack on local bond and currency markets.

The largely externally-generated uncertainties in this period created a space into which some speculators and hedge fund operators were quick to jump. Believing (incorrectly as it turned out) that the Reserve Bank would not be able to let interest rates rise in line with market conditions, that it may not use (scarce) foreign reserves to support "orderly conditions in the foreign exchange market", and that it would not provide forward cover to South African importers and other users of short-term foreign finance, these speculators took positions against the rand, leading to increased pressure on the currency in late June and early July (SARB, 1998).

In short, after investing R16.3 billion in local bonds in the first 4 months of 1998, foreign

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investors reduced their bond holdings by R3 billion in May, R4 billion in June and by a further R5.4 billion in July. The exchange rate of the rand, measured on a trade-weighted basis against a basket of the currencies of South Africa's major trading partners, depreciated by 21.1% from 31 December 1997 to 18 August 1998. It is interesting to note that throughout most of this crisis, non-residents continued to increase their holding of South African equities (SARB, 1998).

Again, like in Asia, the financial crisis has severely affected the real South African economy. Interest rates were allowed to rise to protect the external value of the currency; by early July the prime rate (the rate at which commercial banks lend to their best customers) rose to a punishingly high 24%, the highest level in 10 years.

Estimates of the overall economic growth rate for 1998 have been scaled down, prompting some talk of a possible recession. Creating new jobs, even with a more competitive exchange rate, will be more difficult. And other key macroeconomic targets, as set out in the government's Growth, Employment and Redistribution Strategy (GEAR), will come under pressure.

To the crisis in Asia and South Africa must be added the more recent Russian currency and financial crisis and the crisis in many other (relatively sophisticated) markets including Australia, New Zealand and Norway. At the time of writing only major western-backed support appears to be holding up the Brazilian stock market. Are we on the outer edge of a global slump?

Even the Great Asian Slump, as Krugman has called it, "is already one for the record books. Never in the course of economic events – not even in the early years of the Depression – has so large a part of the world economy experienced so devastating a fall from grace. Latin America, once the world champion when it came to economic stability, has lost the title," (1998:27). Given all this one might rationally have expected quick and innovative responses

both by the community of academic economists and by policy makers at national and international levels.

"ACADEMIC" ALTERNATIVES

Many economists, including some like Stanley Fischer, Vice President of the IMF, and Lawrence Summers, the second in command at the US Treasury, have maintained that the way in which the Fund has responded to the Asian crisis is correct: lend IMF funds to affected countries to tide them over the crisis; demand (conventional) economic reform and the elimination of any elements of "crony capitalism" and require countries to stick with high interest rates to keep capital within the country and entice new funds in.

Some have attacked this strategy arguing that the IMF should not have allowed affected countries to devalue; that is, they should have defended currencies (through raising interest rates) at all costs. Others, including Harvard's Jeffrey Sachs have suggested that the IMF should have told countries to keep interest rates low so as to re-generate growth in the real economy.

Of course, this would not have done anything for the currency in the short-term, and supporters of this approach failed to say how low the currency should be allowed to fall before some defence (to ward off possible hyperinflation and bank failures) would be necessary.

There have been other proposals of a "soft-left" variety. In response to currency instability and financial speculation some economists have been taking another look at the so-called "Tobin Tax", first proposed by Nobel Laureate James Tobin in the 1970s (Bond, 1998). It is a small uniform tax on private foreign exchange transactions, that aims to act as a "disincentive against financial speculation, slow down the speed of global financial markets and roll back the volume of foreign exchange transactions," (Khor, 1997). A paper by David Felix supporting the Tobin tax was published in the *Unctad Review* of 1996.

Proponents of the view that some form of temporary control on capital can be a useful tool in the present context are prone to quote the

THE HONG KONG
AUTHORITIES REPUTEDLY
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TO BUY SELECTED
STOCKS ON THE HANG
SENG IN ORDER TO PROP
UP THE INDEX.

Chilean example. "Chile actively discourages short-term capital inflows" via various controls, including by requiring that 30% of all non-equity capital entering the country must be deposited without interest at the central bank for a year (*Economist*, 14 March 1998).

Howard Wachtel, an economist at the American University in Washington DC, has advocated a strategy for G8 countries to co-ordinate interest rates and exchange rates in a way which "would act as a foundation stone to stabilise all other volatile currencies in the absence of the global fixed exchange rate system..." (Bond, 1998).

Paul Krugman has proposed what he himself has termed a "radical solution" – the (temporary) introduction of exchange controls, which would allow for a severing of the "automatic" link between a currency and the domestic interest rate. Although he is the first to recognise that exchange controls work badly, being subject to abuse and generating distortions of all kinds, he asks "...when you face the kind of disaster now occurring in Asia, the question has to be: badly compared with what?" (1998:32).

POLICY RESPONSES

Some of these ideas, such as those advocated by Krugman, have been taken up by a few of the most affected Asian countries in recent months. Malaysia's is arguably the most radical. The package of wide-ranging controls over foreign exchange and new rules for the stock market include:

- the official fixing of the ringgit at 3.80 to the dollar, which is intended to reduce the role of market forces in determining the value of the currency on a day-to-day basis;
- central bank approval for all conversion of ringgits into foreign currency;
- a ban on trading in ringgit instruments by offshore banks; and
- a measure that non-residents purchasing local shares have to retain within the country the shares or the proceeds from their sale for a year from purchase date.

Krugman published an open letter to the Malaysian Prime Minister stating that he "fervently" hoped that the policy package would pay off (Khor, 1998). Although it is too early to say whether there will be success, the London-based rating agency, Fitch IBCA, immediately downgraded Malaysia's sovereign debt rating, arguing that the measures "undermined investor confidence" (Business Report, 1998), demonstrating one potential danger of such unilateral action.

Other countries have followed, including "free-market champions" Hong Kong and Taiwan. The Hong Kong authorities reputedly spent over \$14 billion to buy selected stocks on the Hang Seng in order to prop up the index in an attempt to defeat speculators who had placed bets that the index would fall. It also introduced a variety of other direct measures on share transactions (among them, that shares in a company can only be sold short when they are rising).

Taiwan authorities in early September took steps to prevent illegal trading of funds allegedly managed by George Soros, which have been blamed for the stock market fall in that country (Khor, 1998). In mid-September the new Russian Prime Minister announced a series of measures that would re-assert greater state control over that battered economy.

UNORTHODOX SOLUTIONS

All in all, what may be termed rather unorthodox measures are being proposed (including by "establishment" economists) and implemented in a number of countries in Asia and elsewhere. It is not without some significance that leading global institutions, like the IMF, appear to be watching these developments with some interest.

Although predictably warning that capital controls could be abused and circumvented, the IMF's Asia-Pacific Director, Hubert Neiss, added that short-term capital controls might need to be adopted to avert the kind of contagion problems experienced among Asian economies over the last year.

International financial (and political) leader-

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ship is called for that would drive towards greater global financial co-ordination, debate new institutional arrangements and rules governing capital flows, and encourage diversity in approach in matters affecting currency, bond and stock markets.

At the very least, innovative ideas are

required quickly on the appropriate institutional form for regulating speculative activity and on the rules and mechanisms for encouraging speculators to disclose their positions. Will this kind of initiative come from the October IMF/World Bank/G22 meetings in Washington DC? ■

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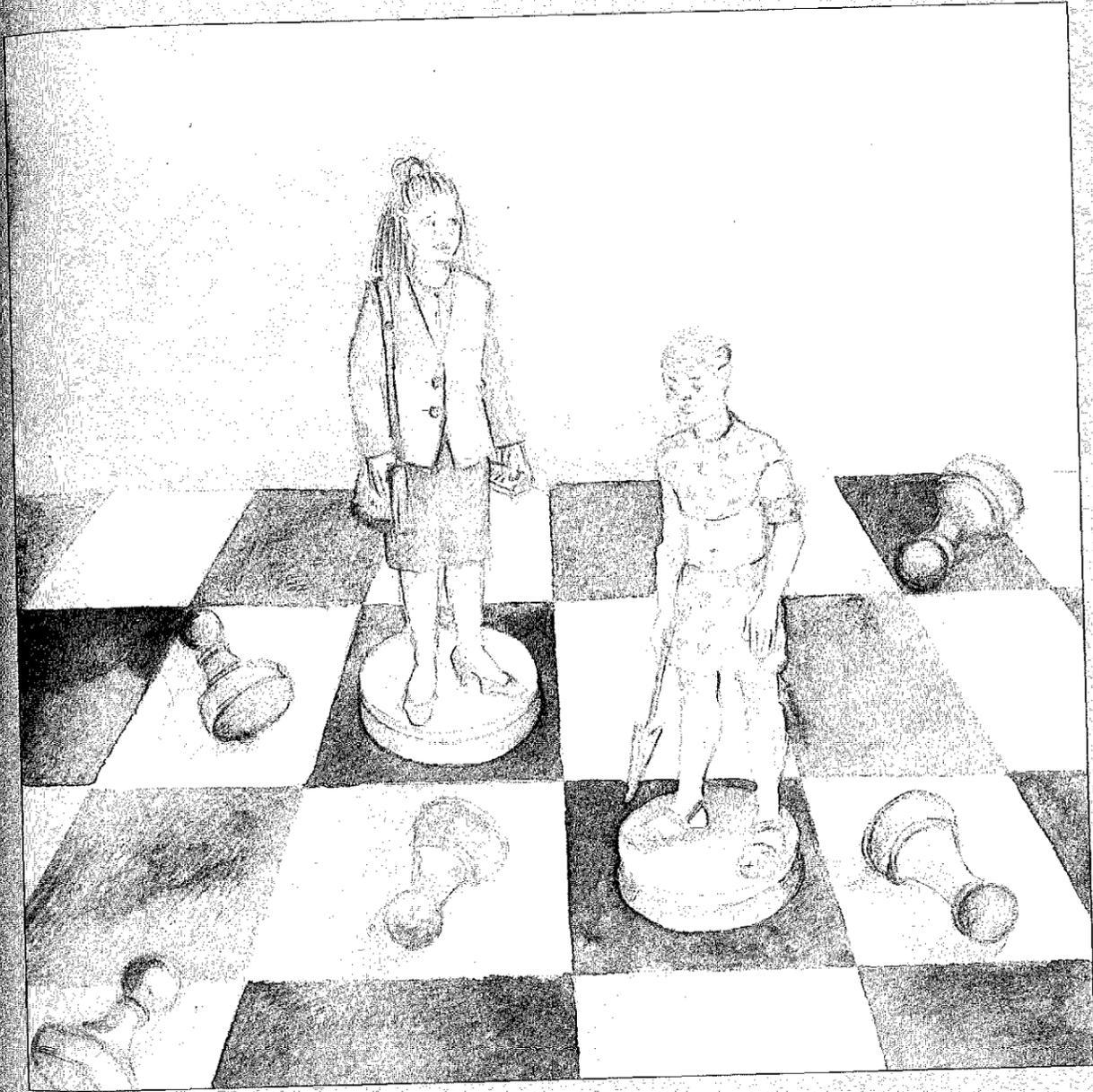


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M O N I T O R



IS HEALTH AN ETHNIC ISSUE?

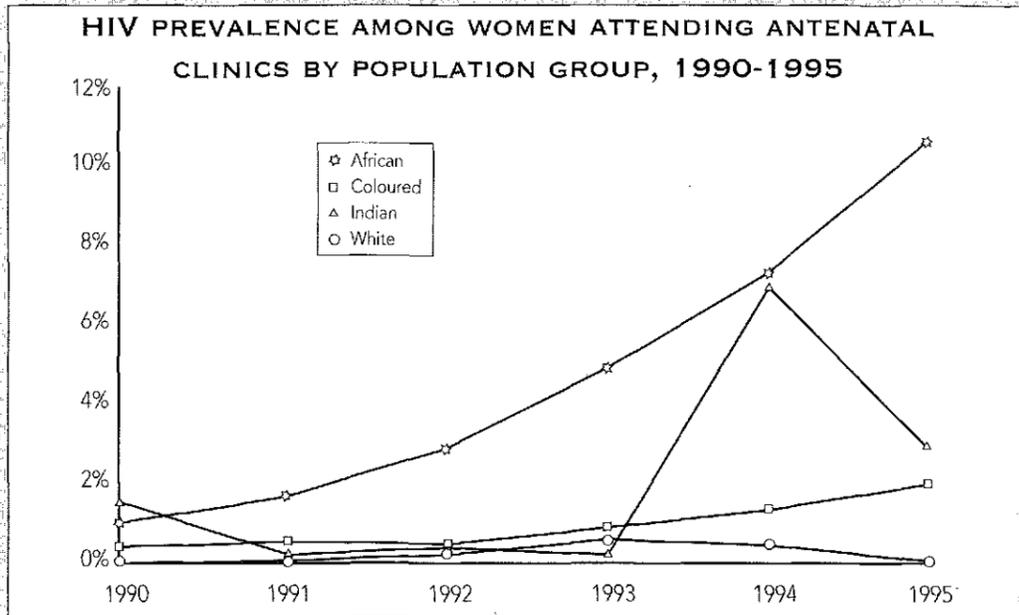
AIDS FIRST 57

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HEALTH CUTS 67

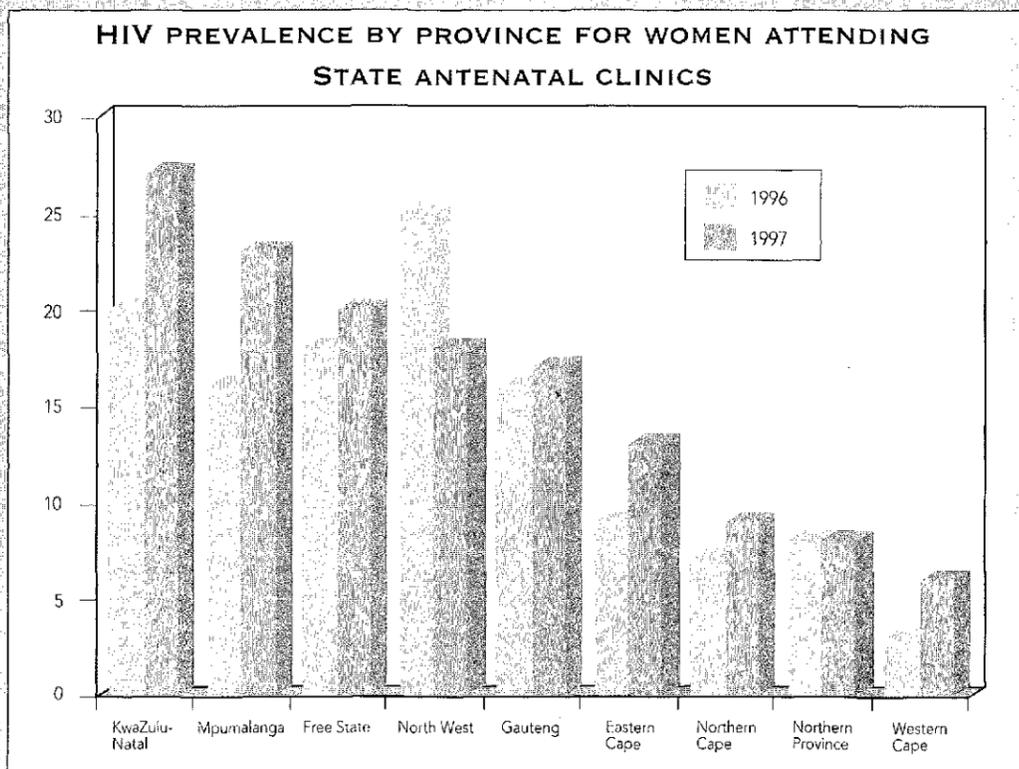
AMAKHOSI RULE, OK? 74

DEVELOPMENT
I N D I C A T O R



Source: Department of Health, Budlender, CSS, 1998

WHILE DATA MAY BE SKEWED BY IMBALANCES IN THE SAMPLE (SUCH AS THE SPIKE IN 1994 AMONG INDIAN WOMEN) MOST INDICATORS SHOW HIV DISPROPORTIONATELY IMPACTING THE BLACK COMMUNITY.



