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Sustained growth through diversification AECI

EDITORIAL

A radio journalist reporting on the tragic events in Rwanda, when asked how people were coping, remarked: "In Africa people always have time for a smile". To the extent that wild generalisations can be made, African people are remarkably good natured.

The continent is a disaster zone, trapped in war, poverty and oppression. But centuries of slaughter in Europe - including two World Wars, the holocaust and Bosnia in 80 years - reveal the dark side of humanity everywhere.

White South Africans should be deeply grateful for African goodwill. It is the essential ingredient of the extraordinary spirit of reconciliation abroad in this country. It is what will enable us to rise above the divisions that characterise societies like Northern Ireland.

Reconciliation is embodied in the person of Nelson Mandela and is being consolidated through institutions like the Government of National Unity, the plethora of forums and, hopefully, the proposed Truth Commission. Quality leadership and unifying institutions must be nurtured if South Africa is to survive the daunting economic, political and social challenges it will face for years to come.

However, goodwill must not be allowed to spill over into uncritical compliance. As much as the new Government needs support it also needs vibrant opposition - in Parliament and in civil society - to keep a check on what it is doing, to point out its mistakes and to represent a range of very different interests.

It needs constructive criticism and lively debate. These are crucial to learning and improving, to finding new choices and solutions, to forging compromises and to encouraging rich diversity.

We need, in other words, strong opposition in Parliament and lots of Desmond Tutus outside. What we certainly do not need is the intolerance of disagreement that characterised the former government and kept it stuck in a suffocating script for half a century.

As Bobby Godsell writes, it will be crucial to strike a balance between reconciliation and dissent, partnership and pluralism. "Growth and development goals can be formulated for every aspect of our society which can command broad stakeholder support. We need, equally, to cultivate a vigorous debate about means. That is the realm where dissent is not only permissible but vitally required. This is the duty of loyal opposition."

Indicator SA's authors will criticise the new Government, institutions and policies enthusiastically but helpfully. We will analyse developments and plans, inform debates and suggest new ways forward. Meanwhile, keep smiling.

Karen Mac Gregor
Editor

INDICATOR

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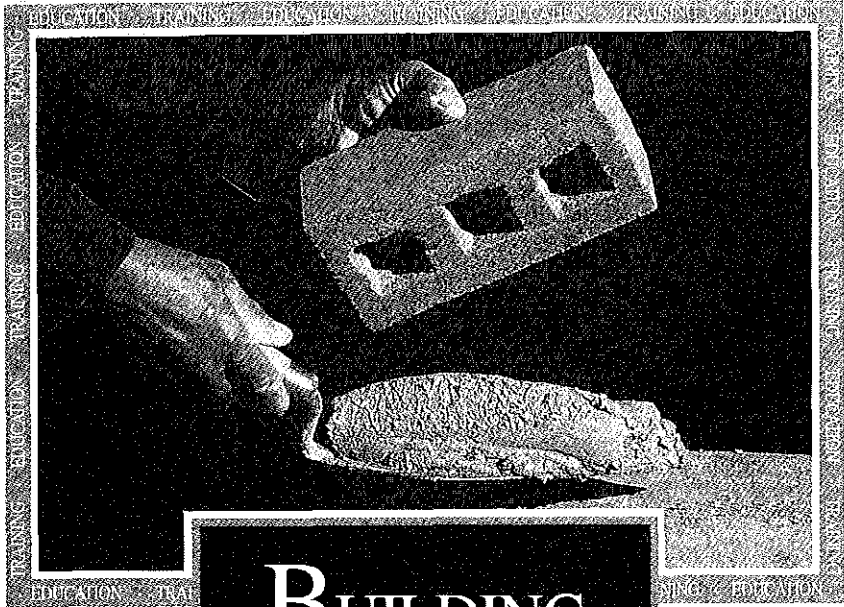### The Point Waterfront
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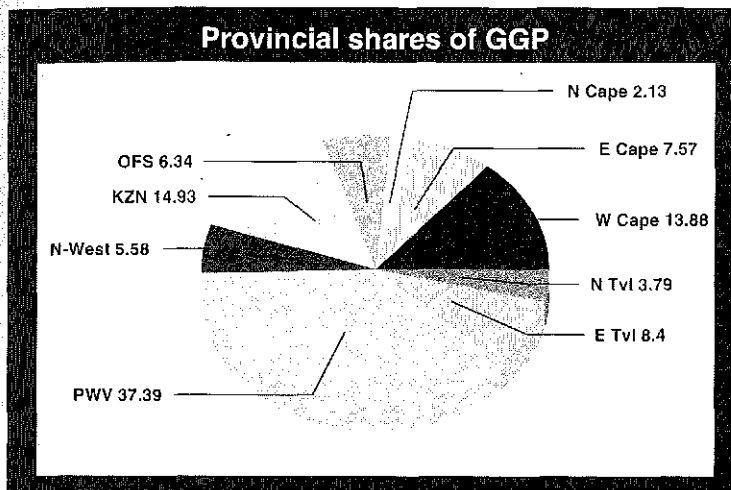
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POLITICAL
M O N I T O R

Provincial shares of GGP
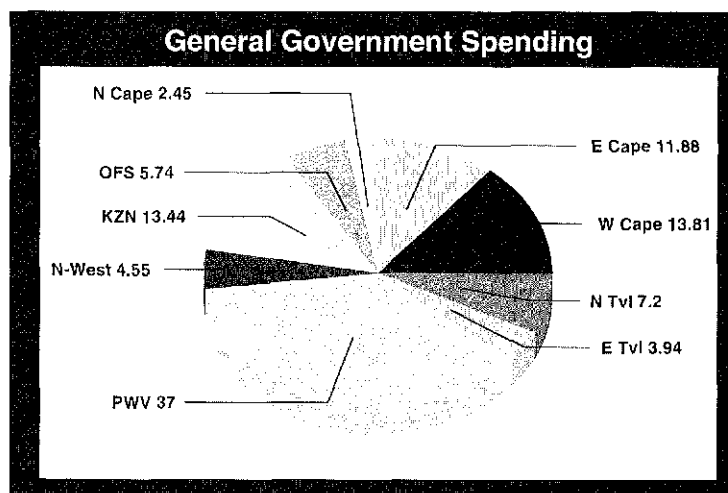
- N Cape 2.13
- E Cape 7.57
- W Cape 13.88
- N Tvl 3.79
- E Tvl 8.4
- PWV 37.39
- N-West 5.58
- KZN 14.93
- OFS 6.34

Provincial contributions to the GGP for selected economic sectors

General Government Spending

- N Cape 2.45
- E Cape 11.88
- W Cape 13.81
- N Tvl 7.2
- E Tvl 3.94
- PWV 37
- N-West 4.55
- KZN 13.44
- OFS 5.74

Percentage distribution of the GGP at factor cost and current prices per economic sector and per province, 1991

Sector	W Cape	E Cape	N Cape	OFS	KZN	N-West	PWV	E Tvl	N Tvl	Total
Agriculture/forestry/fishing	18.27	9.39	4.39	15.05	18.03	8.32	4.32	14.44	7.78	100.00
Mining/quarrying	0.33	0.13	6.25	14.26	3.30	26.22	22.34	18.50	8.67	100.00
Manufacturing	13.84	7.84	0.37	3.87	18.44	2.28	43.50	8.74	1.12	100.00
Electricity/water	9.77	3.05	1.68	8.29	7.61	1.69	20.58	40.34	7.00	100.00
Construction	14.82	8.37	1.32	6.04	16.04	5.80	38.94	5.19	3.49	100.00
Trade/catering	17.80	7.74	1.89	4.64	15.89	3.42	42.31	3.62	2.69	100.00
Transport/communication	14.78	9.54	3.08	5.69	21.75	2.09	37.20	4.03	1.84	100.00
Finance/real estate	18.08	6.68	1.54	4.61	13.45	3.47	47.42	3.02	1.73	100.00
Community services	13.43	5.51	1.27	3.73	14.88	2.91	53.28	3.15	1.85	100.00
LESS imputations	20.75	5.88	1.55	4.30	12.36	2.68	47.83	3.16	1.49	100.00
General government	13.81	11.88	2.45	5.74	13.44	4.55	37.00	3.94	7.20	100.00
Other producers	19.51	7.29	1.78	6.50	14.91	4.08	41.22	2.22	2.49	100.00
Total	13.88	7.57	2.13	6.34	14.93	5.58	37.39	8.40	3.79	100.00

Source: Statistical release PO401 'Gross Geographical product at factor incomes by kind of economic activity and magisterial district, 1991. Central Statistical Service, July 1994. Provided by the Development Bank of Southern Africa.

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BUMBLING ALONG

By Robert Schrire
Department of Political Studies, University of Cape Town

South Africa has achieved political democracy but the big challenge still lies ahead of us. The route is fraught with dangers. A look at the current political, social and economic map of the country indicates that we are bumbling along a middle road scenario towards a mixed First World-Third World society which could, with sound management, lead to further development and stable democracy.

I t is difficult for even the most astute observer to discern patterns in the political economy of a rapidly changing society. This is particularly so when personalities are so vitally important in shaping the larger outcomes. Whenever we focus on personalities, we are likely to be surprised by the vagaries of human behaviour.

Who would have expected dramatic changes from the pre-1990 FW de Klerk? Not only was he perceived as conservative, but as one of his close associates remarked: "The problem with De Klerk is not that he is reactionary but that he refuses to take decisions."

Yet this same De Klerk launched a programme of reform which has left all of us amazed. Similarly, the future of South Africa will be shaped largely by the actions and inactions of a handful of leaders: Nelson Mandela, De Klerk and Mangosuthu Buthelezi.

Whereas in developed societies such as the United States or Britain it doesn't really matter who is in charge, in a politically developing society such as South Africa, it does. Indeed, the single most important factor which will determine our future will be the quality of our leadership.

But leaders do not operate in a vacuum. They are part of the polity and the value system of their societies. The political landscape provides a context of restraints and opportunities. Now that the elections are over, it is possible to discern the contours of this political landscape, or power map.

The power map

It has been said that the results of the April elections are 'designer results'. What is meant by this is that the results are as conducive to a democratic future as is possible under our unique circumstances.

With the best intentions in the world, nothing is more dangerous for a democratic system than a landslide victory where the victor is likely to remain in power for a long time. Although the African National Congress (ANC) emerged from the elections as the clear winner, its power is limited by the following:

* The failure of the ANC to win a two-thirds majority in the National Assembly. Although even a simple majority enables the winning party to ride roughshod over its rivals, a two-thirds majority conveys the wrong message to the winners and may encourage them to treat the losers with disdain. Psychologically it was very important for no party to win the magic two-thirds majority and the right to write the constitution unilaterally;

* The success of the National Party (NP) in obtaining more than 20% of the total vote and in winning majority support from the white, coloured and Asian communities. Not only did this entitle the NP to occupy a deputy presidency and important cabinet positions, but psychologically it ensures that an opposition party has crossed an important barrier which marks the difference between at least a partial victory and total defeat;

The single most important factor which will determine our future will be the quality of our leadership

The April elections produced 'designer results' as conducive to a democratic future as is possible under our unique circumstances

Arthur Bozas

white dominated and conservative public sector.

The South African power map, then, can be summarised as follows: all but two players - the ANC and the NP - were eliminated from national politics. At the provincial level the IFP is a major player because of its victory in KwaZulu-Natal, but its national aspirations have been shattered, probably permanently.

What about the losers? It is a dangerous exercise to attempt to predict the political future, but is difficult to conceive of any circumstances which could lead to the resurrection of the Democratic Party (DP), Freedom Front (FF) or Pan Africanist Congress (PAC).

These parties seem to have been struck a mortal blow and are likely to lose much of their already limited electoral support. Given a widespread perception that their growth prospects are limited, they are unlikely to attract the resources, especially finances, which are so necessary in today's politics.

The options

Although we cannot predict the future, we can outline the central issues and isolate the factors which will shape outcomes. Perhaps the most important questions are whether the polity will be stable, the new democracy will survive the new challenges and what policies, especially socio-economic, the new Government will adopt.

The answer to these questions will determine South Africa's future. We may summarise the four possible outcomes as follows:

○ The failure of the ANC to win control over two of the three most important provinces. The convincing NP win in the Western Cape and the somewhat surprising victory of the Inkatha Freedom Party (IFP) in KwaZulu-Natal will balance the power of the ANC in the other seven provinces and ensure that real restraints exist on central government power;

○ As a result of these electoral outcomes, other balancing mechanisms become more important. The Government of National Unity (GNU) could never be a substitute for electoral performance. If the ANC had achieved a massive victory at the polls and no other party had achieved a credible level of voter support, the GNU would have been an empty shell from the very beginning.

❧ Now at least the junior partners will have real clout. Similarly the constitutional principles agreed upon during multi-party negotiations and new institutions such as the Constitutional Court take on a new lease of life.

❧ The political balance of power probably also reduces the possbilities of clashes between the state bureaucracy, including the security services, and the new political elite. Had the ANC been the only major parliamentary player, tensions and conflicts may have developed with the

❏ *The Rwanda option*
South Africa disintegrates as a cooperative society and is dominated by conflict and violence. The road to this outcome would lie in the failure of the leaderhsip to contain regional conflicts, such as the power struggle in KwaZulu-Natal, and a breakdown in the functioning of the GNU. Armed force would become the arbiter of conflicts.

❏ *The Zambian option*
South Africa slides gradually into stagnation, decay and corruption. Endemic violence would not be the defining characteristic. Instead the nature of the South African society would change to one dominated by Third World elements. The First World oriented elites who presently dominate the South African political economy would gradually be displaced by Third World oriented elites, practices and policies.

❑ *The bumbling along option*

South Africa is a mixed First World-Third World society in which democratisation increases the Third World influences on the political economy in the short term but does not destroy the First World component.

Under this scenario, South Africa would continue to make significant economic progress and the democratic ideal would not be extinguished. However, the process would remain tenuous and a strong Third World element would continue to exist and would limit economic and political prospects.

❑ *The Singapore option*

This entails rapid progress towards a predominantly First World society in which the Third World components would be steadily reduced. In time, high levels of socio-economic development attained makes the survival of a First World democratic system unproblematic.

South Africa is not unique in facing these issues. From a global perspective, we can find some of the answers by investigating the level of socio-economic development that exists in the society, and how the political winners and losers behave.

Development

The level of socio-economic development is a critical determinant of political success or failure. Levels of literacy, income per head and urbanisation largely determine whether a society will be a stable or an unstable democracy. Comparisons indicate that we can differentiate between three levels of development:

- Highly developed societies characterised by high levels of literacy, affluence and large urban complexes. With very few exceptions, these societies also have stable democratic systems of government;

- Middle income societies characterised by a strong, modern First World sector co-existing alongside a large Third World sector. An important section of the population is literate and relatively affluent, but another important section is not. A stable and democratic system of government is possible but not probable;

- Underdeveloped societies with low levels of economic development and very limited literacy. With very few exceptions, these societies are neither democratic nor genuinely stable.

If South Africa was either highly developed

or highly underdeveloped, we could confidently predict its political destiny, at least in the short term.

For example, we can predict that politically at least the United States and Germany will not be very different from their present realities in five years time. We can be equally confident, alas, that Malawi, despite the present euphoria, will not be a stable democracy in five years time.

The middle category of partially developed states are the most difficult to understand because their destinies are not socio-economically determined. In these cases, it is the quality of the leadership which is critical, particularly the actions of the winners and the losers of the political game.

The winners

Perhaps the single most important factor determining the political future of middle level societies is the behaviour of the political winners. Do they continue to play the game according to the rules? Are they magnanimous towards the losers? Do they adopt and implement sensible policies?

Part of the key answer to understanding political behaviour lies in the arena of predispositions. If the ANC has a secret agenda to subvert the polity and implement populist policies, no constitution or court will be able to frsutrate them.

However, the disastrous consequences for the ANC and its constituency of such policies has probably been perceived during the learning experience of the last four years. We are therefore not dealing with a group with a sinister and hidden agenda.

No democratic society can base its survival on trust, however. Political power needs to be limited and constrained by countervailing powers. As I outlined earlier, our 'designer' elections produced an outcome favourable to a democratic South Africa.

The ANC-dominated government is faced with powerful political forces outside of its control in the GNU as well as in the regional governments of the Western Cape, KwaZulu-Natal and several of the ANC dominated provinces. It does not have the luxury of a blank cheque in either making policy or implementing its decisions.

As significant in constraining government is the domestic and global context in which government operates. It is almost universally recognised that no state can go it alone in the 1990s.

Socio-economic development is a critical determinant of political success or failure

In middle income societies like South Africa a stable and democratic system of government is possible but not probable

The ANC does not have the luxury of a blank cheque in either making policy or implementing its decisions

Paul Grendon/Southlight

*Cooperation
rather than
confrontation will
be the only path to
economic
reconstruction and
development*

If the Government is to deliver its promises
to its key constituencies, it has to be fully
reincorporated into the global political
economy. Only full reincorporation will lead
to the necessary foreign investments, access
to the key markets of Europe, North America
and Asia, and support from global economic
institutions such as the International
Monetary Fund and the General Agreement
on Trade and Tariffs.

Similarly, control over Parliament does not
automatically imply control over all the
power points of South African society. The
public bureaucracy, including the police and
military, remain outside the unchallenged
control of the ANC. Civil society, especially
the media, the professions and business, civic
associations and trade unions, value their
independence greatly.

Thus power is not what it used to be. The NP
in 1948, with almost no support among black
people, only minority support among the
white electorate and very little sympathy
abroad, could use its small parliamentary
majority to grab control of the state and
transform society.

*Political losers
often pose a
serious threat to
democracy and
stability, since
they frequently
have a vested
interest in the
failure of
government*

The ANC, with much greater popular
support, is unable to lead but can only
persuade. An ANC attempt to impose its will
on South Africa would have disastrous
consequences - not least for itself.

Cooperation rather than confrontation will be
the only path to achieving ANC goals such as
economic reconstruction and development.
President Mandela's speech at the opening of
Parliament showed that most ANC leaders
are fully aware of these brutal realities.

The losers

The political losers often pose an even more
serious threat to democracy and stability.
Unlike the winners, they frequently have a
vested interest in the failure of government
and public policies. In many cases the failure
of democratic government creates
opportunities for power which would not
otherwise be available to political minorities.

We are perhaps fortunate in South Africa that
the election outcome was, with the exception
of KwaZulu-Natal, so decisive. Both the
white right, represented by the Freedom
Front, and the black 'left', represented by the
PAC, were demolished and at present do not
pose any real threat to the democratic order.

It also seems improbable that their supporters
will take up arms against the state or engage
in other forms of illegal opposition on any
significant scale. The psychological
consequences of their political rout have been
overwhelming and their ranks have become
thoroughly demoralised.

The future consequences of the policies of
the IFP remain more problematic. The end of
Inkatha's dream of being a major national
player may contribute to national
reconciliation if rational considerations shape
their policies. The elections showed that the
IFP is exclusively a regional party.

The situation in KwaZulu-Natal is more
complex, partly because the power struggle
has not been decisively resolved. Although
the IFP was granted 51% of the final vote, the
ANC and others claimed widespread
irregularities. The situation is aggravated by

tensions and passions inherent in a situation of a 10-year struggle which has claimed the lives of thousands of people on both sides of the political divide.

Outside of KwaZulu-Natal, the IFP has representatives in only one provincial parliament. The party leadership is unlikely to view itself as a possible national government in any future election, and this gives the IFP the incentive to cooperate as a minor partner in the ANC-dominated Government, while hoping that the Government stumbles and creates new opportunities for the expansion of opposition support.

But the logic of cooperation created by the balance of forces at the national level may be overturned by the dynamics of personalities or by the negative dynamics which may flow from unresolved regional conflicts.

The danger exists that conflict will continue in the region and that these conflicts may spill over into the GNU, destroying the national dialogue. Tragically the reverse dynamic does not exist: cooperation at the centre does not seem to influence regional conflicts.

Conflict

Politics is about conflict and democracy can be viewed as a mechanism for resolving conflicts peacefully. One consequence of our 'uhuru' elections is that the conflict issues are blurred.

Because the election was between the 'old order' and the 'liberation' party, both the ANC and the NP represent constellations of disparate and perhaps irreconcilable interests. When the great realignment takes place, what will the conflicts be and how will they be expressed?

❏ Ethnic conflict

Of all the potentially destructive conflicts which may tear a society asunder, ethnic conflicts are the most difficult to manage successfully. Because ethnicity is at least partly determined by contextual factors, conflicts based upon ethnic factors can take several forms.

In South Africa, ethnic conflicts could pit blacks against whites (the two society model) or could involve several less inclusive groupings such as Xhosa and Zulu speakers (the multi-national model).

❏ Economic conflict

Economic conflicts do not necessarily entail irreconcilable interest conflicts, but they can threaten the fabric of society by inhibiting economic growth and cooperation. The management of potential economic conflict is the foundation of all sound economic systems.

In South Africa the uneasy coexistence of nominal political equality with vast levels of economic inequality poses particularly severe challenges to government. Conflicts between business and trade unions, land owners and squatters, and in general the haves and the have nots, always contain the threat of dramatic escalation.

This has been confirmed by the recent strikes in the retail sector, where passions raised were disporportionate to the actual issues involved. Policies such as affirmative action, privatisation and land reform are particularly explosive.

❏ Political conflict

Although politics is about conflict, successful democracies have discovered mechanisms to ensure that conflicts do not reach a level where the stability and even existence of the political framework itself is under threat. Political contestation is restricted largely to policy outcomes rather than the nature of politics itself.

In South Africa a legitimate framework has yet to be created. The ability of a GNU to contain destructive conflicts remains uncertain. The division and sharing of powers between the different levels of government has yet to be determined. And the vital machinery of state will have to meet the challenges to its efficient functions from new political elites, ambitious state policies and affirmative action programmes.

Prospects

In this article I have tried to provide a 'road map' rather than a predition of our future. We cannot yet answer the key questions I raised about stability, democracy and rationality of our future polity and policy. Even a cursory look at the potential for conflict in our society can only make even an optimist cautious.

However, on balance the omens are encouraging. We have survived a difficult transition and a traumatic election in reasonably good shape. The power balance between the political groups is favourable and the last four years have been useful in teaching all our political players some of the facts of our new reality.

If we relate these factors to our earlier brief outline of possible futures, the following

The danger exists that conflict in KwaZulu-Natal will continue, and may spill over into the government, destroying the national dialogue

The uneasy coexistence of nominal political equality with vast levels of economic inequality poses particularly severe challenges to government

On balance the omens are encouraging. We have survived a difficult transition and a traumatic election in reasonably good shape

tentative conclusions can be reached.

The Rwanda option seems unlikely for several reasons. Firstly, the conflicts in South Africa do not create the inevitability of intractable ethnic, religious or racial conflicts. While the potential for such conflicts does exist, they are mitigated by other factors such as the absence of one numerically dominant ethnic community and the salience of economic and other material issues.

In addition, the incumbent political elites have every incentive to cooperate with other members of the political elite, and seem to have learned the unacceptable costs of unregulated conflicts.

The Zambian option also seems unlikely. Despite the socio-economic disparities in South Africa and the possibility that a majority of the population is rooted in Third World poverty and deprivation, the state and society seem to be firmly under the control of a multi-racial first world elite.

While it is probable that Third World influence will increase, it is difficult to envisage circumstances under which the First World elements could be dislodged. South Africa differs from almost all its neighbours precisely because its First World component, both black and white, is so large and firmly entrenched.

The Singapore scenario also seems unlikely. The prospects for economic growth are relatively modest and the size of the Third World community, coupled with very high birth rates, makes the rapid growth of First World elements unlikely. The apartheid legacy compounds the problem because it makes adopting economically optimal policies politically unviable.

The most likely future is therefore going to be along the road of bumbling towards a mixed First World-Third World society. This road contains many dangers but seems to lead towards the gradual strengthening of the First World elements of our society. The major dangers include:

⊙ The incapacitation or death or President Mandela;

⊙ The legacy of the past which new institutions such as the Truth Commission could politicise with potentially destructive consequences;

⊙ Breakdown in political cooperation. The GNU is only a mechanism designed to achieve a level of inter-party cooperation and ensure that the political system is not endangered. Its breakdown would not by

itself destroy political stability, but the end of coalition government would encourage parties to place their own interests above any interest in stability and continuity. The inevitable tensions could undermine the system itself;

⊙ Unwise state economic policies, based upon a populism which sacrifices long term gains for short term applause. Policies of state income, expenditure and affirmative action are particularly vulnerable to populist expansion; and

⊙ Mobilised special interests which have the power to ensure that their interests prevail over national and weaker interests. It is possible that powerful interests such as the Congress of South African Trade Unions will force a weak Government to follow popular but costly policies which destroy macro-economic balance and harm the interests of the least privileged, and hence weakest, sections of society such as the unemployed and rural peasantry.

One factor does give rise to some concern: the absence of an alternative government to the ANC. Good government demands a strong opposition. While the present balance of power is a good beginning, it is difficult to see which of the existing parties could provide a credible future alternative to an ANC Government.

It is unlikely that the NP, with its historical legacy as a white Afrikaner party, can achieve significant black support. None of the other parties, including the IFP, DP and PAC, seem to have significant growth prospects. The interim constitution makes it difficult for party rebels to split because to do so would force them to resign from Parliament.

As a result, despite the desirability of a great realignment away from the present system-versus-struggle party alignments, it is difficult to see how this could come about. And unless it does, it seems unlikely that the ANC majority will be seriously threatened.

Managing change is never an easy task. Managing change in a democracy is even more difficult to do successfully. However, the record of our leaders and communities in adjusting to change is almost miraculous.

Even five years ago, few of us would have believed our society had the capacity to adjust to the radical changes which have recently taken place. Yet we have done so reasonably well. The biggest challenge now lies ahead of us. We will not get another second chance. **ISSA**

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The New Opposition

By Alf Stadler
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South Africa has gained democracy but lost a vibrant opposition culture. Liberation and union leaders are in Government and the Democratic Party has withered, leaving workers, splinter groups with unmet expectations, the marginalised and disenchanted whites to lead the creation of a new opposition.

Opposition to the Government of National Unity is likely to be fragmented and marginalised. It will be prone to spill over into resistance. It will find difficulty in being accepted as legitimate, and will possibly be deeply divisive.

It may pose disturbing moral issues to the Government insofar as it reflects interests engaged in the liberation struggle. Leaders may use descriptions like 'dissidents' and 'criminal elements' to dismiss or disguise the problem.

But it will be intrinsic in the politics of the new South Africa as the burden of the past continues to weigh on the present, and as new lines of social and political formations emerge.

Topsy turvy

Since 1992, South African politics has gone topsy turvy. Of the liberation movements, the African National Congress (ANC) is now the party of government - though perhaps not yet able to control state power - and the Pan Africanist Congress is in disarray, more likely to be a client than a critic of the Government.

The former enemy of the liberation struggle, the National Party (NP), is part of the Government of National Unity (GNU). The Democratic Party (DP) has given ample evidence that it intends to play the role of a very critical parliamentary opposition in textbook style. But with only a handful of MPs, it can hardly land body blows on the Government.

The ANC is by no means unanimous even on important issues of policy, as the differences between Minister of Housing Joe Slovo and PWV Premier Tokyo Sexwale shows.

However, as it changes from being a broad church to a political party, the ANC can legitimately expect its own MPs and administrators to conform to the broad lines of national policy and to refrain from criticising the Government in public.

The creation of the broad consensus on which the GNU rests involved reproducing as wide a range of elements within it as are present outside, except for the far right which so far has proved unassimilable.

The intention behind coopting or incorporating potential critics and opponents - socialists, populists and resolute regionalists like Minister Mangosuthu Buthelezi - within the Government was to inoculate the body politic against similar, but potentially more dangerous groups outside.

Extra-Parliamentary

Because of the very breadth of the coalition present in Parliament, one must look for the opposition outside. Some of it will possibly be located within groups which supported the ANC in the election, though probably at grass roots level rather than within the elites.

What this may mean over the next few years is not easy to determine: opposition in a democratic South Africa is a largely unchartered terrain. Many groups which opposed apartheid during the 1980s are now major actors in the new regime.

Opposition to the new Government will be intrinsic in politics as the burden of the past continues to weigh on the present

The intention behind coopting opponents into the Government was to inoculate the body politic against more dangerous groups outside

Associations and organisations based in community and workplace - civics and unions - were important elements in the opposition to white power and were instrumental in initiating the transition to a democratic government. They are especially vulnerable to having their leaders incorporated or coopted by the Government.

Several now hold high political office, partly as the reward for the part they played in the struggle. Jay Naidoo left the Congress of South African Trade Unions (Cosatu) to become responsible for the Reconstruction and Development Programme (RDP), taking Bernie Fanaroff with him.

The consequences of Cosatu becoming a central element in the new Government, and of the loss of their most gifted leaders, has undermined the confederation's capacity or willingness to act militantly or even effectively on behalf of the interests they represent.

When the Government defended the recent large hike in the petrol price on the specious grounds that it was necessitated by a deteriorating exchange rate, Cosatu was silent even though its members would be seriously affected.

This contrasted markedly with the confederation's militancy when the previous government put up petrol prices late last year. But this has not put a break on militant working class action, and may have encouraged it.

Civics

Similarly, civics were major actors in the struggles of the 1980s which contributed markedly to shifting the balance of political power in favour of a democratic outcome.

Civic leaders who remain active in local politics will probably enter local authorities. Many of the structures of South Africa's resurgent civil society in the 1980s will probably become involved in government or, at most, subside into quiescence.

President Nelson Mandela has stated his intention to bring civics into the service of government. Such a project is understandable, but it might have deleterious unintended consequences for the democratic project in South Africa.

Sam Mkhabela's study, *Democratisation in Rural South Africa: the Case of Marite, 1986-1993*, concluded that the emergence of civics in rural areas of the Transvaal opened

up public space and challenged the authority of tribal chiefs. But the civics there have not yet established a democratic practice.

The assimilation of civics into government may undermine such delicate experiments in democratising rural areas, particularly if the Government concedes to pressures from traditional leaders for special representation. If this happens, the civic project could be smothered under the weight of traditional or other non-democratic interests.

Of course it was not even certain that civics would remain committed to the democratic project once the ANC won power in communities. Lisa Klein's study of the civic association in Ratanda, Heidelberg, suggests that it was instrumental in opening up public space for political contestation.

But its objective in doing so was to control that space rather than to generate opportunities for permanent contestation. The purpose was to ensure ANC hegemony, not to generate the conditions of uncertainty which define democratic politics.

Ngo's and media

Non-government organisations are likely to be given an active role in government. This has attractive features because they can supply many elements of much-needed expertise and organisation.

But it also reduces the potential of authoritative independent groups, possessing technical, financial and administrative resources, to challenge the government when it makes mistakes or permits corruption.

The media has largely rallied behind the new Government. The acquisition of the Argus Group by the international O'Reilly empire is likely to soften criticism of the Government from this now hegemonic quarter of the print media.

The South African Broadcasting Authority has continued without missing a beat to provide the model of political correctness in the new South Africa that it provided so loyally in the old.

It is likely that the most outspoken media criticism of the present government will continue to come from papers like the *Weekly Mail* and the *Tribune*, which have made uninhibited assaults on Minister of Defence, Joe Modise, while the 'mainstream' press remained silent. Their courage bore results - the interdict against the *Weekly Mail* was withdrawn. We do not yet have a Government which ignores criticism.

New opposition

However, we have not seen the end of opposition in South Africa. The political struggle for access to resources, for dignity and for identity did not end with the election and the inauguration of a new President.

In some ways these struggles may have only just begun, and might intensify as the gap between popular aspiration and governmental capacity widens, as long suppressed and newly awakened interests discover that the new Government's agenda might not coincide with theirs.

Workers

There has been an almost continuous wave of strikes in almost every sector of the economy this year. Twice as many man-days have been lost through industrial action so far in 1994 as during the equivalent period in 1993.

Organised labour remains committed to the alliance between the ANC, South African Communist Party (SACP) and Cosatu, and the Government has tried to maintain a neutral stance. However, strikes like that at Pick 'n Pay, when police took action, clearly reveal strains in the relationship.The labour movement has begun to display the potential for forming an opposition to the Government should strike action continue at present levels.

Wage restraints, or wage increases linked to productivity improvements, are likely to become an ingredient in attracting foreign investment and providing the conditions for successfully implementing the RDP.

The Desmond Krogh episode at the Development Bank of Southern Africa suggests that the RDP has become the shibboleth of the Government which establishes the division between 'us' and 'them'. Confrontation is not unlikely between the GNU and organised labour, even though Jay Naidoo's masterminding the RDP might help ease relations.

Public sector workers have not yet embarked on industrial action on a large scale. When they do the problem will escalate massively.

It is also possible that union militancy could generate cleavages within the labour movement, especially between relatively well-paid and secure elements which predominate in the union movement on the one hand, and the marginalised and un- and under-employed on the other. The possibility of a new labour party forming ought not to be dismissed.

Other elements of a new opposition are likely to form around the peripheries of political society, among groups who were marginalised under the old regime. It is also likely to include groups who will be unable to gain access to resources to which liberation and policies like the RDP led them to believe they were entitled.

Strikes by civil servants and policemen in former homelands, despite criticism from the Government and (probably) unsupported by organised labour, reveal the emergent militancy of workers in territories where labour was repressed longer and more successfully than in metropolitan South Africa.

As John Kane-Berman pointed out in the *Weekly Mail's* June 17 issue, the homelands enjoyed fewer benefits than any other regions in South Africa during the apartheid era, and they are likely to continue to be the least benefited in the post-apartheid society.

The emergent opposition will probably be disadvantaged by the elevation of the ANC-SACP-Cosatu alliance and the civics into the ranks of the new establishment. This opposition is likely to manifest itself in 'problems' for the Government, rather than articulate and organised criticism.

Squatters

The new government faces many such problems. Central and regional governments will find, as previous governments and local authorities have for half a century past, that squatters pose an endemic problem. For each solution by way of providing low-cost sites or housing has a way of attracting fresh waves of settlers from the vast sea of poor people.

Local authorities responsible for housing and public health worldwide have found that illegal land occupation poses extraordinary problems, for squatters cannot afford to respect the principle of queuing for housing, nor share the petty-bourgeoisie values of householders.

Squatters are likely to precipitate conflicts within urban black communities as well as reinforcing existing ones between them and white peri-urbanites. Some of these problems are legacies of apartheid, others are ubiquitous features of the world we live in, unlikely to disappear on a wave of optimistic rhetoric.

Squatting has been with this country, and many others, for most of the century. It is especially prevalent when opportunities for mobility are opened up, when poor people

The labour movement has begun to display the potential for forming an opposition to the Government

The possibility of a new labour party forming ought not to be dismissed

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seek opportunities to glean precarious
livelihoods in urban communities, where
there are no housing markets that cater for the
very poor and where the supply of state
housing lags behind the need for it.

The marginalised

Prisoners are another marginal community,
usually rendered invisible, who began to
display a political identity as liberation
approached, and thereby to reveal another
fissure in the interstices of the new South
Africa. They have of course gone on strike in
the past, but never with so coherent and
plausible an interest to articulate.

Prisoners protested before and after the
election: their case has been poorly stated and
their methods have won few friends. But they
expressed a telling critique of the social and
political order in which generations of people
turned routinely to crime in the absence of
alternative opportunities.

Another dimension of the emerging
cleavages may be gained from episodes such
as the campaign conducted by the
Non-Admitted Students Congress in the
northern Transvaal, to gain admission to
teacher training colleges after 90% of those
who sought admission had to be turned away.

These instances suggest that marginal
elements will frequently be fragmented and
inarticulate, resembling, like squatters, the
tail end of a queue of people who do not get
served rather than coherent and well
organised pressure groups.

Within the former homelands, KwaZulu
presents extraordinary problems because of
the difficulty of establishing a coherent
provincial government there. Significantly,
the location of the provincial capital, quickly
resolved everywhere else, has dragged on.
Confrontation between the province and
central government remains possible.

The actions we have reviewed do not
commonly produce coherent political
organisations. The marginalised and very
poor are difficult to organise. Unemployed
people are the most difficult and the least
attractive to unionise.

