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# Smuts House Notes

## SAIIA Golden Jubilee

Next year the South African Institute of International Affairs will be celebrating its Golden Jubilee. The Institute was founded in Cape Town in 1934, and in the intervening years it has grown steadily in membership, both individual and corporate, and in the number (now eleven) of its Branches. The scope of its activities has also broadened considerably, especially since the establishment in 1960 of Jan Smuts House as the Institute's national headquarters. In an uncertain world and in South Africa's own changing society, this fruitful development over the past 50 years is, we feel, a significant achievement, and the Institute's National Council plans to celebrate the Golden Jubilee in an appropriate manner. It is hoped that all members and friends of the Institute will join in these celebrations.

The Institute's overall objective is to promote a more informed understanding among South Africans of international issues generally and of South Africa's external relations in particular. To this end it rigorously maintains its complete independence and non-partisan nature, on which its recognized standing and credibility, domestically and internationally, is based. In working to fulfil its objectives, the Institute is engaged in various activities which can be said, in very broad terms, to fall into three categories:

- (a) Objective research, as the essential basis of all its activities. This includes the maintenance of a specialized and up-to-date Library on international relations.
- (b) The dissemination of information and of informed viewpoints and analyses to members and to opinion- and policy-makers within South Africa, through various regular publications and special reports, speakers at meetings of Branches, conferences, symposia, comments in the media, etc.
- (c) External communication, through contacts and exchange with similar Institutes and other organizations throughout the world, with

individuals in many countries and with many foreign visitors to South Africa.

The programme for the celebration of the Golden Jubilee in 1984 will draw attention to the Institute's achievements in all these three areas of its work. Details of some of the events in the programme are included in the *Newsletter* accompanying this issue of the *Bulletin*.

At the 50th Anniversary Conference of one of our sister Institutes, the Australian Institute of International Affairs, held in Canberra in August 1983, Prime Minister Bob Hawke used these words at the beginning of his address, on "An Australian View of the World", to describe the work of the Australian Institute:

"As an independent, non-political organization dedicated to promoting interest in international affairs, the Institute has over the years made a significant contribution to Australian public awareness and understanding of the world around us. This is important. Foreign policy should not be the exclusive preserve of politicians and bureaucrats. A successful foreign policy must be grounded in well-informed public appreciation of the issues and their implications. A government's foreign policy will ultimately stand or fall on the extent to which it commands the public support and understanding of its domestic constituency. Where such support is not forthcoming, even vigorously pursued policies will collapse. United States policy towards Vietnam in the 1960s was a case in point.

The Institute, providing as it does a forum and a wide range of opportunities for the dissemination of information and the free expression of views, is performing an invaluable service."

The same words could, we believe, also be applied to the role of the South African Institute of International Affairs in all its efforts to fulfil its objective in the very different circumstances of southern Africa.

John Barratt

John A. Marcum

## Contemporary Angola: continuing conflict

Colonial legacies, social continuities, and geopolitics are essential to an understanding of contemporary Angola. In order to make sense of Angolan developments, one must contend with these background factors as well as facts of the moment.

When he folded his flag and sailed unceremoniously from Luanda a day before independence in November 1975, Portugal's last Governor-General left warring Angolans to seek societal unity and to construct a nation from the bare ground. Portugal left a colonial legacy of a particular sort. Angola had been ruled harshly by a largely pre-industrial Portuguese state. Portugal lagged behind other colonial powers in developing education — less than 10 per cent of Angola's African population was literate by the end of Portuguese rule. Colonial conditioning lacked even the flawed but heuristic exposure to Western democratic process and compromise experienced by British, French, and even Belgian African territories. Portugal's very weakness as a small, underdeveloped European state encouraged it to cling to empire as a status prop. One of the results of so clinging was African insurgency born of frustration. Successful in Mozambique and Guinea-Bissau, this insurgency was less effective in Angola where it first erupted.