Source: Department of Health, 1998

THE HUGE VARIATIONS BETWEEN PROVINCES ARE ATTRIBUTED TO TRANSPORTATION ISSUES, BUT REMAIN SOMETHING OF A MYSTERY. THE APPARENT DROP IN THE NORTH WEST BETWEEN 1996 AND 1997 IS ALSO DUE TO A DATA ERROR.

AIDS AND DEVELOPMENT

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ASSESSING THE PRESENT IMPACT OF AIDS STRICTLY IN TERMS OF ECONOMICS CAN BE MISLEADING – WHILE MANY OF THE EFFECTS WILL BE DEVASTATING IN THE LONG-TERM, SOME SHORT TERM INDICATORS MIGHT EVEN IMPROVE.

THE RAPID DECLINE OF LIFE EXPECTANCY ON THE CONTINENT HAS LED TO A PRECIPITOUS DROP IN THE HUMAN DEVELOPMENT INDEX, WITHOUT CORRESPONDINGLY DRAMATIC CHANGES IN LIVING CONDITIONS.

SOUTH AFRICA NEEDS TO PLAN FOR THE CARE OF A GENERATION OF MILLIONS OF AIDS ORPHANS. KWAZULU-NATAL ALONE WILL HAVE TO FACE THE LEGACY OF 350 000 ORPHANS IN TWO YEARS, AND

800 000 ORPHANS BY THE YEAR 2010. CATERING FOR JUST HALF OF THE ORPHANED CHILDREN THROUGH FOSTER CARE GRANTS WOULD ADD R1.4 BILLION TO THE PROVINCIAL WELFARE BUDGET BY 2010.

- DEVELOPMENT EFFORTS MAY ACTUALLY SPEED THE SPREAD OF THE DISEASE. THE ROLE TRANSPORTATION CORRIDORS PLAY IN THE TRANSMISSION OF HIV HAS BEEN WELL DOCUMENTED. THE LUBOMBO SDI IS PLANNED TO RUN THROUGH SOME OF THE POOREST AREAS OF THREE COUNTRIES, AND MAY BRING DEVASTATION RATHER THAN DEVELOPMENT IN ITS WAKE IF PRECAUTIONS ARE NOT TAKEN.

Executive Summary

HIV/AIDS IS A PRIORITY DEVELOPMENT issue. The disease disproportionately impacts on the poor, both in terms of higher infection rates and the effects of infection on household and community economies. Breadwinners are only now beginning to succumb to the disease in significant numbers, and South Africa must make immediate provision for their offspring – a generation of millions of orphans, a third of which will themselves be infected.

Planners must also take the virus into consideration when initiating development projects. The Lubombo Spatial Development Initiative (SDI) may become more than a road to riches; it may also become a conduit for HIV transmission. Transportation corridors, especially those connecting poor rural areas with urban centres, have been shown to facilitate the spread of the illness.

Assessing the present impact of AIDS strictly in terms of economics can be misleading. At the micro or household level, illness or death can be expected to result in the expenditure of scarce reserves, and the loss of an adult member can mean less income. A World Bank (1996) study on the impact of adult death indicates that afflicted households tend to reduce investment in the future. For example, children, especially females, are often withdrawn from school when primary breadwinners die.

At middle levels – firms and production units – there is evidence to suggest that business find ways of coping with the increased morbidity and mortality. In fact in South Africa, the negative impact of “right-sizing” may be diminished by the natural attrition of workers due to AIDS-related death.

At the level of national economics, the

impact of AIDS is not yet obvious. Models suggest that the rate of growth may slow down, but in certain circumstances per capita income (the total wealth of the country divided by the number of people) may actually rise due to a decline in the population. This would suggest that, in order to see the impact of AIDS, we will have to look beyond the world of economics per se.

THE HDI

The Human Development Index is a composite of three indicators: a long and healthy life, knowledge, and a decent standard of living. Longevity is measured by life expectancy at birth; education attainment is measured by a combination of adult literacy (two-thirds weight) and combined primary, secondary and tertiary enrollment ratios (one-third weight); and standard of living is measured by the real GDP per capita, adjusted for purchasing power parity.

AIDS will have an impact on the HDI because it increases mortality. The World Population Profile (US Bureau of Census, 1998) shows this trend. Early projections from the Bureau about the AIDS epidemic were regarded as being overly pessimistic. It is now beginning to seem that they were merely realistic.

The 1998 figures make for bleak reading. The Bureau looks at demographic indicators for a number of African, Asian and South American countries. The assessment is done for 1998 and

projected to the year 2010. The indicators are calculated for the world with and without AIDS giving a clear picture of what the disease is presently doing and what it will do in the future. As might be expected, Africa is, and will continue to be, the area worst hit.

The data for eight of the worst affected countries are shown in Table 1, and the implications are startling. The loss of 25.7 years life expectancy in Zimbabwe and 1.4% population growth will have a very significant impact on the population, the society, and the economy.

A similar pattern is found through the countries of Central and Southern Africa. Even South Africa, which six years ago had prevalence levels in single figures, today is predicted to have lost nearly 10 years in life expectancy.

What this table does not show is that in many African countries, HIV continues to spread and, given that the AIDS cases take five to six years to develop, the situation in terms of demographic indicators is certain to get very much worse.

The impact on child mortality may also be marked. Children born to infected mothers have a 33% chance of being infected. Most of those infected will die before their fifth birthday. Unfortunately almost all will be orphaned – and the mortality rates among orphans are higher than among children with parents. These data are presented in Table 2.

TABLE 1. LIFE EXPECTANCY AND POPULATION GROWTH 1998

	Life Expectancy		Years Lost	Growth Rates	
	Without AIDS	With AIDS		Without AIDS	With AIDS
Zimbabwe	64.9	39.2	25.7	2.5	1.1
Namibia	65.3	41.5	23.8	2.9	1.6
Botswana	61.5	40.1	21.4	2.4	1.1
Swaziland	58.1	38.5	19.6	3.2	2.0
Zambia	56.2	37.1	19.1	3.3	2.1
Kenya	65.6	47.6	18.0	2.5	1.7
Malawi	51.1	36.6	14.5	2.7	1.7
South Africa	65.4	55.7	9.7	3.2	2.0

Source: US Bureau of Census, 1997; Human Development Report, 1996, 1997

The change in HDI rankings between 1996 and 1997 for four African countries are shown in Table 3. Changes like that seen in Botswana, where life expectancy fell from 66 to 52 years and the country from 71st place in the world HDI rankings to 97th, call the validity of this indicator into question in an AIDS afflicted world. On the basis of the effect of life expectancy on this indicator many African countries seem to have suffered a serious setback in development and have slipped down the global rankings.

AIDS ORPHANS

An AIDS orphan is defined as a person of 15 years or younger whose mother has died of an HIV-related illness. Only one third of all children born to HIV-positive mothers will be infected, but all children born to HIV-positive parents are doomed to orphanhood.

When AIDS mortality peaks in South Africa in 2004, 130 000 people will be dying each year. By 2016, the cumulative deaths from AIDS in KwaZulu-Natal alone will exceed two million people. KwaZulu-Natal will have to face the legacy of 350 000 orphans in two years, and 800 000 orphans by the year 2010. Catering for just half of the orphaned children through foster care grants would add R1.4 billion to the provincial welfare budget by 2010.

How will we care for these children? While the best environment to raise a child is within a family, this may not always be feasible. Other models include community or neighbourhood-based structures, and enterprise-centred "kibbutz" type collectives for women and children. Institutional care should be considered only as a last resort, as the associated costs are prohibitive.

AIDS will undermine the willingness of communities to absorb orphaned children. Dr Neil McKerrow's study (1996) showed that this willingness is conditioned by the relationship between the orphan and the care-giver.

TABLE 2. CHILD MORTALITY WITH AND WITHOUT AIDS

	1998		2010	
	Without AIDS	With AIDS	Without AIDS	With AIDS
Zimbabwe	50.5	123.4	31.8	115.6
Namibia	62.1	125.5	37.5	118.8
Botswana	57.4	121.1	38.3	119.5
Swaziland	83.8	103.4	77.5	152.2
Zambia	125.7	181.2	96.9	160.7
Kenya	64.9	107.0	45.4	105.2
Malawi	190.3	231.6	136.0	202.6
South Africa	69.7	95.5	48.5	99.5

Source: Human Development Report, 1997

TABLE 3. CHANGES IN THE HDI

	Rank	
	1997	1996
Botswana	97	71
Zambia	143	136
Zimbabwe	129	124
Togo	147	140

TABLE 4: COMMUNITY ASSISTANCE

Willing to care for orphans generally	62.1
Willing to care for orphans with support	78
Willing to care for AIDS orphans:	
Related	73.5
Known	49.5
Stranger	42.3

Source: McKerrow, 1996

South African communities have reported a very high level of financial stress. Extended family structures are being eroded by migration and urbanisation. Households with HIV/AIDS typically spend a full year's income meeting treatment and funeral costs. If the extended family is the preferred safety-net for orphan care, then steps must be taken to ensure house-

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ORPHANS.

hold resources are not over-burdened. Families are more willing to care for orphans if some form of support is offered: free education, free health care, or food supplements.

Support is needed to ensure that caregivers will be available to assist the sick and the orphaned. Most models of care assume that women will undertake caring roles, women who are already carrying the bulk of the household burden. The additional needs of the victims of AIDS will impact on their ability to engage in other productive and income-generating activities.

The stress of care-giving on women can be relieved if they are given access to economic resources: arranging access to soft credit, and stimulating income-generating activities would help families to overcome the financial setbacks suffered when a member falls sick with or dies of HIV. Community education centres, piped water, and community gardens help by reducing the strains on women's time and labour. Labour demands on women and girls can be reduced by the development of community-based crèches, or extending piped water or electrification to villages.

Aid to community structures will also be required. Communities are best positioned to identify the needy and vulnerable within themselves. Strengthening community-based organisations strengthens a community's ability to develop and implement programmes for the infected and the affected. The success of these programmes will hinge on understanding community dynamics, and investing communities with a sense of ownership in programmes. In many areas, communities have joined together to support and assist families and children affected by HIV/AIDS. With no external assistance, some communities have devised identification and assistance programmes to help needy families.

In the absence of a mother, the health status of a small child is terribly compromised. Training community health workers is an important intervention: in this way small children being cared for by older siblings can be

properly monitored for malnutrition, childhood diseases and immunisations. The health risks to orphaned children can be minimised by developing home-based health services, supporting child nutrition programmes, extending immunisation programmes, and targeting vulnerable children with HIV prevention programmes.

Orphans are also vulnerable to human rights abuses. On the death of a father, many orphans and widows may find themselves the victims of "property grabbing". The absence of a will to document the transfer of property serves only to weaken the survivors' claims.

Property-grabbing can be reduced by protecting the property and inheritance rights of women and children. Extending legal services to communities and educating communities about inheritance rights are important interventions. Child-headed households will soon be a familiar sight, and the children of these households will stand a better chance of survival if they can retain their rightful inheritance. Resistance to will-making can be addressed through burial societies, which are common features of the South African landscape.

Without a home, mass migration into urban centres to look for work will be the only option for many orphans. Without the familial support structure, these children are vulnerable to many types of exploitation: being hired for sweatshop labour, forced into commercial sex work, co-opted into gangs. Girls are particularly at risk as they are preferred for domestic labour and sex.

Finally, current procedures for adoption and fostering will create problems for placing the huge numbers of orphans in five to 10 years time. These procedures need to be reviewed.

THE LUBOMBO SDI

The new Lubombo SDI has been heralded as the key to unlocking investment potential, by promoting trade, communication, and development in the region. The objective of the SDI is to stimulate internationally competitive tourism and agricultural industries. It is anticipated that the project, which is driven by private sector investment, will have beneficial spin-off effects for the surrounding communities.

The Lubombo region is broadly defined as

eastern Swaziland, the southern part of Mozambique's Maputo province, and the north-eastern areas of KwaZulu-Natal. The SDI will impact on the lives of more than 600 000 people in the three regions. Whether the impact of the Lubombo SDI will be entirely beneficial to the people of the region is questionable.

The Lubombo region has a history of destabilisation and conflict. The people who live there do so under conditions of great hardship and poverty. There is a well-documented correlation between poverty and the spread of HIV. The four main areas of concern are construction workers, transport workers, commercial sex workers, and tourists. These four groups of people must be appropriately targeted to reduce the spread of HIV and the impact of AIDS in the region. If they are not, it is fair to say that the region is sitting on a potential time bomb.

Officials from the Departments of Health in the three countries and the Medical Research Council are currently developing a health protocol to manage malaria. There is an agreement at ministerial level to expand the existing Malaria Control Programme into Mozambique. HIV/AIDS issues are broadly built into the health protocol but are not the policy's main focus. The protocol will enable the development of regional programmes to intervene on more focused health issues. There is talk of making AIDS information and condoms available at border posts but targeting of the four groups needs to be considered as an essential part of any AIDS intervention programme.

In a survey conducted with 213 long distance truck drivers, 35% were found to have had more than one partner in the week prior to the interview. 74% had heard of AIDS and how to protect themselves, but it was not clear that safe sex was being practiced. Construction work and transport work have the potential to open up flourishing sex work industries along major

road networks. The relative wealth of these workers, added to the relative poverty of the communities located along major transport routes, enables the purchase of sexual partners. Commercial sex work becomes a steady source of income for poor rural women who are otherwise unable to provide for their families. Space Construction, who are undertaking the construction work on Phase One, are targeting their workers by offering generic courses on AIDS and other issues through Mduku clinic.

Phase One of the SDI is already under construction from Hluhluwe to Mkuzi. Phases Two, Three and Four will be launched next year. It is not too late to take action. The provincial Department of Health recently launched the female condom pilot project in KZN. This project needs to be extended to reach women in those communities that will be impacted on by the Lubombo SDI, and the employers of construction and transport workers would be well-advised to cooperate with AIDS prevention initiatives and distribute condoms to their workers.

The urgency of the issue cannot be overstated. The Lubombo SDI has taken an innovative approach to environmental and other issues, and has expressed a willingness to work with organisations who have positive contributions to make to the development, but the issue of HIV/AIDS needs to be placed squarely on the agenda of the project office.

The Lubombo SDI has the potential to bring economic growth and development to three historically neglected regions and populations. However, the SDI also has the potential to seriously undermine the stated objectives of its planners who might just be building another AIDS highway. ■

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VIRGIN TESTING: ONE ANSWER TO THE AIDS EPIDEMIC?

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Executive Summary

- THOUSANDS OF YOUNG WOMEN AND GIRLS ARE BEING ATTRACTED TO A REVAMPED ZULU RITUAL – THEY ARE HAVING THEIR VIRGINITY PUBLICLY “TESTED”.
- THE PROCESS INVOLVES A GROUP VISUAL INSPECTION FOR HYMEN INTEGRITY, AFTER WHICH A CERTIFICATE IS AWARDED.
- WHILE WORKING IN A MAGISTRATE’S OFFICE, FOUNDER ANDILE GUMEDE NOTICED THAT MANY OF THE YOUNG WOMEN APPLYING FOR IDENTITY DOCUMENTS WERE UNABLE TO NAME THEIR FATHERS. CONCERNED WITH HIGH RATES OF HIV AND TEEN PREGNANCY, SHE DECIDED TO TAP INTO THE KNOWLEDGE OF OLDER WOMEN IN HER COMMUNITY, AND TO USE PRAISE AND TRADITION TO MOTIVATE CHANGES IN BEHAVIOUR.
- THIS RITUAL IS ALREADY STARTING TO IMPACT ON OTHER AREAS OF SUSTAINED TRADITION, SUCH AS LOBOLA.
- OPPONENTS TO THE PRACTICE POINT OUT THAT IT IS UNRELIABLE, THAT IT STIGMATISES VICTIMS OF SEXUAL ABUSE, AND THAT ITS PUBLIC NATURE UNDERMINES PRIVACY.
- GLOBALISATION CAN BE ENCOMPASSING OR MARGINALISING. IN SOCIETIES CAUGHT BETWEEN SUBSISTENCE AND CONSUMERISM, VIOLENCE AND IMPOSSIBLE PROMISES OF EQUALITY, THE FUTURE CAN SEEM INTOLERABLY CAPRICIOUS AND THE PAST MAY SEEM A BETTER SOURCE OF WISDOM.