Such groups are more likely to respond in
little, poorly organised episodes to populist
leaders - themselves often marginal in the
social and political order - who can offer
illusory quick fixes rather than coherent
programmes of reform. The most coherent
reform will in any case bear the
Government's imprimatur.

For this reason, unemployed and
inadequately housed people are vulnerable to
being exploited, economically and politically,
by petty political bosses who can deliver
relief for their most pressing and urgent
political needs.

Whites

Perhaps after the current euphoria evaporates,
whites will begin to form a new opposition.
Whites are experiencing loss of identity and
dignity most acutely as a white skin becomes
an impediment. They will probably become
increasingly visible among marginalised
elements.

The white right is of course a familiar feature
of opposition politics. But it is experiencing
the trauma of changing from an influential
hardline minority in a decaying white
hegemony to become a fraction of a minority.

Its political claims and forms of action are
adapting to the new situation. The claim for a
volkstaat has arrogant features, such as not
defining the rights of blacks within the
volkstaat, but it is fundamentally an
admission of defeat.

But whites might develop alternative, more
effective ways of protecting their interests
than the archaic formulae offered by
ultra-conservatism.

It is probable that white interests, almost
certainly within a non-racial alignment, will
begin emerging. They will have little or
nothing in common with traditional white
parties, but will seek to express those
interests which are not represented by
existing parties.

This is likely to happen within the framework
of non-racial political movements. The NP
began carving out such a terrain some time
ago, with considerable success.

But it carries a great deal of ideological
baggage from the past, is hampered by its
fat-cat image and may be encumbered by the
role it plays as part of the Government.

The DP may find that its long term future lies
in this direction. But they and the Nationalists
will probably be disadvantaged by the
ideological eclecticism of the ANC and by
the necessity forced on interest groups to pay
service to the idea of national unity.

These parties were, for all their differences,
privileged elements in the old South Africa.
They will need to change in order to operate
effectively in the new. 🔲

New
Challenges

By Bobby Godsell
Executive Director, Anglo American Corporation

South Africa needs economic growth, increased competitiveness and productivity, and broader worker participation. It also requires balance between reconciliation and dissent, partnership and pluralism. Consensus should be mobilised around national goals, but the means must be vigorously and openly debated and new relations forged betwen government and civil society.

There are still days when I can hardly believe that it happened. I have lived so long with the San Andreas fault of South African racial conflict. It seems hardly possible that apartheid has gone. Elections have happened. A new democratically elected government is in place.

South Africa has rejoined a range of international organisations, including some I didn't know existed. Our new flag flies not only at the United Nations, the Organisation of African Unity and other important places but, probably even more significantly, on the minibus taxis and BMWs that ply our urban freeways.

Nelson Mandela, Mangosuthu Buthelezi and Constand Viljoen debate each other in Parliament. A miracle has happened. Armageddon must wait.

Nor is this miracle a once-off high. While the wonder (and the fatigue) inevitably fade, some new realities persist. We not only have a new country, but each one of us has a set of new identities.

I can delight in the white, male, English speaking identity which God ordained for me. I can do so without either hubris or guilt in respect of my fellow not white, not male, not English-speaking South African compatriots. I can also delight in a new national identity: truly national for the first time. In New York taxi cabs I will never again be tempted to fake a New Zealand accent.

Yet this side of heaven nothing is ever quite finished, or ever quite established. South Africa, in the words of Robert Frost, still has

> promises to keep,
> and miles to go,
> before I sleep.

The economy

There is only one way that the legitimate and desirable aspirations of our nation of nearly 40 million people can be met. We have to grow our productive economy to between four and five times its present size: that is, an around R600 billion has to become a R2,5 trillion to R3 trillion economy.
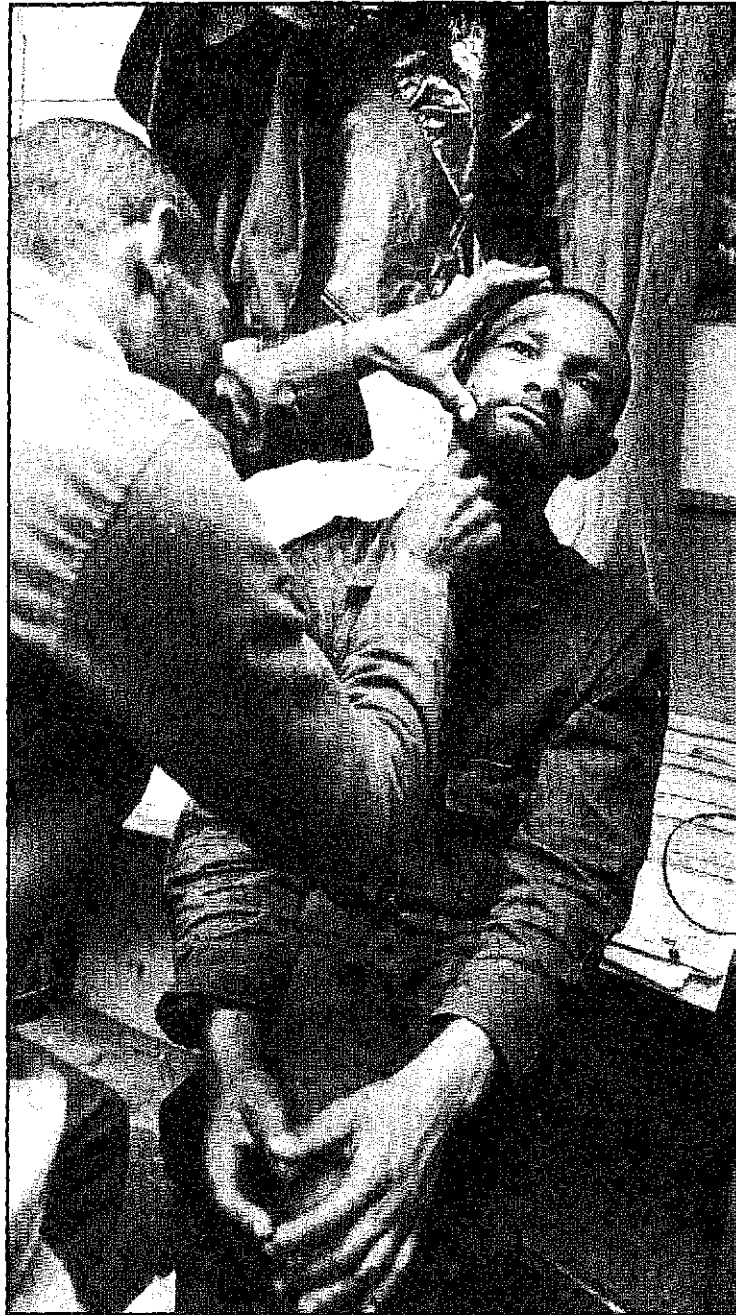
This is a difficult but in no way impossible challenge. It will require around 25 years of growth rates of 5% to 6% per annum.

Growth can only be achieved by enhancing the inherent competitiveness of the South African economy. In the Uruguay round of the General Agreement on Trade and Tariffs (GATT) negotiations, South Africa joined the world's trading nations in a commitment to a more open global market place.

The consequences are profound. In simplistic terms tariff barriers must be reduced to no more than about 30%, or a third of present

We not only have a new country, but each one of us has a set of new identities

We have to grow our productive economy to between four and five times its present size

Chris Ledochowski

more output from the same input. Again this is a stiff but not impossible challenge. Also, it is everybody's challenge. From bankers and brokers and deal makers to managers and trade union leaders, to shop floor supervisors and workers.

Compelling cases can be made for a revision of workplace hierarchies, for a shift to multi-skilling, for greater workplace flexibility. This will require broader and deeper worker participation at many levels of workplace decision making, and an expanded agenda in collective bargaining.

This will require managers to share power and workers and their leaders to assume greater levels of responsibility. Just as politically the flag and anthem have become the property of the whole nation, so too the workplace must command a loyalty across the divisions of hierarchy and race.

Political promises

Of equal importance with the major economic challenges are two critical political challenges. In each case these challenges involve striking an appropriate balance between two competing thrusts of political culture.

❑ *Reconciliation and dissent*

Every South African must be thankful for the spirit of reconciliation that has been built in our country in recent months and years. From the magnanimity of FW de Klerk's statement conceding the African National Congress (ANC) victory to President Mandela's insistence before a crowd of thousands on singing *Die Stem.*

A Government of National Unity was almost certainly needed to build a bridge from a white Afrikaner oligarchy to a pluralist democracy. Yet politically the country needs more than inter-group reconciliation. It needs, indeed it urgently requires, a political culture that can resolve intense conflicts of interest.

A culture that can make tough choices. A culture that can timeously change its mind and correct mistaken directions. This in turn requires choice, and choice necessitates debate. Debate requires opposing views to be aired. In a word it requires dissent.

Already there is grounds for concern here. The Reconstruction and Development Programme (RDP), at present still the election manifesto of a political party, is being elevated to the level of a civil religion. Adherence to it has become the litmus test of

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levels. Non-tariff barriers, including many forms of export promotion schemes, must be phased out.

The country needs more than inter-group reconciliation. It urgently requires a political culture that can resolve intense conflicts of interest

Though South Africa's GATT offer poses probably the most fundamental competitiveness challenge industry here has faced this century, if it can be met then the benefits for South Africa will be immense.

Cheaper domestic goods, better quality and new international markets will constitute a high road to sustainable growth from which every South African, from Johannesburg's northern suburbs to the furthermost valley hamlet in Ingwavuma, will benefit.

The competitiveness challenge can only be met if we can improve the productive capacity of the economy. This simply means

loyalty. Criticism, even of a tactical nature, unleashes witch hunts, as the Desmond Krog case indicates. The spirit of Salem is abroad.

For the National Party and Inkatha Freedom Party an acute dilemma exists. How can you oppose in Parliament that which your leaders have agreed in Cabinet? It is the dilemma, of course, of all coalition governments. Yet it is an even greater dilemma for a constitutionally induced coalition.

The tension between cooperation and dissent is fundamental: it cannot be finally 'resolved'. It can, however, be managed. We need to mobilise national consensus around broad national goals.

Growth and development goals can be formulated for every aspect of our society which can command broad stakeholder support. We need, equally, to cultivate a vigorous debate about means. That is the realm where dissent is not only permissible but vitally required. This is the duty of loyal opposition.

❑ *Partnership and pluralism*

A second tension that must be managed is that between cultivating partnerships, or an inclusive political process, and the need for pluralism.

This point can be illustrated by examining the future of the forum phenomenon. South Africa has enjoyed a Prague spring in which forums have been created through the length and breadth of the land, and about almost every conceivable aspect of human affairs. Some commentator predicted the imminent formation of a Coca-Cola forum.

Some regard this 'forumitis' as nothing more than a symptom of transition. The government in transition was illegitimate. It could not take decisions. Therefore alternative structures had to be created. That is a thing of the past and so too, goes the argument, are forums.

Others dispute this. Proceeding from a vision in which democracy means more than the right to vote in a government once every five years they seek, essentially, cogoverning rights. Elements of both views can and should be reconciled.

We have a sovereign government. It is the final arbiter of the public good, and in the realm of public policy it has, and must have, the final word. Yet it seeks to govern a complex, plural society. The current

Government faces a fundamental choice as to how it will exercise its sovereignty. In simple terms it can govern with or over its electorate.

Where the Government requires more than compliance, rather cooperation from civil society, it needs to build a basis of support in society's non-governmental actors. These actors need to support the goals, debate the means and recognise where tough choices have to be made.

An additional advantage of a governmental process which accommodates such dialogue between government and society is that governmental decision makers become armed with a more accurate sense of the consequences of their actions. They know that if they legislate X, the societal response will be Y.

New relations

What such a process of governance requires is a set of relationships between government and society. Relationships in which a dialogue can take place about public policy and its consequences.

This does not imply permanent alliances between anyone, only regular discourse. In a healthy, plural society government, business and labour (to mention but three of society's important interest groups) will agree and disagree with each other depending on the issue on the table.

In some cases parties will acquiesce where disputes emerge. In other cases they will seek active opposition. The more public the debate the greater the constraint of corporatist horse-trading. In the end a free Press and a multi-party political process are the most efficacious protections of the public interest.

What is true of the debate about the future of forums is as true of the relationship between the executive and legislative wings of government. It is as true of the relationship between Cabinet and Parliament. It is as true of the tension between 'national strategies' and autonomous institutions, such as universities.

Many commentators now assert that true democracy is impossible without active civil society. Striking the right balance between these two political tensions - reconciliation and dissent, partnership and pluralism - will determine whether South Africa's vigorous civil society will blossom or wither in the new era. ◼️

A second tension that must be managed is that between cultivating partnerships and the need for pluralism

Governance requires is a set of relationships between government and society in which a dialogue can take place about public policy

Striking the right balance between reconciliation and dissent, partnership and pluralism, will determine whether civil society will blossom or wither in the new era

A Security Policy

By Bill Sass
Institute for Defence Policy

If there is one clear policy which identifies the Government of National Unity it is commitment to the Reconstruction and Development Programme. But a long term national security policy is needed to balance it. Without this there will be confusion among security agencies and the success of the state administration - and the RDP - will be in doubt.

Security agencies take a long time to develop and are expensive. But the alternative is for individuals to arm themselves

The RDP, no matter how noble its aims, will not succeed unless violence is stabilised

A National Security Policy should compliment the RDP and create a stable climate for welfare to flourish

This year's budget compelled security departments to sacrifice funds to implement the Reconstruction and Development Programme. While the budget is being cut, the South African Police Service is to be restructured into a national force composed of a specialist wing of expert branches and a paramilitary wing carrying out public order policing, border control, protection of people and places and a Special Weapons and Tactics team.

Nine provincial police services are also being established, requiring the integration of the former South African Police with the 10 police forces of the former Transkei, Bophuthatswana, Venda, Ciskei and the six self-governing territories.

The National Defence Force (NDF) is also integrating with the statutory and non-statutory defence forces. This process will result in a standing force of about 120 000, which will be rationalised in future to 90 000 full-time members. In addition to these demands, the security problems facing the South African Police Service (SAPS) and the NDF have not diminished.

An examination of the present security situation begs the question: where is the security equivalent of the Reconstruction and Development Programme (RDP)? What guides the long term planning of security departments and where will they be in 10 years time.

And on what basis did the Minister of Finance reject the forecasts of the Generals and cut the budgets of the security departments - the NDF by R650 million and the SAPS by R200 million - for 1994/95.

Welfare and stability

Security agencies take a long time to develop and are expensive, as the problems of the National Peace Keeping Force proved. But the alternative is for individuals to arm and protect themselves, as events on the East Rand and elsewhere illustrate.

The RDP, no matter how noble its aims, will not succeed unless violence is stabilised, taxi wars are controlled, hostel are pacified, personal vendettas are eliminated and the flood of illegal arms into the country is halted.

Good welfare for all is only possible if the state is secure, safe and stable. A National Security Policy (NSP) should compliment the RDP and create a stable climate for welfare to flourish.

Drafting security policy

In the days of the 'total onslaught' national security policy was drafted by the Secretariat of the State Security Council, and execution of policy was monitored by the Joint Management Centres.

The President has indicated that the State Security Council is to be replaced in dealing with security and intelligence. Existing law, however, still provides for specific ministers and civil service heads of departments to form the Council. Representatives from these departments could provide the basis for a working group.

To this group must be added provincial representatives, the defence industry and Armscor, the Department of Finance, and representatives from the applicable Joint

Parliamentary Standing Committee. Thereafter the NSP must be open to scrutiny and debate and finally Parliament's approval.

Aims of the NSP

Four goals illustrate the need for a coordinated national security plan. They are:

- To reduce and eliminate internal violence, both political and criminal. The responsibility for eradicating the roots of violence rest with the security and welfare departments. The security forces can stabilise an area but this may prevail only while they are present to enforce it. The RDP needs to address violence directly and clear policy is needed for a permanent provincial police presence.

  South Africa is at present under-policed. There is reported to be a shortage of 14 000 police for the PWV alone, which is one the most violent provinces in the country. The challenges facing the SAPS must be translated into the objectives of the relevant provincial departments as part of the NSP, or nothing will be done.

- To effectively control entry to South Africa at border posts and along the borders to prevent entry of illegal immigrants or border crosses, particularly gun runners, drug smugglers and poachers operating under the screen of refugees. This a problem for the whole country.

  Many departments besides the security forces and the provinces are involved, including Foreign Affairs, Labour, Finance, and Mining and Agriculture (which are the largest employers of migrant labour including legal and illegal crosses). Indications are that this problem is set to escalate.

- To integrate, rationalise, restructure and organise the security forces in order to achieve maximum professionalism and acceptance by the public. The NDF, SAPS and National Intelligence Service are all embarking on restructuring and integration, but little clarity exists on the requirements of future strengths, weapons, equipment or budgets.

  Given the shortage of police to deal with violence one would expect the SAPS to expand. Instead it is the NDF which is increasing, although it faces rationalisation in the future. To the uninformed, recruiting thousands of unwanted members into the NDF, training, equipping and administering them so that an equal number can be retrenched in three years time, appears to be a waste of money.

  As South Africa approaches a total population nearing 80 million by the turn of the century, the numbers of policemen required in each province and in the central force must be determined. Given the present strength of 25 000 in the PWV and a shortage of 14 000, this province alone should aim for between 60 000 and 80 000 policemen by the year 2000. These and countless other issues need a coordinated response from the Government.

The RDP needs to address violence directly and clear policy is needed for a permanent provincial police presence

The security forces are all embarking on restructuring and integration, but little clarity exists on future requirements

John Liebenberg

Provinces must determine what their security problems are and how to deal with these now and in the future

It should be possible to establish the major parts of well trained forces by the end of 1996

To be effective and credible, the security policy must have national support and participation. The message that peace is the dividend of good security must be shared

To be ready to assist or conduct United Nations (UN) or Organisation of African Unity (OAU) peace-keeping or humanitarian operations if called on to do so. Current NDF priorities are likely to remain support of the police in both internal peace-keeping operations and border control.

The constitution provides for international peace-keeping operations as a possible task for the NDF, and a clear policy in respect of UN and OAU support is necessary. If South Africa is to be seen as a leader in Africa, such involvement will at some time have to commence and the NDF and Foreign Affairs departments need guidelines in this regard.

Where to start

The obvious place to start is at the provincial level where the problems are most critical. Provinces must determine what their security problems are and how to deal with these now and in the future. Certain areas need urgent attention and must serve as the basis for planning at national level:

- The planning and prioritisation of the future of each provincial force must be agreed upon and made known to the public in each province.

- Funds and facilities for integration must be identified and allocated, and future budgetary limits determined.

- All forces which will contribute personnel must agree on the entry criteria for members. Their own members who are offered for selection must be determined by name and informed of future arrangements, especially in respect of pay.

- The SAPS, probably with international supervision and assistance, must prepare to train or retrain members.

- The NDF and SAPS can prepare to hand over weapons, equipment, bases and vehicles. The administrative branch of each provincial force which handles pay logistics, ratios, uniforms etc will have to be established to take over before the main force can be accommodated.

It is essential not to force the pace in the build-up of these provincial forces. Allowing enough time for administrations to be established and members to be retrained, it should be possible to establish the major parts of well trained forces by the end of 1996. The NDF should plan to withdraw from internal operations in December 1996.

None of this will come about, however, unless provincial premiers support the idea and begin developing strategies to achieve and maintain stability and security in the provinces. Once these strategies are clear, they can be coordinated to form the basis of the NSP.

Why the NSP?

The end of apartheid has created opportunities to stop confrontations between the state and organisations seeking democracy. But it has also ushered in a period of uncertainty and instability. There is no longer a well defined threat embodied in an adversary, but rarely has there been such a strong sense of insecurity in South Africa. We must act collectively as citizens of this country to ensure a safe future.

One of the measures which this requires is a consideration of the country's security policy for the years ahead. Such a policy must prescribe objectives along with time frames and budgets. This is true of personnel, whose training and professional life extends over decades.

It also applies to equipment, which has a long cycle of production and utilisation. Weapons and equipment which will be used in 2005 to 2010 must be chosen and designed now, in accordance with operational needs, technological and industrial capacities and financial resources.

To be effective and credible, the security policy must also have national support and participation. Security is a collective act. The circumstances, the threats and the risks have changed and the debates around new security strategies must be exposed to the public. The message that peace is indeed the dividend of good security must be shared.

The NSP should cover the period until the decade starting in 2010 and beyond. This is certainly a difficult objective for strategic analysis. It is, however, indispensable to eliminate the inertia that inevitably weighs on the defence effort to improve because of the longterm investments required in human and especially material resources.

It is imperative that the NSP is true to the country's requirements for security. Like the RDP it must be aimed at the citizens of South Africa, and those whose daily task is the security of the country. From the policeman on the beat to those elected by the nation, there can be no credible security without the support of those who conceive it, serve it, and who are the origin of its making. **ISSA**

Securing the Future

By Jakkie Cilliers
Institute for Defence Policy

South Africa's discredited and demoralised police force, and its over-burdened defence force, will be unable to cope with the massive challenges that face the country. A security crisis is looming. It is time for politicians, the military and the police to accept that a national security policy - and a comprehensive restructuring of the total security architecture - is needed.

South Africa has made fundamental strides in recent years in the field of safety and security, but much remains to be done. In particular we should look at the division of functions between the police and the military and the responsibilities for public order policing and border security.

Achievements

The scene has been set for much greater coordination and effectiveness in the security sector. Several areas deserve mention:

● The impetus for politically oriented violence has effectively been removed through the establishment of a legitimate Government. Although pockets of intransigence may still exist, such as with die-hard right secessionists, they are of little more than nuisance value.

● In the run-up to elections, arms flows to gangs, youth groups, self defence units (SDUs) and self protection units (SPUs) increased significantly, due in part to political parties which used gangs to create 'no-go' areas for rival political parties. This flow has now tapered off.

● The integration of the military, to a lesser extent the police and (to an unknown extent) the intelligence communities are proceeding apace, at least on the surface. While problems can be expected, on the whole there is remarkable progress in integrating 11 statutory police forces, five statutory military forces, two non-statutory armed forces and their associated intelligence structures.

⁛ The framework for a greater degree of parliamentary oversight and public scrutiny of defence, intelligence and foreign affairs has been established. A civilian Ministry of Defence and civilian Ministry of Safety and Security will both soon be in place.

Both the National Defence Force (NDF) and Armscor have made great strides towards increased transparency and communication and the Police Services Bill has been widely circulated for comment.

⁛ Discussions have begun regarding regional stability as a necessary partner to development. South Africans should, however, carefully consider the practical implications before joining a regional security alliance in the manner recently proposed by the South African Development Community (SADC) in Windhoek.

Police problems

The South African Police Service (SAPS) and the new Ministry of Safety and Security face a number of important challenges.

The existing 11 police agencies have to be amalgamated into one service. This will involve the rationalisation of different personnel systems and policies. Whereas the NDF has designed a comprehensive system of accreditation, adjudication, placement and demobilisation at Walmansthal and De Brug, there appears to be no parallel programme in the SAPS.

This creates the impression that the SAPS will eventually comprise an amalgamation of all 11 existing agencies without any attempt at merit assessment. This could mean the excesses of many of the former homelands will be perpetuated in the SAPS and the suitability of former SAP members will be unquestioned.

> *We should look at the division of functions between the police and the military and the responsibilities for public order policing and border security*

> *The military has designed a comprehensive system of accreditation, adjudication, placement and demobilisation - but the police have not*

Only after the new police act has been passed can functions be devolved to the provinces. Thereafter the Members of the Executive Committee (MECs) for Safety and Security and Police Commissioners in each province will nominally become responsible for crime prevention, developing community policing, providing visible policing etc.

The National Commissioner will, however, maintain central control over all resources to achieve these objectives. In reality South Africa will still have a highly centralised police force.

Little provision has been made for the devolution of meaningful powers to either the provincial Commissioners or the relevant MEC's in the Police Service Bill at present. The division of both resources and functions at national and provincial level is bound to become a bone of contention and confusion in the months ahead.

Community oriented policing inherently requires a devolution of powers to the lowest denominator, particularly to station commanders as well as the establishment of police-community liaison forums.

It also implies that the police should be demilitarised, the perception of an impervious police command structure removed and a 'flatter' organisation created, with fewer command layers than exist at present. All these endeavours are challenging in themselves. Collectively they present a very ambitious organisational re-engineering programme.

The SDUs and SPUs must be disarmed and brought under control. On the East Rand the PWV government's plan is to absorb SDU and SPU members into the Police Service, the Police Reserve and/or neighbourhood watches. These proposals have apparently not been met with enthusiasm by the SAPS. Some SDUs and SPUs may also be employed in 'catch up' programmes for pupils.

This is clearly only a partial solution. A large number of former SDU and SPU members will neither qualify or desire such a 'solution'. Together with former Umkhonto weSizwe and Azanian People's Organisation Army members who do not form part of the NDF, for whatever reasons, these people pose a considerable threat to law and order.

There are increasing indications of a crisis in morale, leadership and therefore, effectiveness within the Police Service. In

a virtual ongoing saga of revelations, members of the former SAP have been implicated in violence at the most senior levels.

Many people are leaving, recruitment of quality personnel is bad and the transition to community based policing in many townships has stopped due to the repeated murders of policemen and women.

These developments were recently brought to the boil by the ongoing dispute between the command levels of the Police Service and Police Officers and Prison Civil Rights Union.

Faced with escalating crime and unrest, which would have taxed the capacity of the SAPS under normal circumstances, police effectiveness has been undermined massively by the crisis in morale, albeit possibly by their own hand. This is a process which may be further drawn out by the deliberations of the Truth Commission.

The Internal Stability Division (ISD) faces a crisis of legitimacy. It encounters massive popular resistance in many parts of metropolitan South Africa. In the East Rand, for example, the ISD had to withdraw in favour of the former SADF.

Research by the Institute for Defence Policy and the Human Sciences Research Council on the East Rand found the ISD was perceived as neither effective nor legitimate. This legitimacy crisis affects the police as a whole and impacts negatively on their reorientation to a community based style of policing.

Although legitimacy can bestow authority, it is insufficient if not supported by an effective and impartial execution of duties.

The challenges facing the SAPS in transition are massive, particularly if the crises of legitimacy and effectiveness are as bad as this analysis suggests. The chances are slim that the Government will reduce its reliance on the military to support the police, despite the unpopularity of this role among military commanders and analysts.

Support to the SAPS in internal law and order duties will remain a semi-permanent task of the NDF for many years to come. South Africa would be wise to plan and prepare accordingly.

This analysis suggests the greatest danger is that the NDF will become 'overloaded' and thereby set the scene for unimaginable developments.

a massive decline in operational standards, a breakdown in discipline and the effective if not actual disintegration of the military within a matter of years. This is not as improbable as it may sound if the challenges facing the NDF are considered.

There is the amalgamation of the different statutory and non-statutory forces, in itself a massive undertaking; integration (particularly in terms of race) and affirmative action; the problem of first bloating to 130 000 and then massively down sizing, to 90 000 or less, the standing forces; and movement from a manpower procurement system based on white male conscription to an all-race volunteer system.

There is also the imminent establishment of a civilian Defence Secretariat; the appointment of a military ombudsman; the creation of a powerful and possibly intrusive parliamentary defence committee; a changed strategic posture from offensive to defensive; regional cooperation as opposed to regional confrontation; demands on the armed forces to involve themselves in projects in support of the RDP, and so forth.

These demands will inevitably have a dramatic effect on combat effectiveness, discipline and morale of the military, using former SADF standards as a benchmark. As the National Peace-Keeping Force case illustrated, it takes months for individuals with very different backgrounds, standards and training to determine new procedures and learn to accept one another. Standards will initially drop, possibly quite dramatically.

Staff problems

At the same time there is the threat that senior non-commissioned officers and middle ranking former SADF officers, the backbone of the conventional forces, will leave the Force once the economy improves.

There has already been a steady flow of quality personnel from the former SADF and indications are that the stream may become a flood. This means the NDF could, for some years, be substantially less effective than the former SADF.

A more immediate problem is the future of the reserves. The NDF, like the SADF, remains a Force composed of a much larger component of (white) reserves than full time members. The response rates to call-ups has dropped quite dramatically, down from 80% in the 1980s to about half that in the last year. White reservists increasingly resist the reliance placed on them to bolster law and order duties in the townships. As a result the

ability of the NDF to rely on the Citizen Force in times of crisis has declined rapidly and is set to do so even further.

Border security

The influx of refugees and illegal immigrants, and related problems, is an issue that will complicate the deployment of South Africa's existing security forces. It will also make massive demands on available resources and strain relations with neighbouring countries.

South Africa has long, poorly controlled borders. These are shared with Namibia, Botswana, Zimbabwe, Mozambique, Swaziland and Lesotho.

Premiers such as Matthews Posa have recently expressed discontent over the effect which a lack of border security is having on efforts to stabilise and develop the Eastern Transvaal. More recently, President Nelson Mandela visited Mozambique, partly in an attempt to improve coordination on issues relating to cross-border crime and border security.

Under a previous system South Africa built a 60 kilometre electrified fence with Mozambique to keep people out. Up to 3 000 Mozambicans have been forcibly repatriated per week and the number of migrants from further afield is also rising.

Ghanaians have now established a small colony in Hillbrow, and Zairois, Ugandans and Zambians can be found in urban centres throughout South Africa. According to the SAPS there is an estimated one million illegals in the PWV alone.

There is an obvious requirement for a much greater degree of vigilance along our borders than has been the case. Both aerial and ground surveillance need to be expanded. Because of long distances, poor infrastructure, low population density and inhospitable terrain, a string of bases along our borders are required.

Active patrolling can take place from these day and night, in all weather conditions. Controlled border crossing points are needed and extended powers of search and seizure in border areas.

The question is, whose task will this be and where will the money come from? In terms of the constitution, border security is the responsibility of the Police Service. In practice it is usually the NDF which physically patrols the borders with the police patrolling certain portions and doing the investigative work.

There could be a massive decline in operational standards, a breakdown in discipline and the effective disintegration of the military

There is a threat that senior non-commissioned and middle ranking officers, will leave the Force once the economy improves

The influx of refugees will complicate the deployment of our security forces, make demands on resources and strain relations with neighbours

The challenge

South African security priorities of the future will inevitably be those of internal stability and border control. The picture presented thus far is that of a discredited and demoralised Police Service in the throes of a massive transition without a credible public order force.

The NDF has to stand in for the SAPS and ISD, but itself suffers all the trauma of transition and has a decreasing ability to rely on call-ups to augment its full-time strength. In addition, border security will require a particular and a dedicated effort.

A crisis appears to be looming in the not too distant future. Two considerations should guide us in meeting these challenges:

⊕ It is imperative that attention be given to separating community based policing from public order policing. If the ISD's reputation is beyond redemption and is affecting the acceptance by the community of the SAPS as a whole, a replacement will have to be created.

⊕ The SAPS will continue to rely on the NDF for support for many years to come. The NDF should be structured accordingly so as to limit the effect that this reliance will have on the primary function of the military, namely defence against possible foreign aggression.

Two functions are in search of a home in the security forces: border security and public order policing. Both are presently largely but not exclusively performed by the NDF. In terms of the constitution, both rightly belong with the SAPS.

One solution to this dilemma would be to combine the responsibility for border security and public order policing in a single organisation, nominally part of the military. The French example of the Gendarmerie can ` be drawn upon in this regard, where the police fall under the department of defence but act as decentralised rural and riot control police.

Practically this means the ISD will cease to exist and a separate service arm of the NDF, such as the Army and Navy, is created which contains the territorial forces of the Army. This force would then be made responsible for public order (under provincial control), and border control (under national control).

The Army presently has an extensive counter-insurgency organisation comprised of 10 commands which cover the total national territory, divided into 40 group

headquarters and 200 commandos/Rear Area Protection Units These forces perform essentially police type duties.

They represent a nationwide, established infrastructure, ready for use, replete with communications, buildings, vehicles and a logistic supply system. This system could readily form the backbone of a rural, part-time police reserve and a full-time border control and public order police organisation.

This may not be as dramatic a solution as it first appears. It would allow the NDF (army, navy, air force and medical services) to regroup and focus on their primary task. It would enable a budgetary distinction between internal law and order duties, border control, public order policing and military defence preparations.

Conventional forces would be freed to focus on their legitimate external defensive function. More importantly, this approach would remove the public order function from the SAPS and allow them to concentrate on being a community police service. It would also release those members of the police presently deployed in a border security role for use elsewhere.

This is a radical solution and would require a boldness on the part of the authorities, not to mention a constitutional amendment. Along with other options, this one warrants serious investigation. It will require South Africans to consider the building blocks for a national security strategy.

Conclusion

Many past structures of South African society are being reconsidered. Change simply for the sake of change is dangerous. When dealing with institutions upon whose effectiveness the transition process depends, we need to proceed with caution.

It is nevertheless time South Africa has a hard look at the interrelationship between the various state and private sector security agencies. We need to challenge our 'accepted' division of responsibilities and state funds for security.

Above all else, it is time that politicians, the military and the police accept that a comprehensive restructuring of the total security architecture is needed. The country needs a national security policy. This will provide better value for money, make our lives in our homes and workplaces safer, and provide security so that development becomes possible. ISSA

Local Government the Loser

By David Christianson
Development Bank of Southern Africa

Local government in South Africa is threatened with losing many of its powers. A distracted central Government, increased powers for the provinces, an ineffective framework for local transformation and self-interested bickering between local actors is delaying transition and creating animosities, with serious implications for the future of strong local government, development and democracy.

We have become accustomed to having high expectations of local government. Recently, these expectations have become enshrined in the Reconstruction and Development Programme. The role allocated to local government in the RDP is congruent with conventional wisdom that has evolved and become entrenched over the last few years.

This philosophy holds that strong local government is the perfect vehicle for managing 'people centred development' at grassroots level. However, as this article will demonstrate and as almost any local government practitioners will currently agree, such a role is currently under severe threat.

There is a grave danger that not only will we not have strong, developmental local government but that the entire system will be so disabled that even the most mundane service delivery and regulatory functions will, in many cases, be impossible.

Rationale

There are three primary justifications for strong local government. Firstly, democracy. Local government is small in scale and thus usually responsive to the local citizenry. It was partly for this reason that local government became a 'holy grail' for the extra-parliamentary movement during the struggle years.

It was seen as a mechanism for institutionalising the locally mobilised democratic impulse that drove the civic movement and the United Democratic Front (UDF). But with the unbanning of the African National Congress (ANC), the demise of the UDF and the shift in emphasis to national negotiations, the close association between democracy and localism was lost.

Secondly, development. More than 10 years ago the World Bank made 'good government' the key variable in development processes. This elevated local government to a position of pre-eminence in development thinking and struck a deep chord with extra-parliamentary activists.

Finally, institutional pluralism. Where local government is able to carve out an independent role for itself, it is able to act as a countervailing force against centrist domination. This idea appealed to civic activists as a mechanism for protecting local democracy. It also meshed with an emerging international consensus.

Unfortunately, it also had considerable appeal among established interests, including the National Party (NP), because it promised to provide a mechanism for protecting the interests of their constituency.

I believe that the tactical support for strong, autonomous local government from this quarter so devalued the concept in the eyes of many in the extra-parliamentary movement that support for it became ambiguous. This reinforces another dynamic.

Key actors

Because the impact of local insurrection was ultimately national, the problems of localities - revolving around inadequate urban governance - were shoved aside while a national transition was negotiated.

Ultimate evidence of this was the exclusion of local government from the deliberations of the national negotiating forum at Kempton Park until very late in the proceedings. The framework for the new local government system was negotiated in the entirely separate Local Government Negotiating Forum (LGNF).

Local government could become so disabled that even the most mundane service delivery and regulatory functions will be impossible

There are three primary justifications for strong local government: democracy, development and institutional pluralism

Local problems were shoved aside while a national transition was negotiated

It was only after the main constitutional negotiations were completed that the LGNF moved into the World Trade, and that the heavyweights from the main forum took a hand in ironing out the last outstanding issues. It is partly because the legal and constitutional framework for local government was the product of a last minute effort that it has turned out to be inadequate.