Angola entered upon its independence in a state of fratricidal violence and external intervention. The internal variables underlying this violence are stressed in what follows. But let it be clearly acknowledged that external intervention has also been very influential.

Allow me to focus first on those who apparently won the contest for power in 1976, and secondly on those who lost. I will attempt to situate the victors and losers of the 1975-76 conflict within the context of their respective histories and then look at their circumstances today.

*Professor John A. Marcum is Academic Vice-Chancellor of the University of California (Santa Cruz, and a specialist in African affairs. He is the author of, amongst many other works, *The Angolan Revolution*, Vols. I and II.*

The *Movimento Popular de Libertação de Angola* (MPLA) which emerged victorious in 1976 is a product of that segment of Angolan society most impacted by colonial rule. It was in this "central society", and most particularly its core, Luanda, that organized internal protest and opposition to colonial rule developed most coherently in the 1950s and 1960s.<sup>1</sup>

Early leaders of the MPLA, persons such as Viriato da Cruz and Mario de Andrade, grounded their politics in class analysis. They portrayed their movement as a creation of Luanda workers. In fact, the rosters of Luandans arrested for political subversion and known or suspected to be leaders of the MPLA consisted largely of middle class dissidents — civil servants, professionals, students, skilled labourers. Some were White "democrats", whose political sensitivity included a vicarious identification with Black *musseque* (slum) dwellers and dockworkers of Luanda and even farm labourers of the interior. But their political fervour was not obviously grounded in a conscious sense of class struggle.

According to some accounts, accounts that history may never verify given a paucity of reliable archives, Portuguese Marxists (teachers, commercial employees, functionaires) dedicated to class struggle played a seminal and evangelical role in the genesis of the Luanda-based MPLA. During the course of the Angolan struggle for independence, however, the MPLA, both as an exile movement and as an insurgent force within Angola, assumed the form of an eclectic front, eschewing proposals that it convert itself into a "revolutionary party" before such time as a solid nucleus of ideologically trained cadres could be prepared.

In a broad sense, nonetheless, MPLA ideology did bear traces of Marxism, with a consistent stress on egalitarian, multiracial, and anti-imperialist themes. Expanded MPLA political and military cadres were trained in the Soviet Union, Eastern Europe, and Cuba, where they were introduced to the basic precepts of Marxism. And MPLA publicists beamed nationalist, class-oriented, anti-imperialist programmes from exile into Angola via the powerful signals of Radio Brazzaville.

Given its mostly urban roots, Portuguese schooling, and a high proportion of *mestiço* leadership, the MPLA had difficulty relating to rural-peasant issues. Disaffected, the intellectual leader of the early stages of the MPLA, Viriato da Cruz, argued that during 1962–63, the movement's relative failure to develop as an insurgent force in northern Angola stemmed from its failure to realize that in circumstances of white settler domination it was logical for black peasants to view the struggle as a racial rather than a class struggle.

MPLA leaders, da Cruz reasoned, had not sufficiently taken into account "the objective impossibility [for] peasants [by themselves] to become aware of the economic basis of their struggles". And, da Cruz continued, because "the capitalist process of exploitation only spared a microscopic

African bourgeoisie", meaning a few middle-class *assimilados* without political influence, "privileged conditions", [class] and race, were one and the same.<sup>2</sup>

Despite public declarations that it recognized the peasantry as "the most exploited" and "largest social class" and that it had made the recruitment of representatives of the "peasant masses" into party leadership a high priority, the MPLA continued to be led principally by men of "central society", urban origins. As late as 1973, the breakdown of what had been a promising peasant-based MPLA insurgency in eastern Angola, could be attributed partially to a continuing gulf between its exiled political leadership and military commanders, most of them Luandan or Mbundu, on the one hand, and ill-educated peasants of the great savannah, on the other.