A CROWD OF YOUNG GIRLS HAS been gathering since the sun rose over the Inanda Dam in the Valley of a Thousand Hills. Though Durban is hardly 30 kilometres distant, the valley seems a century away, but for the noise of an occasional car grinding up the dusty roads.

This is not the rural Zulu idyll of popular imagination. The area is very poor. Many of its inhabitants commute to meagre jobs in Durban and a very large number are unemployed. A few houses recall the shape of traditional beehive huts but most are rough constructions of cheap building materials.

The girls mill in small groups, dancing, singing, giggling. By mid-morning, busloads

more arrive and the singing becomes jubilant, sometimes competitive, as girls from different areas band together to perform spontaneously. Most are clothed in tiny multi-coloured beaded aprons that barely cover the pubic area. Necklaces of fine beadwork hang around and between their breasts.

Older women wearing intricate beadwork bodices and longer skirts start to marshal the girls – about 3,000 of them – to the middle of an uneven, unploughed field. The mood is quietly celebratory as the girls line up, three or four abreast, for the “hlola” – the test of their virginity.

Nomvula and Lungile jostle and nudge each other in the queue. It is a long wait. They are friends and have come with other classmates

DEVELOPMENT

M O N I T O R

from school in KwaMashu. Both hope to matriculate next year. These two teens have been to a virgin-testing ceremony before. Sometimes they join in the singing that combusts in the milling crowd.

One of the songs that everyone seems to know begins with the words, "It is early to sleep with a boy". Most of the girls are in their teens though some are much younger – six or seven years old – and there are a few women who look considerably older. Even two much older women – one of them 65 – have joined the queue.

As Nomvula and Lungile approach the front of the queue they are quiet, perhaps in the grip of a momentary trance. Then they lie on their backs on grass mats in the dust with their pudenda facing three older women who are kneeling on the ground. At first the girls seem unsure what to do, then hesitantly they part their legs and pull back their labia. One of the older women peers at each girl's vagina for signs that she is a virgin. The examination is confident and cursory. There is no digital probing, just a glance.

The women examiners have no medical qualifications but all claim that it is easy to tell a virgin if you have special knowledge and training. They say they look mainly for an intact hymen. To an onlooker there seems no distinctive visual signifier of virginity.

Their test over, Nomvula and Lungile are given a pat on the thigh, and motioned forward into a crowd of ululating friends and mothers (men and boys are not allowed on the field.) Another older woman daubs them on the forehead with a noxious-smelling white mixture resembling clay slip to show that they are virgins and they join another queue to receive a certificate authenticating their virginity.

ATTITUDES

Lungile says, "My mother will be happy." Nomvula, who wants to read physics and mathematics at university says, "It was nice but not very nice." They have pulled on knickers and Nike trainers after the test but are bare-breasted but for a few strings of beads. These are city girls, surprisingly at ease without much clothing.

They are uncomfortable talking about the ceremony and what it means to them though they are happy to chat about their school and friends. There is little sense of their having been through an ordeal, or of particular reverence for the occasion. Were it not for their ceremonial dress and the location, they could have been hanging out in the school playground during lunch break.

Observers of similar ceremonies have noted that the girls seem inarticulate about the experience of being tested for virginity. In rural areas, where customary practices have more currency, girls may still be constrained by norms which require them to be respectful of people older than themselves, to say little, and not to criticise.

ORIGINS

The reviver and organiser of the virgin-testing ceremony, Andile Gumede, is a handsome 29-year-old woman who wears her cell phone as easily as she does her beaded ceremonial clothes. She says, "We have to show girls that they are important. Boys don't respect girls. But we, the women, must heal the land and the boys must understand, if they don't respect girls, all the ancestors of these maidens are going to be on top of them."

Gumede says she first knew about the virginity ritual when, at seven, she saw her grandmother take her aunts to the back of the house in the early morning to examine their vaginas. She did not actually see what happened but was intrigued by the secrecy of the ritual, and the praise with which the girls were rewarded afterwards.

In 1993, she was working in the magistrate's office in a rural town in KwaZulu-Natal. One of her duties was to issue people with identity documents. She realised that most of the teenagers she talked to didn't have families in any conventional sense. They had mothers but

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didn't know their fathers or even their fathers' names and this made it difficult for her to issue them with identity documents.

"What I thought then," Gumede says, "was that we blacks have a problem. We have children, but we don't have families. We don't keep our virginity. We sleep around with anyone." She says, "It was the children who came to me. They asked, 'What can we do?'"

Gumede's status as adviser derived from her position in the magistrate's office but her response was not a bureaucratic one.

As far as Gumede is concerned, behaviour needs to be changed in order for there to be a moral revival. To be using contraception to avoid pregnancy is still to engage in immoral sexual behaviour. The way she sees it, praise is an essential ingredient. People will only change if there is value in it. Praise, she says, makes you value yourself, and then others respect you. But there must be some reason why praise is due.

Gumede then remembered her grandmother's ritual and the praise that was bestowed on her aunts for keeping their virginity. "We mustn't go for pills and injections," she says. "If you are using pills, no one can know if you are a virgin or not and no one can praise you. So I called together the grandmothers in the area. Four of them, whose grandchildren I had talked to, came to me. I said, I want to learn this thing, this way of looking for virginity."

In 1993 the grandmothers brought about 20 of their female grandchildren together and the virgin testing was revived in a new, public ceremonial form. It attracted the attention of a radio station and the subsequent phone-in response was such that within weeks, Gumede says, she and her cohorts were invited to villages around the province and to neighbouring provinces and countries, such as Swaziland, to revive the ceremony.

ANCESTORS AND AIDS

Today such ceremonies are held monthly around the province, attracting thousands of young girls. What has prompted this public ceremonial revival or, more accurately, re-invention, of a localised and much more private custom that has been in abeyance for years? To an extent it is driven by Gumede's energy, and conviction that the ancestors are driving her. "I can't leave them aside. If I am sleeping they come to me. They are angry because we have lost our customs."

Yet this is hardly sufficient to account for the widespread attendance at ceremonies, and embrace of forgotten, new and arcane rituals. Gumede herself points to the disruption of family life, poverty, and fear of violence, including sexual violence, that have caused people to search for new forms of safety and mediation.

She thinks that AIDS is also an important factor. "AIDS is very high among our youth," she says. "Men can have many girlfriends, but we believe that if you are a parent you can't

WHO IS NOMKHUBULWANE?

The primary female ancestor in Zulu cosmology is the Zulu goddess, Nomkhubulwane. She is female principle, immortal virgin, mother and protector of all Zulu girls and source of growth and creation. If she is not propitiated with customary obedience and due ceremony the land and people may be visited with violence, drought, conquest and disease.

At one level the virgin testing ceremony is aimed at re-instituting the rituals and behaviour that would unleash the benign, mediatory and creative forces of the goddess and the ancestors.

It is hard to gauge how many girls who submit themselves to virgin-testing actually know about or believe in Nomkhubulwane.

Since 1995, a yearly ceremony specifically dedicated to her has been revived by Gumede's friend, NomaGugu Ngobese and there is evidence that Nomkhubulwane's name and influence is spreading among young girls and women. Among older women, particularly those of ritual and ceremonial status, there is still knowledge and belief.

down with girls and explain to them about being a virgin. They are the people who can hold the land... who can heal us."

South Africa has the fastest-growing AIDS epidemic in the world. KwaZulu-Natal is the most afflicted province. In 1997, 27% of women attending antenatal clinics were HIV-positive. Recent data from a rural area in the north of the province show that fully 35% of women are HIV positive by the time they reach the age of 24.

According to Brian Williams, Director of the Epidemiology Research Unit, the virus probably entered South Africa from countries to the north through trucking routes that end in Durban, the largest city in KwaZulu-Natal.

In his view the containment of the AIDS epidemic in South Africa will depend on the extent to which local communities can be engaged and supported in their own efforts to deal with the epidemic. "The flaws in the mainstream educational and health programmes derive from the fact that they are often didactic and prescriptive and have very little to do with empowering those people who could influence behaviour in communities where AIDS is rife."

The actual test is of questionable validity. Dr Ron Ballard of the South African Institute for Medical Research says that "hymens can be perforated as a result of many activities other than sex. If a skilled observer reports that the hymen is intact that is quite reliable but if it appears that the hymen is not intact one can draw no conclusions."

A question frequently asked of Gumede, as of anyone waving an HIV negative certificate, is: how long does it last? The idea, says Gumede, is to encourage a culture of pride in virginity. She encourages girls to come to ceremonies once a month if they can but argues that the real revival of the custom will be its re-integration into household ritual such as performed by her grandmother. Public ritual, she insists, will be transformed into personal belief and commitment – a re-engagement with the ancestors.

MODERN RITUALS

As with many revived rituals there are modern accretions. The certificate is one. Gumede decided that the girls needed something to take

home and show to people so that they could be praised. The certificate has begun to find its way into the widespread custom of paying *lobola* in KwaZulu-Natal and other parts of South Africa.

Lobola, loosely translated as bride-wealth, is a sort of reverse dowry. Traditionally if a man wished to marry a woman he was required to present her family with a number of cattle. The number of cattle fluctuated as does any currency but a virgin generally commanded a higher price. Today *lobola* is often a cash payment though sometimes still related to the market price of cattle. There is some evidence that certificates from the virgin-testing ceremony are now being used in the bargaining process.

Another question frequently asked of Gumede is what happens to a girl if she is found, at the ceremony, not to be a virgin? "Oh this doesn't happen often," she says. "Girls who aren't virgins don't come to the ceremony. We do not force anyone to come and if we find someone who is not a virgin then we take them aside and talk to them quietly. It is the same when we see that a child has been abused or has something wrong like thrush."

Sindisiwe, a 22 year-old woman who is training to be a teacher, is concerned that virgin-testing is now being carried out at schools and in public places in towns. She watched a public ceremony held in a sports stadium in KwaMashu, a suburb of Durban. "There was no privacy," she says, "If this is meant to be something highly worthwhile, why make it so public and humiliating. There were boys on the higher ground at the edge of the stadium. They were giggling and saying things like, 'Can you stop the township boys?'"

Sindisiwe, and her friends who watched the ceremony with her, thought that the girls being tested were not from town. "Those were farm girls brought in," she says. "I think that the whole process is immoral and degrading of black society. We have various other rituals

RECENT DATA FROM A RURAL AREA IN THE NORTH OF THE PROVINCE SHOW THAT FULLY 35% OF WOMEN ARE HIV POSITIVE BY THE TIME THEY REACH THE AGE OF 24.

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OF UKUSOMA - SEX
WITHOUT PENETRATION.

which are acceptable like slaughtering cows for ancestors. But I see no real reason behind this. You can only solve problems like illegitimacy and sexual diseases through education not through traumatising these girls."

She adds that she thinks public virgin testing might have the effect of making the girls rebel and that she has heard of incidents of cheating, where mothers would get their friends to check their daughters so that the family would not be disgraced.

Sindisiwe's classmate, Xolile, is equally opposed to virgin-testing. She says, "They should leave the girls alone. It is embarrassing. What about those who were raped at a young age and didn't know they were being raped? It has to do with culture. They wait until a certain age before they tell you anything, before that nothing. That has been the way it has always been."

SEXUAL EXPOSURE

In Zulu there are words for women at each stage of their sexual development which convey meaning rather than object or organ. The words are not only descriptive and metaphorical but often symbolic. There is a word for girls who haven't reached puberty. Then one for those who have experienced the onset of menstruation but are without a boyfriend. Another for those who have boyfriends, and even a word for those who have boyfriends and some knowledge of sex.

"At this stage you must teach the younger ones," Gumede says. "You tell them, whatever you do, you cross your legs if you are with a boy. You must fight. If you are soft the man will open your legs."

A 22-year-old student, Xolile, explains that penetrative sex is only acceptable after marriage. "To keep our virginity was an important custom for the Zulu people. The girl was not allowed to sleep around until she reached a certain age. These girls are guided by the older

girls called *amaquikiza*. Whenever a girl needs advice concerning boys she goes to *amaquikiza*. The *amaquikiza* were to be informed when a girl fell in love and the boy had to be introduced to them. When a girl found a lover she was not supposed to allow sexual penetration but to do *ukusoma*. This custom seemed to lapse because there are few places which practise it."

Gumede agrees there is some acceptance among Zulu-speaking people of *ukusoma* - sex without penetration. A distinction between sexuality and fertility is recognised and there is tacit approval of sex which involves only the rubbing of the penis against or between the thighs. Reliable statistics are not available but anecdotal evidence is strong that teenage pregnancies in KwaZulu-Natal are on the increase, suggesting that this custom, which places the onus of restraint on the female, is declining.

When the first public virgin-testing ceremony took place five years ago, Gumede received many threats from young men. "They would say to me, 'You have taken all our bread. Now we are hungry.'" Only about 20 girls were tested the first time but there was much festivity, and radio publicity attracted threats from callers to phone-in programmes about the testing. Gumede says she still receives isolated threats but there is no organised resistance from men.

On the contrary, there is increasing conservative approval. Reggie Shelela, in his 20s, who delivered girls to the Inanda Dam ceremony in his minibus, comments, "This thing is so valuable you can't buy it. There is a lot of discipline and the girls are taught many important things here about how to behave." His words echo the patriarchal approval of the ceremony that has come from the Zulu king, Goodwill Zwelithini, and many of the province's chiefs.

Worldwide, revivals and re-inventions of ritual are hedge investments against uncertainty. Globalisation can be encompassing or marginalising. In societies caught between subsistence and consumerism, violence and impossible promises of equality, the future can seem intolerably capricious. Then the past may seem a better source of wisdom. ■

WHEN THE FIRST PUBLIC
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FROM YOUNG MEN.

CHALLENGE TO TRADITION MEDICAL COMPLICATIONS OF TRADITIONAL XHOSA CIRCUMCISION

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- THE XHOSA CIRCUMCISION RITUAL IS A TRADITIONAL RITE OF PASSAGE. TRADITIONALLY, ALL YOUNG MEN WERE REQUIRED TO UNDERGO THIS ORDEAL BEFORE THEY WERE ALLOWED TO MARRY, HAVE PROPERTY RIGHTS AND ATTEND AND SPEAK AT GATHERINGS OF MEN.
- ITS MODERN MANIFESTATION, HOWEVER, HAS BECOME PROBLEMATIC. THE EASTERN CAPE PROVINCIAL STATISTICS ON COMPLICATIONS RELATED TO THE RITUAL FOR THE PERIOD 1 OCTOBER 1994 TO 1 FEBRUARY 1995 INCLUDE 743 HOSPITAL ADMISSIONS, 34 DEATHS AND 36 PENILE MUTILATIONS.
- THE CEREMONY WAS FORMERLY PERFORMED BY ELDERS BUT NOW IS INCREASINGLY BEING TAKEN UP BY YOUNGER MEN, SOME OF WHOM DO NOT UNDERSTAND THE PROPER DRESSING TECHNIQUE AND ARE NEGLIGENT IN THE AREA OF CLEANLINESS. EXCESSIVE DEHYDRATION IS ANOTHER COMPLICATING FACTOR.
- WHILE PREVIOUSLY THE CEREMONY HAD BEEN AIMED

AT INTRODUCING YOUNG XHOSAS TO THEIR CULTURAL ROLES AS MEN, IT HAS TAKEN ON OVERTONES OF MACHISMO AND ETHNIC PRIDE. SINCE ENDURING PAIN AND DANGER ARE PART OF THE TEST, INTERVENTIONS TO PROMOTE SAFETY ARE DIFFICULT.