High expectations

Expectations of local government, during both the struggle era and the negotiations that followed, were often too high. Reservations should have been raised by the tactics and impact of civics-driven insurrection.

The declared purpose of mass mobilisation, rent boycotts and activities which forced the resignation of black councillors was to 'render townships ungovernable'. In this, the civics succeeded brilliantly. Black Local Authorities (BLAs) were crippled and in some cases collapsed entirely.

Routine service provision, where it was possible, became a site of ongoing conflict. Through a mighty display of courage and resolution by township residents, sustained over several years in the face of fierce repression, apartheid urban governance was proved unworkable.

Pressure for far reaching changes became irresistible, eventually contributing to the NP decision in 1989 to embark on transition. But the success of the local insurrections have negative implications for the health of the future local government system.

Firstly, the task confronting any reconstruction programme is much greater as a result. Where infrastructure is badly decayed, as it is in most townships as a result of both deliberate damage and difficulties in routine maintenance, the costs of rehabilitation are high. It is a truism worth stating that the cost of rehabilitation is many times that of routine maintenance.

A second implication is that the administrative systems required by a strong future system are very sketchy, or non-existent in some cases. The only short term solution is to apply the capacity of the formerly white local authorities.

However these officials are mostly trained for routine service provision, not the management of development projects, and many will be unable or unwilling to make the transition. In any case white local authorities themselves are not adequately staffed, let alone having spare capacity.

Perhaps the most debilitating impact of the struggle has been the way it has undermined the cultures of localism and governance in townships. For township residents, the civic was local but the struggle was national. Local urban struggles were first and foremost a mechanism for redefining nationhood.

As result there was no reason to expect the struggles of the 1980s and early 1990s to engender any commitment to a culture of localism. Furthermore, patterns of behaviour developed and have been reinforced in the process of struggle, that are inimical to viable urban governance.

The notion that development or services are obtained through a coercive bargaining process, involving boycotts, is widespread. This does not suggest an immutable pattern of behaviour in townships, but that institutionalised mechanisms for mediating disputes in urban governance do not exist.

The difficulty of creating these is frequently underestimated. Certainly legitimacy is important and it is true that the forums have achieved some success in this regard. But these are merely starting points which do not, by any stretch of the imagination, constitute viable institutions of urban governance.

These have to emerge over a period of time through the push and pull of ordinary, locally focused practice. It is precisely this process that is threatened by the inadequacy of the transitional framework and the nature of the transition itself.

Transition

The transition framework is inadequate in that it contains a number of serious omissions. These and other flaws are a result of the Local Government Transition Act of 1994 being the product of a hasty compromise.

Furthermore, local transition is being allowed to drift and has become the plaything of powerful self-interested parties seeking to secure their own interests at the expense of the healthy future of the entire system.

Finally, the problems facing the local government transition are all the more pressing because there is another powerful actor lurking in the wings, likely to benefit at local government's expense, if the local issue is too long absent from centre stage: provincial government.

The framework designed to regulate and facilitate the transition consists primarily of the Act. Two other documents, Section 10 of

...tional Constitution and The
...ment on Finance, Services and Service
...ing (concerned primarily with writing
...RSA debts and focusing expenditure on
...developed areas) are relevant but less
...important.

...be noted that the fact of constitutional
...for local government means nothing in
...International experience clearly
...demonstrates that 'enshrining' the role of
...local government in a constitution does very
...little to protect it against encroachment on its
...powers and functions by higher tiers of
...government.

...should also note that such usurpations are
...particularly likely where local government is
...politically weak or divided, or
...administratively disorganised. Chapter 10 of
...the interim Constitution does little to protect
...local government. It allows the right to make
...laws only if these are not inconsistent with
...the laws of either provincial or national
...legislatures; local government's formal
...political independence is thus minimal.

...Furthermore, the provisions of the
...Constitution which insist that higher tiers
...cannot encroach on the terrain of local
...government 'to such an extent as to
...compromise (its) fundamental status, purpose
...and character' offer little guarantee as these
...terms are open to almost any interpretation by
...a Constitutional Court.

...It is clear, then, that it is up to local
...government to protect its own terrain. This is
...most ominous aspect of the current transition .

...The most notable characteristic of the
...transitional framework is that it is designed to
...facilitate and contain a process that is locally
...driven. It requires that in each locality a
...forum is established to negotiate the
...boundaries and structure of the new local
...authority. It specifies boundary criteria, a
...timeframe and three options for structure.

...It also regulates the character of the interim
...local authorities: they are to be nominated by
...the parties in the negotiating forum, on a
...basis of 50% representation for the 'statutory'
...side and 50% for the 'non-statutory' side.
...Certain powers are allocated to the second
...tier to 'drive' the process, but it is the role of
...local actors that is salient.

Flaws

The problems with the Local Government
Transition Act arise from compromise
between interests present in the LGNF during
the final stages of negotiations. Two
problems are flagged here: the exclusion,

often not deliberately, of certain interests,
which corresponds to the excessive influence
of others; and compromise which resulted in
legislation which fails to give clarity in key
areas.

The most notable exclusion was of a voice
for the rural areas. The Act makes no
provisions for the transformation of local
government in rural areas. This is a
particularly pressing problem in areas, such
as KwaZulu, currently under traditional
forms of rural authority but which are
adjacent to major urban agglomerations and
should logically be a part of the future
metropolitan government system.

Although forums have been established in
these areas, it is unclear whether traditional
leaders can, in terms of the legislation, be
included and, if they are, what their status
should be. Is each traditional leader a local
authority in his or her own right or are they
individuals with a similar status to town
councillors? Are they part of the statutory or
non statutory side? The Act is silent.

A claim, frequently made by local actors in
KwaZulu-Natal and the Western Cape
especially, is that the Act has a 'Central
Witwatersrand bias'. This is not necessarily a
result of exclusion from the negotiating
process, but it is true that the Act is more
easily applicable to some areas than others.

For example, it does not allow the immediate
election of a restructured council: all
localities are required to go through the
chrysalis stage of appointed interim councils.
This mechanism was first suggested by
parties in the Central Witwatersrand
Metropolitan Chamber and was, at the time,
probably appropriate for that forum. But it is
less acceptable in areas like the Western Cape
where powerful actors wish to proceed
directly to the election stage of the process.

A further example of this 'bias' is provided
by KwaZulu-Natal, where a strong case can
be made for treating the Joint Services
Boards (JSBs) differently to Regional
Services Councils (RSCs) in the rest of the
country.

Both types of bodies were established to
provide development transfers between
wealthy White Local Authorities and less
developed areas, within sub-regional
boundaries. However the RSCs were largely
urban entities, while the JSBs blanket the
whole of KwaZulu-Natal and include vast
tracts of rural land.

The Act provides for the allocation of RSC
and JSB funds to metropolitan transitional
authorities. This is a straightforward matter in

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Arthur Bozas

transitional framework is lack of clarity surrounding the future of intergovernmental transfers. In many townships it was transferred from the central fiscus via the old provincial administrations that provided the backbone of funding for services and administration in the face of rent boycotts.

This problem has not disappeared: very few township residents are currently paying market rates for their services. Many pay a 'flatrate', negotiated between the local civic and the authorities, based on perceptions of what township residents can afford to pay. In former homeland areas, too, services are effectively subsidised, sometimes to levels of 70% or more.

Lack of clarity on what intergovernmental transfers will be made available in future is also frequently used as an excuse, on the part of established interests, to delay local negotiations. But expressed by other voices, they are legitimate concerns by people who genuinely want a viable non-racial future system and who see intergovernmental transfers as an essential part of this.

The issue is not addressed in the transitional framework, but is to be one of the responsibilities of the Financial and Fiscal Commission which will begin its work in September.

Second tier

We have seen that there are genuine gaps in the transitional framework. These will probably be adequately filled but will delay local government transition. By themselves these delays would probably not have particularly baleful implications but, as remarked, usurpations of the powers and functions of local government by higher tiers are particularly likely where local government is politically divided and administratively disorganised. This is currently the case.

These factors become particularly problematic when there is a higher tier authority with a particularly strong motive to encroach on the terrain of local government: precisely the situation regarding provincial governments in contemporary South Africa.

International experience indicates that systems with strong regional authorities often have weak local government systems. The United States, frequently quoted to counter this claim, in fact bears it out.

Where local government in the US has lost power, it has usually lost it to the states. And where the federal government has attempted

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There is lack of clarity surrounding the future of intergovernmental transfers, which have provided the backbone of funding for services in the past

International experience indicates that systems with strong regional authorities often have weak local governments

the Central Witwatersrand where the RSC boundary coincides with the likely future metropolitan boundary. But in KwaZulu-Natal it would leave many rural and peri-urban areas bereft of their primary source of capital expenditure.

The point is not that these problems cannot be dealt with - the future role of JSBs is currently being negotiated - but that the transitional framework makes no provision for resolving them. The transitional process is thus more drawn out than it might have been, which has negative consequences.

Compromise

Further problems follow from the compromise between major interests. The demarcation of local government wards, as spelled out in the Interim Constitution, is an attempt to placate right wing interests.

It grants disproportionate powers to established interests by allowing the previously white areas 50% of wards. This runs counter to the ideal of non-racial constitutionalism - every individual's vote will not carry equal weight in elections - and could have a negative impact on the legitimacy of the future system.

Probably more problematic, however, is that this demarcation might enable entrenched interests to resist attempts to redirect local government spending in favour of underdeveloped areas, again with negative consequences for legitimacy.

A final example of the problems flowing from omissions and compromises in the

... the power of the states, as ... under Reagan's 'New Federalism', ... governments have benefited.

... should be nothing surprising about this. ... conflict between the two tiers exists, ... region's relationships with the centre are ... defensive: they struggle to hold onto ... whatever powers and functions they can. On ... other hand, in relationships where the ... region is the 'big brother' it is the less ... powerful localities that are on the defensive ... while the higher tier is more able to act in a ... predatory manner.

In the constant ebbing of powers and functions away from the lower tier, even constitutional checks are seldom effective: they are usually incrementally circumvented over time.

The understanding here is that relationships of higher tier aggression and lower tier defensiveness are most dangerous to the cause of strong local government when the second tier is engaged in a 'turf war' with the centre. Under such circumstances it will be eager to gather to itself all powers and functions possible.

This is precisely what is likely to happen in South Africa. Regions will seek to extend their powers to the maximum, in areas such as housing, at the expense of local authorities. The current disorder at third tier level can only assist such a process.

Nor will it do any good for local government to look to the centre for support. This level of government has other preoccupations, one of which is its evolving relationship with the provinces. Indeed so slight is the centre's interest in local government that it has not seen fit to create a separate local government ministry, which could act as a proponent for strong local government.

Local transition

Local government transition has been left to local actors. But many localities, especially in the major metropolitan areas, are politically divided and proceeding very slowly towards restructuring. The primary problem is delay. Also problematic are the animosities building between local actors in the course of the transition, which might disable local councils politically in the future.

Behind these issues is lack of higher tier capacity to really make the transition happen. The only higher tier bodies involved, the Provincial Committees on Local Government, have the ability to regulate the transition but not to drive it.

When the Act was drawn up, provision was made for a complex procedure to resolve local deadlocks, involving interaction between the Provincial Committees (appointed by the Transitional Executive Council in February 1994) and the old Provincial Administrators.

Since the elections, the Provincial Administrators' side of the process has been the duty of the provincial governments. In this regard the delay in the re-allocation of powers from the centre to the regions has cost dearly. The provinces have not been able to pass the legislation they clearly need if they are to manage the local government transition.

Since local government is likely to be the real loser when the second tier is competing with the centre for power, allocating the provinces the powers they need to force through the local transition would not necessarily be good news for strong local government.

Messing around

What is most disturbing is that local actors responsible for the transition are letting their own cause down. Key local actors are so involved in defending and/or advancing their own interests that transition is proceeding at the slowest pace. A couple of examples illustrate the point:

Disagreements over boundaries, of the negotiating forums and within forums of the interim authorities, is one major delaying factor. The underlying issue is local government revenues and expenditure.

Many white councils are engaging in 'cherrypicking' or attempts to have their areas exempted from any responsibility for financing underdeveloped areas. The strength of the objections from other areas, which have not been able to engage in such tactics, is not surprising since, if the cherrypickers succeed, the burden on the other affluent areas would be much greater.

Attempts at cherrypicking are particularly prevalent in metropolitan areas, where the Act makes provision for sub-metropolitan authorities under the umbrella of a metropolitan government. The motive in each case is to maintain a situation as close to the present rates-expenditure ratio as possible.

In pursuit of this goal some truly bizarre boundary demarcation proposals have been advanced. The point is not that cherrypicking proposals are likely to succeed - although a few of the more subtle might - but that the transition is delayed while these issues are resolved. Furthermore, the credibility of

Regions will seek to extend their powers to the maximum at the expense of local authorities

Many localities are politically divided and proceeding very slowly towards restructuring. Animosities between actors might disable councils in future

Many white councils are attempting to have their areas exempted from any responsibility for financing underdeveloped areas

Sufficient delay will necessitate a higher tier of government stepping in to force the transition: local autonomy will be sacrificed

If local government is not strong, it is not going to be developmental either

many establishment actors in terms of their willingness to share revenues with underdeveloped areas is irreparably harmed.

There are equally problematic dynamics on what used to be the extra-parliamentary side. Most divisive is the conflict between members of local civics and of local ANC branches. In most metropolitan localities the ANC was a latecomer to local negotiation processes: until at least early 1993 the burden was generally carried by the civics.

Once inside negotiating forums, ANC demands were frequently very different from those of the civics, despite the supposed alliance between the two sides. This conflict has been sufficiently widespread for the South African National Civics Organisation (Sanco) to issue a statement accusing the ANC of not having local government high on the agenda and branding delays in setting up transitional structures 'completely unnaceptable'.

Some commentators suggest that the Sanco-ANC clash is simply a disagreement over allocation of seats in interim local councils. Similar tensions over nominations to the transitional councils are also present on the statutory side, although they have a lower profile. This too is delaying transition and generating animosities that might linger on.

A final local factor is the contest over who is statutory and who is non-statutory. In some areas the NP and Democratic Party have applied to join the non-statutory component in local forums.

This is simply mischievous: it conforms to the wording of the act but is palpably contrary to its spirit. The intention of the act was to draw a line between those who were outside 'apartheid institutions' during 'the struggle' and those who were not.

The most contentious point is where to place the Inkatha Freedom Party. The KwaZulu government was undoubtedly a creation of grand apartheid, but IFP representatives claim that they conducted their own 'struggle against the system', albeit on different terrain to the ANC and civics. Where these issues are hotly debated the possibilities for delay are almost endless.

The local transition has already been dramatically delayed. The original 90 day deadline for the formation of local forums has been extended twice. Furthermore, the number of formerly white local authorities who, at the beginning of the 1994/95 financial year, passed budgets which genuinely reflect the concerns of restructured non-racial localities, is minuscule.

At the time of writing perhaps only two - Port Elizabeth and Klerksdorp - had really achieved this goal. These delays are ultimately not in any local actors' interests. Sufficient delay will necessitate a higher tier of government stepping in to force the transition through. If this happens, local autonomy will be sacrificed, perhaps permanently.

Conclusion

I do not mean to suggest that local actors should not identify and pursue their own interests. Such behaviour is part and parcel of ordinary politics and is perfectly healthy so long as it happens within a legitimate and effective framework.

The problem in South African local government transition is simply that the framework is ineffective, firstly because it is incomplete and, secondly, because it does not control the behaviour of the 'loose cannons' among the grassroots. This means that the present conflict in so many localities is not controlled within an institutionalised set of rules, but instead revolves around the formulation of those rules.

The transitional framework has left too much up to local actors and processes, possibly in the hope that they will, like their national counterparts, reach agreement over the 'rules of the game'. But many local players are too deeply mired in bickering, rent-seeking and intrigue to see the need for effective ground rules for the transition. And in each locality, it might take only a few spoilers to render the task of those who do see this need almost impossible.

Both these spoilers and the contentious issues that they are exploiting should have been neutralised by an effective transitional framework. In the absence of this, the transition is going to have to be driven from a higher tier, with baleful implications for the future of strong local government. And if local government is not strong, it is not going to be developmental either.
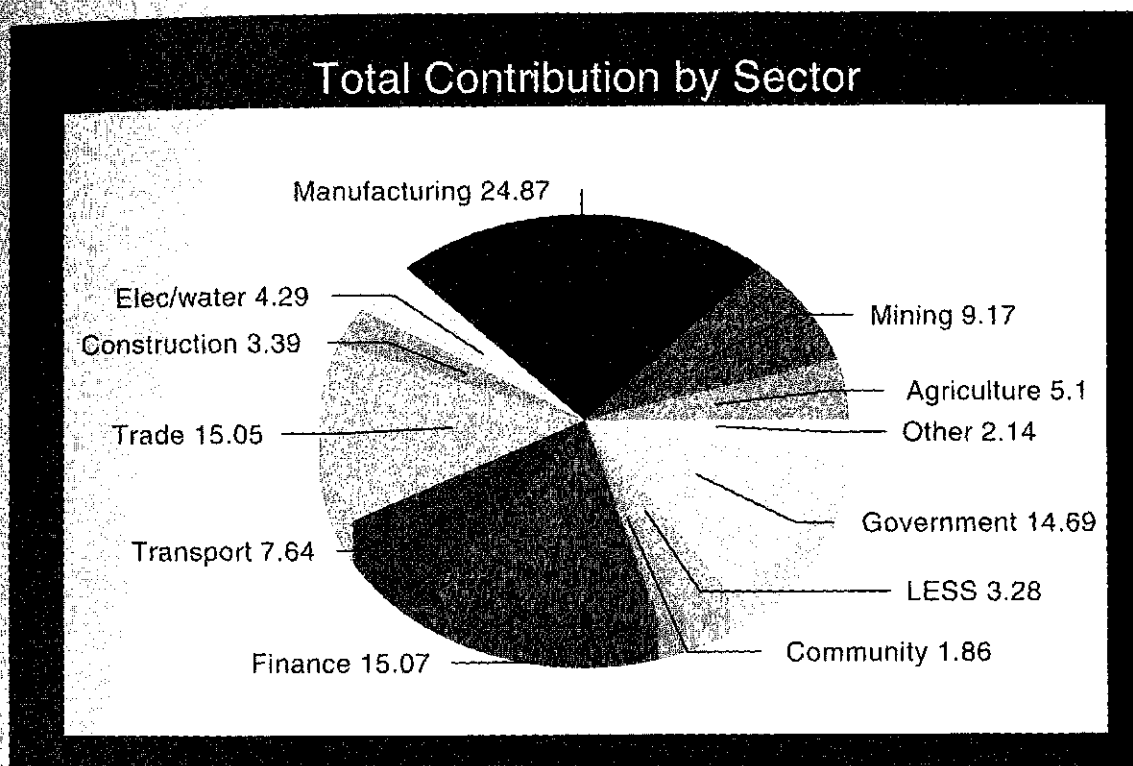
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ECONOMIC MONITOR

Sectoral share of Gross Geographic Product (GGP) by province

Total Contribution by Sector

Manufacturing 24.87
Elec/water 4.29
Construction 3.39
Trade 15.05
Transport 7.64
Finance 15.07
Mining 9.17
Agriculture 5.1
Other 2.14
Government 14.69
LESS 3.28
Community 1.86

Percentage distribution of the GGP at factor cost and current prices per economic sector and per province, 1991

Sector	W Cape	E Cape	N Cape	OFS	KZN	N-West	PWV	E Tvl	N Tvl	Total
Agriculture/forestry/fishing	6.71	6.33	10.52	12.11	6.16	7.60	0.59	8.76	10.46	5.10
Mining/quarrying	0.22	0.16	26.91	20.63	2.02	43.06	5.48	20.18	20.96	9.17
Manufacturing	24.81	25.77	4.37	15.19	30.73	10.15	28.94	25.87	7.34	24.87
Electricity/water	3.02	1.73	3.39	5.62	2.19	1.30	2.36	20.61	7.93	4.29
Construction	3.62	3.74	2.10	3.23	3.64	3.52	3.53	2.09	3.12	3.39
Trade/catering	19.31	15.40	13.37	11.03	16.03	9.23	17.04	6.48	10.68	15.05
Transport/communication	8.14	9.63	11.06	6.87	11.14	2.86	7.61	3.66	3.72	7.64
Finance/real estate	19.63	13.31	10.90	10.97	13.58	9.36	19.11	5.41	6.87	15.07
Community services	1.80	1.36	1.11	1.10	1.86	0.97	2.65	0.70	0.91	1.86
LESS imputations	4.90	2.55	2.39	2.23	2.72	1.57	4.20	1.23	1.29	3.28
General government	14.62	23.05	16.88	13.30	13.23	11.97	14.53	6.90	27.88	14.69
Other producers	3.01	2.06	1.79	2.20	2.14	1.57	2.36	0.57	1.41	2.14
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Statistical release PO401 'Gross Geographical Product at factor incomes by kind of economic activity and magisterial district, 1991. Central Statistical Service, July 1994. Provided by the Development Bank of Southern Africa.

THE FUTURE OF FORUMS

**By Chris Heymans
Manager, Policy Coordination
Development Bank of South Africa**

Forums have been important vehicles in the making of democracy, offering foundations for mutual respect, inclusivity, policy debate and interactive decision making. The new South Africa's vision of civil society participation creates space for regional economic forums to continue as a check on government and a place for lobbying civil society interests.

Forums at national, regional and local level have contributed considerably to the relative ease of political transition in South Africa in the past few years. They enabled hostile roleplayers to interact unprecedently around development, political and economic issues at various levels.

This made it possible for roleplayers to understand each other's positions better and laid the foundations for new consensual policy and planning frameworks. Yet the role of most forums in a democratic South Africa still has to be clarified.

The African National Congress's Reconstruction and Development Programme mentions forums as part and parcel of a future institutional landscape for implementing the RDP, but many questions remain unanswered.

Evolution

Contrary to their sector specific counterparts at the national level, for example the National Housing Forum and the National Electrification Forum, regional development forums have thus far been multi-sectoral, focusing on economic and development issues in a generic sense.

During the transition this assisted roleplayers at regional level to jointly develop holistic perspectives about their regions, and set the stage for integrated, multi-sectoral strategies to address development issues.

The origins of the various forums differed. In most cases, stakeholders across a wide spectrum of opinion came together under the initiative of facilitative organisations like the Institute for a Democratic Alternative for South Africa , the Consultative Business Movement (CBM) or agencies like major companies to discuss a way forward for regional development.
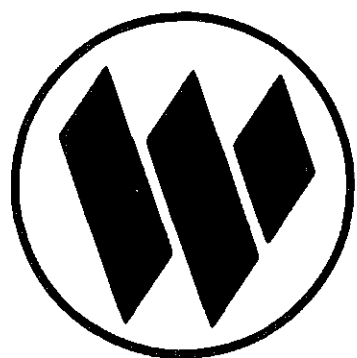
But while some of the initiatives could build on the momentum of earlier attempts to develop inclusive regional strategic exercises, others had to contend with the difficulties of harsh political polarisation or the absence of supportive processes from the past.

In the PWV and Border-Kei, for example, the Economic Development Forums (EDFs) started with almost no institutional base, and with mostly ad hoc 'start up' financial support from the private sector and parastatals.

In the Eastern Transvaal and Orange Free State, the Regional Development Advisory Committees (RDACs) were fairly keen to

The Reconstruction and Development Programme mentions forums as part and parcel of a future institutional landscape
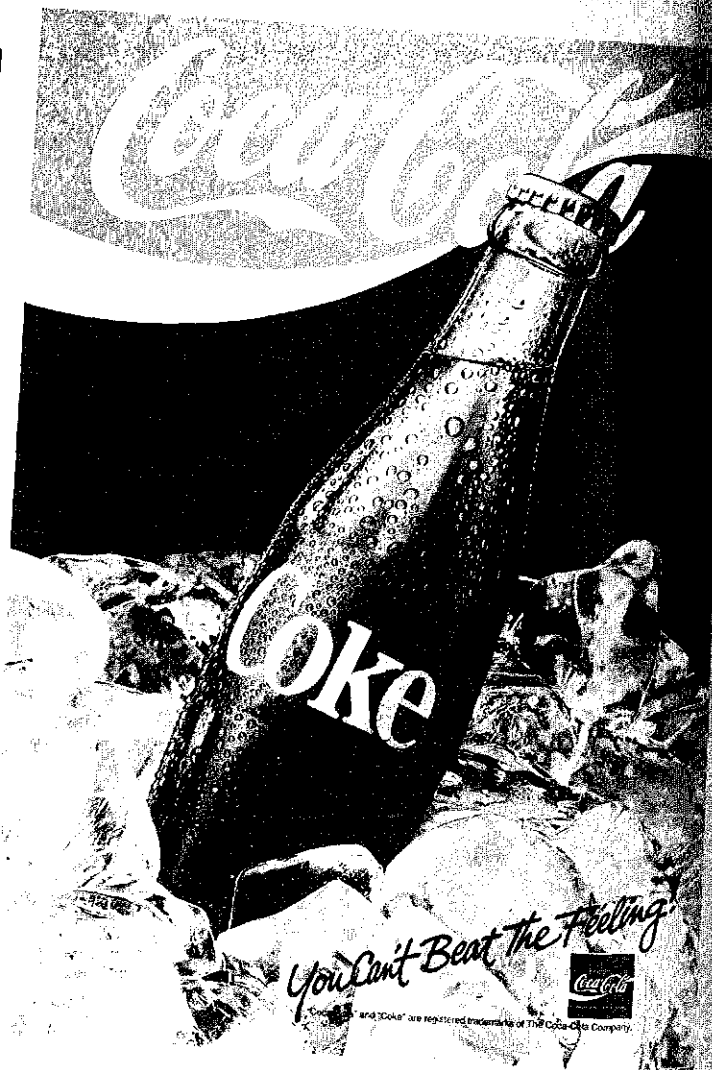
Regional development forums have been multi-sectoral, focusing on economic and development issues in a generic sense

become part and parcel of the new forums almost from the start. In fact, the Eastern Transvaal EDF's success was at least partly due to logistical support it received from its inception in 1993 from the RDAC, in collaboration with other roleplayers who refused to work through RDAC structures.

In the Western Cape, a new process was started but there was at least a longer history of attempts at metropolitan and sub-regional level to involve a wider range of roleplayers in planning processes.

In KwaZulu-Natal, the RDAC office had reasonable ad hoc contacts and relationships with roleplayers outside the apartheid structures, but a formal structure engaging all political roleplayers was still absent. It was only after the involvement of the CBM as facilitators that an inclusive KwaZulu-Natal Regional Economic Forum got off the ground.

Representation

The relationship between 'non system' roleplayers and the formal regional development advisory institutions of the apartheid state warrant specific comment.

While many RDACs were already seeking to implement a directive from the Department of Regional and Land Affairs to engage in 'more representative' processes, others were either unwilling or unable to do so.

One major inhibiting legacy from the past was the inability of some of these structures to grasp the need for a fully fresh start. They seemed unable to understand that they would have to enter new regional ventures on equal terms, and not necessarily as the kingpins of the new system.

Where they accepted this, like in the Eastern Transvaal, existing structures in fact became recognised as resources for the future, although suggestions that some RDAC participants persisted in exclusive initiatives outside the broader participative process fuelled some controversy about its role.

Where they failed to do so, like in the PWV and Western Transvaal where the RDACs persisted in inviting other roleplayers to 'join' them - instead of being willing to become part of entirely new initiatives - the Committees became increasingly marginalised.

There is now a line of thinking in 'progressive' circles that RDAC infrastructure and institutional capacity may be used in a new national planning system,

but much political controversy remains amidst these debates.

Achievements

What did the new forums achieve? In most cases, the forum concept won ground and more roleplayers became involved. In this way, new alliances emerged across political divides and around various issues.

Some forums briefly ventured into project appraisal mode within the broader National Economic Forum (NEF) short term employment process. But this soon proved a rather daunting task and the project appraisal and, especially, implementing capacities of forums were soon show up as inadequate.

Forums therefore remained essentially clearing houses for development ideas and strategies, where common perspectives on problems and common visions on solutions and strategies could be developed.

By 1994, the regional forums were even regarded by the Transitional Executive Council as an essential point of notification for development projects undertaken by parastatals and government departments.
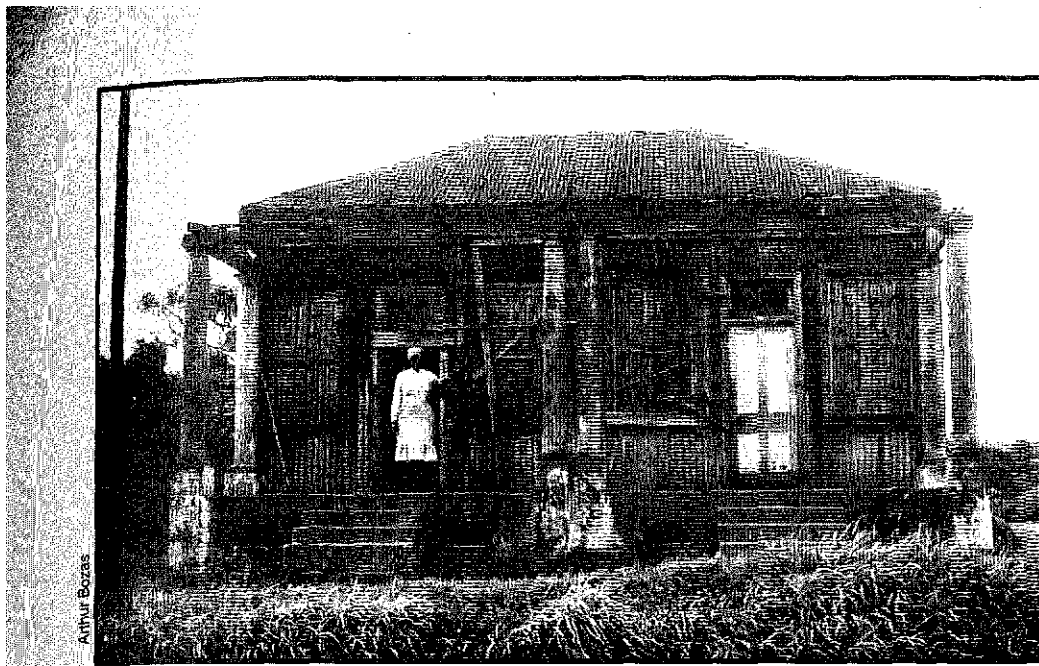
The job creation programme of the NEF was also managed in consultation with regional forums, thus both recognising and giving impetus to their role in the emerging decision making environment. In a society as divided as South Africa, this activated a process of enlightenment and bridge building many believed to be impossible.

Problems

There were problems too. The first was that some critics viewed forums as elitist. Just as national forums were accused of moving away from grassroots, regional ones were perceived as closed shops, always in danger of losing contact with their constituents.

The Free State Forum's experience is a case in point: the management committee continues to meet regularly but the plenary has effectively collapsed, leading to some groups complaining that they have been excluded.

A contradictory problem also emerged: regional forums at one stage found themselves having to fight for proper recognition by the NEF. It was only after they challenged the NEF for being 'elitist' and 'top-down' that they became ports of call in the discussion of project proposals within the NEF process.

The tensions between those who envisaged an implementation role for regional forums and those who saw them as facilitative avenues also had an impact. It has never been quite resolved, almost inevitably so in a situation where the state lacked the legitimacy to implement development effectively yet insisted that it was ultimately responsible for and capable of managing of development.

Now, with a more legitimate state, this issue will probably arise once again, but it seems more likely that the forums' role as support structures rather than implementers will become more generally accepted.

New tradition

Regional forums are now almost always mentioned when future provincial institutions are discussed. This is partly so because the Interim Constitution grants provincial governments considerable policy and development planning powers.

As known means to ensure the participation of civil society in policy and planning processes, the forums naturally come to mind. However, it is worth reflecting on this prominence somewhat more systematically and to ask why and how forums assumed this prominence. Five points come to mind:

First, in the apartheid days 'establishment' actors eventually came face to face with the delivery problems associated with illegitimate institutions. Forums offered them opportunities to build networks involving actors they deemed to be obstructers.

Now, with political institutions more legitimate, those networks could prove vital in attempting to glue together a framework of

political and administrative structures which would facilitate decision making, delivery and institutional transformation.

Second, for 'non-establishment' roleplayers forums epitomised the end of the old establishment's monopoly on the formal instruments of executive power and public policy. They managed in forums to affect the allocation of resources, either through their impact on dialogue or through exercise of veto power. These breeding grounds of institutionalised power could provide havens for ongoing influence in the emerging institutional environment.

Third, forums developed a momentum of their own. A new style of politics, decision making and interaction has emerged: conflicts are brought to the discussion table, people are beginning to acknowledge the right of all roleplayers to have interests, and development agencies are confronted with beneficiary linked structures they simply have to contend with.

Right now this might slow down delivery, but the momentum is an important dynamic. It brings people on course and makes it important for them to remain part of the processes.

Fourth, and related to the last point, is the politicisation of development. Forums have become important battle grounds for political interest groups seeking to gain greater influence through a hold on development support.

Furthermore, business and labour entered the public debate about development more overtly than before and extended their influence beyond labour negotiations quite considerably through both the NEF and the regional forums.

It seems likely that the forums' role as support structures rather than implementers will become generally accepted

Forums have become important battle grounds for political interest groups

Business and labour entered the public debate about development more overtly than before

Regional and other forums mark the advent of participative information gathering and dissemination, policy analysis and dialogue

Perhaps most importantly, forums have built networks which are set to underpin future institutions.

Government and other roleplayers increasingly assume that they need places to meet beyond the formal corridors of power

Fifth, some roleplayers participated in forums because they perceived them as a route to development funds. Several development agencies, for example the Development Bank of Southern Africa and the Independent Development Trust, have encouraged inclusive processes: forums represent a particularly structured example of this.

This naturally could add a strongly negative artificial element to forums but, on the other hand, the momentum referred to could also mean that it becomes the start of the road towards more inclusive development involving development agencies in collaboration with other roleplayers.

New culture

As a response to the needs of a changing institutional environment at the regional level, forums have assumed a particular transitional significance. They arguably constitute the major channels for resolution of the conflicts of the past and the movement of former adversaries towards common ground. They have also become useful fore-runners of inclusive institutions for the future.

Regional and other forums therefore mark the advent of participative information gathering and dissemination, policy analysis and dialogue.

In setting a new culture they became tangible instruments for institution building and empowerment, cooperative agenda and priority setting, the democratisation of development, conflict resolution and even project and programme management mechanisms.

These structures moved South Africans from conflicts about absolutes to joint strategies, defined in terms of negotiated strategic focus areas and time frames. For example, several regional economic forums structured their work clearly around distinctions between short and long term strategies.

Political roleplayers in many of these forums seemed to focus on short term activities, perceiving these as offering readily accessible opportunities to benefit politically. At the same time, however, labour and other players seemed to regard the long term policy processes as of critical importance. In some cases they have indicated that they will jealously guard this access to policy-making, regardless of the composition of government.

In this more nuanced policy environment, forums also became the stages for a shift away from purely ideological as well as from narrowly defined technocratic approaches.

As a wider range of actors took responsibility for delivery dilemmas, greater pragmatism became necessary.

Ideologues came to acknowledge realities outside the confines of their ideal models and technocrats came to recognise the social complexities of communities and their needs.

There has also been growing acknowledgement of a need for trade-offs between politically desirable and economically realistic objectives. Forums are bargaining grounds where difficult choices are brought to the fore.

Perhaps most importantly, however, forums have built networks which are set to underpin future institutions. Policy leaders from a wide range of political, service and development, and official backgrounds have been interacting within these structures.

This has been shaping the parameters of future development in all spheres: institutional, economic, financial, physical, technical and others. The impact of these networks was even firmer where regional forums also related to local level forums. This facilitated institutional development and policy formulation through many layers of society.

Whatever the complex dynamics of many of these processes, a base for future decision making and institutional capacity building is being shaped. This is where real institution building has been taking place, the impact of which might well outlive the present forums.