When Portuguese authority ultimately gave way in 1974-75 and the MPLA moved in from exile to assume a legal political role within Angola for the first time, the movement's leadership greatly expanded. The MPLA rallied new cadres of educated urban Blacks and *mestiços* into its fold. With the flight of Portuguese settlers, some 300 000 of whom left, these cadres were to realize rapid promotion into government service, including a suddenly expanded state sector of the economy.

Though originally described by itself as a movement of the proletariat, the MPLA and its middle class apparatus now found itself squelching, not leading, the free spirited, strike-prone dockworkers of Luanda. And for a time, under Nito Alves, the teaming *musseques* of Luanda saw the emergence of militant *Poder Popular* groups that fleetingly became radical, impulsive defenders of what they saw as the interests of Angola's slum dwellers. In due course, *Poder Popular*, too, was tamed. A monopoly of political authority was centralized in the hands of Angola's new governing class, those heading state and party machinery. Those are the people currently leading the Angolan Government.

In global terms, the Angola that they attempt to govern is as isolated today as it was in the 1940s and 1950s under sequestered Portuguese rule. Few foreign correspondents are allowed into the country. Those permitted in are presumed to be politically sympathetic, and it is difficult to obtain accurate, unbiased information on internal conditions.

What one does know is that the economy is in disarray. This is partly the result of the civil war and the exodus of 300 000 Portuguese. It is most dramatically evident in the collapse of agriculture. Rich in arable land, Angola now imports up to 90 per cent of its commercial food supply. Cities are obliged to send food into the hinterland. There has been something of a comeback in coffee production. Coffee had represented a major foreign exchange earner — doing especially well in the "instant coffee" market of the United States. Production went down from 200 000



tons per year before the civil war to a mere 26 000 tons — but has risen back to approximately 80 000, still nothing like what it was.

Under its first President, Agostinho Neto, a physician-poet and long time leader of the MPLA as an exile and insurgent movement, Cuban *co-operantes* undertook to help restore the agricultural sector. The successes have been very modest. Food crises continue as a fact of life.

Ironically, the economy is kept afloat by an American corporation that entered Angola in the latter stages of anti-colonial insurgency and was criticized at the time for economically bolstering and prolonging Portuguese rule. After independence, the Gulf Oil Corporation became the mainstay of the Angolan economy. Today the United States imports some \$600 million a year in Cabindan oil largely through Gulf. Angola has become the United States' third-ranking trading partner in Africa. And Gulf has joined Angola's *Sociedade Nacional de Combustiveis* (Sonangol) in a new \$1,4 billion development scheme destined to boost production and render Angola an even more formidable crude oil producer.<sup>3</sup> Because of oil, therefore, Angola's trade is Western-oriented and its Western credit is good, given its policies of conservative borrowing and quick payment on loans.

Over a year ago, I attended a symposium at Georgetown University's Center for Strategic and International Studies at which Angolan officials, including the governor of the Bank of Angola, outlined economic policies and prospects for their country. The gathering was attended by representatives of international financial organizations and American businessmen. Many attending sang the praises of the Angolan Government, citing their experiences in dealing with it. Such firms as Boeing, General Tire and Gulf had found Angolan authorities to be pragmatic, direct and honest. One corporate leader stated how pleased he had been. So far as he knew no one in his company had been asked for a "dash" (bribe) in the course of doing business there. The Government seemed to have gained a reputation for being a tough but honest bargainer. It clearly negotiated mutually favourable terms with Gulf. And the latter has joined with other interested corporate leadership in urging Washington to move toward formal recognition and closer relations with the Luanda Government.

Angola, however, has not been totally immune to the corrosive influence of corruption. Economic malaise and low civic morale is conducive to corruption. Dramatic evidence of this emerged this year in the uncovering of a smuggling operation which allegedly cost the state diamond monopoly, Diamang, as much as \$150 million a year and implicated several ranking MPLA officials. The Government called in British diamond security experts to help reorganize its diamond trading system.