- IN ORDER TO ENFORCE THE NEW CONCEPTION OF THE RITUAL AS A TEST OF MANHOOD, INITIATES WHO SEEK OUT MEDICAL HELP ARE SCORNEED AND OTHERWISE VICTIMISED. THIS ATTITUDE HAS DELAYED THE RECEIPT OF MEDICAL ATTENTION IN CASES WHERE IMMEDIATE INTERVENTION COULD HAVE MINIMISED THE DAMAGE.
- DESPITE THESE DANGERS, THERE IS STILL WIDESPREAD SUPPORT FOR THE CEREMONY, AND IN SOME AREAS CULTURALLY-SENSITIVE INTERVENTIONS HAVE BEEN SUCCESSFUL. THERE HAS BEEN RESISTANCE TO INTERVENTIONS, HOWEVER, BY BOTH THE YOUNG MEN AND TRADITIONAL LEADERS.

Executive Summary

MANHOOD INITIATION RITES involving circumcision are widely practised in the Eastern Cape by Xhosa-speaking people. In recent years there has been extensive coverage in the media regarding deaths, injuries and penile mutilations that have occurred as a result of these rites. The majority of this morbidity and mortality is associated with gangrenous and septic complications at the circumcision wound, as well as the practice of fluid restriction.

This situation has led to growing concern on the part of local communities, civic organisa-

tions, health-care workers and the Eastern Cape Health Department. Intervention strategies have and are being implemented and legislation is being drafted to address the issue.

THE INITIATION RITE

The ritual serves as an initiation from boyhood ("ubukhwenkwe") to manhood ("ubudoda") and involves a group of initiates undergoing a period of seclusion "in the bush" together. It was traditionally regarded as an educational process where initiates were taught about

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courtship, negotiating marriage, social responsibilities and conduct. The ritual is widely practised in the Eastern, Western and Northern Cape among Xhosa speakers and interviewees told of its practice being ubiquitous in their communities. There were anecdotes of elderly men being forced to undergo the rite when it was found that they were uncircumcised.

Nowadays the majority undergo the ritual between the ages of 15 and 25 years, usually during the summer months. On the first day of entering the bush the initiates are circumcised by an "ingcibi" (traditional surgeon) using an "umdlanga" (spear). Thereafter wound care is supervised by the "ikhankatha" (traditional attendant) who is charged with supervising the initiate as well as nursing the wound. The wound is dressed with leaves held in place by a tightly applied sheep's hide thong.

The seclusion period in the initiation lodge lasts three to four weeks. Various taboos and dress codes apply. During the first eight days the initiates are confined to their "iboma" (temporary dwelling) and subject to dietary and fluid restrictions. The care of the wound is intensive with frequent dressing changes, quoted from between every 15 minutes to twice a day. As it heals this is done less frequently. The seclusion period also involves instruction from the "ikhankatha" and elders regarding what is expected of the initiates as men in Xhosa society.

Only after undergoing the rite is the individual regarded as man in Xhosa society. Only then can he marry, have property rights and attend and speak at gatherings of men. Obviously, the rite has been transformed in terms of form and function in the urban setting and some of these changes will be alluded to below.

THE PROBLEM

The problem is characterised by a lack of reliable statistics. One accurate assessment was the Eastern Cape provincial statistics (including four of the five regions of the province) on com-

plications for the period 1 October 1994 to 1 February 1995 (covering one summer "circumcision season") which were as follows: 743 hospital admissions, 34 deaths and 36 penile mutilations. Since then there has been a reduction in the problem according to health workers but no more recent comprehensive provincial statistics are available.

There are also medical statistical sources. Crowley and Kesner (1990) reported on 45 youths admitted to CMH with a diagnosis of "septic circumcision" from December 1988 to January 1989. They reported a mortality rate of 9%. For the period 1 January 1991 to 30 June 1993, hospital records show 222 initiates were admitted to CMH for complications of circumcision. Eleven of these patients died. Shaw estimates that 10% to 14% of initiates going to the bush in the Queenstown area developed complications.

It has been observed by members of the CMH Circumcision Task Team that complications tend to be higher in urban and peri-urban areas and that the problem occurs in geographical clusters. This phenomenon is thought to be related to particular social dynamics, practices and practitioners operating in these areas. Many older interviewees claimed that the practice had fewer complications in the past. This assertion was supported by a review of early medical and ethnographic literature which shows scant documentation of such a problem.

MEDICAL FACTORS

The most common causes of local complications are ischaemia (starvation of blood supply) and bacterial infection of the wound. From a biomedical perspective the causes for the problem are:

- 1) Ischaemia of the circumcision wound and penis results from the hide thong being applied too tightly, for too long or with dressing changes occurring too infrequently. This compromises blood supply to the wound, the skin of the penis and, in the most severe forms, the entire organ. Gangrene of penile tissue to varying degrees results. In the worst case the entire organ is lost. Ischaemia also interferes with wound heal-

ing and predisposes it to secondary bacterial infection.

- 2) Bacterial infection of the circumcision wound is a related cause of local complications. Infection can spread locally as well as become generalised. Resultant septicaemia is the major cause of death. Unsterile wound care and surgical instruments are implicated in this.

With the above two factors accounting for the majority of problems it can be concluded that it is the dressing technique and cleanliness rather than surgical technique that is most at fault. This is contrary to the widely held view.

Dehydration due to the practice of fluid restriction during the first week in the bush is a major complicating factor. Frequently, initiates admitted to hospital with complications are dehydrated. In the case of initiates with septicaemia, dehydration worsens their prognosis considerably. There have also been cases of initiates being admitted to hospital for rehydration alone, in the absence of local complications.

Delays in seeking medical attention are implicated by medical personnel in the severity of complications. Crowley and Kesner (1990) in their study report a mean time between circumcision and admission to hospital of 18 days. Three initiates were dead on arrival at hospital. It is suggested that the infection and gangrene becomes more severe during this delay. Initiates usually only present once the situation is critical. Reasons for this are discussed below.

There is also the theoretical, but real risk of HIV and Hepatitis B transmission when the same blade is used to circumcise more than one initiate without sterilisation. This is commonly the practice.

Other sporadic causes of morbidity and mortality include fires in the lodges and assaults as well as surgical errors on the part of the "ingcibi".

SOCIOCULTURAL FACTORS

In the research cultural factors (perceptions and practices) that contribute and relate to the problem were studied. Some of the salient findings are outlined here.

The inexperience and youth of practitioners, particularly the "amakhankatha" (traditional attendants), was highlighted as a major factor. Whereas previously the practitioners would be respected and elderly members of the community, nowadays the "amakhankatha" are younger, often unemployed, men who take up the job for financial reward. The excessive use of cannabis was emphasised by interviewees. The traditional vertical transfer of skills and knowledge between practitioners has also been lost. This cause is borne out by the CMH Task Team finding that certain practitioners can be implicated in clusters of complications.

An example of the above is an initiate admitted to CMH who claimed his "ikhankatha" had only come to see him at two-day intervals for dressing changes. This is contrary to the traditional practice of frequent dressing changes which allowed for an intermittent pulse of blood supply to the bandaged organ.

Another, who had gangrene of his entire penis, claimed his "ikhankatha" had used elastic rather than hide for the thong. Elastic strangulates all blood supply. Wound care and thong tightness are critical areas with respect to complications and the practitioners now charged with these tasks are often unskilled or negligent in this regard.

Older men have withdrawn from their involvement in the ritual, visiting the bush less frequently. The reasons for this are varied. Some young men claimed that they were too busy drinking. Older men said that the lack of discipline of the young men has caused them to withdraw. The ascendancy of young men in the ritual outlined below could also be implicated. Migrant labour has also denied initiates the supervision of the process by their fathers.

In any event, this has resulted in a loss of traditional and inherent safety mechanisms, precautions and control mechanisms. Traditionally older men visited the bush daily and would oversee and advise on wound care, augmenting

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the work of the "ikhankatha". Today this is often left to young "amakhankatha" alone.

The ritual has experienced an ascendancy of young men in its control and discourse. Traditionally the ritual was an instrument for socialisation of men into the Xhosa community with the emphasis on responsibility and role, supervised by elders. In the interviews an alternative discourse operating in the modern urban setting emerged. Young men are using the ritual as an identity affirmation using a discourse of power in relation to danger. The identity affirmed is one of masculinity and Xhosa ethnicity drawing on the symbolic potency of the ritual. The ritual stands as a sharp counterbalance to the alienation of the urban experience for these youths.

This discourse asserts that the danger of the ritual amplifies its potency. Measures aimed at safety are seen to compromise this. This has major implications for interventions. This perspective was evident in interviews with young men who emphasised how the endurance of pain, hardship and danger in the ritual showed they were fit to be men and asserted the belief that the only true men were those who had undergone the ritual.

THE DANGER OF THE
RITUAL AMPLIFIES ITS
POTENCY.

This was in contrast to older people who emphasised the value of the ritual in terms of its role as an institution of socialisation and maintenance of tradition, but were more open to interventions and compromises aimed at enhancing safety. It would seem that with the shortening of the time spent in the bush and the dissolution of social institutions around the ritual, the ritual has become far more about the act of circumcision and physical hardship than an educational process.

The ascendancy of young men in the control of the ritual manifests itself in the peer conflict around the ritual in areas such as the tying of the thong and fluid restriction. For instance, an initiate may be subject to severe water restrictions or an over-tight thong by his "ikhankatha" or peers because of wrongdoings in the commu-

nity.

In this way the ritual has also become a terrain where young men act out their peer struggles, compromising safety in the process. It is also mainly the young men who stigmatise and act against those who seek medical attention and who have resisted the interventions.

There are important sociocultural reasons for the delays in seeking medical attention related to the stigmatisation of the "hospital man". Those who seek medical attention are seen to have failed the rite of passage. This is often perceived to be due to a deficiency in the initiate, such as not being able to take care of the wound or withstand the pain of applying the thong.

One traditional leader stated in the debate in the Eastern Cape House of Traditional Leaders that "Those who die during circumcision school would not have made it in life after all". Many interviewees said that someone who had been to hospital during the rite would never be regarded as a real man in Xhosa society. The role played by female nurses, the symbolic exiting of the bush and Western medicine were implicated in these attitudes.

Seeking medical attention is a last resort, therefore. Traditional means are tried first. However, an "ingcibi" interviewed in Hanover claimed that many of the traditional measures for addressing wound complications are no longer known in urban settings, contributing further to the problem.

Those hospitalised have also been subject to victimisation. After discharge from hospital one initiate in Mdantsane who underwent the coming home ceremony and wore the clothes indicating he was now a man was assaulted by his peers and had his clothes torn off him and burnt. It was evident that much of the pressure against seeking medical attention came from peers. This points again to the discourse of power in relation to danger and the ascendancy of young men in the ritual.

With regard to the issue of fluid restriction there appeared to be misunderstandings of traditional practices and conflicts around this. Confusion regarding the precise traditional taboo existed. There are local variations today

as a consequence. Some claimed that initiates are not allowed any fluid for eight days whereas others had varying interpretations of the taboo.

Obviously the stricter the interpretation the more likely are complications from dehydration. The lack of a safe and agreed practice in this regard, in the modern setting, obviously results in problems and again opens itself to the terrain of peer conflicts in the rite.

There were also a range of other causes for the problem mentioned by interviewees. These included ritualistic explanations (such as the breaking of the taboo against sexual intercourse by the "ingcibi"), social (such as the indiscipline of young people who were being paid back for not listening to their elders) and technical (initiates were too young and older methods are no longer working because of new infections such as HIV and STDs). Many interviewees emphasised the excessive consumption of alcohol and cannabis by practitioners, and sometimes by initiates, which contributes to indiscipline and unsafe practices.

Many of the complications are related to the problem of practising a traditional ritual within a modern urban context. In this context the traditional authority, community, practices and role players which surround the ritual have been diluted or transformed. There is a breakdown in social and technical aspects of the ritual. The result is that traditional safeguards and remedies for complications have been compromised. The breakdown of traditional social relations and a widening generation gap have left this traditional rite in a crisis. It has become unsafe.

The medical complications are paralleled by reported problems experienced by the ritual as an institution of socialisation for the same reasons. With the withdrawal of older men from the process, there is less educational input. Those interviewed claimed that the practice of the ritual was in the past safer and more effective in terms of its overt purpose of producing socially responsible men. Notions of a "rural" and "traditional" form of the ritual which was purer in ritual content and more disciplined and regulated in practice were raised in this

regard. It is important to note that the majority of interviewees still supported the practice of the ritual.

INTERVENTIONS

Interventions implemented thus far have largely been on the basis of local initiatives established by individual health care workers in hospitals where a large number of patients with "septic circumcisions" are admitted. These local programmes have focused on education targeted at initiates and traditional practitioners. They have involved traditional practitioners in attempts to establish safer operative and wound care practices in the bush.

Efforts to make available early medical attention in the bush when complications occur have also been made. In some areas this has involved male nurses visiting initiates in the bush and checking circumcision wounds and attending to those with complications. Also pre-circumcision medical checkups to detect and treat STDs and underlying medical conditions have been encouraged.

More recently, the Eastern Cape Department of Health (ECDH) has committed itself to reducing the rate of complications on a provincial level. Their proposals involve legislation, education and training of practitioners. At the time of the research these proposals were still in the process of being drafted.

One of the proposals under discussion was that traditional practitioners should have to undergo a recognised training programme and be registered with the ECDH before they be allowed to practise. Criminal investigations in cases of negligence on the part of traditional practitioners were also suggested.

The intervention efforts have largely been led by Xhosa-speaking people who have an awareness of the cultural issues involved and they have thus demonstrated due sensitivity with regard to the taboos and difficulties

THE RITUAL HAS BECOME FAR MORE ABOUT THE ACT OF CIRCUMCISION AND PHYSICAL HARDSHIP THAN AN EDUCATIONAL PROCESS.

MANY OF THE COMPLICATIONS ARE RELATED TO THE PROBLEM OF PRACTISING A TRADITIONAL RITUAL WITHIN A MODERN URBAN CONTEXT.

IN ALICE, IT IS COMMON FOR "INGCIBI" TO USE SCALPELS TO PERFORM THE OPERATION AND CHANGE THE BLADE BETWEEN INITIATES.

involved. This has contributed to their acceptance and success in many areas. In several areas new practices and instruments have been accepted after a close working relationship had been established between those running the interventions and the communities.

For example, in Alice it is common for "ingcibi" to use scalpels to perform the operation and change the blade between initiates. In the Mdantsane and Queenstown areas, male nurses have attended successfully to initiates with complications, in some instances obviating the need for hospitalisation, while continuing close monitoring in the bush.

However, there has been resistance to the present form of the interventions from certain quarters. Two important groups are resisting the efforts.

Firstly, some young men in an urban context assert a belief that the ritual involves testing manhood and thus testing the individual's endurance of pain, danger and hardship. Their resistance to the interventions appears to be based on the notion that making the ritual safer undermines its value in terms of this discourse.

IN MDANTSANE, A GROUP OF INITIATES SOUGHT OUT THOSE WHO HAD UNDERGONE PRE-CIRCUMCISION CHECK-UPS AND SCRAPED THE SCAB OFF THEIR HEALING CIRCUMCISION WOUNDS.