Future role

Forums may well have facilitated the transition from illegitimacy at regional level, but one can nonetheless ask whether they really offer much for the future. Now that elected provincial governments are in place, do we still need regional forums?

Three important institutional realities suggest that there may well be place for provincial or regional forums. The first is the momentum that forums have developed and the fact that some of these bodies have already become established at the regional level.

Key roleplayers believe that they should play a role, mainly because they are seen as key avenues for a civil society influence on decision making processes. Government and other roleplayers increasingly assume that they need places to meet beyond the formal corridors of power; hence forums are seen as normal elements of the institutional landscape.

second, related, reality is that forums at levels would appear to be an integral part of the RDP vision. This in itself reflects the extent to which they have come to be accepted as a normal element of the broader institutional framework.

The third significant factor is that the Interim Constitution, and the unfolding constitutional process, assign provincial governments considerable policy and planning powers. In an environment where the institutionalised participation of civil society in policy and planning is accepted as part of the ideal decision making landscape, this may point towards forums.

National context

One current of thinking about institutions for the RDP is that consultative structures for civil society should be introduced at all levels. This would appear to imply that forums at all levels could support and check government in policy formulation and planning.

There seems to be some consensus that sectoral forums will function at the national level, if the key roleplayers deem a forum necessary. Whether regional forums should also be structured sectorally is less clear. If the patterns of the past guide the process, these forums seem set to be multi-sectoral, probably providing for sectoral specialisation through working groups.

Indications from some provinces are that working groups will interact with the relevant line departments and ministries around strategic issues, while the forum as a whole deals with Government about multi-sectoral issues in an integrated manner.

The dominant sentiment seems to be that the spatial specificity of regional forums actually make them ideal instruments for integrative processes. On the other hand, sectoral provincial forums could mark recognition of the importance of this level in the policy process.

But specialised sectoral forums at provincial level will encourage unnecessary institutional proliferation. And if the country's constitutional evolution enhances the role of provincial government, it might be inappropriate to limit provincial forums in favour of national ones.

There are some difficult trade-offs to be made. But at this stage, the impetus for sector specific forums at regional levels seems weak. In a national institutional framework, regional forums could nonetheless form

important instruments for a flow of information and the development of synergy around key issues.

Whereas national forums will facilitate sectoral policies, regional structures will enable governments and other roleplayers to translate national policies in more area specific terms and hence set the parameters within which local stakeholders could operate.

Relations

If it is accepted that provincial governments will have an ongoing formalised relationship with regional forums, how will this relationship be structured? Should the forums be institutionalised by statute, should they have state support but not be governed by statute, or should they simply continue as organs of civil society, interested in but not related to the state?

This debate prevails at all levels and there is no clear right answer. The issue is rather whether the Government accepts in principle that it should consult these structures. This seems a sound principle, but exactly how it will be captured in law or institutions still needs to be decided.

Another question is whether institutionalised forums will be restructured to correspond more closely to the new provincial boundaries. In many provinces this is not an issue, because their boundaries have not changed much.

But moves are afoot in the Eastern Cape to merge the Eastern Cape and Border-Kei forums which have thus far operated separately. This will align the forum's jurisdiction with that of the new province, rather than following the patterns of alignment which previously developed.

One could expect such reassessments to occur if forums are related more closely to the formal processes of provincial government. From a development planning point of view, it will be necessary to assess the appropriateness of such arrangements as cross-boundary arrangements are also potentially relevant.

There is, for example, a point of view that parts of the Eastern Transvaal and Northwest provinces would be better served if development planning could be done in conjunction with the PWV. Whether these issues will receive sufficient consideration if forums are entirely related to governmental jusridictions, is as yet unclear.

Whatever arrangements about institutional status or boundaries of jurisdiction are

One current of thinking about institutions for the RDP is that consultative structures for civil society should be introduced at all levels

Regional structures will enable governments and other roleplayers to translate national policies in more area specific terms

To ensure effective and legitimate input, the structuring of forums would require careful attention

decided, one would expect forums to advise the relevant ministers or parliamentary committees either on request or proactively.

To ensure effective and legitimate input, the structuring of forums would require careful attention. They would have to be based on participation by the key interest groups in the province, yet as advisory bodies one could expect the inclusion of a number of technical experts, nominated by the minister and perhaps some by key interests.

It would generally be important to ensure that members represent major interests. Whatever system of membership is decided upon would have to be the product of extensive interaction between the provincial government and major interest groups.

In the interest of transparency, even statutory forums would have to be able to notify differences with government. Perhaps the time has also come for statutory bodies to allow for minority reports as a means to ensure the most open reporting of information about decision making processes and debates.

A few notes of caution are appropriate. The first is that the forums should not become alternatives for parliamentary democracy. They provide avenues for a structured role for organised elements of civil society in policy processes, but political accountability has to rest with elected government.

Governments could create space for a substantial say for forums, but in the final analysis this can at most be a consultative relationship. The channel into parliamentary process is the committee system.

If a RDP committee is formed in each provincial legislature, one could expect it to have a direct relationship with regional forums. Formalised participation by the RDP committee on the forums may be considered, but decision making power will have to rest with elected structures which are formally accountable to the electorate.

In similar vein, forums should not become the only avenues for citizens' interaction with Government about development issues. It should at all times be possible for citizens to approach government independently and directly.

The aim of forums is to facilitate the interface between government and citizen, not to complicate it by adding new institutional layers through which citizens would have to wrestle if they wish to interact with the Government.

Conclusion

Forums have been important transitionary vehicles in the movement away from apartheid towards democracy in South Africa. They ensured the participation of more stakeholders in decision making and became the platforms for joint decision making once the apartheid state became largely unable to make and implement decisions on its own.

At the national level, sector specific forums facilitated common perspectives and visions around particular policy areas. At the regional level, former foes joined forces in developing common understandings of their regions and in some cases managed to set outlines for development strategies for the future.

The coming of democracy means that executives and legislatures will take greater responsibility and that the Government and provincial authorities should be able to embark on development programmes with greater legitimacy.

However, the RDP includes a vision of civil society participation. This creates space for forums at various levels to continue a positive role as checks and balances on government and as places where civil society interests could influence government in a structured and transparent manner. This should not replace parliamentary accountability, but could complement it usefully.

This would also capture the culture of participation which mark most forums as a building block for the future. Care should be taken to prevent forums from becoming elitist, but in principle they constitute an important South African contribution to the making of democracy.

They offer foundations for mutual respect, debate and interactive decision making, engaging the citizenry on an ongoing basis.

Provided that they do not become obstacles to other forms of interaction between state and civil society, they could epitomise a new understanding of politics and decision making centring around inclusivity, greater scepticism towards politicians and, generally, a new appreciation of the interface between technical and political issues.

For this to occur, the forum culture at all levels ought to be nurtured - and the regional level offers particular benefits as an arena for policy making, multi-sectoral integration and participatory development planning. ௸

Abolishing Controls

By Jan Lombard
Professor of Economics, University of Pretoria

South Africa should phase out its whole exchange control system and the dual exchange rate system together, writes Lombard in his report for the South African Chamber of Business, The Abolition of Exchange Control. This article contains the executive summary of the report and further comments by Lombard.

Exchange controls over capital movements by residents to and from South Africa have been in existence since 1939. Due to a serious net outflow of capital during 1961 these controls were extended to non-residents with respect to their transactions in South African assets.

These restrictions on the repatriation of non-resident investments in South Africa gave rise to a second market among non-residents for South African securities and a second exchange rate through which non-residents could turn proceeds of sales of South African securities into foreign currency, and visa-versa, at a discount on the official exchange rate of the rand. The market operated mainly in London.

On the recommendation of the De Kock Commission in 1979 this 'securities rand' system was broadened and formalised into the financial rand market. In July 1988, the Reserve Bank allowed South African banks authorised to deal in foreign exchange also to act as principals in the market for financial rands. This decision moved the financial rand market from London to South Africa.

It is necessary to draw a distinction between the system of exchange control proper and the existence of the financial rand market. The latter serves as one leg of the dual exchange rate system. It should also be noted that a dual exchange rate system is to a large degree an alternative to direct controls over capital movements.

Benefits and costs

The justification of the system of foreign exchange control, as well as the existence of the dual exchange rate system in South Africa, is based primarily and almost entirely on their effectiveness in protecting the country's gold and foreign exchange reserves.

The costs of the exchange control system to the South African economy are severe. In direct terms, they arise in the form of the large corps of skilled manpower deployed in the Reserve Bank, in the private banks administering the system, and in the corporate sector involved in foreign trade and payments.

Direct costs are also incurred in the form of extra bank charges and commissions brought about by the public in surrendering and repurchasing foreign exchange. Further costs stem from the bridging delays that arise from the uncertainties about exchange control rulings on particular applications.

The indirect macro-economic costs to South Africa are even more significant than these direct costs. They arise from the fact that domestic savings are deprived of access to the international spread of investment opportunities, while small and medium sized South African business is largely deprived of access to internationally diversified financial resources and technology.

The exchange controls have also constituted a major obstacle to the monetary authorities in their attempts to achieve and maintain sound monetary conditions through flexible forex and money markets.

The unavoidable arbitrary nature of ad hoc concessions granted under the system gives rise to serious issues of equity and unfair competition between members of society. In particular, the system has accentuated the power of the small number of large institutional investors of the Johannesburg Stock Exchange.

The exchange controls have become counterproductive by inhibiting investment in South Africa. Furthermore, its effectiveness in preventing residents from transferring capital out of the country has become less effective as the public, to an increasing extent, finds ways to circumvent the controls

> *The costs of the exchange control system to the South African economy are severe*

> *The arbitrary nature of ad hoc concessions granted under the system gives rise to serious issues of equity and unfair competition*

> *Exchange controls have inhibited investment in South Africa, and are not preventing residents from transferring money out of the country*

legally or illegally. In addition, it is evident that the moral support for the control system is eroding.

Abolishing control

There can be no doubt that sound economic development and growth in South Africa demands the removal of direct controls over capital movements to and from South Africa. However, circumstances currently preventing the immediate abolition of these systems are:

⚬ The currently very low level of foreign exchange reserves of the South African monetary systems; and

⚬ The severe uncertainty about the prospects for the capital account of the balance of payments with or without exchange control.

To some extent, these two circumstances are, of course, mutually reinforcing.

Moreover, there are two sets of preconditions which determine the sustainability and stability of a convertible currency which is strongly affected by capital inflows and outflows. These are:

⚬ The comparative attraction of investment yields in the country; and

⚬ The extent to which the convertible currency is supported by domestic economic policies that allow optimum flexibility in domestic goods and factor markets.

Although the dilemma of the monetary authorities concerning the abolition of exchange control and the system of dual exchange rates is understandable, the business community is in dire need of clarity about the future of these constraints on the efficient operation of the forex market.

It is absolutely necessary for the Government to seek an early opportunity for making a public commitment which will be feasible and sufficiently credible to allow the business community in South Africa and abroad to plan ahead with confidence.

What is required, therefore, is an early declaration by the South African Government, committing itself publicly to:

⚬ Commence with the phasing out of the exchange control system, along a particular route, as soon as the country's foreign reserves return to a level which will allow the monetary authorities to take care of bridging problems during the

transition to currency convertibility at a unified exchange rate; and

⚬ Recognise the need to immediately adjust its fiscal, monetary, trade, labour and other market orientated policies towards principles which would be seen to be able to sustain the convertible status of the South African rand with reasonable prospects of stability.

In any such statement it would be necessary to reiterate the Government's belief that adjusting the South African economy structurally towards full integration with international economic relationships both in trade and finance, would provide the best platform for domestic economic development.

Options

Three broad routes towards the same ultimate objective may be distinguished. Each may allow several variations. These are:

⚬ The total abolition of the exchange control system and the dual exchange rate system in one 'big bang';

⚬ The abolition of the financial rand market and exchange control on non-residents only; and

⚬ The phasing out of the whole exchange control system and the dual exchange rate system together.

The severe uncertainties surrounding the initial effects on the exchange rate, domestic interest rates, domestic price and wages of the first option, as well as the severe inadequacy of the foreign exchange reserves of the country, does not make this option a feasible or credible choice.

The second option suffers to a lesser degree from the same objections, that is, severe pressures on the unified exchange rate, at least initially, while leaving the main problem of exchange control over most of the South African capital market unaddressed. If undertaken before perceptions of domestic real yields and financial stability have improved, this option would not be sustainable.

The third option proposes to broaden the financial rand market by channelling all capital transactions of both residents and non-residents on the capital account of the balance of payments (except trade related credit) through the financial rand market, leaving the commercial rand market for all transactions on the current account of the balance of payments.

...ply of dollars on the financial rand
...should immediately rise substantially,
...the demand for dollars through this
...by residents could be phased in
commensurably.

...Reserve Bank should be authorised to
...participate on the financial rand market in
...both spot and forward transactions in a
...manner similar to its management of the
...commercial rand exchange rate.

...would approach its management
...responsibilities with a view to allowing and
...promoting a phasing out of the discount
...between the two exchange rates in the
...shortest feasible time, that is, with due regard
...also to the reserves of the monetary banking
...system of the country.

...The particular advantage of the third option is
...seen to be its facility to absorb unforeseen
...capital account shocks to the South African
...economy during the transition to full
...currency convertibility, without severely
...affecting the real effective exchange rate of
...the current account, upon which the real
...investment decisions for economic growth
...largely depend.

...Should either options two or three be chosen
...is the road to convertibility, there would
...remain a number of matters which would
...need to be further addressed in detail, such as
...the administration of the separation between
...the two markets, the participation of the
...Reserve Bank in both the spot and the
...forward market for financial rands, or the
...principles according to which resident access
...to the financial rand market will be phased in.

...is, accordingly, proposed that the
...Government, in consultation with the Reserve
...Bank, appoint a committee of experts from the
...domestic and international forex community to
...advise the Government on the most appropriate
...steps to be taken in such matters.

Comments

...ince preparing the report for the South
...African Chamber of Business (Sacob), my
...attention has been drawn to a most useful
...article by Rudiger Dornbush, Professor of
...Economics at the Massachusetts Institute of
...Technology, which strongly supports the
...third option.

...Some relevant statements in an article
'Exchange Rate Policy: Options and Issues'
in *Policymaking in the Open Economy*
(1993), edited by Dornbush, read as follows:

"A streamlined exchange rate system
must strike a balance between two

considerations: micro-economic
efficiency and macro-economic
stability. We argue that a dual rate
system (with a market determined rate
for capital account transactions and a
moderate premium over the official rate)
best serves that objective."

"...a combination of a realistic
commercial rate and a realistic exchange
rate ensures that the gap between the
commercial and financial rate will be
moderate and that distortions are
unlikely to be major."

"We argue that a well managed system
of dual rates may function as a sensible
shock absorber in economics in which
capital is highly mobile and capital
controls are ineffective." and

"If the exchange rate and prices and
wages come to be driven by portfolio
holders' expectations and the price and
wage adjustments lead to expectations of
further depreciation, the economy easily
loses the anchor of nominal stability.

The present financial rand system does not
really qualify as a proper dual rate system. Its
coverage is much too narrow and access
much too constrained by complicated
exchange control regulations.

To serve the purposes described by Dornbush
and Kuenzler, the financial rand market needs
to be freed from exchange controls
altogether, and to be opened up for all capital
account transactions in and out of South
Africa, by residents and non-residents alike.
The access by residents might have to be
staggered over a brief period, as was done in
the United Kingdom.

The new financial rand system would then
become the free market for rand-dollar
transactions, in which the rand would
obviously be fully convertible. Only access to
the 'official' or commercial rand market
would, for the time being, still require
exchange control permission.

As is well known, however, such permission
is automatically granted by the authorised
South African banks in respect of all current
account transactions on the presentation of
corroborating documents.

These steps should be generally recognised as
no more than a gateway to full convertibility
of the rand at a unified exchange rate, an
event which should not be far off provided
that the major relevant domestic economic
policies - fiscal, monetary, trade and wages -
are effectively supportive of sustained
exchange rate convertibility. IDSA

A third, preferred, option is the phasing out of the whole exchange control system and the dual exchange rate system together

A well managed system of dual rates may function as a sensible shock absorber in economics in which capital is highly mobile and capital controls are ineffective

These steps should be recognised as no more than a gateway to full convertibility of the rand at a unified exchange rate

ECONOMIC OUTLOOK

By Mike McGrath and Merle Holden
Department of Economics, University of Natal

RETROSPECT

The South African economy's progress out of the recession of the last four years is still an open question. Economists - private sector, government and academic - have been desperately 'talking up' the economy in the hope that we would proceed on the path to sustained economic growth in the new South Africa.

Yet when the hard figures of growth are viewed we are faced with a million and one reasons why 1994 is proving to be disappointing. Don't be misled, however, for there is both good and bad growth, and the growth which we would wish to observe would be of the sustainable variety driven by fundamentals such as an increase in investment rather than rises in government expenditure.

The Reserve Bank in the June Quarterly Bulletin observes that economic recovery faltered in the first quarter of 1994, attributing it to the decrease in agricultural output from its high levels in the fourth quarter of 1993. Even so the performance of non-agricultural output proved to be disappointing, apparently due to political uncertainty, the ongoing violence, work stoppages and labour unrest.

To come to terms with the extent of the recent recession it is instructive to review the levels and growth in annual real Gross Domestic Product (GDP) since 1985.

Table 1 : Real Gross Domestic Product at 1990 prices.

Year	Gross Domestic Product (R millions)	Growth Rate (%)
1986	254221	
1987	259561	+2.1
1988	270463	+4.2
1989	276940	+2.4
1990	276060	-0.3
1991	273249	-1.0
1992	267257	-2.2
1993	270361	+1.2

The extent of the recession can be seen in Table 1, with negative rates of growth for the three years from 1990 through to 1993. As the level of real GDP

attained in 1988 was only regained in 1993, while population continued to increase, the declines in real per capita income were significant. Despite such economic decline, or maybe as a result of it, South Africa underwent major political change.

Reflecting the dislocation arising from the wide ranging political changes occurring in 1994, total production performed very poorly in the first quarter, registering a contraction of 3,5% annualised.

This decline has been attributed to poor performance in the agricultural sector, the mining sector as well as manufacturing. Absenteeism, violence, work interruptions and labour unrest all contributed to dampened performance in the non-agricultural sectors of the economy.

During the period 1987 to 1993 the rate of inflation increased, moderated and finally started to decline to the point where, in December 1992, the consumer price index reached a single digit level of 9,6%. In April 1994 the rate of increase in the consumer price index dropped further, reaching 7,1%.

The Reserve Bank attributes exogenous factors such as price stability among South Africa's trading partners, lower international prices of oil and the break in drought conditions as contributing to the lower rate of inflation. Endogenous factors such as the low rate of economic activity is not mentioned by the Bank.

Without wanting to enter into the debate as to how monetary policy is determined, but noting that monetary policy has nevertheless been conservative during the recessionary period, inflationary expectations have moderated and wage flexibility improved.

During the 1980s and 1990s outflows were of such a magnitude that they necessitated maintaining large current account surpluses on the balance of payments. For example, in 1993 the current account surplus amounted to 1,5% of GDP.

These surpluses were generated by dampening down the economy to reduce imports and encourage the export of excess capacity. Separate measures were also taken to stimulate exports through the implementation of the GEIS.

... dingly, through the latter part of the 1980s and ...990s the current account surplus averaged R5 ...billion per annum. Some concern was felt in ...first quarter of 1994 when the surplus dropped to ...annualised R2,3 billion, but early indications of ...higher growth in exports for the second quarter have ...allayed some of these fears.

Concomitant with the smaller surplus on the current account for the first quarter of 1994 the total net outflow of capital was small, amounting to a mere R1,1 billion compared with net outflows of R4,4 billion and R5,5 billion in the last two quarters of 1994. However, as the election approached, the decrease of R2,2 billion in net foreign reserves in April indicated that capital outflows had once again started to accelerate.

These changes in the balance of payments were reflected in a sharp depreciation of the rand against a basket of currencies amounting to 8,4% for the first five months of 1994. This decline was particularly severe against the Japanese yen (12,3%) and the Italian lira (12,6%).

When inflation differentials are taken into account, the rand depreciated in real terms against a basket of currencies by 2% in the first quarter of 1994. Although exporters have accordingly experienced an improvement in competitiveness, certain industries,

such as motor vehicles, have found it necessary to raise the price of cars in order to meet the increased price of their imported inputs.

In financial markets growth in the money supply as measured by the broadly defined money supply, M3, averaged out at 7% for 1993. More importantly, M3 increased at an annualised rate of 12,3 % in March 1994, exceeding the upper limit of the money guideline range.

By March, M3 had increased by R12,5 billion composed of increases of R14,8 billion in the monetary institutions' net claims on the government sector, R7,1 billion on the private sector with decreases of R3,1 billion on net foreign assets, and R6,3 billion in net other assets.

This large increase in the monetary sector's net claims on the government sector was largely affected by the issuance of stripped coupon government stock to the Reserve Bank in March 1994 to redeem losses incurred on the Gold and Foreign Exchange Contingency Reserve Account.

It is notable that the Reserve Bank's intervention in the forward exchange market has had implications for the growth in the money supply as well as for the size of the budget deficit.

THE 1994/95 BUDGET

The Budget for 1994/95 was presented in June, less than two months after the Government of National Unity had assumed power. There had been expectations of a radical budget with large increases in expenditures to fund the Reconstruction and Development Programme (RDP), financed by increases in direct taxes and a change in the structure of VAT to zero rate a wide range of wage goods.

The budget which was presented was, by contrast, on the surface a model of economic moderation, with assurances given by both the Minister and Deputy Minister of Finance, former trade unionist Alex Erwin, that the Government remained firmly committed to fiscal and monetary discipline.

The revenues and expenditures of the former independent states are now consolidated into the national revenue account, and Table 2 shows that the budgeted deficit for 1994/5 is expected to decrease from 6,9% of GDP for 1993/94 to 6,6% of GDP for 1994/95.

The deficit is reduced largely by holding increases in budgeted current expenditure to a modest 7,3%, even after providing for a massive increase in the Government's wage bill of 14,7%, and by financing the promised transfer of R2,5 billion to the Reconstruction and Development Fund from imposing savings on departmental budgets. In total Government expenditure is budgeted to rise by 9,0% in 1994/95.

Table 2: Comparative Expenditure and Revenue on the South African National Revenue Account - 1990/91 - 1994/95 (R million)

	YEAR				
	1990/91	1991/92	1992/93	1993/94	1994/95 budgetted
Total Revenue	70151	76644	81707	95163	105813
Total Expenditure	77339	90595	110556	122559	135087
Budget Deficit as a percentage of GDP	2,5	4,3	8,3	6,9	6,6

Total revenues of Government are expected to increase by 9,6% for 1994/95, with revenues from taxes on income and profits and domestic taxes on goods and services budgeted to increase by 12,5% and 10,7% respectively.

Fiscal drag is once again used to extract additional taxation from the middle classes, and excise duties are also increased on alcohol, cigarettes and soft drinks. Radical proposals for changing the structure of taxes were deflected by setting up a Tax Commission to investigate the tax system.

On the supply side some stimulus is given to investment by lowering the rate of company tax on undistributed profits to 35%, and by abolishing the

5% surcharge on intermediate and capital goods. However, advance warning is given that the export incentives paid under GEIS will be taxed from March 1, 1995.

The election left a massive R3,8 billion debt which had to be funded, and a once off 5% levy has been imposed on companies and people with taxable incomes exceeding R50 000.

As presented the budget appears to be a brilliantly crafted compromise between the needs of the RDP and sensible economic practice, and we have therefore to ask why the financial markets have treated it with such cynicism, as shown by the upward sweep in interest rates on long term government stocks since budget day.

There are several major concerns about the expenditure side of the budget:

* The small budgeted increases in consumption expenditures could easily be overrun, as has happened so often in the past to South African governments. Wage pressures which have built up in the private sector are likely to spill over to the government sector, possibly forcing higher than budgeted wage increases. The new Government has still to demonstrate its ability to stick to its budgeted expenditures.

* In the budget interest costs are assumed to rise by

only 10,9%. This estimate is likely to be too low given the upsurge in long term interest rates in the domestic capital market since March 1994, and the likely unfavourable response in foreign markets to South African Government Bond issues as long as friction continues between the parties within the Government of National Unity.

* Government appears to be losing approximately R1 billion per annum from transfers to cover the foreign exchange losses on forward cover provided by the Reserve Bank, and from its support to shore up the underfunded civil service pension funds.

Although these transfers have added to the public debt, and are shown as items of expenditure in the budget data published by the Reserve Bank, they are not reflected in the estimates of expenditure presented by the Minister of Finance. The 1994 year will most likely see a continuation of the losses arising from the forward cover provided by the Reserve Bank, and we believe that explicit provision should have been made in the budget for these losses.

We estimate that there could be increases in expenditures which have not been budgeted which could amount to an additional R19 billion, pushing the deficit to a massive 10% of GDP. It is not therefore surprising that alarm bells have started to ring in the financial markets.

PROSPECT

The early euphoria about the prospects for economic growth in 1994 have been scaled down, and the consensus appears to indicate a growth rate of GDP of 2,5% for 1994. Large inflows of direct foreign investment will not be forthcoming as long as there are hints of economic or political instability.

Unfortunately the surge in business confidence after the election is being eroded by a resurgence of political violence, by trade union militancy, and by the Government's inability to project firm leadership, by threats of disintegration of the Government of National Unity, and by the shock announcement that the Minister of Finance is to retire in October 1994.

Even though there should be some stimulus to consumer demand from labour intensive projects emanating from the RDP, the transition levy and fiscal drag will depress the recovery of consumer demand in the durable consumer goods sector.

Trade union militancy has escalated since the election and it is now threatening to cost the economy dearly in terms of lost investment and output. The International Monetary Fund's (IMF's) scenarios for growth in the South African economy have estimated that for each one half percentage point increase in annual wage rates above the baseline level, the growth rate of GDP will be reduced by one percentage point.

According to the IMF each one percentage point rise in the ratio of government current expenditure to GDP will reduce the growth rate of GDP by 0,3% a year.

There are strong indications that the inflation rate is once again set to soar. Rising oil prices in international markets, the depreciation in the nominal exchange rate of the rand, escalating wage pressures, and increasing food prices because of the severe winter are all feeding into the inflation rate.
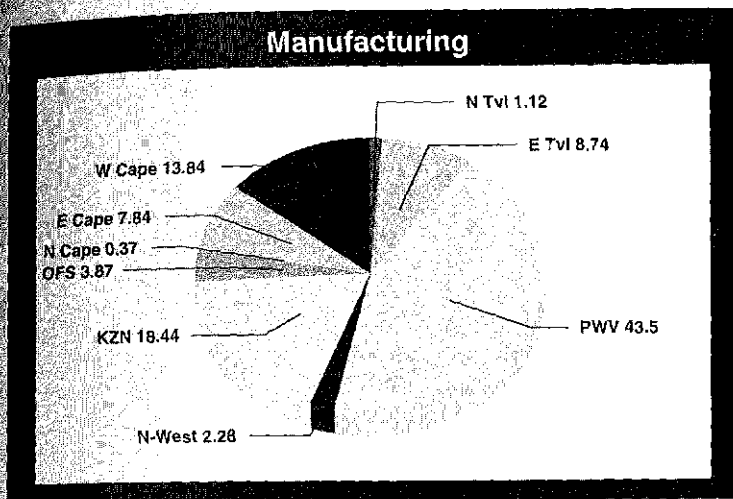
There are indications that the money supply is accelerating again, and this increase in supply will validate the increase in the inflation rate, while the possibility that an enlarged government deficit is financed through the banking system will cause a further acceleration in the growth of the money supply, and additional inflationary pressures.

Even though the real prime interest rate is very high at over 7%, and is out of keeping with the need to stimulate demand and get the economy growing rapidly, the strong inflationary pressures which are building up in the economy, and the depletion of the foreign exchange reserves in 1994, are likely to force the Reserve Bank to move with great care before allowing nominal interest rates to fall. 🏛️

REFERENCE
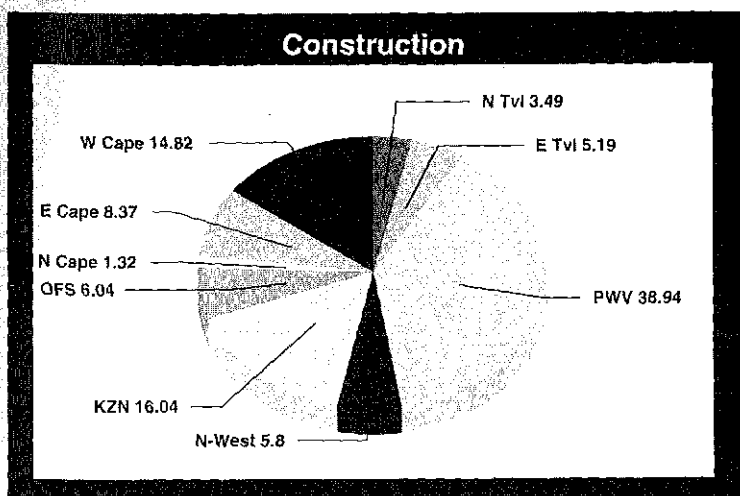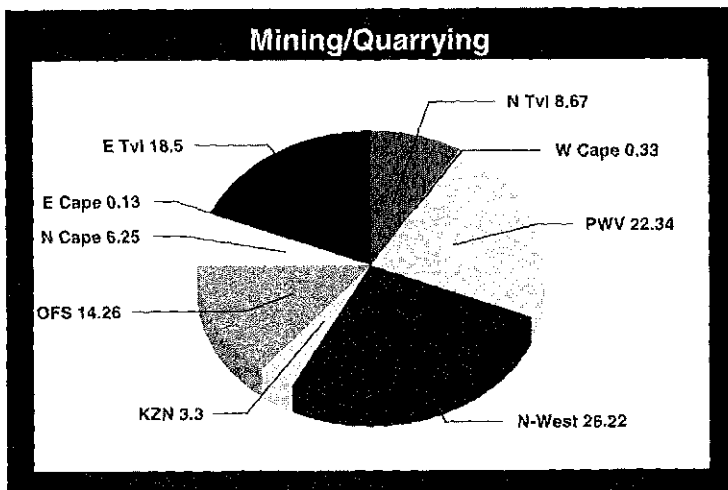Economic Policies for a New South Africa, International Monetary Fund, Washington DC, 1992

INDUSTRIAL
M O N I T O R

Manufacturing

N Tvl 1.12
E Tvl 8.74
W Cape 13.84
E Cape 7.84
N Cape 0.37
OFS 3.87
KZN 18.44
PWV 43.5
N-West 2.28

**Provincial
contributions to the
GGP for selected
economic sectors**

Mining/Quarrying

N Tvl 8.67
E Tvl 18.5
W Cape 0.33
E Cape 0.13
N Cape 6.25
PWV 22.34
OFS 14.26
KZN 3.3
N-West 26.22

Construction

N Tvl 3.49
W Cape 14.82
E Tvl 5.19
E Cape 8.37
N Cape 1.32
OFS 6.04
PWV 38.94
KZN 16.04
N-West 5.8

See Political Monitor cover on page 5 for a comprehensive list of the
different sectoral contributions by each province to the GGP.

Social Partnership

By Tito Mboweni
Minister of Labour

South Africa must construct a unique social partnership between capital, labour and the Government, with an intensified role for the state in the labour market. Labour Minister Tito Mboweni outlined his department's views on tripartism and labour policy in this edited speech to the 7th Annual Labour Law Conference, held in Durban in July. This is the first of three papers from the conference.

There are essentially three 'new' features that characterise our labour market. Firstly, we have in place a Government firmly committed to a social partnership. Key pillars of this partnership are workers and their organisations.

There is an organic and historic link between the new Government and the trade union movement, a relationship which was built over many years and dictated to by the material conditions in which the majority of our people found themselves.

These were conditions of colonialism and apartheid in which black people, whether workers or non-workers, were subjected to oppression and exploitation. Black people who were employed were super-exploited because they had no political rights and could not articulate, in the way white workers could, their interests in a free environment.

The struggle for political freedom has historically been linked with the struggle for trade union rights. Hence in South Africa today the trade union movement does not need to count the Government as petitioners, at least in the current period.

Since it is part and parcel of the forces of transformation which ushered in the new South Africa, the new Government will support and advance worker rights, including their rights to organise.

It is important to add that we support a role for workers and their unions beyond the traditional defensive and elsewhere. This commitment will have a major impact on labour market policy and on the institutions that bear responsibility for its further elaboration and implementation.

Productivity

Secondly, we are irrevocably committed to dismantling the protective barriers that have long insulated South African producers from the international market. This is the much talked about global restructuring.

We are now signatories to the General Agreement on Trade and Tariffs, and there are certain requirements with GATT that South African producers and the trade union movement have to be part of. This demands a central role for labour.

We are going to have to learn to compete with imports on the domestic market. Across a wide range of fields this will be possible through significant increases in productivity. But important areas of production, those that compete with the low wage Asian economies, are unlikely to withstand our entry into the global markets.

The employment and output loss that occurs in these areas will have to be compensated for by gains in areas of higher productivity and by penetration of the international markets for these high value commodities. Again this will only be possible through dramatic increases in productivity.

Thirdly, we have in place for the first time a Government with a major commitment to the millions of unemployed and to the development of small business.

There is a vocal lobby that insists that the needs of both of these acutely disadvantaged sectors of society will be accommodated by a free-for-all in the labour market, by wholesale elimination of the regulations that govern key areas of conduct of those who participate in the labour market.

The Government is firmly committed to a social partnership. Key pillars of this partnership are workers and their organisations

We are irrevocably committed to dismantling the protective barriers that have insulated South African producers from the international market

Government has a major commitment to the millions of unemployed and to the development of small business

The first and second of these features offer considerable room for accommodation between employers, workers and their organisations, and the Government.

Partnership

There is a substantial body of international experience - gleaned from a diverse range of highly successful industrialised economies such as Germany, Japan and Sweden - which establishes a link between rapid and sustainable gains in productivity and various forms of social partnership.

Firstly, we learn from their very diversity that there are no neat formulae to be applied in constructing a partnership. Each nation has found its own form of accommodation, for the most part forged out of substantial social conflict. We must examine our own history and our own strengths and weaknesses and construct a uniquely South African partnership.

We learn, secondly, that a social partnership does not spell the end of the basic contradiction between capital and labour. Far from it. To a significant extent, however, social partnership moves this contradiction out of the narrow distributional realm into areas like employment security and creation, labour skills development, work organisation and also corporate governance and industrial restructuring.

It reflects a new ordering, a new institutionalisation of this basic contradiction. In a strong sense it demands an intensified

role for the South African state in these areas of activity. The state cannot hide behind industrial self governance but has to be a key player in the whole process since we are involved in democratic transformation.

Thirdly, and this is a vital lesson, each member of the social partnership must examine some of their most revered sacred cows. Can we really expect unions and workers to downplay distributional issues in the context of the unusually large earnings disparities that characterise South African corporations and workplaces?

Can we expect flexibility and participation from workers when our grading and payment systems are built on hierarchy and command, hierarchies that still, for the most part, embody an overwhelming racial dimension?

Can we expect managers to compromise their managerial authority when unions brook no flexibility in their bargaining arrangements, often bargaining arrangements that we established 70 years ago, in a different industrial epoch?

And what of the Government's right to govern, to formulate policy? Will it compromise this in the name of an as yet untested social accord?

Commitment

We should not then kid ourselves that this social partnership can be built simply out of goodwill and exhortation. It will take commitment and a certain amount of

...rfice all round. But, in my view, just as we have constructed a uniquely South African accord in the constitutional realm, we are well placed to build an industrial partnership.

We have much going for ourselves. We have strong unions that have demonstrated flexibility and a willingness to sacrifice for the national interest.

We have well organised employers who, although hitherto inclined to defend a narrow parochial interest, have recently demonstrated a new willingness to take on the political challenges of the new democratic order in South Africa as well as the competitive winds blowing in from the world economy.