This resistance has taken violent forms. It has been directed at those who have undergone pre-circumcision medical check-ups and those admitted to hospital. In Mdantsane a group of initiates sought out those who had undergone pre-circumcision check-ups and forced them to confess. As punishment they scraped the scab off their healing circumcision wounds.

Secondly, traditional leaders making the claim that they are the "custodians of African culture and custom," have rejected the involvement of the ECDH in the issue. They say traditional leaders should be given the resources and authority to oversee the regulation of the practice. Their objections are worded in terms of traditionalist and nationalist discourse.

There have been several other obstacles encountered in the interventions. Many are logistical and relate to more general problems of health care provision in the Eastern Cape. One is the fact that there are considerable variations in the ways in which the ritual is practised and the perceptions people have.

For example, it was reported that it is far more acceptable for initiates to have the circumcision performed in a doctor's surgery and then attend the bush in Umtata than it would be in Mdantsane. The issue of what the essential elements of the ritual are and which are open to change is a vexing one because perceptions in this regard are so variable across the Eastern Cape. This makes for difficulties in terms of interventions and measures to regulate the practice at a provincial level.

THE WAY FORWARD

The problem of medical complications of traditional circumcision reflects the crisis of a traditional institution struggling to maintain its survival and meaning in a modern urban context. It is challenged by social disintegration, an authority vacuum, a widening generation gap and the discontinuity of traditional knowledge and practices.

Cultural traditions are dynamic, incorporating destructive or dangerous trends or constructive and adaptive ones over time. The challenge for the role players involved in the intervention process and the related political process, is to find imaginative ways of coming to terms with the problem in its contemporary context. There is a need for creative and acceptable solutions that allow the practice of the ritual to evolve in a way that ensures the well-being of those undergoing it.

The interventions in place are outlined above. These and others need to be developed and consolidated. Research could play an important part in the interventions, helping to target the efforts appropriately.

Three critical areas of the ritual were highlighted in the research where sociocultural factors have a major bearing on complications. The practice of fluid restriction, the issue of thong tightness and that of pre-circumcision check-

ups are all affected by the discourse of power in relation to danger, and are areas of struggle within the ritual, particularly among initiates and their peers.

Importantly, the first two are found to account for the majority of admissions from a biomedical perspective. These three issues are probably the areas most in need of targeting by educational interventions.

The challenge to those involved in the interventions is to ensure that safe contexts and practices replace the traditional ones where these have receded. There is a need for authority structures in communities in relation to the ritual, drawing in local elders as well as young people to ensure its safety, thereby filling the

vacuum that exists in certain urban areas.

It is worth noting that the methods used to improve safety need not necessarily be solely biomedical. There are anecdotes of traditional safety measures which have been lost in urban areas. These could be rejuvenated in order to enhance safety.

It is important that interventions involve communities, and solutions are sought which are acceptable and appropriate to them. Given the widespread support for the ritual illustrated in findings of the study, ways will have to be found to enhance safety while not undermining the practice of the ritual. ■

TRADITIONAL SAFETY
MEASURES, WHICH HAVE
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PARTICIPATIVE DEMOCRACY AND RURAL LOCAL GOVERNMENT IN KWAZULU-NATAL

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Executive Summary

- RURAL LOCAL GOVERNMENT IS PARTICULARLY PROBLEMATIC IN KWAZULU-NATAL, FOR VARIOUS POLITICAL AND HISTORIC REASONS.
- IN RESPONSE TO THE GREEN PAPER ON LOCAL GOVERNMENT, CASE AND AFRA SPOKE TO RURAL PEOPLE TO GET THEIR INPUT ON TRADITIONAL AUTHORITIES, PARTICIPATION AND CIVIL SOCIETY, AND FUNDAMENTAL PRINCIPLES OF GOVERNMENT
- THEY FOUND THAT, WHILE PEOPLE SUPPORT HAVING TRADITIONAL AUTHORITIES IN LOCAL GOVERNMENT, THEY DO NOT THINK THEY SHOULD PARTICIPATE IN VOTING, POLITICAL DEBATES, AND FINANCIAL DECISIONS.
- THE RESPONDENTS EXPRESSED A DESIRE FOR GREATER POLITICAL PARTICIPATION BY RURAL PEOPLE BEYOND THAT CURRENTLY ALLOWED THROUGH REPRESENTATIVES, AND A NEED FOR CAPACITY-BUILDING TO MAKE THIS POSSIBLE.
- RESPONDENTS STRONGLY FELT THAT REPRESENTATIVES SHOULD BE ELECTED AT A LOCAL LEVEL FROM CANDIDATES WHO ARE KNOWN FOR THEIR COMMITMENT TO THE COMMUNITY RATHER THAN BECAUSE THEY ARE PROMINENT MEMBERS OF A POLITICAL PARTY.

THE IMPORTANCE OF CREATING the right conditions for governance at the local level is critical for the overall process of democratisation and development in South Africa. The lack of human, financial and infrastructural resources in rural areas presents an enormous challenge to local governance. This is especially true in the formerly black rural areas created during the colonial and apartheid eras.

For various historical and political reasons, finding appropriate structures of rural local government in KwaZulu-Natal is particularly difficult. Marrying democratic and traditional political leadership and accountability structures with effective delivery and service mechanisms in these areas has been problematic. Due to the province's history, these issues tend to become politicised and there is a need for fresh per-

spectives to move forward beyond the current impasse.

During late 1997, the Community Agency for Social Enquiry (CASE) together with the Association for Rural Advancement (AFRA) performed research into local government for the Ministry of Constitutional Development. The researchers conducted a critical reading of the Green Paper on Local Government in order to design, test and run a series of policy-oriented workshops and in-depth interviews with both the staff and constituencies of AFRA, as well as key individuals identified as important resource people.

In keeping with the government's commitment to participatory government, interviews and workshops were developed in order to generate debate and solicit the views of key indi-

viduals and groups on three focus issues:

- traditional authorities and rural local government
- participation and civil society
- fundamental principles of rural local government.

To the extent that the research process can be said to have solicited representative views of the broad AFRA constituency, the constituency speaks with one voice on the issues that were explored. The findings that are summarised below reflect the views of the vast majority of those participating in the interviews and workshops.

TRADITIONAL AUTHORITIES

The research showed strong respect for, and acceptance of, the institution of traditional authorities in rural areas. Almost all respondents felt that traditional leaders have an important role to play in strengthening local governance. Many felt that failure to build on these strengths would threaten development and social stability in rural areas.

At the same time, there was strong consensus that traditional leaders should not be involved in a number of areas of local governance. The most frequently mentioned areas in this regard were voting, political debates, and financial decisions. On the whole, respondents did not favour traditional authorities being granted seats on local government.

The motivation for keeping traditional authorities out of these activities is a consistent concern for the dignity of their office. Respondents argued that the dignity of traditional authorities, and the respect that this helps ensure among local communities, must be maintained in order for traditional authorities to make a full contribution as traditional leaders to local governance. As the quotations below indicate, they felt that direct involvement by traditional leaders in local government would compromise that dignity.

"If Amakhosi are part of local government they would lose the dignity they currently enjoy. During council meetings there are fiery debates about a whole lot of emotive

issues this is where Amakhosi can experience problems."

"Traditional leaders must involve themselves in traditional affairs, they need not participate in local government affairs because doing so may result in lowering their dignity."

"The traditional leader should be neutral and treat the whole community as his children. However, if he is part of local government he will be required to vote and will end up taking sides."

All respondents said that traditional authorities are different from elected local representatives because their position does not depend on the popular vote. This perception indicates that people in rural areas will not accept a role for traditional leaders which in any way dilutes elective and participatory democracy.

"The difference between Amakhosi and elected representatives is that the latter can be held accountable by the community if they are not delivering – communities can disqualify them or remove them. Amakhosi can never be challenged and removed since they are born chiefs."

"Traditional leaders are not elected but inherited the title from their ancestors."

"I do not support the idea of Amakhosi being councillors as well – people must choose."

"You can replace the local representative if the people are not satisfied but you can't replace traditional leaders. As well – if the king doesn't do his job well, it won't be easy to tell him that."

In addition to fulfilling traditional, cultural and other responsibilities outside of the scope of

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ELECTIVE DEMOCRACY.

local government, respondents argued that traditional authorities can and should play important roles in terms of local governance.

The most common themes that emerged in relation to the role of traditional leaders were:

- remaining informed of local government and development issues;
- being consulted on these matters;
- providing an indispensable link between (elected) councillors and the local community;
- mobilising support within the local community to strengthen the work and developmental aims of local government.

"They [traditional leaders] should be informed about progress in local government and not actually participate."

"In order for development to take place, one must first consult them."

"[Traditional leaders] should act as contact between local government and the general population."

"They should organise the people if the councillor wants to say something."

Clearly, a critical challenge is to clarify, define and institutionalise the important and positive roles that traditional leaders can play. To the extent that this challenge is met, it appears that a complementary relationship between elected local government and traditional authority systems can be achieved.

It will be particularly important to clarify and institutionalise the mechanisms for consulting with traditional leaders. Current ambiguities have effectively given the Amakhosi a *de facto* veto over local government development plans. Mandatory, clear and accountable consultative mechanisms need to be established and maintained.

In addition, an efficient process of dispute resolution and appeal, which is binding and limited by time-frames, needs to be instituted. Some respondents made specific proposals for structures to achieve this clarification of roles.

They stressed that it would be counter-productive to try to use such structures to marginalise traditional authorities. At the same time, granting traditional authorities any veto powers over elected local government decision-making process is clearly untenable.

Much potential conflict can be averted through a proper understanding of, and respect for, traditional authorities. One implication of this research is that training for rural councillors and officials should specifically address this area. In addition, institutionalising this aspect of local governance would be a valuable contribution toward building a genuinely South African culture of democracy.

PARTICIPATION & CIVIL SOCIETY

All respondents agreed that participation by local people in local government should extend beyond periodic voting for political representatives. Some specifically added that participation needed to go beyond quotas of rural representatives in local government.

Levy payers in particular are felt to exercise a disproportionately dominant role in rural local government. Other dominating sectors that were frequently mentioned were TLC representatives at Regional Council level and the Amakhosi. In the case of the Amakhosi however, it was frequently asserted that their dominance is not so much as traditional leaders *per se*, but rather in terms of "towing the IFP line".

Farm workers, civil society organisations (NGOs, CBOs/development committees) and women were regarded by respondents as being marginalised. While women have a numeric presence in Regional Councils, they do not appear to articulate specifically women's interests but rather support the political party on whose ticket they were nominated.

Almost all those contacted through the research expressed the need for more – and mandatory – linkages between local communities and councillors, especially through report-backs and meetings with the community and local development structures.

A majority of respondents would like to see greater participation by representatives of local community and development structures at the

political level of local government, by making such representatives available for election. They also saw an enhanced role for this sector in linking local government and local constituencies.

The research identified a critical need for capacity building. Particularly relevant in this context is an emphasis on skilling communities to enable them to engage in the process of local governance. NGOs were singled out as having a vital contribution to make in this regard. To really enable local communities to become involved in decision-making processes that affect them, such capacity building would need to be accompanied by a coherent information programme, an enabling institutional framework, as well as political commitment from within elected local government.

FUNDAMENTAL PRINCIPLES

There is a widely-held perception that the current arrangement of rural local government is too "distant" and lacks real representivity. Respondents strongly felt that representatives should be elected at a local level from candidates who are known for their commitment to the community rather than because they are prominent members of a political party.

"All communities should be represented, no matter how small."

"The community should appoint local government for themselves because if they are not elected by the local community the communities do not know them and do not know who they should contact about their problems."

"The district system is necessary for ensur-

ing regional planning, bulk delivery of services and so on. However, only having the district system denies rural residents of their right to a more accountable and participatory governance structure."

A majority of those canvassed recognised the importance of ensuring that elected representatives have the requisite capacities to enable liaison with their local constituencies but they would argue that such liaison and contact must be mandatory.

There is little confidence in the ability of a democratic system based on political parties to provide what rural people want in a local government system. Thus, while the argument is repeatedly made for the necessity of introducing primary level government structures in rural areas, this is not seen to be in conflict with the need to reduce the total number of councillors because respondents apparently see little role for representatives of political parties.

EFFECTIVE LOCAL GOVERNANCE

There is a wealth of relevant experience and insight within civil society that must be tapped in the process of policy development. The work of civil society can also contribute to building a culture of participatory democracy by enabling ordinary people to discuss policy matters and formulate their own perspectives on issues that affect their lives. The process can also have the positive effect of inculcating a reflective and learning environment within organisations of civil society, where practical experiences are processed and prioritised in order to generate focused policy inputs. ■