We have well established bargaining institutions on both the shop floor and at the industrial level, institutions that are by no means perfect but that offer a solid basis for partnership building. We have unique experience of tripartite policy formulation and implementation through institutions like the National Economic Forum, the National Manpower Commission and the various sectoral forums.

The Ministry of Labour is committed to strengthening these institutions. High levels of flexibility are required from each one of them. At the same time we will not heed the strident and short-sighted demands to deregulate the labour market and dismantle some of its vital institutions, without which this country's industrial relations would have been in complete disarray.

Government role

What of the Government's role in this accommodation? It is fair to say that the tripartite arrangements that have sprung up in the last four years were largely created in a governmental vacuum. They were tripartite in name. In substance they were bipartite with an illegitimate and increasingly incompetent government playing at best a neutral, at worst and more commonly an obstructionist role.

Needless to say the role of the new Government will be different. As part of our concrete support and encouragement of a social accommodation, the other parties will have to concede a robust and active participation from Government.

We will not simply attend to take the minutes and pick up the bills. We have constitutional and electoral responsibilities. We have interests to represent: those whose voice is not loud enough to be heard through the medium of organised business and labour.

The prime examples of these underrepresented interests are small business and the unemployed. Just as the quest for high productivity seems to offer a prospect for greater accommodation, so do the requirements of small business and the unemployed seem to threaten the very basis of this accommodation.

While the reality of this threat should not be underestimated, nor should it be exaggerated. Above all, it should not be allowed to undermine the basis for the high productivity partnership that I have sketched out.

Again a certain amount of flexibility and mutual sacrifice is going to be necessary if the imperatives of small business and the unemployed are to be addressed.

Flexibility

Firstly, there is a need for flexibility in bargaining arrangements and collective bargaining agreements. Hence, we will have to recognise the resource constraints of small start-ups and most probably permit multi-tier remuneration systems that, in a regulated fashion, accommodate the interests of small businesses in their early years.

Similarly, Public Works programmes will only be effective on a sufficiently large scale if there is a degree of flexibility with respect to collective bargaining contract.

Secondly, we will have to recognise that while small employers may require flexibility in staffing levels, the unions have an absolutely legitimate right to demand employment security and worker rights.

Here there is a major role for the state in constructing retraining schemes as well as unemployment and other welfare schemes that attempt to ameliorate the consequences of these conflicting renouncements.

Thirdly, I insist that the weakness of small and micro enterprises and their consequent shortcomings as providers of employment do not rest with employed workers and unions.

They reside in racist regulation, in the barriers to entry established by our high levels of concentration, and in the core of a system built on massive disparities in everything from access to basic residential and industrial infrastructure through to basic literacy and numeracy skills.

Overcoming these major constraints will lay the basis for the emergence of sustainable small and micro enterprises.

We have unique experience of tripartite policy formulation through institutions like forums and the National Manpower Commission

Other parties will have to concede a robust and active participation from the Government

While small employers may require flexibility in staffing levels, the unions have a legitimate right to demand employment security and worker rights

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Destroying any semblance of order or stability in the labour market might bring short term relief to some, but it will destroy the very basis for rising up the productivity ladder, which is ultimately the only sustainable basis for an industrialised economy and the long term success of the Reconstruction and Development Programme.

In mapping the role of the new Government in the context of globalisation and increasing competition, the overriding guiding principle is our respect for fundamental worker and human rights. We are committed to growth, but not at the expense of rights.

As President Nelson Mandela expressed in the International Labour Organisation publication *Visions of the Future of Social Justice*: "We cannot rebuild our society at the expense of the standard of living of ordinary men and women. We cannot develop at the expense of social justice. We cannot compete without a floor of basic human standards."

These are the parameters within which the Department of Labour will seek economic progress and growth.

Plan

With all these challenges facing us, the Department of Labour is outlining a five year transitional plan which would involve restructuring the labour functions of the Department and adapting our labour relations system within the context of a new labour market policy.

A key priority in this regard is to harmonise labour legislation and labour functions of the former homeland administrations. We currently have five director generals, several more chief directors, duplicate staff members and offices from Ciskei to Bophuthatswana. The task of harmonisation is not as simple as proclamation.

In fact the task of harmonisation makes amending our Labour Relations Act seem pretty straightforward. On this score, some

amendments may be tabled in Parliament during the next sitting. Perhaps the most significant change will be the freedom given to trade unions to political association and to the funding of any political party of their choice.

The process of formulating a new set of laws governing labour relations in South Africa started before the new Government came into being. We fully support the process taking place in the National Manpower Commission and expect that within the five year time frame of our transition plans South Africans will see the emergence of progressive and acceptable labour legislation.

Moreover, new legislation must be easily accessible and less cumbersome than the complicated legalistic explanations and procedures we see today. If the law is not understood by the constituency it is meant to serve, and if it keeps workers waiting in uncertainty for more than a year because of complicated legal procedures, then we need to seriously address the issue of simplifying laws.

Can we afford to be bogged down with lengthy legal procedures and industrial relations systems when the world is moving at about 10 paces ahead of us in skills development, technological advancement, cross border trade and marketing, and new work and employment patterns?

Effective competition on the world market demands that we settle as soon as possible some of the very basic industrial relations issues and seek better ways of managing conflict rather than letting conflict be the obstacle of economic and political progress.

The emerging social partnerships between labour and capital must be strengthened to enable us to jointly chart the difficult and complex road ahead.

Tripartism, in our view, is a key component of labour market policy and we are fully committed to drawing greater participation from our social partners in both the formulation and implementation of policies. ▨▨

The Bottom Line

Dudley Horner
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Minimum wage fixing is a common and desirable feature of many developing and highly industrialised countries. In South Africa this function has been performed for 70 years by the Wage Board. Though its history is chequered, a revamped Board could play a vital role in determining wage levels for uncovered workers and in mediating industrial disputes, argues Horner in a paper presented to the 7th Annual Labour Law Conference.

It is with a strong sense of irony that I come to the topic of reconstituting the Wage Board. For over 20 years I have been associated with criticizing the Board in minute detail. Here I am trying to praise rather than bury it.

Before addressing the role of the Wage Board it may be helpful to contextualise the issue of minimum wage fixing (MWF) which usually generates more heat than light, particularly in the world of orthodox economics.

We must disabuse ourselves of the conventional and shallow notion that MWF is the domain of the trade unions affecting only production and (hopefully) productive workers. In this country, in many other developing countries, as well as in developed countries up to the group of seven most industrialized nations, MWF is a wide-spread phenomenon which appears in different guises.

We have all noted, with some horror, that the minimum wages of our new legislators have been fixed by judicial commission in line with the market. This poses the question of which market? It is certainly not the same market in which the wages of mine workers and domestic workers are fixed.

I hasten to add that legislators are not the only employees in this fortunate position. The wages of our judges are fixed and will presumably continue to be by the Judicial Services Commission. The wages (they call them fees) of our lawyers are fixed in terms of the Advocates and Attorneys Acts. The same is true of our doctors in private practice as well as our accountants and auditors.

The Commission for Administration determines the wages of our vast public service from very highly paid Director generals down to lowly clerks, and this trickles through our educational system. The Town Clerks Act grades our local authorities and effectively determines minimum wages up the wage hierarchy.

If MWF be a sin there are many sinners. The real matter for debate is the institutions of our labour market(s) which affect the incomes of our people and determine their wealth or poverty.

In a very sober and perceptive article, written over 12 years ago, Norman Bromberger catalogued and evaluated those government policies relentlessly pursued between 1940 and 1980 which have given rise to what is probably the most skewed distribution of income distribution in the world.

He focused our attention on the role of government as a rule-maker and as a price and wage controller. It is in this context that a wage policy must be located.

Workers

In South Africa at the present time, and apart from the institutions mentioned above, there are four principal mechanisms for fixing wage rates:

* Industrial Council Agreements negotiated between labour unions and employers or organisations, and sanctioned by the Minister of Manpower (Labour).

* Wage Determinations, or Labour Orders, made by the Wage Board and sanctioned by the Minister of Manpower (Labour).

* Private agreements between labour unions

Minimum wage fixing is a widespread phenomenon which appears in different guises in many countries. If it is a sin there are many sinners

The real matter for debate is the institutions of our markets which affect the incomes and wealth of our people

In South Africa there are four principal mechanisms for fixing wage rates

and employers or organisations. Of these the most significant is in the mining industry, where annual negotiations and their outcome resemble Industrial Council agreements.

◦ The Public Service, where wage scales used to be determined by various state departments but principally by the Commission for Administration. The Public Service Labour Relations Act of 1993 and the Education Labour Relations Act of 1993 extended collective bargaining extensively in this arena.

Of 7,8 million economically active people in the formal sector in 1992, nearly four million were covered by a minimum wage of one sort or another (Table 1).

Table 1
Workers Covered by Some Sort of Minimum Wage 1992

I.C. Agreements	1 275 000
Wage Determinations & Labour Orders	773 100
Public Servants	1 360 100
Mineworkers	500 000
Total	3 908 200

Sources: Department of Manpower, Annual Report for 1992; Central Statistical Services 1993; and National Manpower Commission, Annual Report for 1993.

The major sectors of the uncovered labour force, both excluded from the Labour Relations Act and the Wage Act, are farm labour and domestic labour in private households, where 872 900 and at least 800 000 workers are employed respectively.

The state, via the National Manpower Commission (NMC), is investigating the possibility of extending the Wage Act to farmworkers following the passage of the Agricultural Labour Act of 1993 and a subsequent agreement between Congress of South African Trade Unions and the South African Agricultural Union.

Wage Board

Loet Douwes-Dekker has provided a useful description of the Wage Board and its activities, while detailed analysis of specific issues is provided in irregularly revised South African Labour and Development Research Unit (Saldru) publications which tend to carp about the low level of the minimums set in wage determinations.

Briefly, the Wage Board is appointed by the Minister of Manpower who also designates the chairman, and it may investigate any trade or industry at the Minister's direction,

report to him on wages and working conditions and make a recommendation in this connection. The Board is thus subject to the Minister's control, its effective role is determined by the Minister and it is influenced by government policy.

The Board's history dates back to the Wage Act No. 27 of 1925, and from its inception the Act was 'colour blind': no explicitly racist provisions could be incorporated. Nevertheless, in the earlier years, the Act was aimed at eradicating the 'poor white problem' in terms of the government's 'civilised labour policy'.

As Donald Pursell notes: "What the Board attempted to do was fix a minimum above what was being paid and rely upon employer reluctance to pay this higher wage to non-Europeans."

This policy was not pursued in isolation. As Iraj Abedian and Barry Standish have shown, it was only one aspect of a much broader system to promote white advancement. It is important to bear this in mind today.

Within this framework the Board, under its first chairman FAW Lucas, pursued a programme so vigorous and innovative that the state obliged the entire Board to resign in 1935. There are some who maintain that the threat of Wage Board activities gave impetus to the establishment of the earlier Industrial Councils.

As the 'poor white problem' receded the Board, from 1936 to 1950, set itself the explicit goal of raising unskilled black minimum wages. From 1950 to 1956 the Board, in line with government policy, was relatively inactive and made few recommendations.

From 1957 to 1966, under the chairmanship of WFJ Steenkamp, the Board revived its activity and, Pursell maintains, had a positive impact on the real earnings of black workers, which rose by as much as 30%.

Between 1966 and 1973 the Board's level of activity fell, again in line with government policy, and by 1973, of the 75 wage determinations in force, only six had been re-investigated in less than four years.

Three were over 20 years old, a further nine were between 10 and 20 years old and 10 were older than six years. It appears that on average the Board's cycle of investigation of an industry or trade in the period 1966 to 1973 was seven years.

After a wave of wildcat strikes in 1973 the Board, under the chairmanship of Hugh

...was again galvanised into a flurry of
...revising outdated instruments and
...new determinations and labour
...While only eight determinations were
...in 1972, 22 were made in 1973.

...orders were an innovation enabling
...wages to be instituted or amended
...the Board's rather cumbersome
...gatory method. Between 1973 and
...the average real earnings of African
...employed in those sectors affected
...the Board rose, but began to stick in later
...when the Board began to apply the
...ment's policy on containing inflation
...the 'uncovered' sector of the workforce.

...Board itself claims that in the early
...s, in line among other things with the
...ment's response to the 1973
...demonstration stoppages, it was 'in a position
...to compensate for inflation ... by building in
...an increase of up to 2% in real wages'.

In recent times the Board's sensitivity to the
government's 'collective campaign against
inflation', dating from 1975, has been
reinforced by its sensitivity to government's
deregulation objectives aimed at promoting
the small business sector.

Accordingly, since March 1986 it has
included deregulation clauses, based mainly
on the number of employees in the enterprise,
in most wage determinations and labour
orders. This bodes ill for organised labour.

In 1988, when Saldru last analysed wage
movement, the value of rates for the labourers
category set by the Board was only 56,2% of
that set by Industrial Councils compared with
78,3% in 1978.

Unions

A further aspect of policy requires
examination. Since 1937 the Department of
Labour (latterly Manpower) has applied the
Wage Act only when regulation under the
Labour Relations Act was not practical
because:

* Workers and/or employers were not
  organised in a sector;

* Where they were organised, one or the
  other failed or refused to enter into
  collective bargaining

As trade unions have grown and consolidated
to incorporate nearly 3,5 million workers,
obviously the size of the 'unorganised'
segment of the labour force has shrunk.

As a result the Wage Board announced in

1989 that the number of determinations in
force would be reduced from over 70 in
operation in the 1970s to 38 or fewer due to
the cancellation of old orders and the
amalgamation of new orders.

The Board moved swiftly to implement their
intentions. Between 1989 and early 1991 the
number of determinations and labour orders
was reduced from 51 to 29. Of 24 notices of
cancellation issued, one determination was
replaced in part by an Industrial Council
agreement while four in the food sector were
amalgamated into two.

It is probably true that nearly all the sectors
affected by these cancellations have been
unionising rapidly in recent years. The NMC
estimated in 1993 that there are more than
2,89 million members of registered unions
and a further 528 000 in unregistered unions.

At the end of June 1994, the number of wage
determinations had plummeted from over 70
in the 1970s to a mere 19.

Aims

It is apparent that the Wage Board has a clear
notion of its aims. In those areas of economic
activity which it regards as remaining within
its jurisdiction it clearly attempts to establish
a normative minimum wage which it slices
by sector and again between metropolitan
areas and smaller cities, towns and country
areas.

Of the 19 determinations and orders, some 14
establish the same minimum wage by
industry or trade for all four metropolitan
areas. In these areas it has determined that the
minimum wage for labourers between 1991
and 1994, and currently effective, shall be
between R81,29 per week (R352 per month)
and R157,44 (R682 per month).

It has differentiated between the metropolitan
areas in five areas of economic activity
(Table 2).

It would be interesting to have the rationale
for the differentials explained in each
instance. It may well be that the ability of

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The minimum
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between 1991 and
1994 is between
R81,29 and
R157,44 per week

Table 2
Remaining Metropolitan Differentials

Industry	High wage	Low wage
Civil Engineering	199,18	185,84
Clothing & Knitting	134,90	71,70
Hotel Trade	96,07	73,21
Laundry	120,98	99,36
Road Passenger Transport	121,00	109,50

We should turn our collective wisdom to reshaping the Wage Board and giving it the tools to do the job

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small businesses to pay is considered a more important factor in some of our major cities than in others.

The area differential between the metropolitan areas and other areas is even more intriguing: it ranges from R9,93 per week in accommodation establishments to an astonishing R63,20 in the clothing industry.

We have, thus far, subjected the Wage Board to a harsh interrogation and it may now be more seemly to consider whether its potential virtues do not outweigh any blemishes we have uncovered.

I am convinced that a more virtuous role may be the destiny of the Board with the support of a ministry aided by a government interested in pursuing active labour market policies in the broadest sense.

Future function

Let me say forthrightly that the Wage Board is an instrument in the hands of government: it can be employed delicately or it can be used as a bludgeon. Its latent power is considerable. In terms of the Wage Act the only areas of economic activity exempt from its scrutiny are:

- Agriculture;
- Domestic service in private households;
- State institutions;
- Universities and public schools;
- Charitable institutions;
- Institutions for the care of the blind

At the stroke of a ministerial pen, subject to Cabinet sanction and parliamentary assent, these exclusions may be eliminated by a simple amendment of Section 2(2) of the Wage Act (No. 5 of 1959). Perhaps some of them deserve this fate.

It is a truism that conditions in agriculture vary widely both within and across the boundaries of magisterial districts, agricultural regions and provinces, as the experience of researchers during the Second Carnegie Inquiry into Poverty and Development in 1983/84 showed.

In some rural areas within the same magisterial district rich and poor farms are neighbours and a small unit of five hectares can be rich while much larger units can be poor.

In 1990, advocates of a campaign for a national minimum wage pressed for a minimum of R500 a month for farm workers nationally. Well intentioned though such propositions are, they raise questions which it would be irresponsible to ignore.

An economic shock of this nature, doubling the cash earnings of farm labour, might be too severe for agriculture to absorb and would probably adversely affect the non-cash component of the farm wage: free housing, rations, medical treatment, farm schooling, access to firewood, the right to live on the farm after retirement etc.

Domestic workers in the employ of private households - about 800 000 regular or casual workers, most of them women - mirror the plight of the farm worker in that cash wages are low and the non-cash component is an important part of their gross earnings.

The other areas of activity excluded from the purview of the Wage Board could also benefit from closer scrutiny. As there are rich and poor farmers so there are rich and poor institutions. Exemption from the terms of a wage determination for the poor may be more appropriate than exclusion from the Wage Act.

It seems obvious to me that the Wage Board could be positioned to play a vital role in determining the remuneration levels of workers in those areas of economic activity previously excluded.

Moreover, it could play an even more effective role in MWF in general. It has the experience and records gathered over nearly 70 years to explore the complex issues involved in setting standards for wages and other conditions of work. At times in its history it has been accountable and transparent.

From the 1930s until the mid-1970s it also provided us with the fullest set of labour market information we have ever had. It could do this again.

In the arena of industrial disputes it could also be far more vigorously engaged. In a recent acrimonious dispute referred to the Industrial Court for compulsory arbitration, where I endured days of tedious, unnecessary and costly wrangling, it was borne forcefully in upon me that we were sitting through an utterly inappropriate process.

The Industrial Court has neither the experience nor the requisite staff to unravel the complexities of MWF. The Wage Board has. We should turn our collective wisdom to reshaping the Wage Board and giving it the tools to do the job. **INDICATOR**

Promoting Affirmative Action

Julio Faundez
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Given the legacy of apartheid, South Africa is one country where the case for affirmative action appears to be compelling. But it would be a mistake to expect affirmative action instantly to resolve the problems of a deeply unequal society. It will only be effective if used with caution and combined with coherent policies in key social sectors, argued Faundez at the 7th Annual Labour Law Conference.

Affirmative action involves treating people belonging to a specified group differently so that they obtain an equitable share of a specified good. In the area of employment, its object is generally to ensure that the target group is equitably represented in the work force of a particular employer.

Affirmative action is a controversial issue because it is seen as a challenge to the liberal principle of equality and because it is regarded as an undesirable intervention in decisions which, on efficiency grounds, are better left to the discretion of management.

Critics of affirmative action also point out that it has a negative effect on the general morale of the work force. For while those who benefit from the policy are made to feel that they are underqualified for the job, those who are not members of the target group feel that they have been treated unfairly and lose their drive to work.

Critics also point out that affirmative action policies only benefit a small segment within the target group, generally those who are better educated and hence do not need affirmative action to secure a job or a promotion. Thus, according to these critics, affirmative action not only fails to improve the lot of the target group, but also exacerbates differences within it.

Proponents of affirmative action, for their part, claim that measures which improve job opportunities for members of target groups act as an incentive for them to compete and develop new skills. They point out that by promoting wider participation of members of the target group in the labour market, affirmative action improves the morale of the workplace, and makes a contribution towards national integration.

Proponents acknowledge that while not all members of the target group will benefit from this policy, the fact that some individuals are given the opportunity to demonstrate their abilities and skills enhances the standing of the whole group in society.

The debate over affirmative action, informed as it is by the conflicting ideological perspectives of the participants, is interminable. The concern here is not to evaluate the merits of these arguments, but simply to offer background information which will, hopefully, help to clarify some of the points made by both proponents and critics of affirmative action.

For the arguments made by both sides raise important issues which can and ought to be the object of careful analysis. Affirmative action - not unlike any other public policy - can be good, bad or even indifferent.

A poorly designed or badly administered affirmative action policy can bring about enormous economic and political hardship both to individuals and to society. Affirmative action, on the other hand, can also be a necessary and useful policy tool to bring about social justice and to further the process of national reconciliation.

Affirmative action is a powerful and delicate instrument which ought to be used with caution. In the following paragraphs I discuss some of the main issues likely to arise in the process of formulating and designing an affirmative action policy for South Africa.

Limits of equality

Employment decisions are generally regarded as fair when there is equal opportunity for all participants. In an equal opportunities system, not all agents have the same chance of achieving the desired goal, but they are all provided with equal means to achieve it. Hence, an equal opportunities system does not yield equality of result.

Affirmative action is controversial because it is seen as a challenge to the liberal principle of equality and an undesirable intervention in management

Affirmative action - not unlike any other public policy - can be good, bad or even indifferent

In an equal opportunities system, not all agents have the same chance of achieving the desired goal, but they are all provided with equal means to achieve it

The unequal outcome of an equal opportunities system is caused by the unequal skills or talents of the participants. While in theory the means available to the participants are equal, they do not all use these means with equal talent or skill. Equal opportunity is thus consistent with the model of a market system where unequal results are seen as the engine of the competitive process.

Since competition within an equal opportunities system is a continuous process, today's losers know that with a bit of effort and perhaps better luck, the market is likely to yield better results tomorrow. Unequal outcomes are not regarded as unacceptable, either from a moral or political point of view.

Equal opportunity

The shortcomings of a strict equal opportunities system are well known. Unequal results do not come about only because participants fail to make use of the resources at their disposal with equal skill or application. The problem is that in practice, not all means that have a bearing on a given outcome are equalised.

In some instances - such as in the case of intelligence or individual aptitudes - because it is impossible; in other instances because it is morally objectionable - such as removing children from their parents to ensure uniform psychological traits. These examples are, on the whole, not contentious.

The real problem in an equal opportunities system is that the unequal distribution of means is in turn the consequence of unequal distribution in previous rounds of allocation.

Thus, a society which has consistently denied basic education and health to the majority of the population can hardly rely exclusively on an equal opportunities policy to judge the fairness of employment decisions.

One way of resolving this problem is by introducing policies which attempt to equalise the means at the disposal of participants, thus making their prospects more equal. Another way is to allocate means unequally among participants so that the prospects of achieving the desired goal are more equal.

These two approaches to the problem raise issues which have a bearing on affirmative action. The need for affirmative action in fact stems from the realisation that a formal system of equal opportunities, though desirable, is not adequate for achieving results which are fair or even economically sensible.

In the United States, for example, affirmative action came about as a consequence of the failure of the formal system of equal opportunity to eliminate discrimination against blacks and other minorities.

Thus, it is reasonable to expect that the outlawing of apartheid in South Africa - an essential first step towards a more egalitarian and democratic social order - will not instantly eradicate apartheid from the fabric of society. The legacy of apartheid is likely to live on for some time in civil society and in many of the country's institutions.

It is within this context that a carefully designed affirmative action programme can make an important contribution. For policies giving preferential treatment to groups that were victims of discrimination should be aimed at eliminating the present consequences of past discrimination.

Affirmative action can thus become a key mechanism for remedying the shortcomings that are the inevitable result of a strict application of an equal opportunities policy.

The link between affirmative action and equal opportunity is clearly expressed in Canada's Employment Equity Act. The purpose of the Act is to achieve equality in the workplace so no person is denied employment opportunities or benefits for reasons unrelated to ability, and to correct disadvantage by giving effect to the principle that employment equity means more than treating people in the same way "but always requires special measures and the accommodation of differences".

In the US, the Equal Employment Opportunities Commission (EEOC) Guidelines on Affirmative Action place it firmly within the perspective of equal opportunities. Affirmative action is defined as action "appropriate to overcome the effects of past or present practices, policies or other barriers to equal opportunity".

The actions which the Guidelines envisage include measures which are race, sex or national origin conscious; that is, measures which take these factors into account in order to enhance employment opportunities of minorities and women.

Measures

The link between affirmative action and equal opportunity provides us with a basis upon which to select appropriate affirmative action measures. These measures range from those which are meant to ensure the proper operation of an equal opportunities system to

those which involve preferential treatment of people in target groups.

Because the ultimate objectives are to achieve fair equal opportunity these measures must be flexible: tailored to specific needs and only in place until the objective of equitable representation is achieved. Affirmative action thus covers a variety of measures designed to ensure that equal opportunity obtains in practice.

For example, barrier elimination measures such as getting rid of testing requirements not related to the job, reviewing interviewing practices and fair recognition of qualifications and work experience are all essential components of affirmative action programmes. This is also true in the case of job accommodation measures such as flexible hours or the provision of facilities to ensure easy access to buildings.

Acceptability

Some affirmative action measures are less controversial than others. Measures such as those aimed at broadening the scope of a firm's recruitment efforts, or which involve the review of selection and promotion procedures, are acceptable even to many who, in principle, are opposed to affirmative action.

Likewise, the provision of special training for groups who have suffered discrimination is widely accepted. Indeed, given the special needs of South Africa, the provision of accelerated training is likely to become one of the most important components of affirmative action.

Other measures are less acceptable either on grounds of economic efficiency or fairness. This is the case, for example, if employees are dismissed to make room for a person from a target group. Likewise, the creation of supernumerary jobs simply to meet affirmative action goals is neither economically nor politically wise.

Perhaps the most controversial of all affirmative action measures is the hiring of people who do not have the requisite skills or qualifications to do a particular job. This measure is unacceptable for several reasons. First, because it is economically inefficient and could well endanger the health and safety of a large number of people.

Second, because it generally involves excluding a qualified person, thus giving credibility to the allegation of reverse discrimination. And thirdly, because it is generally counter productive as the individual who benefits from such 'token' appointment

is often the target of open hostility and isolation among colleagues.

Appointing or promoting unqualified people is rejected because it contravenes the merit principle which requires that the best qualified be chosen. Since affirmative action involves preferential treatment for certain individuals, it would appear that it is inconsistent with the merit principle.

This is an issue which has troubled promoters of affirmative action. In the US, for example, the 1964 Civil Rights Act provides that nothing in Title VII of the Act shall be interpreted as requiring an employer to grant preferential treatment to any individual or group because of race, colour, religion, sex or national origin.

This section was interpreted by the Supreme Court, which upheld a voluntary affirmative action plan in the case of United Steelworkers versus Weber (1979).

The plan had been established in a collective bargaining agreement between the Steel Workers Union and Kaiser Aluminium and Chemical Corporation, and its object was to eliminate racial imbalance in a craft workforce which was almost exclusively white. It established a training programme that reserved 50% of openings for black employees and set hiring goals for blacks at a percentage equal to that of blacks in the local workforce.

The Supreme Court rejected the argument that voluntary racial preferences were not allowed under Section 703(j). According to the Court, it does not limit what private employers or unions are permitted to do with respect to such preferences.

The Court argued that there was serious underutilisation of blacks in the relevant job categories, that the plan did not unnecessarily trammel the interests of white employees as it did not require their discharge, that it did not absolutely bar the employment or advancement of white employees, and was a temporary measure.

These four factors can be seen, in my view, as an attempt by the Supreme Court to reconcile affirmative action with the merit principle. The plan is acceptable to the Court insofar as it is flexible, is not an absolute bar to employment of persons who are not in the target group and it has a limited duration.

According to this interpretation, affirmative action is thus a temporary and limited departure from the merit principle in order to eliminate racial imbalance in the workforce. Other cases confirm that affirmative action is

Affirmative action must be flexible, tailored to specific needs and only in place until the objective of equitable representation is achieved

Appointing or promoting unqualified people is rejected because it contravenes the merit principle

In the US, affirmative action can be reconciled with the merit principle if programmes are flexible, temporary and do not absolutely bar people not in the target groups

permissible as a temporary and flexible departure from generally accepted practices - that is, the merit principle.

In Australia, the Affirmative Action (Equal Employment Opportunities for Women) Act, 1986, contains a strong reaffirmation of the principle of merit. Section (4) of the Act reads: "Nothing in the Act shall require the relevant employer to take action incompatible with the principle that employment matters should be dealt with on the basis of merit." This section appears to exclude the notion of preferential treatment and, not surprisingly, has prompted a debate on the definition of merit.

The International Labour Organisation's (ILO's) draft affirmative action for Namibia approaches the problem from a different angle. Instead of seeking to reconcile preferential treatment with merit, it uses the notion of 'suitably qualified persons'.

Employers are required to give preferential treatment only to suitably qualified people in designated groups. Since suitably qualified people are not necessarily the best applicants, employers will be able to comply with their affirmative action obligations without breaching the minimum standards required for the job. Employers also have to review the standards upon which they make employment decisions to ensure fair treatment of all candidates.

Quotas

One of the most heated controversies in the field of affirmative action concerns the extent to which affirmative action can be expressed in numerical terms: whether quotas can ever be justified.

To understand the nature of this controversy it is important to bear in mind that the use of statistics is a necessary tool in the process of determining whether discrimination may have occurred in a particular case. Likewise, the use of numbers and percentages is necessary in order to monitor progress in an affirmative action programme.

The issue of quotas may arise from the fact that employers who find that members of the target group are under represented may be required to set goals and a timetable to correct this problem. Goals and timetables, if interpreted rigidly, could easily become quotas which employers fill, regardless of the qualifications of the candidates, to comply with their affirmative action obligations.

The US Supreme Court has, on several occasions, approved court ordered plans

which set numerical quotas. In these cases, the Court took into account the fact that the affirmative action plan which required recruitment or promotion quotas were flexible, narrowly tailored and did not impose an intolerable burden on non-minority applicants.

Setting numerical quotas is an indispensable feature of any meaningful affirmative action programme. An alternative approach is to interpret the goals as flexible targets which have to be realistically based on the circumstances of each employer.

This is the approach taken by the contract compliance programme in the United States. The ILO's draft on Namibia also follows this approach: it requires companies to set numerical goals, but in determining whether an employer has complied with such goals, it takes into account the extent to which the employer has made good faith efforts to achieve them.

This flexible approach to the interpretation of employers' obligations is consistent with the fact that employers are only required to afford preferential treatment to suitably qualified people. If such people are not available, employers would not be able to fulfil their obligations. Hence the need to interpret this obligation in a flexible manner.

Conclusion

In preparing an affirmative action policy for South Africa, it is important to take into account the experience of other countries. Affirmative action is used in many countries to achieve a variety of objectives. While there is no ideal model, the experience of others should be a valuable source of information and, perhaps, inspiration which may help in the choice and design of affirmative action in South Africa.
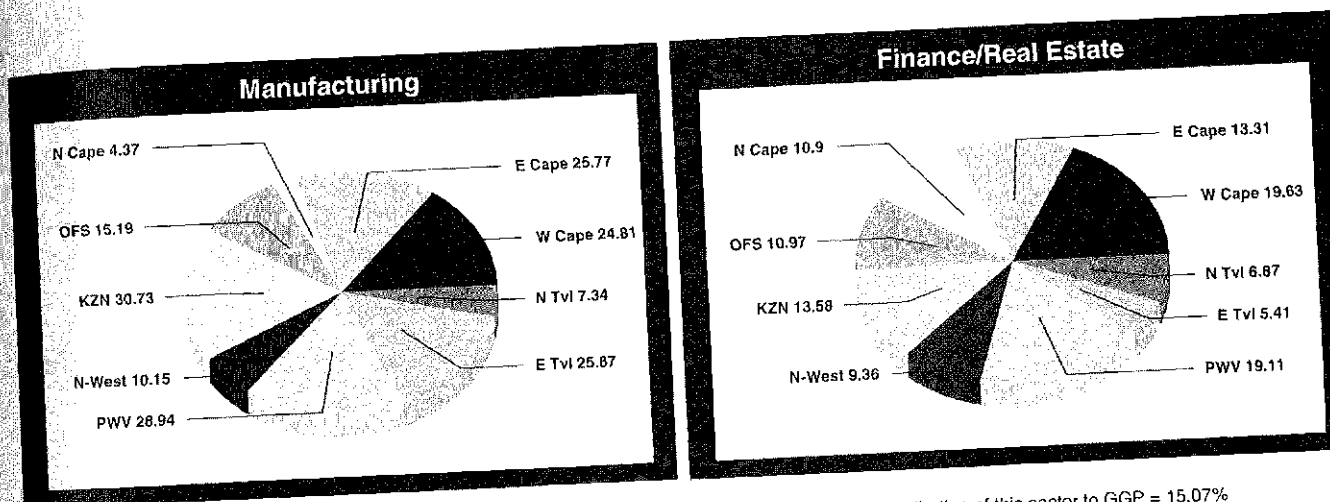
Given the legacy of apartheid, South Africa is one country where the case for affirmative action appears to be compelling. It would be a mistake, however, to expect affirmative action instantly to resolve all the problems of a society plagued by extreme forms of inequality. It will only be successful if combined with coherent policies in key social sectors.

Affirmative action should not be seen as a substitute for social policy. It cannot, by itself, bring about greater access to social goods such as employment, education, health and nutrition. The success or failure of affirmative action will, however, depend largely on the successful implementation of social policies at a wider national level. **ISSA**
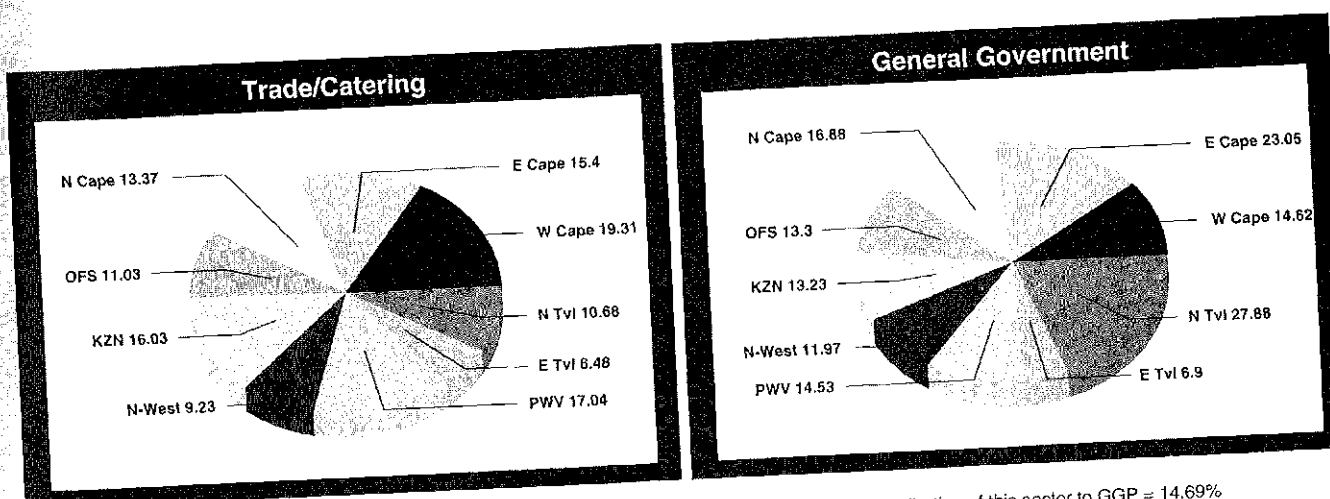
COMPARATIVE
M   O   N   I   T   O   R

Selected sectoral shares of provincial GGP

Manufacturing

N Cape 4.37
E Cape 25.77
OFS 15.19
W Cape 24.81
KZN 30.73
N Tvl 7.34
N-West 10.15
E Tvl 25.87
PWV 28.94

Total contribution of this sector to GGP = 24.87%

Finance/Real Estate

E Cape 13.31
N Cape 10.9
W Cape 19.63
OFS 10.97
N Tvl 6.87
KZN 13.58
E Tvl 5.41
N-West 9.36
PWV 19.11

Total contribution of this sector to GGP = 15.07%

Trade/Catering

N Cape 13.37
E Cape 15.4
W Cape 19.31
OFS 11.03
N Tvl 10.68
KZN 16.03
E Tvl 6.48
N-West 9.23
PWV 17.04

Total contribution of this sector to GGP = 15.05%

General Government

N Cape 16.88
E Cape 23.05
OFS 13.3
W Cape 14.62
KZN 13.23
N Tvl 27.88
N-West 11.97
E Tvl 6.9
PWV 14.53

Total contribution of this sector to GGP = 14.69%

See Economic Monitor cover on page 33 for a comprehensive list of the
different sectoral contributions to each province.

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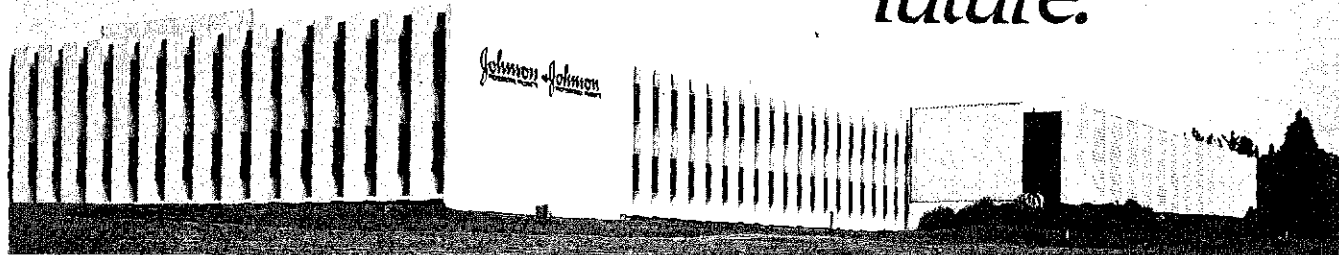
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Laying the Past to Rest

By Andre du Toit
Department of Political Studies, University of Cape Town

The new Government's proposed Commission on Truth and Reconciliation is bound to be controversial. But drawing on international experience, the Commission will wisely place concern for 'truth' above 'justice', ensuring public acknowledgement of serious human rights violations under an agreement for political amnesty, and it could help settle accounts from the past and contribute towards national reconciliation.

The notion of a Truth Commission is a novel development in South African politics. When, not long after the April 27 elections, the new Minister of Justice Dullah Omar proposed setting up a Commission on Truth and Reconciliation, it became clear that this notion was not yet generally well understood.

The question of amnesty for acts associated with political objectives is, of course, highly controversial, as is the demand that serious human rights violations of the recent past need to be brought into the open.

In this highly charged context the unfamiliar idea of a Truth Commission was readily confused with the quite different model of the Nuremberg Trials. In some minds it even conjured up an Orwellian spectre of political show trials in which former political leaders and their henchmen would be prosecuted for the crimes of apartheid.

In fact the proposal for a Commission on Truth and Reconciliation has quite deliberately not been based on the the Nuremberg Trials in post-war Germany. It has different aims and objectives, appropriate to entirely different political circumstances.

It consciously stops short of the prosecution of political leaders for 'crimes against humanity'. Instead it is concerned with public acknowledgement of serious human rights violations of the past in terms of an agreement for political amnesty. The concern with 'truth' actually means that the demands of 'justice' are not to be an overriding priority.

This notion of a Truth Commission did not come from nowhere, but has its own genealogy. It does not derive from the Nuremberg Trials but is based on the very

different and more recent experience of certain Latin American countries, particularly Chile.

For a proper understanding of the distinctive aims and objectives of a Truth Commission it is helpful to survey developments leading to proposals for a commission of this kind.

Nuremberg

The Nuremberg trials, in which a number of German leaders were prosecuted before an international tribunal for war crimes and for crimes against humanity, remains a major historical landmark. But the trials required a very special set of political circumstances, following the German defeat in World War II, and left a decidedly ambiguous legacy.

There can be little doubt that Nuremberg set a dramatic example for dealing with war crimes and human rights abuses from the past through the means of law. It marked a decisive break between the Nazi past and the new West German constitutional democracy.

More specifically Nuremberg effectively established the concept of crimes against humanity in international law; henceforth due obedience - *Befehl ist Befehl* - could no longer be invoked when gross violations of human rights were at stake.

On the other hand, it is evident that the Nuremberg Trials were possible only in the context of the military defeat and unconditional surrender of Nazi Germany. Even so the Nuremberg process must be judged as mostly failed.

Though it compares favourably with the excesses of popular vengeance wreaked on former oppressors and collaborators in the

The Truth Commission proposals stops short of the prosecution for 'crimes against humanity'. It is concerned with acknowledgement of human rights

The concern with 'truth' actually means that the demands of 'justice' are not to be an overriding priority

It does not derive from the Nuremberg Trials but is based on the very different experience of certain Latin American countries

aftermath of the war in countries like France, Belgium and the Netherlands, Nuremberg remains a classic instance of 'victors' justice'. It was manifestly ill-suited to establishing a political culture of universal human rights and the rule of law.

War crimes by the Allied forces were not likewise prosecuted, and representatives of Stalinist Russia who were manifestly guilty of offenses similar to Germans prosecuted at Nuremberg, served on the tribunal itself.

More specifically, prosecutions at Nuremberg in terms of ex-post facto laws tended to go against one of the fundamental tenets of the rule of law itself. In a recent assessment Istvan Deak concludes that it would have been better if the defendants had been tried under existing German laws and if the political and legal accounts with the past had been settled by Germans among themselves.

We must, as the *New York Review of Books* commented in October 1993, avoid "the sorry spectacle of a country or countries equally guilty of war crimes sitting in judgement over the defeated country .... The lesson of Nuremberg is that there should be no other trials following the model of the Nuremberg trials".

Though Nuremberg cast a long shadow, it has not found many emulators. The Nuremberg model, based on political conditions created by defeat in war, has mostly not applied when dealing with past abuses has had to be faced as an urgent political priority. And there were good reasons to doubt the wisdom of following this course of action.

Latin America

It was in another part of the world and in a different set of historical circumstances that the distinctive notions informing a Truth and Reconciliation Commission, concerned with public acknowledgement of past human rights abuses more than with punishment through prosecution, first took shape.

During the past two decades a range of countries in Southern Europe and Latin America experienced similar transitions from authoritarian rule to some form of democracy.

A recurrent problem faced by the new democratic governments in Spain, Brazil, Argentina, Chile and other countries was how to deal with the legacy of political atrocities and human rights abuses committed by the preceding military and/or authoritarian regimes.

The context, as in the South African case, was usually not an overthrow of power or a complete military defeat. Instead these problems tended to arise in the negotiated and incomplete transitional process, and the quest for justice in transition had to be tempered by the need to consolidate a still insecure democracy.

What emerged is that there are no simple and safe solutions to the complex problems of dealing with the legacies of past abuses. A striking aspect of these comparative cases is the wide range of different responses to similar problems, depending on local circumstances and dynamics.

In Spain, one of the more successful democratic transitions, the issue of dealing with the abuses of the past was, by tacit agreement, kept off the national agenda during the transitional period and its immediate aftermath.

In Brazil, too, there was no official enquiry but an extraordinary covert operation by a small group of human rights lawyers resulted in the publication in 1985 of *Brasil: Nunca Mais* - 'Brazil: Never Again' - providing comprehensive sets of documents detailing many cases of official torture. In El Salvador there was an official Truth Commission, but in the form of an international tribunal under United Nations auspices.

The three most influential cases, though, proved to be those of Argentina, Uruguay and Chile which followed each other during the 1980s. Significantly, they interacted and influenced one another, constituting a kind of comparative international learning experience.

Argentina

The Argentinian example came first, vividly demonstrating the risks for the transitional process of seeking justice through prosecution. After years of an internal 'dirty war' the position of the military junta in Argentina became untenable in the wake of defeats suffered during the Falklands war.

Among its finals acts in 1983 it announced a *Documento Final* - 'Final Document' - setting out its position with respect to human rights violations, and promulgated a law of self-amnesty. One of the first acts of the incoming civilian government under President Alfonsin was to set aside the amnesty law.

Instead the new government appointed a National Commission on the Disappeared which published in 1986 *Nunca Mais* -

Anna Zieminski

'Never Again: The Report of the Argentina National Commission on the Disappeared' - scrupulously documenting the fate of almost 9 000 cases of the 'disappeared', including testimonies by victims and witnesses of torture and other atrocities.

The government also proceeded with public trials of leading military figures, including key members of the junta, who had been responsible for or involved in gross human rights violations. When it became clear that the military Supreme Council was not prepared to execute these prosecutions, they were carried through with some success in civilian courts.

But once started, the process of settling accounts with the past proved difficult to contain. Alfonsin's civilian government did not succeed in persuading the military to purge themselves through military tribunals, and found it difficult to limit prosecutions in the face of mounting popular pressures and the independent proceedings of the civilian courts.

When the prosecutions extended to middle-ranking officers, Alfonsin's government was faced with a military insurrection in the 'Easter rebellion' of 1987 and had to back down. Further prosecutions were stopped by the law of the *Punto Final*, and a law of due obedience was enacted limiting prosecutions for human rights crimes by military officials.

Following the 1989 elections, the government of President Menem agreed to a presidential

pardon. In the eyes of some observers, the Argentinian attempt to achieve justice for past abuses had overreached itself, endangering the democratic transition and eventually forcing the civilian government to legitimate the self-amnesty of the previous military rulers.

Uruguay

No doubt partly under the influence of the drama being played out in neighbouring Argentina, key leaders negotiating the Uruguayan transition embarked on an opposite course.

Though never spelled out in public, the Club Naval negotiations which led to the military rulers stepping down in 1985 must have involved some tacit agreement that the new civilian government of President Sanguinetti would not proceed with prosecutions for past atrocities, though it left the door open for civil actions.

A general amnesty for political prisoners was proclaimed, but this expressly excluded violators of human rights. Many civil actions were launched, but these were consistently defied by the military as a matter of principle and honour.

Soon the effective impunity of those who had been responsible for atrocities became a burning public issue while a showdown with the military loomed for the civilian government. Late in 1986 the government introduced a law effectively guaranteeing the

The Argentinian example vividly demonstrated the risks for the transitional process of seeking justice through prosecution

The Argentinian attempt overreached itself, endangering the democratic transition

military impunity from prosecution for human rights violations.

But that was by no means the end of the matter. An extraordinary popular campaign was mounted to overturn the law by forcing a referendum in terms of the Uruguayan constitution. This required no less than 25% of voters as signatories to petitions, a figure reached even though the military used a combination of filibustering, threats and intimidation to prevent it at all costs.

If the political and military leaderships were prepared to bury the past in the interest of stability and 'national reconciliation', popular feeling and civil society were even more determined that it must be confronted.

In the event, when the referendum against the amnesty law finally took place in 1989, it was lost by a small margin. This outcome was profoundly unsatisfactory for all sides. For years Uruguayan public life had been convulsed by the traumatic struggle, a conflict which neither succeeded in bringing past abuses into the open nor in putting the past behind and bitterly divided the society during the first years of the new democracy.

Chile

Its main business was to compile a comprehensive record of the witness of victims of human rights abuses

Compared to the failed Argentina efforts to achieve both justice and truth, and to the counter-productive Uruguyan attempts tacitly to avoid dealing with the past, the Chilean case proved considerably more successful. In part this was because some valuable lessons had been learned from these comparative experiences.

As one of its first actions the new civilian government of President Aylwin announced the formation of a presidential National Commission on Truth and Reconciliation, with the specific charge of establishing the truth regarding the alleged torture and 'disappearances' of dissidents under the previous military regime.

Chile managed to settle some accounts from the past in a way which actually contributed to national reconciliation

Quite deliberately the first priority of the Commission was to be truth, with as much justice as possible. In the words of Jose Zalaquett, a leading figure on the Commission: "Priority ought to be given to truth ... Justice would not be forgone, but pursued to the extent possible given the existing political restraints". (Hastings Law Journal, 1992).

The Commission was not itself vested with powers of prosecution: its main business was to compile a comprehensive record of the witness of victims of human rights abuses, based also on the testimony of their families,

friends and colleagues, as well as on official files made available by human rights organisations.

In the 'Report of the National Commission on Truth and Reconciliation (1991)', published in two exemplary volumes, the personal particulars of many hundreds of cases were detailed. Individual perpetrators were not named, though in some cases dossiers were provided to the civil authorities.

The Chilean Truth Commission was evidently a consciously self-limiting enterprise, in part due to the terms of the transitional pact negotiated with General Pinochet - which excluded civilian prosecutions of the military - and in part due to the lessons learned from other cases.

Other reasons for the relative success of the Chilean Commission included its conspicuous bipartisan composition, its limited terms of reference tied to the central burning issue of the 'disappearances', its limited duration (it had to report within 9 months), the state resources at its disposal, and the fact that the new civilian president gave it his full and unqualified support.

When the Commission reported, President Aylwin appeared on national television to accept responsibility and apologised to the victims on behalf of the state. Chile, much more than Argentina and Uruguay, had managed to settle some accounts from the past in a way which actually contributed to national reconciliation.

Justice in transition

If it was already a notable feature of the Latin American cases that they interacted with one another, generating a self-conscious comparative learning experience on the part of at least some key actors, this reflective process was further broadened from the end of the 1980s.

With the dramatic developments in Eastern Europe from 1989, involving another range of countries in democratic transitions which somehow had to deal with the bitter legacies left by communist rule, there was an urgent need to apply lessons already learned in circumstances which included a number of additional complications.

The new and complex problems of 'justice in transition' became the topic for a series of international workshops and conferences, building a specialist and wide-flung network of human rights lawyers and activists, policy making practitioners, philosophers, church leaders, politicians, writers and journalists.

The first major conference was organised by the Aspen Institute in November 1988. Its proceedings were published the next year under the title 'State Crimes: Punishment or Pardon'.

This was followed by a series of international conferences sponsored by the New York based Charter 77 Foundation, later renamed the Foundation for a Civil Society, as part of its Project on Justice in Times of Transition. The inaugural conference in Salzburg in March 1992 was followed by another that year in Budapest, and two in 1993 in San Salvador and Venice.

These intensive and ongoing discussions as well as the growing number of cases - a recent study compared no less than 15 Truth Commissions since 1974 - have produced a sophisticated understanding of the complex issues at stake in dealing with the problem of truth and justice in transition. Some salient themes to emerge include the following:

- The significance of the distinction between knowledge and public acknowledgement. Even and especially when both victims and perpetrators know very well what has been done and by whom, it is morally and politically important whether this is also acknowledged on the public record;

- The often complementary but sometimes divergent demands of justice, in the sense of seeking retribution through prosecution, and of truth in the sense of public acknowledgement, and their different implications for national reconciliation;

- The need of memory and the grave dangers of forgetting even and especially when national reconciliation is required, or in the words of Adam Michnik: "Amnesty yes: Amnesia never";

- The fundamental importance of recognising the dignity of the victims of past human rights abuses and of finding appropriate public ways of restoring their self-respect as citizens;

- The necessity, if a new democratic culture of human rights and the rule of law is to be established, for individuals or groups who have committed terrible crimes not to have escaped with impunity, thus effectively demonstrating that they are 'above the law';

- The special need to respect the requirements of procedural justice and the rule of law in retrospective investigations if these are not to be counterproductive; and

- The insidious dangers of relying on security files from prior regimes and the abuses and political manipulations to which disqualification measures are open.

Perhaps the most succinct summary of the lessons to be learned are encapsulated in the words of Samuel Huntington:

"Recognise that on the issue of 'prosecute and punish versus forgive and forget' each alternative presents grave problems, and that the least unsatisfactory course may well be: do not forget".

In many ways a Truth Commission can be seen as an attempt to achieve at least some of these divergent objectives while avoiding the major pitfalls.

South Africa

When the South African transition got seriously under way after February 1990, not many South Africans were at all aware of the developments and debates elsewhere on the complex issues of justice in transition. At best there were vague references to a need to avoid 'Nuremberg trials'.

All too soon, though, some thorny issues had to be faced. In order to engage in public negotiations with the formerly banned and exiled African National Congress (ANC) and South African Communist Party at all, amnesty and indemnities for key political leaders and their followers were required.

Eventually this was administered in terms of the Indemnity Act of 1990 and the Further Indemnity Act of 1992. These were partial and provisional measures, applied with a good deal of political opportunism and manipulation.

Thus the way in which the requirements for disclosure was administered as part of the application procedures for indemnity at one stage encountered serious resistance from political prisoners on Robben Island.

At another level President FW de Klerk's granting of amnesty to 'Wit Wolf' mass murderer Barend Strydom as an apparent quid pro quo for that extended to 'Magoo's Bomber' Robert McBride raised extremely serious questions regarding the criteria and objectives of such political amnesties.

Increasingly the granting or withholding of amnesty and indemnity to various categories of people were utilised as transparently political bargaining ploys. This undermined the prospects for establishing some clear

There is a sophisticated understanding of the complex issues at stake in dealing with the problem of truth and justice in transition

It is of fundamental importance to recognise the dignity of the victims of past human rights abuses and publicly restore their self-respect as citizens

It is necessary for individuals or groups who have committed terrible crimes not to escape with impunity

principle or criterion for political amnesty that might be needed in future, and constitutional lawyers doubted whether the Indemnity Acts would be able to withstand a challenge in terms of the new Bill of Rights.

The determining context, however, has been provided by the Interim Constitution. During the closing stages of constitutional negotiations at Kempton Park in December 1993 a determined attempt was made by the National Party government and security force representatives to have a blanket political amnesty included in the constitutional agreement itself.

This was strenuously resisted by the ANC delegation in particular, and the outcome was the compromise contained in the remarkable 'Post-amble' to the Interim Constitution: the final clause on National Unity and Reconciliation.

Its central theme, in the words of Lourens du Plessis, is this: for the sake of reconciliation we must forgive, but for the sake of reconstruction we dare not forget. More specifically, the Interim Constitution determines that in order to advance reconciliation and reconstruction, amnesty should be granted 'in respect of acts, omissions and offences associated with political objectives, committed in the course of conflicts of the past'.

The Interim Constitution thus commits the new Parliament and Government of National Unity (GNU) to political amnesty for purposes of national reconciliation.

Constitutionally there is no question whether there should be political amnesty. The only questions are what the criteria, procedures and requirements for the provision of amnesty should be, and how these would best serve the overriding purposes of national reconciliation. It is in this constitutional and political context that a Truth and Reconciliation Commission must function.

Local process

The idea of a Truth Commission for South Africa was first mooted by the ANC, but in a specific context. Persistent allegations of atrocities and human rights abuses in ANC camps led to internal investigations by the Motsenuyane and Douglas Commissions.

When these commissions did not conclusively clear some ANC leaders from possible involvement, others on the national executive committee introduced the notion of a future Truth Commission. It is significant that this committed the ANC to a Truth

Commission, evidently understood as an inquiry to which the ANC would be equally subject.

Though some ANC leaders, such as Kader Asmal and Albie Sachs, came out in strong public support for the idea of a Truth Commission, it is not entirely clear how well the notion was understood within the organisation or how strong its support would be. Some observers anticipated that in the aftermath of the election the ANC's commitment to a Truth Commission was likely to be attenuated by the countervailing pressures of the GNU.

It is also significant that, while the main political actors were engrossed in the important business of the election campaign, more specific and concerted moves preparing the way for a Truth Commission were initiated within civil society.

In particular Alex Boraine, outgoing executive director of Idasa, organised a workshop in February 1994 which brought together a range of concerned South Africans - including Judge Richard Goldstone - and key members of the international network engaged in the comparative problems of justice in transition.

The objective of the workshop was to give South Africans an opportunity to learn from the comparative experiences of societies which had already worked their way through similar problems. It was an immensely helpful exercise, as evidenced from the book *Dealing with the Past: Truth and Reconciliation in South Africa*, published on the proceedings.

The thinking and proposals that emerged from the workshop have also had direct and indirect impact on Minister Omar's eventual proposals for a Truth and Reconciliation Commission, announced at a follow-up conference in Cape Town at the end of July.

Proposals

The proposals for a Truth and Reconciliation Commission must still be approved by cabinet and Parliament, and may well be transformed by political bargaining and compromises in the process.

The proposals announced by Minister Omar indicate that note has been taken of the recent international experience, and that South Africa may even be prepared to extend this in interesting ways.

Carefully modelled on, especially, the Chilean Truth Commission, and sharing its

self-limiting concern with the need for public acknowledgement and national reconciliation over the quest for justice through prosecution, the proposals also reflect the special circumstances of the South African case.

Unlike the Chilean case, for example, the problem of dealing with past abuses cannot readily be focused on a single burning issue of public concern such as that of official torture and 'disappearances'.

South Africa has its equivalents of the Latin American 'dirty wars' in the form of political assassinations and acts of terror, instances of torture and death in detention, and allegations about covert operations and a sinister 'Third Force'. But the legacy of apartheid also raises many other general and systematic issues of human rights violations in the form of forced removals, group areas, race classification etc.

Indeed, apartheid itself has been pronounced a crime against humanity by the United Nations. This poses a major dilemma. On the one hand, any effort to address this historical legacy will immediately generate an immense and complex agenda while, on the other, trying to do too much is a recipe for disaster and will probably be self-defeating.

But with some care, an approach can be designed for this kind of situation. A notable feature of the proposals is that the Commission is to function through three specialised committees, each with distinctive objectives:

- One committee will be specifically concerned with amnesty and indemnity as required by the Constitution, with full disclosure stipulated as a pre-condition. It will thus be focused on perpetrators and the political objectives of their actions. The implications are that individuals who do not successfully apply for amnesty will remain open for civil actions and prosecutions for human rights violations at a later stage.

- A second committee will be concerned with violations of human rights, identifying victims by name, giving victims and their relatives an opportunity to tell their stories, and establishing as complete a picture as possible of gross human rights violations. It will thus focus on victims and the need for public acknowledgement. The Commission will not have powers of prosecution, but some powers of subpoena, search and seizure are proposed.

- A third committee is to deal with the issue of reparations for victims of past abuses, making recommendations regarding

appropriate measures to restore their dignity and honour.

The distinction between the functions and objectives of these different committees open up interesting possibilities for the Commission to operate in different ways on a number of different levels. If not carefully managed, though, it could create complications and confusion.

Possible problems

Certain main issues still need to be resolved and clarified. These include the Commission's precise terms of reference, the interpretation of the criterion for 'political' objectives qualifying individuals for amnesty and indemnity, the extent to which the Commission's procedures will be confidential or public and, or course, the composition of the Commission itself.

On this last count, there may be serious problems in so far as the proposals are not for a presidential Commission but for one appointed by a Parliamentary committee. It is critical that the Commission should be representative and widely perceived to be unpartisan, and it would defeat its purposes if its very composition became a party political battleground.

The Commission on Truth and Reconciliation can only function successfully if its specific and self-limiting objectives are accepted as an appropriate way of settling accounts with certain aspects of the past so that these can be put behind us.

Current indications are that de Klerk and the National Party leadership is not bent on opposing the Commission at all costs but accept the need for it, if properly managed. It is to be expected that in Cabinet and Parliament some effort will be made to whittle down the powers and scope of the proposed Commission.

Other parties may have an interest in defending their interests by sabotaging the Commission, for example by challenging its constitutionality before the new Constitutional Court. Delays and challenges of this kind may well frustrate the Commission, which is required to report within a year and which, more generally, needs to complete its task in close conjunction with the introduction of the new democratic constitution.

It remains to be seen whether South Africa has learned the lessons of recent international experience and can add to this collective learning endeavour. ⬛

The legacy of apartheid also raises general issues of human rights violations in the form of forced removals, group areas, race classification etc

It remains to be seen whether South Africa has learned the lessons of international experience and can add to this collective learning endeavour

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The Brazilian Ballot

By Maria D'Alva G Kinzo
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The main contenders for Brazil's upcoming presidential elections are Luis Ignacio Lula da Silva, supported by a left wing alliance, and Fernando Henrique Cardoso, a social democrat and author of the country's current economic plan. Whoever wins will struggle to govern a country which has a flawed political system, an ongoing economic crisis and a deeply disillusioned electorate.

There is much disillusionment with politicians in Brazil as a result of corruption scandals involving the former president and several members of congress

A social and economic crisis has persisted, despite seven economic stabilisation plans

There are serious problems of governability as a result of the flawed functioning of the political system

Brazilians will go to the polls on October 3, 1994, to elect a president, congressmen, state governors and deputies for the state assemblies. It will be the eighth election since the re-establishment of democratic rule in 1985 and the second time that the around 100 million strong Brazilian electorate will choose a president to govern for the next four years.

Thus elections in Brazil are no longer a novelty. They have become a part of the citizen's normal life. But the electoral contest this year has special significance, due not only to the election of a president, which as in any similar system is the main focus of attention, but also to the problematic circumstances under which it will take place.

There is much disillusionment with politicians as a result of the impeachment of Brazil's former president, Fernando Collor de Mello, on charges of corruption, followed by other serious corruption scandals involving several members of congress.

A social and economic crisis has persisted, despite seven economic stabilisation plans tried during the nine years of democratic government. The new economic plan, *Plano Real*, has just begun to tackle Brazil's endemic high inflation. And there are serious problems of governability as a result of the flawed functioning of the political system.

These factors will certainly affect the outcome of the elections. Above all, they give us an indication of the enormous challenge that the next president will face after taking office in January 1995.

The purpose of this article is not to predict the election results but to outline the main traits of the electoral process that will choose Brazil's next president. By examining the features of the institutional structure under which elections take place we will also look at some of the problems of Brazil's political system.

Electoral system

In Brazil all citizens have the right to vote from the age of 16 years and voting is compulsory for electors aged between 18 and 70 years. The citizen's obligation to vote undoubtedly increases electoral participation in a country with low level of politicisation.

But it also helps explain a high proportion of blank and null votes: these are caused partly by indifference to the result, partly by a substantial protest vote and partly by genuine errors in completing a complicated ballot.

Brazil uses a majority voting system as well as proportional representation (PR). The president, state governors and municipal mayors are elected by a run-off ballot between the two leading candidates if neither receives an absolute majority in the first ballot.

Federal senators are elected by a simple plurality system - voters cast their ballots for candidates - and federal and state deputies by PR. The senatorial mandate lasts for eight years, but there are elections every four years: once for one third of the senate and once for two-thirds. Seats in the lower house in state assemblies are changed every four years.

To have candidates elected for the federal chamber and state assemblies, parties need to have votes equivalent to the electoral quota. Unallocated remaining seats are shared out among the winning parties under the D'Hondt system.

Most important, the PR system is not based on a pre-determined party list order. Rather, the number of individual votes each candidate obtains determines the order in which he or she appears on the party list. Thus, voters are asked to choose a particular candidate although they are also allowed to vote just for the party label should they have no preference for any candidate.

This voting system has the advantage of allowing the voters, rather than parties, to choose the winning candidates. But it tends to disrupt party organisation and discipline because it encourages competition between individual candidates of the same party rather than between parties.

As each party list contains a large number of candidates, it is also very confusing for voters to choose one candidate among so many. For example, in the last legislative elections in São Paulo state, 610 candidates competed for 60 seats in the federal chamber and 1 182 candidates ran for the 84 seats in the state assembly.

It is almost inevitable that many votes are either casual, because of the impossibility of assessing the merits of so many candidates, or based upon personal links with local political bosses whose clintelistic style remains a common device to capture support in the rural areas.

Political parties are allowed free radio and television access for two months before the elections. Two hours daily, including one hour at peak evening time, are reserved for the parties, which are allotted time proportionate to their representation in the federal chamber. No other television or radio political advertising is permitted, although paid advertising is allowed in newspapers and magazines.

Broadcasting must be transmitted simultaneously on all television or radio channels. This provision has been hotly opposed by television and radio companies, but has been quite effective in disseminating political information among the largely politically indifferent Brazilian electorate.

Most Brazilian voters are poor and even in the most developed state, São Paulo, nearly three-quarters of the electorate have had education only up to the elementary level.

Table 1: Congress Composition (as of June 1994)

Political Parties	Senate		Chamber of Deputies	
	Seats	%	Seats	%
Brazilian Democratic Movement Party (PMDB - centre)	27	33,3	96	19,1
Liberal Front Party (PAL - centre-right)	15	18,5	91	18,1
Progressive Reformist Party (PPR - right)	10	12,3	67	13,3
Brazilian Social Democratic Party (PSDB - centre-left)	10	12,3	47	9,3
Progressive Party (PP - centre-right)	4	4,9	44	8,7
Workers' Party (PT - left)	1	1,2	36	7,2
Democratic Labour Party (PDT - centre-left)	4	4,9	34	6,8
Brazilian Labour Party (PTB - centre-right)	4	4,9	29	5,8
Liberal Party (PL - centre-right)	-	-	16	3,2
Social Democratic Party (PSD - centre-right)	-	-	11	2,2
Brazilian Socialist Party (PSB)	1	1,2	10	2,0
Communist Party of Brazil (PCdoB)	-	-	6	1,2
National Reconstruction Party (PRN - centre-right)	4	4,9	4	0,8
Popular Socialist Party (PPS)	-	-	3	0,6
Others	1	1,2	9	1,8
Total	81	100,0	503	100,0

Source: List provided by the Chamber of Deputies and the Senate, June 1994.

Parties

Political parties have played a limited role in Brazilian elections, particularly in presidential contests in which campaigns are personalised by individual candidates. The party system in the country is weak, unstable and very fragmented. Party representation in congress is constantly altered as parliamentarians move from one to another party.

Also remarkable is the growing fragmentation in the party system: currently 19 parties have representation in the federal chamber, eight of them have more than a 5% share of the seats and the two largest parties - the Brazilian Democratic Movement Party (PMDB) and the Liberal Front Party - have only 37% of the seats (Table 1).

These problems are aggravated by an electoral system and a party law which are conducive to party fragmentation and lack of discipline. The use of PR based on open lists, leading to candidates from the same party competing with each other, undermines party development and discipline.

There is no rule regulating electoral alliances, or provisions restraining lack of discipline or change of party affiliation. Creating party identities and developing loyalties - not to mention political accountability - are extremely difficult.

Free radio and television broadcasting for parties helps disseminate political information among indifferent voters

The party system in Brazil is weak, unstable and very fragmented

Brazil's institutional model combines fragmentation and a multiplicity of counterweights - features characterising the 'consociational' democracies - with a plebiscitarian presidency

Lula was the second electoral force in the last presidential contest in 1989. He is leftist and first in the opinion polls

Cardoso was minister of finance until April, when he resigned to run for president. He is centre-left politically

The fragility and fragmentation of the party system is a recurrent source of crisis since it prevents the existence of clear interlocutors in congress, while the executive does not share responsibility with parties for formulating and implementing public policies.

Contradictions

The highly fragmented party system and 'presidentialism' are two features of Brazil's institutional structure which constrain the functioning of the political system. As suggested by Bolivar Lamounier, it is an institutional model which combines fragmentation and a multiplicity of counterweights - features characterising the 'consociational' democracies - with a plebiscitarian presidency.

On the one hand, as a result of PR and very permissive party law, political competition is oriented much more towards the representation of minorities than towards the formation of stable ruling majorities.

On the other hand, with a massive and growing electorate incorporated into the political system, the presidency has a clear plebiscitarian character. Based on nationwide and substantial electoral support, as a result of the second ballot system, the president enjoys a legitimacy which is not only distinctive but also greater than that held by the Congress.

As a result, the potential for conflict between the branches of power is very high. This is aggravated by the very fragmented party system, making it unlikely that the government would count on a parliamentary majority.

The six month long and difficult negotiation that the current administration was involved in to get congress approval of *Plano Real* is a good example of the problems faced by any government in formulating and implementing policies.

Next president

Whoever is elected president this year will have to deal with the constraints of this problematic institutional arrangement. Unfortunately, constitutional revision carried out by congress early this year failed to produce any result, and congress lost a great opportunity to reform several provisions that need to be changed.

With two months to election day, political observers were still reluctant to predict the

outcome. Electoral volatility has been so pronounced in the past that there is no certainty that the current electoral picture will remain the same until election day, especially considering the impact radio and television campaigns introduce once they start.

Ten candidates are running for president, but only four are real contenders. The two leading candidates are Luis Ignacio Lula da Silva and Fernando Henrique Cardoso.

Main contenders

The former, known as Lula, is the candidate of the Workers' Party (PT) in alliance with the Socialist Party, Communist Party of Brazil, the Popular Socialist Party, Union of Socialist Workers Party and the Green Party.

Lula, formerly a metalworker and leader of the new union movement in the 1970s, was the second electoral force in the last presidential contest in 1989 and has been campaigning ever since. He is placed first in the opinion polls.

Regarded as too leftist and radical by the middle classes and business, he has shown much more moderation in his positions than in the last elections, a strategy aiming at widening his support.

However, it will be difficult for Lula to distance himself from his party's statist, nationalist and corporatist features, if we consider the active role played by his party - which comprises social democrats, progressive Catholics, socialists and Trotskites - in demanding participatory democracy.

Until June voters' preference for Lula in the opinion polls was so impressive that some observers started to believe a second round presidential election in November might not be necessary. But in July this view changed as the lead in support that Lula enjoyed over Fernando Henrique Cardoso started to decline.

Cardoso, who is from the Brazilian Social Democratic Party (PSDB) and senator from São Paulo, was minister of finance until April, when he resigned to run for president. He is an internationally known social and political academic, and has been in politics since the late 1970s, when the democratisation process started.

Cardoso is in the centre-left of the political spectrum, and his candidacy is supported by a broad electoral alliance including centre and centre-right parties. His platform is based on defence of the economic stabilisation plan,

which was formulated by the economic team and by him and has had its third phase implemented by his successor in the finance ministry.

The main features of the *Plano Real* are: tight budget spending aimed at controlling the public deficit and restoring government credibility; a series of monetary measures to curb Brazil's endemic high inflation; and a policy of moderate liberalisation and privatisation.

As the initiator of *Plano Real*, his candidacy depends on its workability. This close link has already been reflected in the opinion polls. The implementation of the plan's third phase - the impressive operation of changing the country's old currency to a new one - was positively received by the public and Cardoso's opinion poll rating increased.

Lula's mid-June lead of 22% was reduced to 9% by mid-July, with Lula getting 34% of the polls and Cardoso 25% (Table 2). The results of the last opinion poll, carried out by the Institute Gallup between July 16 and 20, are even more impressive: 30,5% for Lula and 30,1% for Cardoso.

According to other polls, such as that of the Institute Vox Populi, Cardosa is already ahead of Lula in the São Paulo and Minas Gerais states, the two largest electoral colleges in the country.

Others

Although none of the other candidates yet received more than 7% support, two of them deserve to be mentioned as they may be able to improve their position if new factors emerge during the crucial three months leading up to the elections.

They are Leonel Brizola and Orestes Quércia, both former governors of their states, Rio de Janeiro and São Paulo respectively. Brizola, from the Democratic Labour Party, is an old politician from the 1950s and 1960s democratic period. His profile is populist and old nationalist, and he is thus one of the most outspoken critics of privatising state firms.

His electoral chances are limited, as the organisational structure of his party is very weak and his support is concentrated in just a few states in the south. He has been third in the opinion polls since May, rating only 7% support, but is a statesman-like political figure whose support will be important if a second ballot is held.

Orestes Quércia is the candidate of the PMDB and a former president of that party,

Table 2: Evolution of Vote Intention for President - Brazil (in percentages)

Candidate	4-5 April	2-3 May	23-24 June	9-13 June	5 July	11-13 July
Lula	37	42	40	41	38	34
Cardosa	21	16	17	19	21	25
Brizola	10	8	7	7	7	7
Quércia	8	7	8	6	7	7
Others	5	4	4	7	6	7
B/N/Nn*	12	14	13	11	11	9
Don't know	7	9	11	9	10	11

* Blank, Null, None.
Source: Institute Datafolha

within which he has developed his political career since the 1970s. A skilful and pragmatic politician, Quércia has never lost an election.

He managed to build a very strong party machine, particularly in São Paulo state, where he has loyal allies in most of the municipalities. Nevertheless, his political prestige and his strong influence in the PMDB national organisation has declined considerably because of his involvement in corruption.