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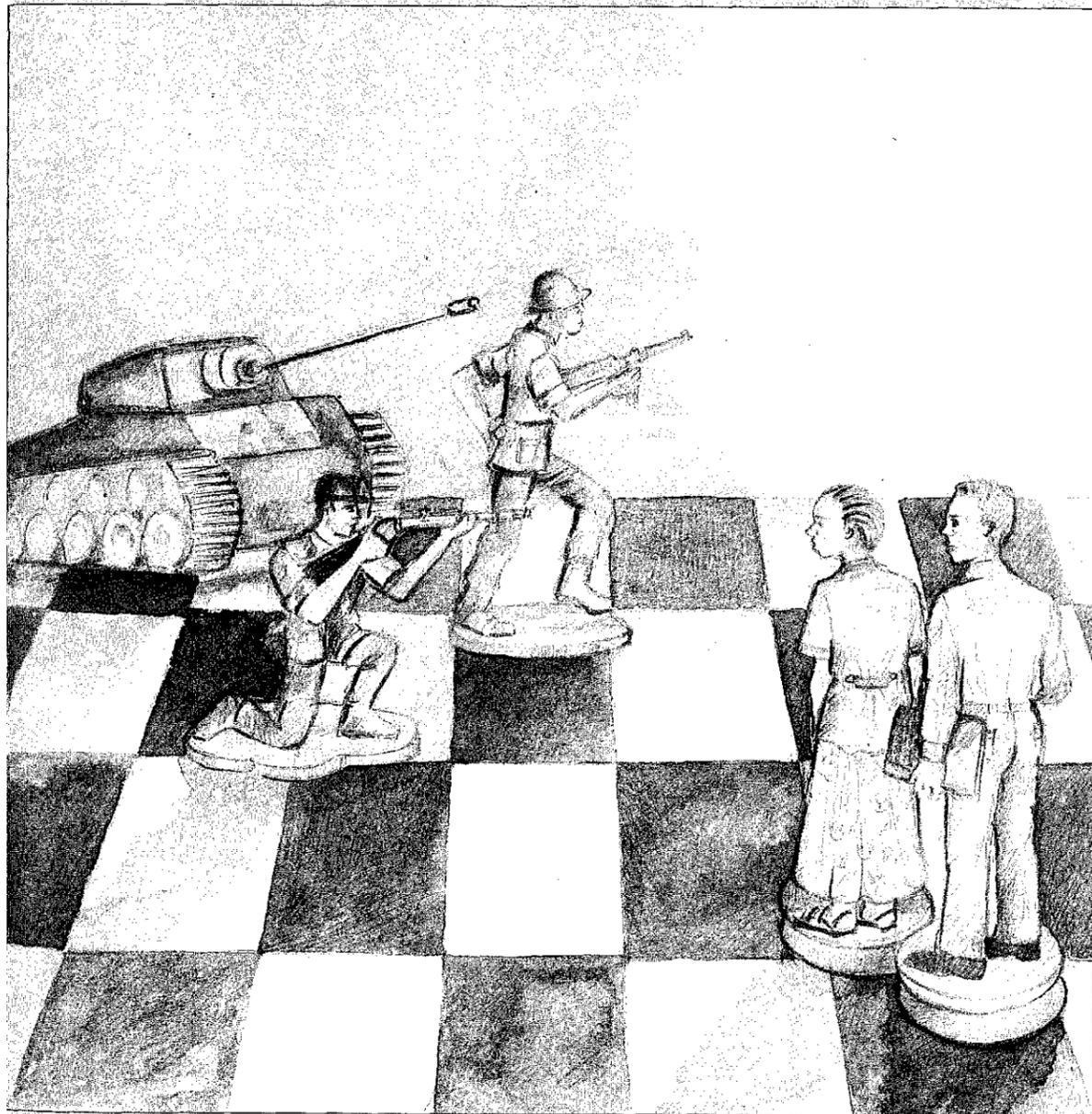
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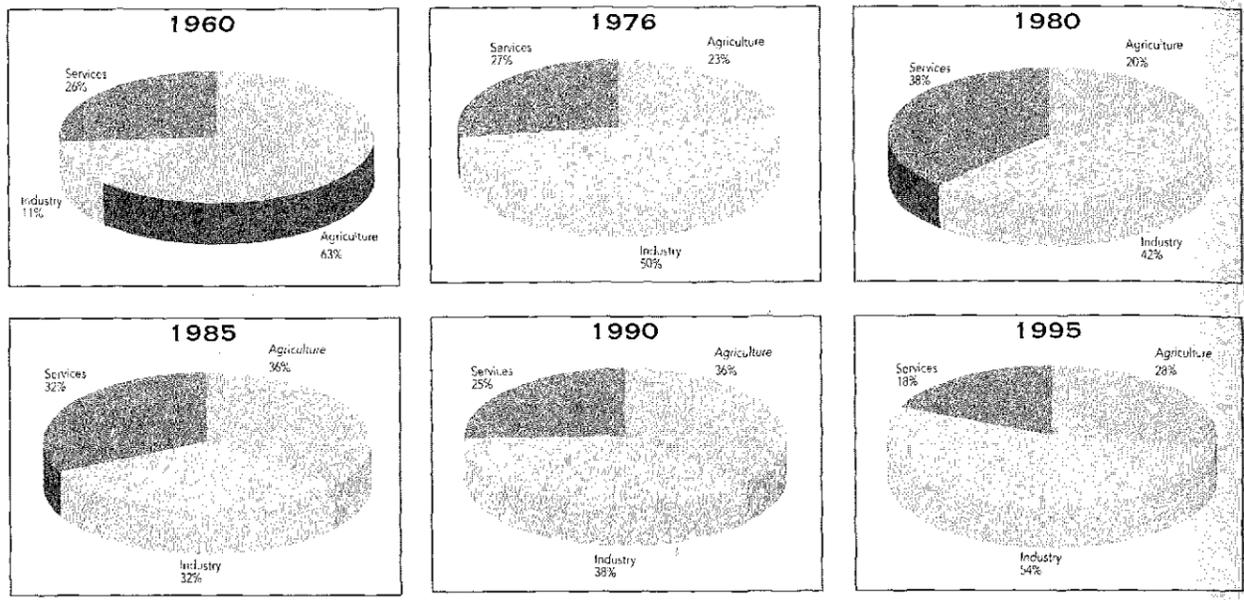


WHAT DOES NIGERIA MEAN?

NIGERIA'S CONTESTED DEMOCRATISATION 81

COMPARATIVE
M O N I T O R

NIGERIA: DISTRIBUTION OF GDP



THE STORY OF NIGERIA'S POLITICAL ECONOMY IS REPRESENTED IN THE BREAKDOWN OF ITS GDP. THE CHANGING FORTUNES OF THE OIL INDUSTRY HAVE DICTATED NIGERIA'S ECONOMIC MAKE-UP.

NIGERIA: STANDING IN THE WORLD BANK RATING OF THE POOREST COUNTRIES



Source: World Development Report, 1978-1996

EVEN RELATIVE TO OTHER DEVELOPING COUNTRIES, RECENT YEARS HAVE BEEN HARD ON NIGERIA. FROM ITS PEAK IN 1982, WHEN IT WAS RATED THE 60TH POOREST COUNTRY IN THE WORLD, IT DROPPED TO 14TH PLACE A DECADE LATER.

NIGERIA'S CONTESTED DEMOCRATISATION

ADJUSTMENT, AUTHORITARIANISM, AND "CIVIL SOCIETY"

FRANCO BARCHIESI

Department of Sociology, University of the Witwatersrand

- NIGERIA'S STRUGGLE FOR DEMOCRACY CALLS INTO QUESTION THE LINK BETWEEN DEMOCRATISATION AND THE GROWTH OF CIVIL SOCIETY.
- BY FRAMING THEMSELVES AS THE CUSTODIANS OF STRUCTURAL ADJUSTMENT, NIGERIA'S MILITARY REGIMES HAVE BEEN ALLOWED TO RETAIN INTERNATIONAL CREDIBILITY WHILE SUPPRESSING ANY REAL DEMOCRACY.
- IN NIGERIA AS ELSEWHERE, STRUCTURAL ADJUSTMENT PROGRAMMES (SAPs) HAVE PROVOKED RADICAL THINKING WHILE SIMULTANEOUSLY DECREASING THE POTENTIAL FOR RADICAL ACTION.
- OIL WEALTH LED TO THE DECLINE OF LOCAL AGRICULTURE, AND THE CREATION OF AN INDIGENOUS MANUFACTURING, MERCANTILE, AND PROFESSIONAL BOURGEOISIE. FOREIGN COMPANIES FIRMLY MAINTAINED THE CONTROL OF THE OIL SECTOR, HOWEVER, AND FOREIGN DEBT INCREASED TO MEET THE DEMANDS OF THE NEW MIDDLE CLASS FOR IMPORTED GOODS.
- THE END OF THE OIL BOOM SENT THE COUNTRY INTO A SERIES OF SAPs, AND POPULAR DISSENT OVER THESE PROGRAMMES WAS USED AS A JUSTIFICATION FOR MILITARY RULE.
- SEVERAL FACTORS HAVE KEPT THE OPPOSITION FRAGMENTED, HOWEVER. FIRST, LAGOS AND OTHER URBAN AREAS HAVE DOMINATED NIGERIAN OPPOSITION POLITICS, AND VIEW THE REPRESSION IN NORTH-SOUTH AND ETHNIC TERMS. SECOND, NIGERIAN "CIVIL SOCIETY" HAS PROVED TO BE A HIGHLY COMPLEX AND CONTESTED TERRAIN. THIRD, THE REGIME ITSELF HAS DISPLAYED A CERTAIN CAPACITY TO CONTEST FOR THE LOYALTY OF IMPORTANT SECTOR OF "CIVIL SOCIETY".
- THE LIMITED SCALE OF PROLETARIANISATION IN NIGERIA, HIGH UNEMPLOYMENT, AND THE ROLE OF THE AUTHORITARIAN STATE AS REPOSITORY OF THE DEVELOPMENT DISCOURSE AND AS THE MOST IMPORTANT EMPLOYER MADE A MEANINGFUL SYSTEM OF COLLECTIVE BARGAINING UNVIABLE
- THE CRISIS OF THE ORGANS OF CIVIL SOCIETY DOES NOT NECESSARILY IMPLY A LACK OF CAPACITY FOR RESISTANCE AND FOR MOVEMENTS FOR CHANGE TO RENEW. NEW, GRASSROOTS EXPRESSIONS OF POPULAR STRUGGLE WERE CATALYSED BY THE SIMULTANEOUS COLLAPSE OF STATE LEGITIMACY AND THE SAP MODE OF DEVELOPMENT. THE OIL WORKERS' STRUGGLE AND THE Ogoni PEOPLE'S MOBILISATION ARE TWO EXAMPLES.
- THE CRISIS OF CIVIL SOCIETY AND THE CRISIS OF STATE INSTITUTIONS ARE, UNDER NEOLIBERALISM AND STRUCTURAL ADJUSTMENT POLICIES, ULTIMATELY COMPLEMENTARY PROCESSES. TO ADDRESS THESE PROBLEMS, THE MERE ESTABLISHMENT OF PARTY PLURALISM AND ELECTED INSTITUTIONS WILL NOT BE SUFFICIENT.

Executive Summary

NIGERIA'S DEMOCRATIC TRANSITION has provided an important opportunity to test the link between democratisation and the rise of "civil society". The contestation over the meaning of "democratic transition" between the military and the popular opposition challenges the conventional view that there is a linear, unprob-

lematic relationship between rise of civil society and democratisation.

The powerful free-market rhetoric accompanying the adoption of a series of SAPs by the military regimes since 1986, in a context of escalating economic and social crisis and multinational investment, allowed these regimes to pre-

sent themselves as defenders of internal "stability" to the outside world.

The international community thus accepted the various plans of "guided" democratisation presented by the military, which ensured their pivotal role in the transition to a "multiparty" government. The approval by the military of pluralist competition was usually aimed at defining institutional borders to emasculate potentially radical and antisystemic voices.

These voices were aroused by the worsening social and economic conditions after the implementation of SAPs, and were especially prominent in sectors such as students and the urban working class.

THE ROLE OF SAPS

Structural adjustment cannot be dealt with as a coherent whole presided over by the undifferentiated logic of "neoliberalism". Rather, an understanding of the variety of neoliberalisms in Africa provides a much more analytically useful picture. The impact of SAPs in any given case is influenced by the relative importance of various sectors of society during the process of transition.

For example, strong collective forms of organisation force international financial institutions and their local sponsors to modify their approach to structural adjustment. On the other hand, neoliberal policies themselves affect social actors and their potential for resistance.

In Nigeria, the emergence of neoliberal policies and the crisis of the developmental authoritarian state provided constraints for various actors in "civil society". Social hardships and political repression weakened some of the most organised expressions of opposition, such as labour. The elaboration of alternatives to military rule has, as a consequence, become a particularly arduous task.

What follows is that the current crisis of the military regime does not necessarily imply a parallel decline in the role of the military apparatus as a force capable of engineering the political transition.

CIVIL SOCIETY IN CRISIS

Nigerian civil society, in fact, is undergoing an equally serious crisis, which questions some of the most influential scholarly assumptions on the concept, where civil society is presumed to be the democratic antidote to the weakness and corruption of the state.

These largely liberal viewpoints, however, assume a notion of civil society as a noninstitutional public sphere where private collective initiative is activated outside of the constraints of the state. This obscures the ways in which civil society is ridden by unequal access to power and by the existence of informal patterns of subordination. These are also linked to personalisation of politics, class, ethnicity, religion, gender and language.

Moreover, a concept of "civil society" based on formal organisations could be inadequate to grasp widespread patterns of informal solidarity not easily captured by structured associations. Conversely, the structures most active for democratisation (trade unions, civics, student groups) are often also the most vulnerable to state repression.

Thus, if "civil society" is to retain its usefulness in explaining opposition to authoritarian rule, this concept must be unpacked.

THE CRUDEST OIL

Nigeria's oil wealth decisively shaped the form of the state, its capability in the sphere of social and institutional engineering, and the nature of adjustment policies supported by global financial institutions. After the first SAP was adopted in 1986 to cope with a crisis sparked by declining oil revenues, Nigeria's role in raw materials production characterised the intervention of the World Bank and the International Monetary Fund in the country. Oil is therefore at the origins of the crises of the Nigerian state, and of the constraints faced by pro-democracy forces.

Nigeria's peculiar role in the international economy was coupled to post-independence "modernisation", historically associated with a process of accommodation by the state of sectional interests competing for scarce resources. The state assumed a regulatory function in the political and economic sphere on the basis of

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patron-client relationships, which promoted the rise of a "political class", even without visible links to class politics.

Moreover, state support for rent-seeking by local elites substantially discouraged direct productive investment, and in this way contradicted state strategies to promote a domestic industrial bourgeoisie. This contradiction was reinforced by subsequent state attempts to indigenise local production, spearheading a greater participation of Nigerian capital in internationalised business.

However, Nigerian politics assumed more markedly class-based features with the militarisation of political life following the 1966 military coup, the bloody civil war sparked by Biafra's secession, and the emergence of new elites. These latter were formed in the climate of the 1970s post-civil war reconstruction and the campaign for the "indigenisation" of production.

Compared to the traditional elites of the post-independence period, these elites were less dependent on the land and more connected to the industrialised economy and the political system under the aegis of state-led developmentalism (Graf, 1986).

The 1970s oil boom lessened the state's dependence on foreign currency reserves, and allowed the government to channel oil export revenues to the promotion of an indigenous manufacturing, mercantile, and professional bourgeoisie, expanding the regime's base for political patronage (Turner, 1979).

Foreign companies firmly maintained the control of the oil sector, however. At the local level, only intermediaries of these companies (primarily the state-owned Nigerian National Petroleum Corporation) benefited from the boom, and did so in a way that did not contribute to the development of a local technology, infrastructure or technical cadres.

At the same time, foreign debt escalated, given that new manufacturing investments made possible by the boom were aimed at catering for the demand of the new bourgeoisie for imported luxury consumption items, and for the production of consumer goods with high intensity of imported capital and raw materials. Rising inflation and the devastation of agriculture due to the

government's emphasis on oil export rapidly deteriorated the living standards of the urban working class and the rural population.

To provide an orderly management of such socio-economic transformations, the 1979 Constitution opted for a federal form of state, in the context of the transfer of power from General Obasanjo's military government to a civilian administration. This institutional dispensation allowed the combination of a continuing centralisation of oil rents in the federal state's hands with the possibility to decentralise the distribution of such rents to elites based on local states' political constituencies, rather than on factional, ethnic support.

Therefore, the process of redistribution of resources articulated by the federal institutions would prevent the decentralisation of the elites from becoming a centripetal force. The federal state's expenditures for "development" were in fact to be channelled through local states as a form of "rational" state-society mediation to prevent disintegration along ethno-regional lines.

This historical trajectory proved conducive to the militarisation of political life in the age of structural adjustment. Political authoritarianism facilitates the kind of economic liberalisation advocated by SAPs. Neoliberalism's "indifference" to democratic institutions makes it easy for market-oriented policies to lead to authoritarian methods when democracy does not provide elites with the tools to cope with the social consequences.

THE AGE OF ADJUSTMENT

Nigerian military regimes during the 1980s defined adjustment policies imposed by the IMF and the World Bank as largely technical and non-ideological matters, by definition excluded from the agendas of parties and civil society organisations. As a result, in response to heightened worker resistance to IMF-inspired measures, the regime could resort to unprecedented levels of repression. State violence and human rights abuses targeted workers, professionals, students and women engaged in micro and macro levels of confrontation. The role of the

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state in restructuring the internal class composition through SAPs and the management of the debt crisis became contested as a result (Otobo, 1992: 119).

The embrace of neoliberalism by the Nigerian state during the 1980s was not linear and uncontroversial. The Shagari civilian administration (1979-83) adopted a neoliberal approach with the Economic Stabilisation Act in 1982, while at the same time remaining nominally committed to the provision of public services. The exhaustion of the oil boom had left in its wake spiralling inflation, huge debt and a balance of payments crisis, while widespread corruption contributed to the government's legitimacy crisis.

The regime of General Buhari (1983-85), which ousted Shagari with a coup, resisted the devaluation of the Naira (the national currency), the removal of oil price subsidies and large scale privatisation (Otobo, 1992: 86-87). General Babangida's SAP of 1986, however, was fully aligned with the IMF in the name of the "national economic emergency". As a consequence, currency devaluation, massive privatisation and the reduction of the oil subsidy were fully endorsed (Olukoshi, 1989). Manufacturing production was undercut by economic austerity, the deterioration of the terms of trade, and currency devaluation.

Restructuring and retrenchments heavily affected the industrial working class. Many workers were plunged into the circuits of informal labour and undetected occupations. At the same time, ethnic and religious networks often provided more stable links of solidarity than the unions, which were also undermined by familial, ethnic, regional bonds, and by informal resistance and localised strategies for survival at the workplace level (Mustapha, 1991).

However, the crisis of civil society did not imply a crisis of resistance to neoliberalism, given that the control of the working class by the authoritarian regime was far from being stable. In fact, while increased participation in the informal economy weakened formal worker organisations, it also diminished the amount of time devoted by workers to their job, favouring

their escape from wage labour (Mustapha, 1991).

In this way, prospects for productivity pacts and worker cooperation that were required by employers proved to be in contradiction with authoritarianism and neoliberalism. Relations between government and unions were strained as a result of resurgent worker struggles and the 1989 anti-SAP popular riots (Otobo, 1992). Finally, workers' survival strategies in the informal sector met the plight of urban poor facing deteriorated living standards and the breakdown of social services. These grievances combined with those of workers who had to sustain relatives in the depleted rural areas (Nnoli, 1993).

As a result, worker opposition to the SAPs became a catalyst for the rejection of an authoritarian and corrupt political regime, and of Babangida's strategy of using SAP to usher in a political transition based on the recomposition of elites around the project of economic liberalisation (Momoh, 1996).

GUIDED TRANSITION?

The combination of popular resistance to structural adjustment, a state legitimacy crisis due to authoritarianism and widespread corruption, and the fiscal crisis brought about by declining oil revenues facilitated the regime's decision for a limited opening of the political system. On 3 May 1989, the Babangida government lifted the ban on political activities and determined criteria for registration for political parties.

However, the six parties that managed to meet the particularly strict requirements for registration (out of 13 which applied) were soon disbanded on the basis of allegations of factionalist activities and underground operations before 1989.

This reinforced the "guided" nature of the transition to democracy, since only two parties, the National Republican Convention (NRC) and the Social Democratic Party (SDP), both new creatures of the regime itself, were allowed to compete for the general elections scheduled for 1993. The presidential election of 12 June 1993, after the local and general elections, opposed Alhaji Bashir Tofa (NRC) and Alhaji Moshood Abiola (SDP). Abiola won on the basis of a large popular support.

Abiola was a politically moderate Yoruba

Muslim businessman from the Southwest. He had, therefore, developed under Babangida's administration strong political and business ties with the military and the predominantly Muslim and Hausa North, a region that had historically dominated the army's top ranks.

With these somewhat ambiguous credentials, Abiola enjoyed a substantial non-ethnic, cross-sectional and cross-religious mass support, which allowed him to defeat his rival Bashir Tofa even in his own Kano stronghold in the North. But the project of "guided" democratisation soon showed its own contradictory nature. The military authorities annulled the results of the election on 22 June, claiming irregularities in the two parties' primaries and in the counting of the votes (Bande, 1998).

The armed forces decided to prolong their own administration until August 1993, after which they appointed a "transitional" civilian administration (Interim National Government, ING), responsible however to the National Defence and Security Council, and headed by Chief Ernest Shonekan, a political crony of General Babangida. General Sani Abacha ousted the ING (of which he was defence secretary) and took power with a coup at the culmination of an intra-military struggle for power, on 17 November 1994. This further intervention in political life gave the military full control of the situation amid rising popular opposition, reversing the transitional phase that it itself had initiated.

In fact, the prospect of a strong civilian government led by Abiola, whose support could encompass both his Southern original constituency and Northern Muslim voters represented an objective threat to the political power of the military and to the Northern elites that sustained it. Moreover, Abiola's personal ambitions had probably made him a much less controllable leader than what the generals assumed, as it is testified by Abiola's refusal to appoint a candidate suggested by General Babangida as his deputy.

The organisations of Nigerian civil society have always been substantially divided on the personal and political credibility of Abiola himself as an individual. However, his popularity before and after the annulment of the elections

and the Abacha coup showed nonetheless that grassroots mobilisation was able to transcend religious, ethnic and regional divisions, and to articulate a mass demand for political democracy in the context of rising authoritarianism, corruption and socio-economic decay.

Moshood Abiola was arrested few days after he declared himself, on 11 June 1994, the legitimate president of the country. Widespread protest discredited entirely the military government, bringing onto the street students, professionals, public employees, human rights associations and trade unions against authoritarianism and structural adjustment.

Abacha's plan for his own "guided" constitutional transition to civilian rule were rapidly discredited and delegitimated. The "Constitutional Conference" inaugurated on 27 June 1994, and boycotted by the democratic opposition, enabled the recognition by Abacha, on 30 September 1996, of five new parties for elections scheduled in 1998. All these five creatures of the regime eventually recognised Abacha himself as their only presidential candidate.

In 1995 the new regime entered fresh negotiations with the World Bank and the International Monetary Fund around the Medium Term Programme (MTP), a review of the existing SAP. As a matter of fact, and regardless of contingent differences of opinion, the basic thrust of the SAP was reinforced by the new measures: the IMF and the World Bank asked for further currency devaluation, downsizing of government, cuts in public employment, acceleration of privatisation and tighter fiscal discipline.

The deficit/GDP ratio was scheduled to fall from 7.9% in 1994 to 1.6% in 1998, to allow for a highly unlikely 5.5% GDP growth during 1997-98. These aims were substantially reflected in the 1998 budget.

Even if opposition to these measures and to the intensification of repression escalated after the annulment of the elections, the lack of articulation of a clear political democratic alternative

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played largely in favour of the status quo. Sections of the peasantry and business could make common cause with labour in their opposition to SAP demanding, respectively, the re-introduction of agricultural subsidies and a new developmental policy to revive the domestic industrial base. But this did not amount to a generalised convergence of interests around a programme of democratic transition, confirming the shortcomings of Nigerian "civil society".

The demand for the release of Abiola and all political prisoners as unavoidable steps for any credible transition unified all the pro-democracy forces. However, the power and coherence of the popular opposition was undermined, apart from different opinions on Abiola and his immediate recognition as legitimate president, by various factors of division.

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First, Lagos and other urban areas dominated Nigerian opposition politics, which viewed the annulment as primarily an injustice perpetrated by the North's military and bureaucratic elites against the South, especially the Yoruba-speakers, whose thriving economic power had been already heavily curtailed by Abacha. Second, Nigerian "civil society" proved to be a highly complex and contested terrain.

Third, the regime itself displayed a certain capacity to contest for the loyalty of important sectors of "civil society". Following Babangida's MAMSER (Movement for Mass Mobilisation, Self-Reliance and Economic Recovery), Abacha was able to create a series of organic mass structures capable of mobilising some support for the military, even if with uneven success. In particular, MAMSER managed to recruit the consent for the regime of significant intellectual strata (Williams, 1998).

As a result of these factors, the pro-democracy movement has been increasingly fractured along ethnic, regional and religious lines (Momoh, 1996), while no mass support could be built by the two parties admitted to the annulled elections, given their nature as creatures of the regime. Apart from his symbolical appeal, Abiola could in fact hardly be a catalyst

for popular mobilisation and alternatives. The leaderships of the two parties either substantially accepted the coup, or chose to bargain with the regime or, as Abiola did, appealed for foreign condemnation instead of mobilising an internal mass opposition.

RENEWED OPPOSITION

However, it was confirmed that the crisis of the organs of civil society does not necessarily imply a lack of capacity for resistance and for movements for change to renew. New expressions of popular struggle were in fact originated by the simultaneous collapse of state legitimacy and of the SAP mode of development. Since July 1994, upsurges of grassroots worker militancy, particularly in the oil sector, have revitalised the democratic movement, aided by the struggles of minorities affected by the combination of impoverishment and environmental degradation, as in the case of the Ogoni people in the oil-rich Niger Delta.

Moreover, the decay of universities and the repression of academic life catalysed militant university staff associations, such as the ASUU (Academic Staff Union of Universities). The ASUU challenged the consent of intellectuals to authoritarian rule, resisting government's repression and attempts at co-option (Beckman and Jega, 1992).

On the labour relations front, the centrality of the state in processes of development is historically responsible for the politicisation of grassroots labour organisations. On the other hand, at the level of central trade union politics, the state alternated co-option (in 1978 the National Labour Congress, NLC, was established by the state as the sole recognised union centre) and repression to cope with intensifying worker struggles after the adoption of the SAP.

The limited scale of proletarianisation in Nigeria, high unemployment, and the role of the authoritarian state as repository of the development discourse and as the most important employer made a meaningful system of collective bargaining unviable. These shortcomings radicalised local and industrial unions, and allowed worker resistance to politicise bargaining itself beyond the limited sphere of "industrial relations".

An indication of the gap separating central union structures and grassroots struggles is given by the independence and radicalism shown by highly dispersed local industrial affiliates in relation to union centres. "Covert" forms of resistance, especially in the most internationalised sectors of the economy such as the oil industry, added to these dynamics.

Repeated strikes in the oil industry after the annulment of the 1993 elections saw two unions, NUPENG (blue collar workers) and PENGASSAN (clerical and staff association) at the forefront of worker mobilisation. Their militancy eventually radicalised the NLC itself, which was forced to support the oil strikes with a call for a general strike in July 1994. Even if the general strike was called off after one day, workers overwhelmingly refused to go back to work for the following six weeks, after which they surrendered to state violence and economic hardship.

As Terisa Turner (1997) notes, the conjunction of the oil workers' struggle and the Ogoni people's mobilisation for indigenous and environmental rights helped to articulate local coalitions, which opened new spaces for a democratic opposition. Crucial to these alliances, defined as being of a "gender-cum-class" nature, is the realisation of how the authoritarian regime is functional to a project of commodification of collective resources, or "enclosures of the commons".

This process affects in different and interrelated ways a plurality of actors (women working on the land, minorities, waged workers), thereby defining the issue of community control of local resources as an integral aspect of new democratic spaces at the local level.

Labour's opposition to military rule converged, in fact, with other social actors in a series of co-ordinating bodies of pro-democracy associations, which provided an oppositional alternative to discredited political parties in broad-based popular mobilisation after the annulment of the 1993 elections. Among the most important of these groupings are the Campaign for Democracy (CD) (which includes the Lagos branches of Women in Nigeria and the Nigerian Union of Journalists, and various human rights groups) and the United Action for

Democracy (UAD), which gathers the CD together with other groups, among which is the Movement for the Survival of the Ogoni People (MOSOP) (Momoh, 1998).

The Abacha regime responded with further repression, including banishment of organisations and detention of opponents, the army's seizure of the offices of NLC, NUPENG and PENGASSAN, and the execution of Ogoni leaders, most notably the writer Ken-Saro Wiwa. The lack of any long-term solution to the regime's political and economic crisis became apparent as a result.

Renewed resistance has proven more capable of attracting international attention to Nigeria than of articulating an opposition position on a national level. However, the repeated failure of the regime's attempts at a "guided" transition to "multi-party" rule seems to provide some indications of a change in this respect. In any case, these dynamics indicate a continuing relevance of grassroots activism at a local level in defining collective movements able to deepen the regime's lack of legitimacy, which is a logical precondition to any real democratic alternative.

PROLONGED UNCERTAINTY

The nearly simultaneous deaths, between May and June 1998, of Moshood Abiola, in jail, and Sani Abacha have removed from the Nigerian political playing field the two characters who have personified the political contest over the nature of the transition in the last five years. The new military ruler of the country, General Abdulsalam Abubakar, has renewed the generals' rhetorical commitment for a constitutional transition to "multi-party rule", scheduled for May 1999, through government-appointed electoral bodies. This resembles similar plans for a "guided" transition under past military administrations.

Curbs on trade union activities have been lifted, and, on 16 June, Abubakar released various political prisoners and union leaders arrested after the 1994 strike, among whom were Frank Kokori (NUPENG) and Milton Dabibi (PENGASSAN).

However, most of the law and order legislation of the past regime remains in place. In the

THE DEATHS OF
MOSHOOD ABIOLA AND
SANI ABACHA HAVE
REMOVED FROM THE
NIGERIAN POLITICAL
PLAYING FIELD THE TWO
CHARACTERS WHO HAVE
PERSONIFIED THE
POLITICAL CONTEST IN
THE LAST FIVE YEARS.

meanwhile, the country is internationally isolated, affected by a devastating economic crisis, widespread devastation of physical, natural and intellectual resources, and social turmoil which culminated in mass demonstrations after Abiola's death, to which the regime has, once again, responded violently.

As this paper has argued, the crisis of civil society and the crisis of state institutions are, under neoliberalism and structural adjustment policies, ultimately complementary processes. As Mustapha (1991) emphasises, structural adjustment implies either the incorporation or the dismantling of the associations of civil society and the realignment of state institutions along policy requirements that are often in contradiction with meaningful democratisation.

In the Nigerian case, the process of aborted democratic transition has faced civil society organisations with either state repression or subordinate co-option. The collapse of political institutions, however, is matched by the parallel

crisis of political parties, due to the role they have played inside the generals' schemes for a "guided" transition. While the Babangida and Abacha regimes have come to identify "democracy" with "multi-party government", this equation does not hold for a social opposition for which the end of the military occupation of political life is a precondition for any real democratisation.

The Abubakar administration has not come out with any real response to this demand. On the other hand, the institutionalisation of civil society in Nigeria is constrained not only by state authoritarianism, but also by social and economic policies that have contributed to destroy the role of public powers in socio-economic change.

To address these problems, the mere establishment of party pluralism and elected institutions will not be by any means sufficient. The main challenge facing the Nigerian civil society, therefore, seems to reside precisely in providing an expanded view of democracy, capable of including issues of social dislocation and change expressed by the majority of the population which was mostly negatively affected by economic adjustment. ■

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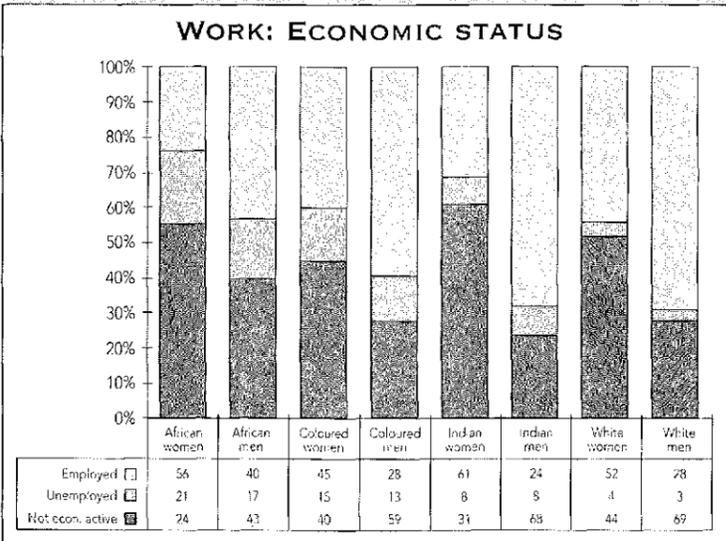
M O N I T O R



TO PULL TOGETHER OR PACK FOR PERTH?