His insistence to run for president despite the opposition of a considerable part of the PMDB has provoked internal dissent and led some important party leaders to abandon him and discreetly support Lula or Cardoso. Quércia's electoral chances should, however, not be underestimated for his political history is marked by surprising victories consummated in the last weeks of electoral campaigns.

Demographics

Using data from the last opinion poll carried out by the Institute DataFolha, from July 11 to 13, Table 3 shows voter intention by level of education and family income, giving an idea of the kind of social support the four leading candidates mobilise.

The main features of the Plano Real are: tight budget spending, monetary measures to curb inflation, and moderate liberalisation and privatisation

In mid-July polls, Lula received 34% of the vote and Cardosa 25%

Table 3: Vote intention by level of Education and Family income - Brazil (in percentages)

Candidates	Total	Education Level			Family Income		
		Up to Elementary school	Secondary school	University	Up to 5 Min. Salary	5-10 Min. Salary	More than 10 Min. Salary
Lula	34	33	34	37	34	33	34
Cardoso	25	22	31	33	22	31	34
Brizola	7	8	6	2	8	6	5
Quércia	7	8	5	3	7	6	4
Others	7	5	8	9	5	8	9
B/N/Nn*	9	8	12	12	8	10	11
Don't know	11	14	5	3	12	6	3

* Blank, Null or None of them
Source: Institute Datafolha, 11-13 July, 1994 (14 002 voters were interviewed over 378 municipalities)

It is surprising to note that Lula's support is not limited to voters at the bottom of the social structure. In fact his percentage of the preference, as compared to the average, is slightly lower among voters with elementary schooling and higher among university graduates: 33% and 37% respectively.

As regards family income, the data shows no variation, with the exception of the family income band from five to 10 minimum salaries - US$ 350 to 700 - where his percentage is one point below the average.

Fernando Henrique Cardoso has a much more noticeable pattern: while he has the support of 22% of voters who have only elementary schooling, 31% of university graduates will vote for him. The same pattern occurs with family income: the higher the family earnings the higher the preference for Cardoso. Indeed, among voters whose families earn more than the 10 minimum salaries, his percentage support equals Lula's.

The tendency is the opposite in the case of Brizola and Quércia: their support, though small, comes from the lower strata, and their indices among voters with higher education and salaries are half their average.

The data shows clearly that Cardoso has the most difficulty attracting support from the lower sectors of the population. This is a real problem for his candidacy which may only be overcome if the *Plano Real* succeeds in controlling the impact of economic hardship on the poor.

Lula

Even though it was not my intention to predict the election results and their consequences, it is worth speculating on the scenarios that could emerge if Lula or Cardoso win the presidency.

If Lula is elected Brazil will encounter difficulties, unrelated to his political skill or administrative experience. Although Lula will lack a parliamentary basis in congress, he will try to widen his support through negotiation with the centre and centre-left, and it would be possible for him to form a team sensible enough to avoid irresponsible economic policies.

His programme of government is not very clear on most areas of economic policy, leaving room for revision afterwards. Even the question of the moratorium on the foreign debt, which was a divisive issue during the Workers' Party (PT) convention, has been decided as a policy of last resort.

Lula's government would certainly scrap the *Plano Real*. Although he will keep the new currency, he will have to propose a new economic policy because his campaign has concentrated on criticising aspects of the plan such as wage policy, high interest rates, high prices and liberalising the economy: in sum, the possibility of recession.

More likely is that a Lula victory would be a sign that the plan failed to stabilise the economy. Lula has not announced an economic plan, but the PT's economic policies do not give priority to stabilisation.

The main problem with a government led by Lula would be the pressures exerted on him by his own party and from a variety of organised corporatist interest groups, most of them entrenched in the state.

If he manages to control these pressures his government could perform reasonably, but if he is unable to control them the tendency would be for intensification of opposition from the right with a consequent polarisation and radicalisation of the political system. This will lead to political paralysis and ungovernability, which would be a disaster for Brazil's democracy.

Cardoso

The scenario which would follow a Cardoso victory is easier to predict. Certainly a government led by him would have better prospects for Brazil internally and internationally. Internally because Cardoso will certainly count on a large parliamentary base, which is fundamental to the ability to govern.

The broad alliance that he has attracted cannot just be seen as an electoral tool, but also as a means to form a parliamentary majority that Cardoso's party would not be able to obtain alone.
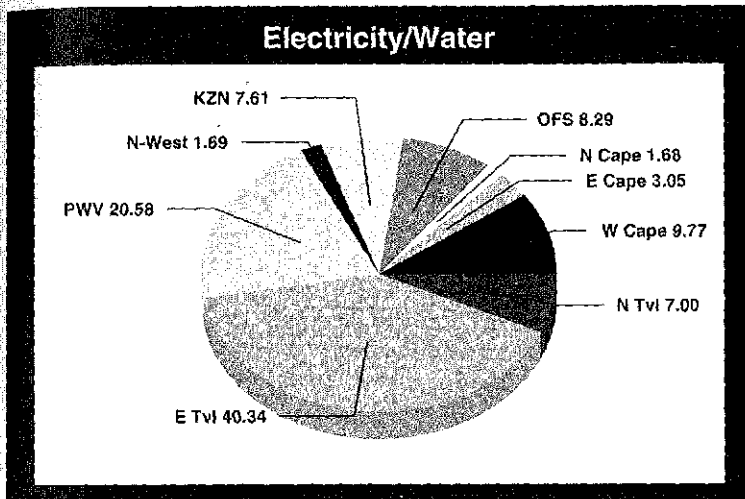
As his candidacy is so attached to the *Plano Real*, his victory would indicate that his economic policies were producing good results. In that case, he would begin his administration in a strong position.

However, his chance of performing well would also depend on his capacity to persuade the diversified political forces that support his candidacy to also support the reforms that are fundamental to the country.
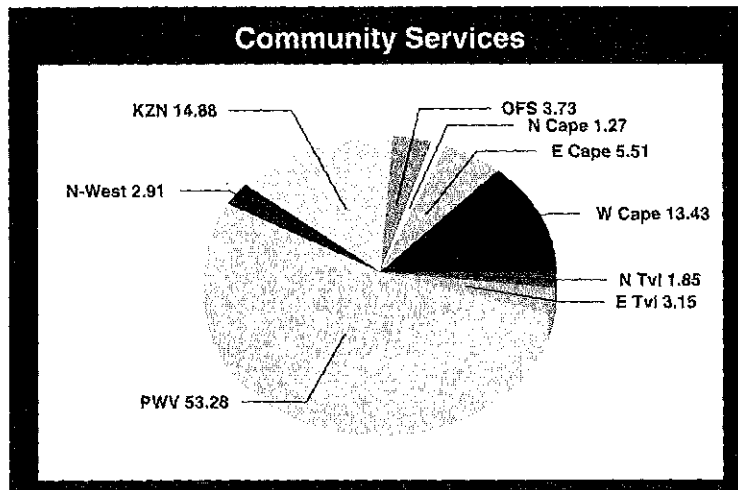
These crucial reforms are the revision of several constitutional provisions concerning the fiscal system, privatisation, state monopolies and social security, and a new development project that combined growth with income distribution. **IPSA**

DEVELOPMENT
M O N I T O R

Electricity/Water

KZN 7.61

N-West 1.69

PWV 20.58

E Tvl 40.34

OFS 8.29

N Cape 1.68

E Cape 3.05

W Cape 9.77

N Tvl 7.00

Provincial contributions to the GGP for selected economic sectors

See Political Monitor cover on page 5 for a comprehensive list of the different sectoral contributions by each province to the GGP.

Community Services

KZN 14.88

N-West 2.91

PWV 53.28

OFS 3.73
N Cape 1.27
E Cape 5.51

W Cape 13.43

N Tvl 1.85
E Tvl 3.15

Socio-economic Indicators of Health

Indicator	Estimate
Housing	A housing shortage of between 1,2 and 2 million.[*]
Water and sanitation	20% of the population had minimal water supply in 1990.[*] 33% of the population had minimal sanitation in 1990.
Electricity	65% of the population had no electricity in 1991.[*] 23 million blacks had no access to domestic electricity in 1991.[**]
Levels of unemployment	Between 1 and 3 million had no income at all in 1992.[* & **]
Income	45% were below the minimum subsistence level in 1990.[*]
Literacy	99% for whites; 85% for Indians; 67% for coloureds; 48% for African.[**]

Note: [*] SAIRR. *Race Relations Survey 1993.* South African Institute of Race Relations, Johannesburg.
[**] Rispel L & G Behr (1992) *Health Indicators: Policy Implications,* Centre for Health Policy No 27. Johannesburg: University of Witwatersrand.

Source: Fincham R, D Harrison, M Khosa and Le Roux (1993) *Nutrition and Health in South Africa: The State of Nutrition and the Development of Nutrition Policy.* Cape Town: SALDRU.

DEVELOPING THE DEVELOPERS

By Bill Davies
Development Studies Unit, Rhodes University

The South African development environment has been hampered by duplication, competition for funds, internal conflicts, uncertainty and community suspicion. The initiative for any real restructuring and rationalisation of development agencies probably lies with the new Government, through its Reconstruction and Development department, and radical steps in this direction are imminent.

Many state supported organisations were associated with the enforced separation of people rather than their development

Given the range of initiatives, one may be excused for wondering why there is still a chronic development problem

One question concerns the extent to which the plethora of development initiatives contributes towards addressing the country's problems

South African development history is littered with 'development agencies' whose principal intent was to ensure compliance with the apartheid government's policies, strategies and mechanisms designed to promote and entrench separate development.

The South African Development Trust Corporation, Development Boards, bantustan Development Corporations, the Coloured Development Corporation and many others, are among them. Most have recently fallen by the wayside, or are being rationalised out of existence.

They were state supported organisations, or thinly disguised parastatals, whose objectives were associated with the enforced separation of people rather than their development through equal access to opportunities.

Others have undergone subtle shifts into new guises through name changes or new 'mission statements' which incorporate politically correct terminology and buzz-words, but which are still controlled by the same people and have had little success in shedding their images.

Others again have worked hard to adapt to changed circumstances through reviewing their policies, structures and operational styles, or are trying to, and many have plunged into frantic affirmative action programmes to demonstrate that they have now seen the light.

Since the late 1980s many new organisations have entered the arena, and the South African development environment is now thoroughly saturated with agencies and institutions more or less dedicated to addressing the plight of the poor and managing the post-election transition to a democratic society.

Given the range, diversity, intentions and resources of all these initiatives - from the ubiquitous 'community-based organisations' (CBOs) to monolithic national structures - one might be excused for wondering why there is still a chronic development problem in the country.

The question that arises concerns the extent to which this plethora of development initiatives actually contributes towards understanding and addressing the country's problems, let alone solving them. Or whether, as the South African National Civics Organisation maintains, they are a reflection of 'an unseemly scramble' by agencies - both the products of apartheid and of the struggle - to secure themselves a place in the new order.

Review

It is probably too soon to attempt a comprehensive audit of development agencies on which to base assessments of their present and possible future role, status and contribution in the development agenda. But it is possible to attempt a preliminary review of the main actors.

In view of the suggestion contained in the Reconstruction and Development Programme (RDP) that government departments, parastatals and development institutions should be reviewed and evaluated in terms of their potential contribution to implementing the RDP, some consideration is devoted to this issue.

Specifically, the RDP raises the question of whether such institutions should continue more or less in their present form, or should be 'significantly altered or merged or closed down'.

Eight major initiatives are active in the development field, and these are dealt with in chronological order of their inception, with particular reference to their RDP relevance.

❏ The Industrial Development Corporation

The IDC is an institution of the central government and was created in 1940 to establish and conduct new industrial ventures, to assist in financing industrial development and to undertake projects of strategic importance.

The IDC formed state-owned enterprises in, particularly, synthetic fuel, phosphates, aluminium and armaments during the 1950s and 1960s. These, in the words of Gavin Maasdorp, were nurtured by the government 'to increase Afrikaner participation in the management of industry'.

The Corporation was involved in implementing government policy for nearly 50 years. For example, it played a significant part in the failed industrial decentralisation strategy and the formation of ethnic and racially based 'development corporations', controlled predominantly by white Afrikaners.

Precisely because it was a state creation, the IDC could not avoid being drawn into the machinations of 'separate development', through collaboration between its Board of Directors and government ministers and their departments. It is from this characteristic - appropriately adapted - that the IDC should be fashioned towards facilitating state participation in industrial development.

At least three possibilities arise: sustained IDC involvement in forward-linkage benefaction of minerals and other natural resources, constructive venture capital support for small and medium-sized businesses (especially with black entrepreneurs), and ongoing involvement in industrial research and development and in policy formulation and refinement.

The IDC is already involved in these kinds of activities, and its role is acknowledged in the RDP and the Macro-Economic Research Group (MERG) report, although both call for an evaluation of the IDC towards its reorganisation and restructuring. At the very least, the IDC's Board of Directors should be re-vamped and its project portfolio subjected to a critical review.

❏ The Urban Foundation

The Urban Foundation (UF) was formed in 1977 as a private sector backed non-governmental organisation (NGO) to improve the quality of life of disadvantaged South Africans. Formed during a time of severe government repression, the early years of the Foundation were difficult and uncertain as it groped around for a firm policy direction - and consequently achieved very little in terms of its mission.

The nature and dimensions of the problems it tried to address were beyond its resources and, in any case, could not be resolved simply with money for projects. Many criticisms were levelled at the UF, for example that it was an avenue for private-sector conscience money rather than a indication of corporate social responsibility.

It was accused of doing the work of government by trying to build schools and houses, aiding apartheid by trying to improve conditions in separate group areas, and promoting exploitative capitalism through training programmes for black business interests etc.

However the UF was perceived, the organisation was in the vanguard of change in South Africa precisely because of its powerful private sector backing, which meant that it was often able to bring pressure to bear on the government in significant policy areas.

The UF engaged in a wide range of 'community based' projects and made discretionary grants to organisations involved in 'good works'. But these were seldom based on the depth of consultation and investigation necessary to deal with community needs and priorities.

Policy oriented

Through a series of subsequent intensive evaluations and assessments of its image, connections with the state and the real impact of its portfolio of activities, the UF entered the 1990s as a leaner, policy-oriented organisation that used its experiences to engage in analysis of policy issues and choices facing South Africa.

More particularly, it learned - the hard way - what not to do and how not to do it. Thus in recent years the UF made significant contributions towards the abolition of racial laws and the formulation of more appropriate strategies for change in important areas of education, housing policy, land issues, and community organisation through enablement and capacity building.

The UF is an inclusive private voluntary
organisation in the sense that it involves
several hundred people in its structures
including a Board of Governors, a Board of
Directors, three functional Boards dealing
with development strategy and policy,
education and housing, and four Regional
Boards.

Yet another re-positioning is apparently in
the offing, this time associated with a more
overtly defined RDP alignment - though one
would have thought that the UF's recent track
record has actually been very close to the
RDP's vision and intent.

Whether the UF survives as a major
development agency depends on its
continued access to private sector or other
funding to sustain a R50 million per annum
budget. There have been rumblings among
some corporate donors that the organisation
may well have served its original purpose,
and that funding might now be more usefully
channelled directly to RDP initiatives at
central and provincial government levels.

Such views might turn out to be somewhat
short-sighted in view of the wealth of
experience, expertise and skills that the UF
has assembled over the past decade. It would
certainly lend credence to the more cynical
interpretations of private sector intentions in
setting up the UF in the first place.

❏ The Small Business
Development Corporation

The SBDC is also a parastatal institution,
established in 1981 as an equal share
state-private sector collaboration to promote
the interests of small business enterprises,
including the informal business sector.

Like other parastatals associated with the
previous government, the SBDC is not
uncontaminated by the stigma of its apartheid
origins, allegedly reflected in its operational
practices and predominantly white Afrikaner
Board of Directors - although the latter has
been considerably 'blackened' in recent years.

Part of the reason for setting up the SBDC
was as a response to the UF's activities and
intent in the field of black business policy,
which the government preferred to keep
under its control. The SBDC's operational
area excludes the former bantustans because
government policy forbade it from competing
with the development corporations and small
business institutions established to service
bantustan business interests.

Its practices and services have tended to
prefer assisting white formal small and
medium sized business ventures, to the extent

that Sanco has suggested that the new
Government should 'use its 50%
shareholding to replace the board and top
management' and shift its priorities towards
promoting small black business.

The National Economic Forum recently
devoted some attention to the role of the
SBDC in a new policy framework for
developing small business, while the RDP
calls for a reorganisation of the SBDC,
particularly to end 'corruption and nepotism'
in parastatal lending programmes.

The SBDC has committed itself to 'expand
black business promotion activities' as one of
its priorities for the future, and has embarked
upon an affirmative action programme which
is being slowly implemented.

While the Corporation is by no means
popular among South Africa's struggle
interests, there is a pervasive view that it
could be restructured to bring it into line with
the RDP. What this might do to the
propensity for continued support by its
almost 150 private sector shareholders is a
matter which needs to be handled with some
sensitivity at this critical stage of transition.

❏ The Development Bank
of Southern Africa

Established in 1983, the DBSA was
originally conceived as a support mechanism
for the bantustans. The Bank's initial
stakeholders consisted of the then
government and Transkei, Bophuthatswana,
Venda and Ciskei (the TBVC states),
although it was entirely driven, organised and
financed by the South African Government.

At least until the late1980s, the DBSA's
policies and practices were confined to the
TBVC entities, the other non-independent
bantustans, and later with black local
authorities and other institutions involved in
developing and maintaining townships.

Throughout the 1980s, the Bank's image,
policies and operating style were moulded
into a fairly efficient though somewhat
cumbersome parastatal institution whose
activities clearly reflected the previous
government's promotion of bantustan
'governments' through loans and other
financial arrangements for rural and some
urban infrastructural projects.

Indeed, with few exceptions, the Bank was
steeped in a culture of apartheid which only
began to shift towards the end of the 1980s,
as it became more and more evident that the
principles of 'separate development' were
flawed and could never be successfully
implemented or sustained.

The DBSA's own policy and research activities contributed significantly towards identifying these flaws and formulating more appropriate alternatives.

Change mode

Thus, the DBSA entered the 1990s in a change mode, however subdued and reluctant in some instances. It has vociferously espoused the RDP, especially through support for a variety of national sectoral and regional development forums, and has pursued a drastic affirmative action programme that has caused much concern and uncertainty amongst its staff.

It has established a new, politically correct Council of Governors and Board of Directors, and is now actively seeking the agreement of the Government and other stakeholders on its support role in the RDP.

Whether the DBSA can sustain its change mode towards a credible new image with a clear commitment to the RDP remains to be seen, but it seems sensible that it should be encouraged to do so because it has built up a wealth of experience and knowledge, and a wide network of contacts that could not be easily replaced in the short-term.

Nevertheless, the Bank has some work to do yet to satisfy its critics and to lay to rest the ghost of its apartheid origins. Clearing a few skeletons from the cupboard and trumpeting an RDP and affirmative action commitment may not be enough.

❑ *The Kagiso Trust*

The KT was established in 1986, initially as a conduit for European Community funding for development programmes. Subsequently, the KT has become a prominent NGO whose funding sources have diversified beyond its original donors to other local and foreign development 'partners', notably in the United States, Canada and Japan.

Through its involvement with poor and marginalised communities in education, rural development and capacity building, among others, the KT can be said to have been directly concerned with the principles and practices of the RDP. In fact, many KT associates were involved in drafting the RDP.

Through five regional offices and extensive networks, the KT's operations extend deeply into rural and small town communities seldom reached by other organisations.

Two organisational issues have caused serious problems for the KT in terms of confidence in its competence. The first is the inordinate time between an application for funding and a final decision. Periods of six to nine months are not uncommon, and community initiatives have foundered while waiting for a response, from the KT.

Secondly, there have been persistent rumours of mismanagement of funds, even corruption, in KT structures. These have never been adequately addressed and have resulted in considerable uncertainty regarding the KT's reliability among donors and others.

However, since its inception the KT's trustees have reflected a solid core of community based representation from which it has derived a significant measure of legitimacy. Whether this is sufficient to see it through difficult times remains to be seen.

Much like the UF, the KT's present funders, especially foreign governments, might be more inclined to work directly with the new Government through its national, provincial and local RDP structures, which could mean the demise of an organisation seen as having served its original purpose.

However, the KT believes it 'stands poised to deliver an even more effective and efficient service to its partners'. It apparently intends scaling down its operations and embarking on a capital investment programme to generate income to keep the Trust going.

While there is little doubt that the KT has succeeded in creating an extremely appropriate operational style in terms of the RDP, questions arise regarding whether it should continue to pursue its objectives in effective competition with other agencies for scarce development resources.

❑ *The South African Housing Trust*

The SAHT was formed in 1987 as a joint government-private sector endeavour to help provide affordable housing and shelter, and security of tenure, to low income communities. Its target market has turned out to be more middle income, however, and the Trust has made little real difference in access to shelter where the need is greatest.

Established with government grant funding, the SAHT soon gained the image of a parastatal set up to facilitate government policy aimed at forming a black middle class whose mortgage bonds would keep them safely committed to working for a living and out of 'trouble'. Part of the intent was for the Trust to counter UF endeavours in housing.

But the SAHT did not establish even a reasonable track record in terms of its

The Bank's own policy and research contributed significantly towards identifying the flaws of separate development

Whether the DBSA can sustain its change towards a credible new image remains to be seen, but it should be encouraged to do so

The Kagiso Trust's operations extend deeply into rural communities, but there are doubts about its competence

relationships with people and their leaders, or in the quality of housing delivered through its appointed developers. Its management was perceived to be dominated by Afrikaners, conservative and insensitive to its clients.

The Trust's bond repayment requirements placed a heavy burden on new home owners, led to a high default rate, and made it the target for bond boycotts which led to serious cash flow problems and consequent home re-possessions which further aggravated its precarious relationships with people.

The SAHT has begun getting its house in order through making its Board of Directors more representative and introducing a tentative affirmative action programme. It has also embarked upon an 'organisational cultural change programme' to improve its client relationships and bridge the cultural gap between white and black employees.

Whether these initiatives (whatever they may mean) will be sufficient to justify the SAHT's view that it is ideally positioned to contribute to housing provision in the future, remains to be seen. But the SAHT also has a reservoir of experience that could be valuable in implementing new housing policies.

❏ *The Independent Development Trust*

The IDT was set up in 1990 on the basis of a R2 billion grant from the Government. Though technically a parastatal, the IDT is independent and autonomous regarding what it does, how it does it, and with whom it consults and determines priorities.

The IDT remains responsible to Parliament, though, and subject to its auditing requirements. Initially regarded with some scepticism, the IDT has emerged as a significant force in the development field and has become widely involved with people in projects associated with housing, education, job creation, health and rural development.

The IDT's operational style insists upon maximum feasible consultation with community groups and organisations, together with their full participation in carefully prioritised programmes. Towards securing this ideal, the IDT embarked upon a steep learning curve that began in 1990 and is still proceeding.

There is little doubt that many errors have been made during the IDT's brief history, simply because of the nature, scale and urgency of the problems it sought to address - and because some of its critics and 'partners' might have preferred it not to succeed since this would reflect their incompetence in not being able to get things done.

Originally based on a lean complement of directors and staff working through short term project consultants, the IDT decided in 1993 to become a permanent development agency. Its track record in programme planning, implementation and evaluation, in consultative procedures and financial management, is deemed to provide a secure basis for working with communities and the new Government - particularly in terms of bringing the RDP vision to reality.

The IDT certainly has the financial resources to sustain itself. Through prudent investment and sound financial management, its initial government injection of R2 billion has provided resources for its operational activities, administrative needs and the future.

The IDT plans to scale down its use of external consultants and to employ teams of professional specialists working in decentralised regional environments. This carries with it a real potential for bringing the IDT's operations closer to the people, but also for dissipating resources and risking exposure to mismanagement and corruption in regional bureaucracies.

The IDT should be cautious: there are many less successful organisations that would like to get their claws into its carefully husbanded resources and to trade on its track record.

❏ *The South African National Civics Organisation*

Sanco emerged in 1992 from the network of civic associations involved in the struggle against the government since the 1970s. Given its background and experiences, Sanco should be in the vanguard of community organisation and mobilisation in the quest to popularise the RDP among the people.

But mostly this is not the case, and many of Sanco's regional and local structures are characterised by internal power struggles and crude attempts at gatekeeping to ensure that all development funding falls under their control and that their sanction should be secured by any development initiative before engaging with community groups.

While such situations are by no means universally evident in Sanco structures, and are not a position adopted by its national executive, the phenomenon is sufficiently common to be the cause of some concern. In many respects, Sanco is an enigma and its role as the 'representative of the people's interests' is not beyond question.

Sanco's central focus is difficult to identify, perhaps because it does not have one. There is often confusion regarding three different

kinds of roles: an advocacy or watchdog role in representing the interests of communities, which was the movement's original intent and which many are good at; a development agency role with direct involvement in projects and their financing, in which they have little competence; or a role as local governments in waiting.

In the latter instance, local and regional Sanco officials have been deeply involved in Local Government Negotiating Forums and many are members of transitional councils as representatives of non-statutory organisations.

Training and capacity building programmes in local government operations are available to Sanco structures and many have taken advantage of these to good effect. But it seems that Sanco's preference lies in acting as a development organisation, in which case it has much to do in terms of building the capacity of its structures, and in the principles and practice of development.

Commission

Perhaps Sanco's most significant recent contribution to the development-RDP debate is the report of the Commission on Development Finance, which contains some radical proposals regarding restructuring existing development agencies.

Essentially, the report adopts the RDP's emphasis on development as a 'people-driven process' and seeks to facilitate fundamental changes to transfer responsibility for development to the people because, it says, communities can control and use funds more efficiently and honestly than development agencies with bloated bureaucracies.

The report relies heavily on the principle of a Reconstruction Office associated with the offices of the President and the provincial premiers to coordinate the rationalisation of development procedures, including foreign funding that falls outside of government to government aid. It makes some wide-ranging suggestions, including the following:

* The SBDC should be reorganised to create a new subsidiary to target small black business;

* The DBSA should be dismembered and its functions, funds and staff transferred to other organisations, including the Reconstruction Office;

* The IDT and the KT should merge and concentrate on areas where government is not active, using funds from private and foreign sources;

* The SAHT could become the basis for a new retail housing bank, given that changes to its management and operations are effected;

* Grant-making NGOs must be subjected to clear rules regarding transparency and accountability;

* All foreign donors should ensure their contributions are in line with the RDP;

* NGOs should sell their services to communities and not receive government subsidies; and

* All existing institutions that might be retained should have new boards of directors and new top management.

It is perhaps in this regard that Sanco has begun to create a more definitive role for itself: to investigate and raise issues that are essential to people-driven development as a partnership between government and communities, and ensure these materialise through its regional and local structures.

Other players

There are a number of other organisations and interests directly involved in development initiatives. They too are important because of the range of services and opportunities they provide to poor and marginalised communities, and their significant potential in realising RDP.

These include the Urban Sector Network and its affiliates, including the Development Action Group, the Built Environment Support Group, PlanAct, Corplan and the Urban Services Group; the National Land Committee; the 1990's forum phenomenon at the national, regional and local levels; and the spectrum of private sector corporate social responsibility participants.

To these add the growing list of foreign funding and development agencies, for example the Ford Foundation and USAID, local and foreign NGOs, the World Bank-IMF and, in due course, the entire phalanx of United Nations agencies.

The future prospects are both promising and alarming. Promising from the perspective of increased access to development funding and the real possibility of realising the imperative of empowering the poor in a new democratic society. Alarming because of the divisive conflicts, power struggles and consequent confusion and misinformation that is likely to emerge. Some form of rationalisation and reorganisation is clearly necessary.

If Sanco wants to be a development agency, it will have to build the capacity of its structures

Perhaps Sanco's most significant recent contribution has been its proposals on restructuring development agencies

Some form of rationalisation and reorganisation of development agencies is clearly necessary

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Conclusion

Following consternation precipitated by oblique references to the need for organisational restructuring in the MERG report and the RDP, the Sanco-led Commission on Development Finance has probably made the most significant contribution to change.

Its report on people-driven development threw a somewhat confused cat amongst the equally confused pigeons. For various reasons, including some rather dubious ones, the South African development environment has indeed been characterised by cross-currents of duplication, competition for donor funds, internal conflicts and no small measure of community suspicion.

These circumstances, together with some organisational uncertainty and insecurity, have resulted in unconstructive carping and sniping at each other, which has not contributed much to resolving the situation.

There has been some evidence of a shift from organisational competition towards cooperation, for example the IDT, KT and DBSA have formed the Mvula Trust to deal with rural water and sanitation issues, the UF has worked closely with Sanco and the IDT to deliver training and capacity-building programmes, and affiliates of the National Land Committee and the Urban Sector Network have joined forces on occasions.

By and large, however, most organisations have tended to keep very much to themselves and have plunged into drastic overhauls of their boards of directors, trustees and management structures through 're-positioning' and affirmative action.

Recent annual reports have overtly pledged most organisations to the principles of the RDP, and many have reflected their future roles as being poised to make significant contributions to the transition and beyond.

But it seems evident that the initiative for any real restructuring and rationalisation among development agencies lies elsewhere - probably with the new Government. Steps in this direction are imminent, more or less reflecting the Sanco recommendations.

Recent reports have indicated Government intent, through the RDP department, to reorganise the country's development agencies. This intent will, apparently, result in coalitions, mergers and/or realignments to form three basic development financing structures:

- A national grant-funding institution, combining the functions and resources of the KT and the IDT, although other organisations could be included in due course. If a service function is added to the grant-funding function it might, for example, be conceivable for the Urban Sector Network to be included since they would need to have close liaison with an enlarged grant-making structure.

- A development loan function, serviced by a streamlined DBSA, possibly also including the SBDC and other existing small business development organisations, as well as the SAHT.

- A non-concessionary lending function comprising private sector loans and the IDC, the latter providing financing potential through proceeds realised by the sale of some of the industrial subsidiaries in its current portfolio.

As an initial step towards rationalisation, such a tri-functional division appears to make a great deal of sense. With some imagination and flexibility, most development organisations, suitably hybridised or merged if necessary, could be fitted into one of the three categories.

Over time, the structure would settle down into a more clearly understood division of functions and responsibilities among the country's proliferation of development agencies. This would make things considerably easier for local and foreign funders, for the organisations themselves, and for their community constituencies.

It would also make things easier for the government's RDP offices at the national and provincial levels to keep tabs on who is funding what, and who could or should be considered for government funding, tax concessions, registration requirements and the like.

In the final analysis, a rationalised development initiative in South Africa requires strong leadership, undisputed competence and guaranteed sustainability. This will not happen of its own volition: there are already too many divisions and competitive tendencies amongst the various development agencies.

What is needed is direction, focus, guidance and some inspiration. The RDP provides the focus. With sufficient commitment and determination, the rest could result from the proposed three-sector structure. **IPSA**

Civic Capacity Building

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Development interventions in South Africa need to move beyond merely delivering infrastructure towards enabling extensive community participation and empowering less developed and marginalised communities. This article is based on a paper prepared for the Informal Settlements Research Programme of the Institute for Social and Economic Research, University of Durban-Westville

It is estimated that around eight out of every 10 homes built for all races in the Durban Functional Region are self provided shacks, and that the shack delivery system will continue to be the predominant way in which people obtain housing for years to come.

This gives a good indication of the extent of informal settlements and the development challenge confronting the region.

One aspect of this challenge is pressing: enabling community participation in the development of informal settlements. In the present climate in South Africa, development interventions need to move beyond merely delivering infrastructure towards empowering less developed and marginalised communities.

Important sources of funding such as the Independent Development Trust have made community involvement in development projects a precondition of financial support, while initiatives which draw communities into the development process are becoming an important feature of local government initiatives.

There exists a broad consensus that the goal of empowerment is to transform communities from passive recipients of development benefits into active participants in the design and delivery of programmes. But this process is fraught with problems.

Communities lack the capacity to become equal partners of development agencies. Most do not possess the knowledge or skills needed to become involved in the technical, financial and managerial aspects of development.

It is argued that capacity building within communities needs to be accompanied by capacity matching or exchange: developers must either accord value to community contributions or must expand their own and community capacity through a mutual transfer of skills, knowledge and insights.

Disempowerment

The inability of informal settlement communities to become involved as equal partners in development projects was severely exacerbated by apartheid, which fostered a paternalistic attitude towards black people and located decision making about their lives in the hands of the white minority.

Apartheid also paid lip-service to the notion of black self determination through the 'bantustans', in which non representative black elites exercised nominal control over the lives of black people while real power remained in white hands.

In the late 1970s a range of Charterist social movements, from labour unions to civic associations and residents' committees, emerged across South Africa. It became increasingly difficult for state structures to claim they were the legitimate representatives of black communities.

In the Durban Functional Region (DFR) the picture was somewhat different. Most black areas were located in KwaZulu, where opposition from the authorities prevented the open mobilisation of Charterist civil society organisations. Only in areas which lay outside KwaZulu, were civic organisations able to mobilise.

Charterist grassroots organisations began emerging in urban KwaZulu-Natal by the mid 1980s, probably in response to the mobilisation of the United Democratic Front.

Important sources of funding have made community involvement in development projects a precondition of financial support

Developers must expand their own and community capacity through a mutual transfer of skills, knowledge and insights

The inability of communities to become involved as equal partners in development projects was severely exacerbated by apartheid

Many civic organisations have not been able to develop the institutional skills needed to act as equal partners in negotiation

Local civics were almost exclusively urban and challenged the KwaZulu structures.

With political organisations banned the civics spent most of their energy on political activities such as mass mobilisation and resistance campaigns. Local authority structures became prominent targets of civic protest, condemned as symbols of apartheid oppression.

Since the unbanning of political movements in 1990, the role of civic organisations has become ambigious. They have attempted to both preserve their independence from formal political structures and to transform into meaningful actors in the process of negotiating a new dispensation. In this they appear to be frustrated for three reasons:

* Many are relatively newly formed and so have not been able to develop the institutional skills needed to act as equal partners in negotiation;

* The opposition with which they have until recently been met has not allowed them to develop capacity through experience;

* Many were established with the express intent of resisting the efforts of the state to impose its will upon black communities. This militates against their engaging on an equal footing with state institutions.

Clearly this is a generalisation. There are a number of instances where social movements have been able to adapt and participate in negotiated transformation, but in the DFR this has been limited. Few communities possess institutions with the capacity for involvement in development.

It is not only community based structures which have been slow to adapt. State bodies and private sector agencies involved in development have elaborated over the years a legacy of bureaucratic procedures which now possibly constrain their ability to respond to the changing developmental climate.

Three important factors which undermine institution building are: the lack of a sound resource base, spatial instability and conflict

It is very difficult for organisations set up to operate in a 'top-down', non-empowering fashion to adapt to new approaches which involve communities as something other than passive recipients of development.

While the commitment to community participation in development is widespread, there appears to be no consensus as to how this is to be achieved.

Leadership structures

The character of social movements in DFR

informal settlements has been shaped by a number of important factors which are not conducive to institution building. These are: the lack of a sound resource base upon which urban social movements can mobilise; the spatial instability of the DFR informal population; and the endemic conflict within the region.

❑ *Scarce resources*

In his influential study of urban social movements, Manuel Castells argues that urban social movements crystallise around issues of collective consumption of urban goods. In informal settlements in the DFR, however, the commodities available for collective consumption are scarce.

Few of the amenities available even to formal township residents are provided. There are three key issues around which organisations of civil society can mobilise: control over the allocation of land for housing, over existing (scarce) resources such as water, and over development opportunities.

❑ *Spatial instability*

The DFR informal population is extremely spatially unstable. Nine out of 10 households have moved at least once since 1986. Most of this population has been established in the DFR since before 1986, so these moves represent urban on-migration, not always between informal settlements.

Urban on-migration is motivated by a number of factors: a desire to improve the household's situation in regard to urban access and transport; perceived better levels of service delivery in other areas; and desires for greater security of tenure, for greater autonomy and to escape violence.

Spatial instability frustrates the formation of a stable community. In particular, it is often the more empowered members of communities who are most able to exploit opportunities for on-migration.

For this reason, those community members most able to mobilise into organisations in civil society may well be those engaged in on-migration. This too frustrates the formation of civic organisations which are able to participate in development.

❑ *Violence and conflict*

The informal settlements of the DFR have experienced differing levels of violence at different times, although violence is endemic, sustained and permeated throughout KwaZulu-Natal.

Violence appears to arise from the interaction of two factors: conflict over scarce resources, and political rivalry between the African

National Congress (ANC) and the Inkatha Freedom Party (IFP). Groups and individuals appear to try to control the scarce resources available to residents and to dispense them so as to acquire political influence.

Severe and prolonged violence can frustrate the formation of viable civic organisations in two ways: it may involve the community leadership as initiators of violence and targets of reprisals, and it drives residents to on-migration, contributing further to the spatial instability of the informal population.

Typically refugees from this kind of endemic violence are stripped of the resources which they do possess, so violence resulting in the diaspora of a community also destroys the social networks which may promote the formation of organisations of civil society.

Existing arrangements

Two types of community leadership may be discerned to have emerged in the DFR:

▪ Committee type civic structures, which purport to be representative of the interests of their constituents, and

▪ Local 'strongmen type' institutions, where a single person asserts control over available resources.

The degree of legitimacy and the extent to which these two types of institution are viable is widely divergent.

❑ *Committee structures*

Civil society organisations are widespread throughout informal settlements of the DFR. Of 19 populations surveyed by the Rural Urban Studies Unit (Rusu) between 1990 and 1992, only two lacked this form of institution.

They are normally referred to as the civic association of the area, or sometimes simply as 'the committee'. The term 'civic' is used to refer to such institutions, but it blankets a wide range of different organisational structures and styles.

Mark Swilling defines civics as grassroots organisations that are accountable to local constituencies, seek to address grievances local residents have with their living conditions, and are located outside formal governmental, party political or development agencies. He writes too that civics normally have constitutions of some kind, and have elected executives with defined office bearers with agreed duties.

While this may represent the ideal to which civics aspire, our experience is that most

civics are disorganised and lack formal organisational structure, and that there is wide diversity within the civic movement. In particular, the representative and accountable nature of the civics of the DFR informal settlements is questionable.

In practice the civics almost invariably comprise self elected members of local elites, often with personal agendas relating to control over scarce resources. Few community structures are constituted through an elective democratic process, and it is probably the norm for ordinary residents to have little input into their deliberations.

Even community organisations driven by a genuine desire to serve the interests of the wider community may take to 'nest feathering' as a result of frustration in attempts to achieve their initial (idealistic) goals.

This is not to say that the community committee structure is beyond defense. Committees may be comprised of elites pursuing their own agendas, but these agendas may coincide with the interests of rank and file residents. Elites can also care.

As much as it is important to guard against romantic claims about civics, it is necessary to be cautious about being too cynical. Chris Heymans notes that many civics enjoy significant support, and gained sufficient credibility as protagonists against apartheid for people to find it difficult to oppose them.

Swilling agues forcefully that the way ahead for civics is to build a democratic and developmental civil society both by strengthening their own democratic values and structures and by supporting a strong local state that is decentralised and democratic.

❑ *Local strongmen*

The case of local strongmen is widely associated in the DFR with 'warlordism': the local strongman dispenses resources under his control to community members in exchange for political allegiance and backing in conflicts with political rivals.

This form of institution is often generalised as not being conducive to capacity building in the community as a whole, and invariably repressive towards attempts by communities to mobilise more representative structures.

This may not be an accurate portrait. Local strongmen may seek to dispense patronage in such a fashion that it favours as many rank and file members of the community as possible: a satisfied clientele makes for a secure patron.

Violence resulting in the diaspora of a community destroys the social networks which promote the formation of organisations of civil society

Two types of community leadership have emerged in the DFR: committee type civic structures, and local 'strongmen type' institutions

Most civics are disorganised, lack formal organisational structure, and their representativeness is questionable

By far the most widespread problem confronting communities in DFR informal settlements is the over proliferation of community based institutions

A related situation occurs when a single, skilled individual steps in to fill the vacuum formed by the collapse of civic structures. Although such individuals are members of the local elite, they may be sufficiently altruistic to put their skills and resources at the disposal of the community.

Whether or not this form of community control is benevolent or malign, it has one crucial shortcoming. Should the local leader be removed, development may grind to a halt and violence may ensue that will end development completely.

Contested leadership

By far the most widespread problem confronting communities in DFR informal settlements is the over proliferation of community based institutions, each claiming legitimacy as the sole authentic voice of its constituency.

One extreme case encountered by the authors was in Inanda, where authority was contested by seven committees and several political party branches. Such proliferation of institutions gives lie to the claim of civic associations that they represent the interests of all community members.

No community is homogeneous, and alliances may form across socio-economic divisions in response to a wide range of issues, including gender, age, types of economic activity, access to housing and standards of service delivery.

Such alliances may well crystallise in institutions which reflect competing interests, which may lead to open conflict without some form of coordination. Even where an umbrella organisation does exist, poor internal communications within civics and communities may create problems.

Within these contesting groups, however, capacity may reside. Forms of capacity exist in interest groups such as informal sector trading groups, which possess rudimentary financial skills.

What seems to constrain the deployment of this capacity for developmental ends is the failure of civics and other interest groups to resolve their differences and cooperate.

Forms of democracy

Civic organisations represent themselves as democratically organised, and therefore as representative of the aspirations of their constituencies. This seldom manifests itself

through an electoral process. But some civics in have attempted to secure democracy through other means. Broadly speaking, democracy may take one of two forms:

* Representative democracy, where the members of civics perceive themselves as mandated to make binding decisions about the community. This may be a feature of long standing civic organisations.

* Participatory democracy, where decisions debated at civic level have to be ratified at the local neighbourhood level.

Representative democracies are easy to draw into the development process if the developer is able to persuade the civic that the intervention is in the community's interests. The decisions over the form and products of development projects have to be negotiated at civic level only.

Representative democracies are easy to draw into the development process

Participatory democracies are more difficult to engage. No decision can be taken until it is approved at both the neighbourhood and the civic level. More levels of organisation have to be consulted, and this slows down the development process and increases the chances of rejection of the initiative.

It is difficult for developers to get in contact with entire communities, and to conduct large meetings. This is less frequently encountered than contested leadership, but there have been a number of instances.

This form of civic organisation is clearly intended to sidestep the threat of non-representative elites controlling decision making in civics, and it allows expertise and capacity existing at all levels of the community to feed into the decisions.

This is a laudable exercise in transparency in local government, but is cumbersome and permits only very slow decision making. Experiments with participatory democracy currently underway may in time prove too cumbersome for efficient decision making, which may favour the emergence of less transparent community organisation.

Experiments with participatory democracy currently underway may in time prove too cumbersome for efficient decision making

Inefficient leadership

It is clear that both the committee and strongmen type civics may be inefficient and pose a problem if drawn into development projects. Inefficiency derives from three factors: lack of legitimacy, contested leadership and cumbersome procedures.

Institutions which lack legitimacy in the eyes of residents can spark conflict within the

development arena through contest over the control of resources in order to perpetuate their own survival. Such struggles impede the prospects for development.

Contested leadership can also lead to conflict over scarce resources, or may prevent capacity residing in rival groupings from benefiting the entire community. These severely hamper the ability of civics to participate on an equal footing in the development process.

Where community organisations are bogged down in inflexible procedures, it becomes difficult for the communities to take binding decisions. Engagement in the development process may be too costly in terms of time and money, and they may be excluded from participatory development projects.

Despite the faults of civics, they represent an important category of stakeholders. The following factors suggest that civics need to be drawn into development and need to strengthen their capacity:

* Such capacity as does reside in DFR informal settlements, particularly in regard to knowledge of developmental principles, is lodged in the civics and other organisations in civil society;

* The status which the civics enjoy as opponents of apartheid has given them a degree of legitimacy in the eyes of community members;

* For better or for worse, civics are the structures which exert influence over development related issues such as rates of influx and access to land. Tampering with such structures could be disastrous, and might easily spark violence.

Civics are thus important institutions whose strengths need to be nurtured and whose weaknesses need to be addressed.

Capacity building

The civics of most of the DFR's informal settlements, are in crisis. In an era in which participatory development is fast becoming the norm, most civics lack the capacity to engage in development projects as equal partners.

Broadly speaking, two strategies may be identified to build capacity in civics and other community based structures. These are sensitive involvement of the community in the development process, and training initiatives. Both strategies need to be deployed simultaneously.

It is generally agreed that one of the most important means for developing capacity for full involvement of communities is through experiential learning: communities can be drawn into the development process and can learn the necessary skills through being involved in all aspects of the intervention.

But this presupposes that the development process is structured so that its procedures are understandable. Opaque procedures are likely to result in communities being unable to make meaningful inputs, and so being involved only in the identification of benefits or as labour.

Neither of these will contribute towards the capacity of communities to participate fully in development. Free access to information about development procedures is thus a prerequisite for community involvement and capacity building.

From the developers' side comes the argument that community control over funding and development is not at present practical. Undeniably, many communities in informal urban and peri-urban areas are not 'policy-literate': they are unable to understand the complexities of formulating and executing development programmes.

It is important to draw communities into the development process as a way of transferring precisely this cluster of skills.

What also needs to be considered is the nature of the development process currently being undertaken in South Africa. The interface between communities and funders and developers is currently extremely legalistic and jargon bound.

Preliminary findings of research conducted by Rusu suggests that there is a conflict between the basic minimum need of the developer community, which is for the efficient completion of a project within the budget and on schedule, and the basic minimum need of the community, which is to feel that they are in control of the process.

Understanding problems

If there is some truth in the argument that communities are not 'policy-literate', it may also be argued that the developers are not 'poverty-literate': they are not sensitive to the problems of the communities they purport to serve. The need for capacity building is thus not necessarily limited to communities: developers need to acquire the capacity to understand the effects of poverty on disempowered communities.

Both committee and strongmen type civics may be inefficient and pose a problem if drawn into development projects

Contested leadership can severely hamper the ability of civics to participate on an equal footing in the development process

Capacity building could be achieved through sensitive involvement of the community and training initiatives

Developers need to acquire the capacity to understand the effects of poverty on disempowered communities

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The most rational way to promote this seems to be through development projects which aim to place communities in an equal partnership with the developers, but which remain sensitive to the problems described.

The transfer of skills to communities must be designed in such a way that potential for conflict over the control of resources is minimised, and that transparent and efficient civic organisation is promoted. There is no blueprint to be offered and it is important to emphasise that detailed understanding of local dynamics is required.

A novel methodology suggests one way in which development agencies might proceed. Recent methodological exercises in participative research are based on the notion that both the community members and 'outside experts' can learn from each other.

A similar approach to development projects could be an important prerequisite for the future. Interactive approaches are fundamentally transparent, since access to information is mutual and decision making is shared between all parties. They illustrate the contention that transparency should not be separated from capacity building.

At present there are many opportunities opening up for civics to become involved in development initiatives. One way of promoting capacity in civics is participation, directly or indirectly, in forums. Kehla Shubane writes that this has benefited civics significantly, affording them an opportunity to learn and incorporate into their work considerations which they would not have taken on board in the past.

Such opportunities need to be grasped. In the DFR, initiatives such as the Metropolitan Development Forum are seeking to expose civics to this kind of experiential learning.

Training

Development interventions may assist civil society to establish viable organisations. Most informal communities in the DFR lack viable institutions able to receive funding and act as pipelines through which development and funding can enter. Where pipelines exist, they lack transparency.

Frequently, these disempowered communities are the most in need of the social and physical infrastructure which is provided by development interventions. They are unable to claim the resources they need to escape the ravages of poverty.

At present capacity is lacking in these communities to locate the dimensions of their own predicament, or to identify possible sources of help. Clearly there is a need for a substantial intervention in community development through capacity building.

Even within comparatively well mobilised communities there are constituencies who experience disempowerment: youth, women, the aged and the disabled. Exercises in capacity building need to be targeted at these constituencies as well.

These needs for empowerment and capacity building are widely recognised, and an industry has sprung up of organisations promoting organisational development through training. Such initiatives are frequently disorganised and unfocused. The objectives of community organisation were not conceptualised clearly by the trainers.

Skills training in organisational and institutional development are relatively widely available and accessible, but their complimentary skills in development training and administrative record keeping are less prioritised by training initiatives, and more often tend to be provided outside the community.

This pattern of delivery may permit training of a small number of designated leaders, but is unlikely to reach the wider community or become part of its social experience. As a result training favours the emergence of elites, and still fails to meet the capacity building needs of disempowered people, especially women.

A general constraint on the effectiveness of training initiatives is resource availability matched to take-up of training. For impoverished people, the capacity to take advantage of training is often lacking.

This resource shortage is the major reason why non-governmental and service organisations often take a holistic approach to training delivery and development, and concentrate significant effort in single communities. Resource poverty and the very lack of capacity itself is a major barrier to successful training aimed at building capacity.

This suggests the need for an approach which synthesises training in capacity building with development interventions, carried out in an interactive manner. In promoting effective training, more consideration needs to be given to developmental issues involved in supplying training into resource poor communities effectively. ᴵˢᴬ

THE DURBAN WATERFRONT

By Thabo Mpakanyane
Director Economic Development, Durban Unlimited

Nearly 10 years after it was first proposed, Durban's Point Waterfront development is finally underway. It is a massive development with a distinctly African theme, aimed at boosting the local economy and placing Durban back on the map as a prime tourist destination.

Much as Cape Town's vaunted Victoria and Albert Waterfront has taken off, KwaZulu-Natal has begun making a name for itself with its planned Point Waterfront development. Durban's waterfront feature has been a long time coming.

Protracted discussions have been held behind closed doors, as consensus seeking mechanisms among political and other interested parties were hammered out.

Unlike the Western Cape, where perhaps because of the relatively low proportion of black people it was fairly easy for the waterfront development to proceed without lengthy consultation, Durban has a large number of black people and a diversity of powerful political and other actors.

The consultation process delayed the Point Waterfront development for years, but was essential to securing its support and ensuring its success. The project has now won the backing of the Durban city council, the African National Congress, the Inkatha Freedom Party and local civics.

A Board representing all interests - including the current owners of the land to be developed and the Durban Infrastructural Development Trust - was appointed in August and the development is now set to forge ahead.

Ian Wilson of the developers Stocks and Stocks is the full-time chief executive of the new Point Waterfront Company, which will drive the project and draw up a masterplan for its coherent development.

One of the major aims of the project - which will be huge - is to be a flagship of tourism related development. Durban historically enjoyed the reputation of being the tourism

Mecca of South Africa, but in recent years the city has lost this position, competing with other cities and areas for a share of the industry.

The Point Waterfront development is crucial to Durban's future as a major tourist destination. It is also intended to create a variety of jobs, training opportunities, a venue for artists, many opportunities for major capital investment and the development of new facilities. Profit from the venture will be used to benefit the community at large.

The Point

The Point area under consideration is composed of 55 hectares of former warehousing and other business areas. This land, which borders on the 'working' part of Durban's harbour - which is Africa's biggest and busiest - is in a state of semi-disuse, made up of a series of warehousing and other storage facilities.

The Point is prime land, close to the city centre and with magnificent views of the harbour which runs along one side and swimming beaches which line the other side. It will be an extension of the beachfront's 'Golden Mile', where most hotels are situated.

An interesting aspect of the development - and one which generated some conflict during consultations - is how the area is constituted in terms of ownership. Around 75% of the 55 hectares is owned by Propnet, the property arm of Portnet, and most of the remaining land is owned by the City of Durban.

It was essential to establish some kind of mechanism to accommodate the interests of the land owners and all the other groups

The consultation process delayed the Point Waterfront development, but was essential to securing its support

A Board representing all interests was appointed in August and the development is now set to forge ahead

It was essential to establish some kind of mechanism to accommodate the interests of land owners and other groups

Gonsul Pillay

involved. This has been achieved through a protocol that will enable the development, through the Board, to have some measure of control over the land.

Significant ownership by black interests is being planned, which is important politically because it will ensure the community support essential to sustaining the development in the coming decades.

Exactly how substantial black ownership will be achieved is not yet clear, but it is likely that business syndicates - some already forming - will buy into the development.

An African theme

Another interesting feature of the Point is that the buildings and warehouses that border it comprise of listed properties that have been preserved and protected for their historical importance to Durban.

Cape Town's Victoria and Albert Waterfront is highly successful, but aesthetically it is very 'European'. The buildings developed are, as the name suggests, Victorian and very English in look: and so, I believe, are most of the business interests there.

The aim is to develop the Point by rehabilitating and restructuring the buildings, so that the end result will be a look that is uniquely and genuinely 'Durban'. These buildings and others yet to be built will house

hotels, some residential property, shops and commercial enterprises, and a wide range of cultural, entertainment and leisure facilities.

The masterplan will ensure that the buildings, enterprises and activities blend creatively to encourage a vibrant lifestyle in the area. There will be no ad hoc development until the entire area has been planned.

The underlying theme of the waterfront will be one of 'Africanness'. Durban is one of South Africa's most African cities: it pulsates and hums with the African beat. It has an extremely interesting mix of cultures - English, Zulu and Indian - which present it with major developmental opportunities.

With its large Indian population, its dominant Zulu culture and very strong English background dating back to Colonial days, the region has the potential to be a cultural 'melting pot'.

The Point Waterfront developers will try to protect and promote this rich cultural strand, not only in terms of look but also through the encouragement of arts, crafts, and cultural activities in the area.

Durban has some extremely favourable aspects which will enhance the attraction of the waterfront. It has an all-year sunny climate suitable for outdoor living and entertainment, and is situated alongside the warm Benguela current, with open access to the Far East and the Indian Ocean Rim.

The Point area itself has a rich history which dates from the early 19th Century. Much of this history has been studied by Professor Brian Kearney, who has traced the development of the Point area and put together an incredible catalogue of events.

The Point's history has been collated on video, and Professor Kearney and others have created a development and marketing vision for the area.

Three phases

The approach to developing the Point Waterfront has been well calculated. It is expected that the project will have three phases.

The first phase, which is already underway, involves a pilot project situated at the inlet to Durban Bay. Stocks and Stocks won a fiercely competitive tender to construct an entertainment complex at the formerly derelict King George VI gun battery.

The R8 million project began in May and should be completed by the end of the year. The ground floor will comprise an outdoor action bar linked to an indoor public recreational area with a stage for concerts and other entertainment, a draught bar with an external deck, and an outside platform with kiosks selling fast foods, memorabilia, clothing and curios.

The basement will have a wine bar and the upper level a speciality restaurant and a family restaurant. The car park will be landscaped with lawns and palms, and the possibility of holding flea markets there is being considered.

The second phase will entail 'responses' and 'initiatives'. This involves drawing up the masterplan, deciding on specific projects, putting them out to tender for local and international developers, and encouraging appropriate investments. Investors will have to meet with the overall strategies established for the development.

Already business interests in Malaysia have expressed interest in the Point Waterfront. Landmark Holdings wants to invest R850 million and set up a joint venture company with the Point Waterfront Company. A group representing Durban will leave soon for Malaysia to try to negotiate this investment.

The third stage will involve infrastructural and large-scale developments, which are

THE POINT WATERFRONT

Conceptual Framework

SCOPE
Lynchpin node to generate allied tourism and leisure activities

AFRICANNESS
The development will project an image consistent with the tri-cultural background of Natal. Zulu, Indian and 'Colonial'.

GATEWAY STATUS
Create a unique 'must-see' venue that beckons to both local and international visitors. Should serve as a meeting place of local and international tourists and visitors.

INTEGRATIVE ASPECTS
The area should integrate the CBD and both the bay and the port. An integrative thrust will ensure balanced growth and obviate lopsided development.

OWNERSHIP
The idea of ownership emanates from the need to involve the Durban community emotionally in the project. 'Our Point' should be the key phase. Secondly, ownership in a direct manner with the development process open to as many potential developers as possible, particularly black developers. Ownership automatically wins support.

DIVERSITY
Broaden sustainable but diverse recreational and business needs of the community.

COHERENT BLUEPRINT
Kick off with a deliberate plan of projects. A well balanced blend of business. No preponderance of restaurants, bars etc.

COMMUNICATION & AVAILABILITY
The management of the Point to be as accessible as possible to interface with community, political and business needs and trends.

BLACK BUSINESS ACCESS
A conscious effort to involve black interests; both business and community. This will guarantee future support and ownership.

envisaged to take place over the next five to 10 years.

By the time it is completed, it is hoped that the Point Waterfront development will be the finest and most African waterfront development on the continent - and will have re-established Durban and KwaZulu-Natal as South Africa's premier tourist destination, a meeting point for South Africa and international tourists.

We look forward to that time. Meanwhile there is a great deal of work to be done. IDIA

Business interests in Malaysia want to invest R850 million

Creative Thinking

By Mike van Graan
General Secretary, National Arts Coalition
Advisor to the Minister of Arts, Culture, Science and Technology

The arts and culture in South Africa, already considered low priority, are threatened with further neglect as the country struggles to meet basic needs and popular expectations. But arts and culture should be linked to development. They are crucial to the success of democracy, economic growth and nation building.

The arts will continue to be under increasing pressure to justify their right to exist and access resources

The signals from the new Government concerning the future of the arts and culture in our country are, at best, confusing. On the one hand, a ministry which profiles the arts signals that culture might be taken seriously. On the other hand, the links with science and technology and the ministerial appointments signal a potential lack of priority accorded to culture.

Whatever the signals, the arts will continue to be under increasing pressure to justify their right to exist and, particularly, to access public and private sector resources in the context of other perceived priorities.

The challenge to the arts community, then, is three-fold. We have to:

* Motivate and locate the importance of the arts and culture generally within the current discourses shaping national priorities.

We have to devise pragmatic policies, funding mechanisms and strategies to develop and protect the arts

* Devise concrete and pragmatic recommendations for policies, funding mechanisms and strategies to develop and protect the arts.

* Organise ourselves in the most effective ways to have our recommendations taken seriously, not only at national level but also by regional governments which now have primary constitutional responsibility for the arts.

National priorities, as I perceive them, are shaped largely by four important themes: reconstruction and development, democracy and human rights, economic growth, and multi-culturalism and nation building.

RECONSTRUCTION AND DEVELOPMENT

We are in the fortunate position of not being the first country to implement a reconstruction and development programme. 'Development' has been the in-vogue phenomenon of the post-colonial era, designed to help countries overcome abject conditions, achieve independence and a better quality of life for their citizens. We are in a position to learn from their experience.

In practice development, like democracy, does not necessarily have a liberating meaning. Despite attempts at development, the experience of numerous South American and African countries has been to slide deeper into foreign debt in the pursuit of economic growth, without facilitating human and social development. In many cases democracy and human rights have been neglected, and this neglect justified as necessary to economic growth and development.

It would be instructive to heed the thoughts of Carl Tham, director-general of the Swedish International Development Authority, in his opening address to an international seminar on culture and development cooperation in Stockholm in 1991. Material growth alone, he said, does not compose the evolution of a society.

"In a world characterised by enormous chasms between rich and poor countries, by mass poverty, and desperation emanating from misery and injustice, by enormous environmental problems ... it

might appear extravagant and esoteric for a development agency to deal with cultural issues.

"I believe - I am convinced - that this is an error of judgment. It was no coincidence that in 1987, the General Assembly of the United Nations proclaimed the period between 1988-1997 as the World Decade for Cultural Development, thereby acknowledging and promoting what was called the 'cultural dimension of development'."

Unesco states in its *Practical Guide to the World Decade for Cultural Development 1987* that, despite progress achieved, the first two International Development Decades (the 1960s and 1970s) revealed the limitations of a development concept based primarily on quantitative and material growth.

From 1970 onwards, critical reflection led to intergovernmental conferences on cultural policies and the Mexico City Conference in 1982 which put forward the idea that culture constitutes a fundamental part of the life of individuals and communities, and that development should therefore have a cultural dimension.

The two principal objectives of the World Decade for Cultural Development - greater emphasis on the cultural dimension in the development process and the stimulation of creative skills and cultural life in general - reflect an awareness of the need to respond to the major challenges which shape the horizon of the 21st Century.

It is not true then that culture and development are mutually exclusive, or even that culture is legitimate but not a priority within reconstruction and development. The experience of other developing countries and of international development agencies is that culture is integral to development. This recognition is based on two factors:

That Western European models of development cannot be imposed on contexts where the value systems, beliefs, traditions and forms of social organisation militate against such models. Rather, to succeed development must be understood in terms of and be integrated into the culture or way of life of the community concerned.

Colonialism, and in our case apartheid, did not only affect human beings physically, materially and economically, so development cannot emphasis only those dimensions of the human experience. People have been stunted intellectually, scarred psychologically and their cultural traditions decimated.

Development must create total and integrated conditions for the holistic growth of human beings and society.

Perhaps we should take some encouragement from the fact that these lessons seem to have been learned by our Government since the RDP does have an arts and culture component. The RDP document states:

"An arts and culture programme is set out as a crucial component of developing our human resources. This will assist us in unlocking the creativity of our people, allowing for cultural diversity within the project of developing a unifying national culture (and) rediscovering our historical heritage... (1.4.8)

It states further that:

The RDP arts and culture policies aim (among other things) to link culture firmly to areas of national priority such as health, housing, tourism, etc, to ensure that culture is entrenched as a fundamental component of development. (3.4.3.6)

Of course, this aim still needs to be tested in practice, but at least there appears to be a philosophical commitment to integrating culture and development. A practical example of how this might work would be for 1% to 5% of every development project budget to be allocated to the arts.

For example, if building a clinic costs R200 000, perhaps R4 000 could be paid to an artist to design an educational poster, or to a theatre group to raise awareness about Aids. In this way, the arts are integrated into, and come to reflect, the concerns and issues affecting communities at a local level.

DEMOCRACY AND HUMAN RIGHTS

Article 25 of the Universal Declaration of Human Rights states that everyone has the right to a standard of living adequate for health and well-being. Article 27 states:

"Everyone has the right to freely participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits."

It does not state that the arts are a luxury, or that bread, clothing and health care are more important than the arts: these are all fundamental human rights.

Culture is a fundamental part of the life of individuals and communities. Development should therefore have a cultural dimension

The RDP arts and culture policies aim to link culture firmly to areas of national priority such as health, housing and tourism

The arts should be integrated into, and come to reflect, the concerns and issues affecting communities at a local level

But in our country the arts have come to be seen as luxuries, available only to the monied classes. That is a distortion of apartheid in much the same way as access to houses, health care and jobs has been dramatically distorted by apartheid.

As Government seeks to redress the fundamental human right of an adequate standard of living for all, it is also obliged - in terms of the Universal Declaration of Human Rights - to create the conditions in which everyone can access and enjoy the arts.

In our own Bill of Rights, freedom of artistic expression is guaranteed. Human rights and democracy are inextricably linked. Whether these rights are upheld, though, will depend on the nature of our democracy.

The Freedom Charter states that "the doors of learning and culture shall be opened", thereby spawning recent politically correct phrases such as 'democratising the arts'. But what does this actually mean?

For some, this simply means implementing affirmative action in existing institutions: ensuring that governing boards, management and staff come to reflect more accurately the racial and gender composition of our society.

For others, democratising the arts means that a popularly elected Government has the right to appoint its lackeys to the governing boards and senior management of existing publicly funded institutions.

Appointments which were illegitimate because the government was illegitimate become legitimate if executed by a democratic government. Democratisation in this case merely means changing the political direction in which the governing boards of cultural institutions need to genuflect.

Neither of these, in my opinion, provide a good basis for democratising the arts and for encouraging freedom of artistic expression. To democratise the arts means making accessible to all the skills, knowledge, infrastructure and resources to create, distribute and appreciate the arts.

This means that resources, skills and infrastructure in the arts, and the arts themselves, should be geographically accessible (available close to where people live), financially accessible (affordable) and culturally accessible (for example, in the language of the users's choice).

By making the tools of artistic production and dissemination more accessible to all, communities and individuals throughout the country would be empowered to take control

of creative expression and use it to explore and understand their reality in order to celebrate or, perhaps, transform it.

Simply replacing whites with blacks or changing the political masters of cultural organisations are no guarantees that the means of artistic production and appreciation will be made accessible to all.

Freedom of expression could become a right which all enjoy on paper, but which in reality is enjoyed only by those who have access to resources, live in urban areas, are part of existing institutions, or conform to the new political status quo. Freedom of expression and democracy would be compromised in favour of the rich and politically powerful.

Democracy in the arts requires two further principles - political independence of publicly funded cultural institutions, and transparency in decision making, particularly regarding the dispensing of resources for the arts - to ensure Article 19 of the Universal Declaration of Human Rights is not compromised:

> Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference...

Mechanisms designed to control or manipulate freedom of artistic expression through economic or political censorship are not consistent with fundamental human rights and democracy.

No matter how large a democratically elected government's majority, it does not have the constitutional or moral right to compromise or eliminate fundamental human rights, including the rights to freedom of expression and to enjoy the arts.

There is a significant difference between the old order, where government could change laws and the constitution to suit its ideological and political interests at the expense of fundamental human rights, and the present order where government is accountable to and bound by a Constitution which upholds and enshrines human rights.

ECONOMIC GROWTH

The third major theme underpinning national priorities is that of economic growth. Some would argue that it is all very well to link culture and development, and even to support access to the arts as a fundamental human right, but where is the money going to come from to make this possible?

The perception is that the arts consume resources through large state subsidies and that they are a luxury which our country cannot afford. In countering this perception, four important points need to be made:

Firstly, the Government spends less that 0,3% of its budget on the arts, including the performing arts councils and 13 cultural institutions which receive direct state support. In developed countries the arts industries account for 2% to 6% of the gross national product.

If research was done into the contribution to the economy of the local music, film, publishing and performing arts industries in terms of jobs created, taxes generated and spin-off industries enhanced, I am convinced that it would reflect that the arts contribute significantly more to the economy than they consume.

Secondly, the economic potential of culture in our country as a means of attracting international tourism is huge but relatively untapped. Even more recent than the recent rise of eco-tourism is cultural tourism, where developing countries especially are increasingly attracting international tourists who wish to see the craft, listen to the music, read the literature, watch the films and enjoy the dance and theatre of the 'exotic other'.

Thirdly, while there will always need to be state subsidies for the arts, we need to examine how these are allocated so that they have a more catalytic effect. Currently, end users consume large subsidies with little benefit beyond themselves and with much wastage.

Research shows that it costs 10 times less to create a job in the arts than it does to create a job in light industry. Limited public resources for the arts should be used more effectively to realise its full potential both to develop the arts, and as a means of creating jobs.

Lastly, if government is committed to the cultural dimension of development and to democracy and human rights, then surely it can spend at least 1% of its budget on the arts and culture to help achieve those commitments. Alternatively, it should create tax incentives to encourage the private sector and individuals to help achieve adequate funding levels for the arts.

MULTI-CULTURALISM AND NATION BUILDING

The theme at the inauguration of President Nelson Mandela was 'many cultures, one nation'. To give concrete evidence to that theme, numerous art forms - dance, music

and theatre - were displayed. It was a practical example of how the arts can bridge cultural diversity and celebrate unity of purpose and a common identity among people from vastly different cultural backgrounds and aesthetic tastes.

In the past, culture was used as the basis of apartheid. It was argued that because different people had different cultures they could not be together without major conflict.

The presidential inauguration proved that the very opposite is true: that having different cultures is not a reason for separation but rather the basis for celebrating our rich and diverse cultural heritage and, in so doing, to contribute to a democratic culture and appreciation of difference.

Being exposed to different forms often impacts on your own form, eventually representing a synthesis of various cultural traditions and reflecting artistically the pursuit and celebration of a new dispensation. Johannesburg's Dance Umbrella has shown how dance has evolved into an exciting art form comprising a variety of styles gleaned from a range of cultural and dance traditions.

National events such as the National Festival of the Arts and Dance Umbrella will become increasingly important not only in celebrating our diversity but also in creating new forms which reflect a country in the process of transforming, and pursuing new meanings and identities. The arts are crucial in building a multi-cultural society and in integrating and synthesising that which before has been used as a basis of separation.

In summary, rather than be in conflict with reconstruction, development, human rights, democracy, economic growth and nation-building, the arts and culture are fundamental and integral to the success of these areas of national priority.

PROPOSALS TO DEVELOP THE ARTS

To develop an exciting, vibrant artistic practice and cultural life throughout the country, four crucial areas needs to be addressed: educating and training practitioners in all the arts and creating informed, supportive audiences; developing an arts infrastructure; funding the arts, particularly by enabling artists to work full-time; and creating mechanisms to distribute the arts more widely.

❑ *Education*

  All pupils should have arts education as part of the core curriculum for the first 10

The Government spends less that 0,3% of its budget on the arts

The arts contribute significantly more to the economy than they consume

The arts are crucial in building a multi-cultural society

Four crucial areas need to be addressed: education, developing an arts infrastructure, funding the arts and distributing the arts more widely

years of schooling. Such exposure will identify talent and create future interested audiences;

◆ All secondary school pupils should have at least one arts subject as a matriculation option;

◆ At least one publicly funded tertiary institution per discipline in each region should offer courses of international quality for practitioners in the visual arts, theatre, dance, music, literature and film. These institutions should also train arts administrators, arts educators in each discipline and critics;

◆ Community arts centres and existing formal arts training institutions should offer accredited courses to those who have not had the opportunity or who do not have the necessary academic qualifications to enter such institutions, but wish to be trained in the arts.

❏ *Infrastructure*

The primary mechanism for making the arts accessible should be community arts centres throughout the country

The primary mechanism for making the arts accessible in future should be multi-disciplinary, multi-functional community arts centres throughout the country, for example one for every 200 000 to 400 000 people. Each centre should comprise a museum to preserve local heritage, a library, one or two multi-functional halls for performances and movies, and gallery space.

There should be rehearsal rooms for performing artists, studios for visual artists and a shop to sell their wares, and rooms for classes in creative writing, dance, theatre, music, visual art and film.

Having access to such infrastructure will assist artists in producing work, will bring the arts closer to where people live, and will introduce the arts to people at a grassroots level from an early age, creating new markets and audiences and facilitating greater participation in and ownership of cultural institutions by local communities.

❏ *Funding*

The nature and quality of our culture and the arts will depend as much on the arts community as on the new Government

Public funding to assist artists to create works should be distributed through national and regional arts councils. These councils should would be statutory bodies receiving funding from the Government but not controlled by it.

Council members should be people involved in the arts, selected through a publicly transparent process. They should be representative in terms of languages, gender,

art disciplines, urban-rural divides and serve for a limited period to prevent power bases from being established. Artists and arts organisations should be able to apply to the councils for grants to enable them to work full-time to create or distribute their art

❏ *Distribution*

In the short term, we need mechanisms to distribute art, help generate it and build audiences. Local, regional and national festivals and events within each art discipline would be a major means for building artistic consciousness and developing a vibrant artistic practice.

The best work from local arts festivals, which could have training programmes linked to them, could be selected to appear at regional and then national festivals. This would generate higher standards as artists from around the country compete, would enable artists to learn from each other, generate work for artists, and create new audiences and potential markets.

Conclusion

By making skills and knowledge in the arts accessible to everyone through educational institutions, by providing access to infrastructure through multi-functional arts centres, by making resources available to fund creativity, and through a strategy of local, regional and national arts festivals, we could develop an exciting cultural life, of high quality, throughout the country.

We may have the best arguments in support of the arts and exciting proposals for how the arts should develop, but all of these would be worthless unless the arts community had sufficient influence on decision-makers. To achieve such influence requires effective organisation.

The National Arts Coalition came into being to lobby the interests of the arts and arts practitioners. Thus far it has managed to make interventions into the RDP, regional arts policies and the new Ministry of Arts, Culture, Science and Technology. It has been able to do so because of organisational strength.

The nature and future quality of our culture and the arts will depend at least as much on the arts community, the quality of its arguments and ideas, the practicality of its policy proposals and the sophistication of its organisation, as on South Africa's new Government. ◼️◻️

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