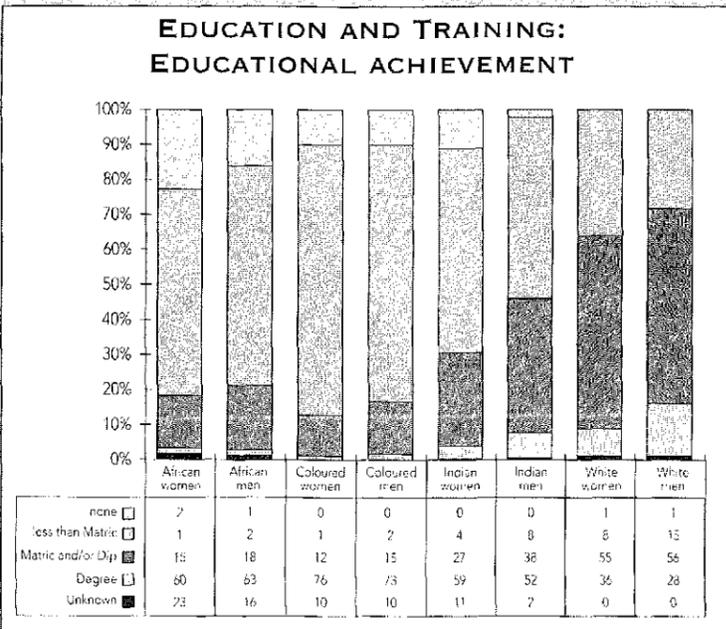
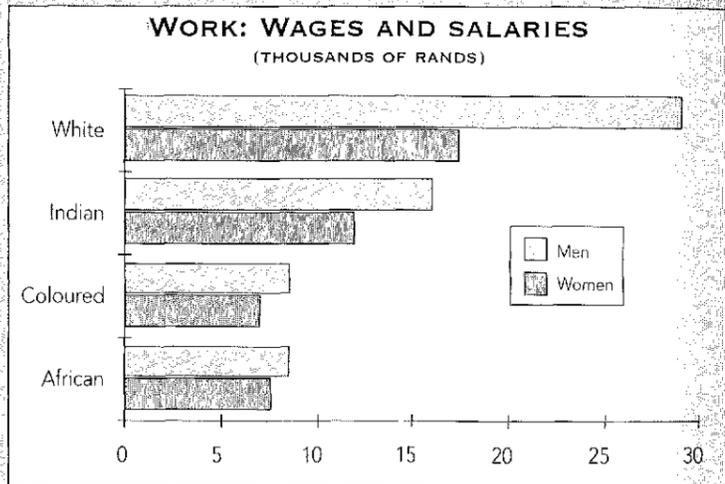
EMPLOYMENT EQUITY 91

LEGAL
INDICATOR



NO ONE CAN DENY THE NEED FOR STATE ACTION TO PROVIDE GREATER OPPORTUNITIES TO PREVIOUSLY DISADVANTAGED GROUPS.

DISPARITIES BETWEEN RACES AND GENDERS IN TERMS OF INCOME IN SOUTH AFRICA ARE AMONG THE MOST EXTREME IN THE WORLD.



A LARGE PART OF THESE INCOME INEQUALITIES ARE DUE TO UNEVEN DISTRIBUTION OF SKILLS, HOWEVER, WHICH WILL TAKE SOME TIME TO REMEDY.

Source: October Household Survey, 1995; Bullender, CSS, 1998

EMPLOYMENT EQUITY

LEADERSHIP CHALLENGE OR NECESSARY EVIL?

ADÈLE THOMAS
Wits Business School

- AS THE EMPLOYMENT EQUITY ACT BECOMES LAW, IT IS ESSENTIAL THAT EMPLOYERS EMBRACE THIS CHANGE AND MAKE USE OF DIVERSITY.
- NUMEROUS OBJECTIONS HAVE BEEN RAISED TO THE ACT, INCLUDING CONCERN OVER A NUMBER OF ILL-DEFINED "GREY AREAS". SIMILAR PROBLEMS HAVE BEEN EXPERIENCED IN OTHER COUNTRIES IMPLEMENTING EMPLOYMENT EQUITY PROGRAMMES, AND SO THESE OBJECTIONS CANNOT EASILY BE DISMISSED.
- AFFIRMATIVE ACTION PLANS OPERATING IN SOUTH AFRICA SINCE THE EARLY 1990S HAVE PRESENTED A NUMBER OF PROBLEMS WHICH ARE ALSO INSTRUCTIVE.
- DESPITE THESE ISSUES, EMPLOYMENT EQUITY WILL SOON BE A FACT, AND IT IS ESSENTIAL THAT EMPLOYERS FIND A WAY TO TURN THESE CHALLENGES TO THE NATIONAL ADVANTAGE.
- "LEADING DIVERSITY" MEANS CREATING A WORKPLACE CULTURE IN WHICH DIVERSE PERSPECTIVES ARE ENCOURAGED AND UTILISED TO ENHANCE COMPETITIVENESS. THIS MUST BE INITIATED FROM THE TOP DOWN, AND ENTAILS ARTICULATING "SOUND BUSINESS REASONS" LINKING DIVERSITY TO OTHER BUSINESS GOALS.

Executive Summary

THE EMPLOYMENT EQUITY ACT has been passed by Parliament and the Council of Provinces and awaits the signature of the President of South Africa. While the legislation itself has been contested by some political parties and aspects of the legislation have been contested by business, it nevertheless is very likely that organisations will be required to comply with this legislation in the near future. Business is concerned about certain "difficult to define" concepts, including:

- the definition of what constitutes "suitably qualified" people from designated groups (African, coloured, Indian, female, and people with disabilities);
- capacity to acquire skills necessary for the job within a reasonable time;
- reasonable accommodation to be made to enable a person from a designated group to

have access to or to participate or advance in employment; and

- disclosure, to the Department of Labour, of income differentials, albeit in a separate, non-public document.

On a broader level, the following concerns have been expressed:

- that the over-regulation of the labour market, coupled with the government's role of "watchdog", will result in a decrease in overseas investments and entrepreneurial initiatives, especially in the medium and small business sector, which together contribute nearly 33% of GDP and nearly 45% of private sector employment (Dickman, 1998);
- that the costs to government, and hence the taxpayer, will be increased by the administrative burden of monitoring and enforce-

ment and that the legal structures will be overburdened and unable to cope with the cases where legal rulings will be required;

- that heavy costs, administrative and managerial burdens in the private sector will impact on company growth and, accordingly, optimal growth in the private sector (Dickman, 1998, Jafta, 1998);
- that the shortage of skills in some sectors will make black skills more expensive and unaffordable to smaller companies, and that these increased labour costs will provide further disincentives for investment;
- that rather than creating new jobs for new entrants to the labour market, employees will simply be shifted from some employers to others (Jafta, 1998);
- that indirect and opportunity costs will be incurred by, for example, poor hiring decisions (to reach employee targets), and negative affects on employee morale (Jafta, 1998);
- that race classification will be heightened and "reverse discrimination" will lead to a decrease in employee loyalty and the lack of retention of skilled employees, primarily white males – such racial classification, Jafta (1998, p.5) notes, incurs a social cost by reinforcing "negative stereotypes, racial tension and a stigmatisation that thwarts the efforts of members of the preferred groups to pursue their goals on merit and hard work rather than preferential treatment";
- that those people from designated groups who still require training and development will have unrealistic short-term expectations which will further increase racial and social conflict within companies;
- that those from designated groups, expecting secured positions, may adopt a culture of entitlement "that undermines initiative, self-confidence and self-reliance" (Jafta, 1998, p.5).

These arguments cannot simply be disregarded, as similar problems have been noted in other countries where employment equity initiatives have been adopted for many years.

However, the reality is that South African organisations will be required to comply with the forthcoming legislation, and, it is suggested

that, with due recognition of the concerns noted above, energy and focus should now be placed upon a concerted effort to ensure that employment equity initiatives are implemented in an holistic manner which benefit both employees and the company as a whole.

WHAT IS EMPLOYMENT EQUITY?

At the outset, it is essential to distinguish between the concepts employment equity and affirmative action, which, thus far, have appeared interchangeably in a stew of jargon in South Africa. Employment equity is intended to achieve equity in the workplace through the elimination of unfair discrimination and through affirmative action strategies. Affirmative action involves targeted actions to redress the disadvantages experienced by designated groups in the workforce.

To do this, it is suggested, the organisational environment must be prepared to be receptive to new entrants at all levels, which requires that the employment equity initiative and the resultant diversity in organisations must be led from the top.

"Leading Diversity" requires that an environment is created within which all employees, whether existing employees or those brought into the organisation through affirmative action measures, are allowed to contribute fully to the life and objectives of the business.

UNFAIR DISCRIMINATION

Any employer, irrespective of the number of people employed or of its financial turnover, is required to adhere to the sections of the Act that prohibit unfair discrimination. No employer may discriminate in employment practices on any of the following grounds:

race, gender, sex, pregnancy (intended pregnancy, termination of pregnancy or any medical circumstances relating to pregnancy), marital status, family responsibility (care and support of spouse, partner, dependent children or immediate family members), ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language and birth.

In addition, medical testing, which includes

any test, question, inquiry or other means designated to ascertain whether an employee has any medical condition, is prohibited. The Act states specific conditions under which medical testing can be conducted. Should the Labour Court deem testing for HIV status to be justified, the employer may be required to adhere to certain conditions.

Psychological testing and any similar assessments are prohibited unless the test or assessment can be scientifically shown to be valid and reliable, can be applied fairly to all employees and is not biased against any employee or group.

Discrimination is not regarded to be unfair if affirmative action measures are taken, or if discrimination is based on the inherent requirements of the job. However the burden of proof rests with the employer to answer allegations of unfair discrimination.

THE PLAN

All employers of 50 or more employees or those having a total annual turnover that is equal to above "the applicable annual turnover of a small business", as outlined in Schedule 4 to the Act, is a designated "employer". Such employers must adopt affirmative action measures to ensure that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels of the workforce.

The definition of "suitably qualified" includes any one of or any combination of a person's formal qualifications, prior learning, relevant experience or the capacity to acquire, within a reasonable time, the ability to do the job. It is with regard to the "capacity to acquire" that a "grey" area emerges.

Affirmative action measures must include:

- measures to identify and eliminate employment barriers, including unfair discrimination;
- measures taken to further diversity in the workplace;
- measures taken to make reasonable accommodation for people from designated groups to ensure their representivity in the workplace; and

- measures to retain and develop people from designated groups.

This requires that companies consult with employees via representative trade unions or their nominated representatives. Such consultation must include people from both designated and non-designated groups.

In conjunction with employees, companies are required to draw up an Employment Equity Plan, the contents of which include:

- Conducting an analysis reviewing: recruitment, advertising and selection procedures; appointments and the appointment process; job classification and grading; remuneration and employee benefits; job assignments; the working environment and facilities; training and development; performance management systems; promotions; transfers; disciplinary measures; employment barriers.
- Preparing a Plan setting objectives and timetables with realistic targets (not quotas); setting out measures to address employment barriers; specifying indicators to gauge affirmative action achievement; planning for the reasonable accommodation of people from designated groups; creating an action plan to retain, train and develop people from designated groups; detailing special measures to be taken in relation to people with disabilities and those with family responsibilities; detailing measures to address sexual and racial harassment; specifying procedures and responsibilities for implementing, monitoring and evaluating the plan.

The Employment Equity Plan will be a public document and public companies are required to publish a summary of the plan in its annual financial reports. The plan must be signed by the Chief Executive Officer.

A designated employer employing fewer than 150 people must submit its first plan to the Director-General of Labour within 12 months of commencement of the Act or, if later, the date at

PSYCHOLOGICAL TESTING
IS PROHIBITED UNLESS
THE TEST IS NOT BIASED
AGAINST ANY EMPLOYEE
OR GROUP.

which the employer becomes a designated employer, and thereafter submit a report once every two years on the first day of October. A designated employer employing 150 or more people must submit the first plan within six months after the commencement of the Act or, if later, the date at which the employer becomes a designated employer and thereafter, a report once per year on the first day of October.

MANAGING EMPLOYEE
DIVERSITY IS SIMPLY
GOOD PEOPLE
MANAGEMENT.

The Act ensures that employees are not prejudiced should they wish to bring to the attention of the Department of Labour practices that are unfair or contradictory to the Act or Employment Equity Plan. Similarly, employees cannot be promised any advantage in exchange for not reporting "misdemeanours". The Act sets out a process for reporting on both the aspects of unfair discrimination and employer non-compliance with aspects pertaining to the Employment Equity Plan, and potential areas of concern are required to be addressed "in-house" as the first step.

PROBLEMS

However, at this point, it is perhaps pertinent to consider problems with programmes of affirmative action, which, after all, have been in operation in most large South African companies since the early 1990s.

In a national survey of some of the top 100 companies in South Africa (Thomas, 1996), Chief Executive Officers and Human Resources Directors noted the following problems:

- lack of trust and confidence between subgroups;
- breakdown in communications between subgroups;
- prejudices and stereotypes; poor teamwork;
- decreased productivity; inter-group conflict;
- high staff turnover especially among those previously disadvantaged people recruited to companies; and
- unhealthy competition.

Similar problems have been noted to occur among diverse employees in the United States (Morrison, 1982; Cox, 1993; Thomas and Ely,

1996). A recent South African study (Thomas, 1998) has highlighted that, while black managers may leave companies for higher salaries and related perks, issues relating to not fitting into historically established corporate cultures seem also to have a bearing on what has become known derogatorily as "job hopping".

Thus, while Employment Equity and related strategies of affirmative action can be legislated, the organisational context within which designated groups work must be prepared to sustain Employment Equity initiatives. This is more difficult to achieve because it involves paradigm shifts, the challenging of stereotypes and the embracing of risk to create an organisational environment within which diverse groups of people can work together effectively.

This essentially calls for leading and managing employee diversity. It is something which cannot be legislated, but without which Employment Equity initiatives will not work.

LEADERSHIP

To effectively implement Employment Equity initiatives, an organisational environment must be created and developed in which all employees can contribute to the competitive advantage of the organisation and where no one is excluded on the basis of factors unrelated to productivity. This endeavour is not in opposition to, or in competition with, programmes of Employment Equity, but targets the organisational environment to ensure that it is able to sustain such programmes.

Managing employee diversity is, ultimately, simply good people management. It's an ability that can be developed in managers at all levels through a combination of training and experience. However, it has to be led from the top. "Leading diversity" is the volition and commitment which managers, at all levels, must evidence in the process of organisational transformation. Employment Equity is an integral component of such transformation, and one which, to be effective, must be led at all levels within companies.

This in no way implies that the problems highlighted earlier will simply disappear. However, it is suggested, that if there is a will to commit to doing the right thing, the process of

managing the problems will be creatively addressed.

Central to the effective leadership of diversity created by Employment Equity programmes is the establishment of "sound business reasons" that tie the achievement of organisational objectives to diversity. The objective is to ensure a change in organisational culture which allows people to utilise, among many other factors, their different insights and methods, their creativity and different perspectives, borne out of the diversity which they bring to the company, be it by virtue of race, gender, ethnicity, disability or other life experience.

Part of the sound business reasons for embracing diversity are the negative effects on the organisation if its diverse employees are not fully utilised. These business reasons must be specific to the organisation, taking into account the industry within which it operates and its particular products and services. However, some general business reasons that have been advanced by Morrison (1982), Thomas (1991), Cox (1993) and Thomas and Ely (1996) include:

- tapping into skills not previously available in a company characterised by an homogeneous workforce;
- enhancing company creativity and problem-solving;
- responding quickly and effectively to diverse markets and managing productive relationships with diverse customers, suppliers and distributors;

- promoting a culture of inclusivity, critical to a commitment to total quality;
- utilising all employees fully and effectively;
- promoting company flexibility and adaptability;
- enhancing team performance;
- developing a reputation as an employer of choice and thereby attracting and retaining the best talent especially among those representing new consumer markets.

A recent study (Wright et al., 1995) has also indicated the positive effects of being a "model employment equity company" on stock price valuation in the United States.

In summary, Employment Equity initiatives should go hand in hand with initiatives to address the organisational environment within which such initiatives must be effected. Central to the implementation of Employment Equity programmes is leadership that recognises that there are sound business reasons for ensuring that organisations attract and fully utilise diverse employees for competitive advantage.

Michael Porter (1990, p.72) has noted that "government cannot create competitive industries, only companies can do that". While it is certain that Employment Equity will be enacted, what will prove of greater challenge is the commitment of leadership to go beyond pure legislative requirements and to manage the challenges that are presented. ■

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