The major obstacle to economic development is military insecurity. If oil exports to the West provide 80 per cent of the country's revenue, 60 per cent of its income goes to military and security expenditures. The agricultural and mineral development and incipient industrialization that were propelling the country ahead economically in the early 1970s — after a long period of colonial neglect — came to a halt in 1975. The potential is still there, but the country's wealth is being expended on non-productive counter-insurgency and defence measures. Angola pays for the maintenance of some 20 000 Cuban troops and another 10 000 Cuban and East European civilian technicians. These are not provided *gratis*. They drain the economy they are meant to protect and develop.

According to press reports, the Soviet Union is providing increasingly sophisticated weaponry to the Angolans — notably surface-to-air missiles and mines. But the Russians are providing next to nothing in economic aid. If one is to judge by the make-up of an Angolan Government delegation to Moscow early in 1983, economic assistance has been sought. But the Soviet Union is not in the economic aid business. It is in the military aid business — albeit at mostly full payment.

At this point I am going to do something unseemly. I am going to quote myself. I do so to emphasize my earlier point about continuities, even predictabilities. I wrote the following in the second volume of *The Angolan Revolution* (p. 279). And I think I was right that:

One inevitable legacy of centuries of colonial denigration of cultural values among Angola's diverse peoples is continuing, mutual ignorance and suspicion among ethnic groups. Any hope for building an integrated Angolan nation through consensual rather than coercive process must depend upon conscious, sensitive and informed efforts to reduce communal tension by promoting interethnic and interracial understanding and respect. To bind the wounds of war and construct a unified socialist state, the MPLA will need more than weapons and men of the Soviet Union and Cuba. It will need to surmount the limits of its own social origins and reach out to those who continue to see it as an instrument of alien (Portuguese/Cuban) [Portuguese in the sense that the *mestiço* is seen by some as an extension of Portuguese influence] rule. The alternative is rule by force with continued rural violence.

Needless to say such violence is not free from external cause. It does not occur in a geopolitical vacuum. In this analysis, however, I am consciously stressing internal factors.

In responding to difficult realities, the Angolan Government has had some successes. It has incorporated significant numbers of Kikongo-speakers from the north into government ranks. One result has been to blunt efforts by the *Frente Nacional de Libertação de Angola* (FNLA) to

mount and sustain a serious forest-based, anti-government insurgency in the remote hills of northern Angola. The FNLA's leader, Holden Roberto, was forced from Zaire into Paris exile in the late 1970s and little was heard from or of him or his movement until mid-1983. In September 1983, however, Roberto emerged on the American scene, claiming to lead an active FNLA whose troops, neglected by the Western press, were fighting for freedom from communist rule. Alleging that a French and South African supported splinter group known as Comira had failed to wrest control of the FNLA from him,<sup>4</sup> Roberto urged American audiences to help him free Angola from "Cuban domination". His visit, sponsored by the little known Jefferson Foundation, seemed calculated to pressure the Reagan Administration into limiting contact and toughening its stance toward the Angolan Government. That Roberto could add to his anti-communist oratory sufficient evidence of FNLA political and military activity to warrant being considered a serious contender for power seemed doubtful.

As for the Luanda Government, it represents a coalition of constantly shifting political groups. One of them, the Catete group, is named after the home town of the late Agostinho Neto, where Methodist and Catholic schools had provided unusual educational opportunity. Though there are internal differences, notably black v. *mestiço*, ethnic, ideological and external linkage issues, there is no *single* issue of cleavage. President José Eduardo dos Santos has had some success in lopping off single issue zealots as well as incompetents. A hard working and demanding executive, though like his predecessor, Dr Neto, a shy and unspectacular political leader, dos Santos has gradually gained ascendancy over the "middle ground" within the MPLA and government.

Concerning external relations, there are clearly differences over how close to link with the Soviet Union, or how venturesome to be in exploring openings to the West. The MPLA manifests evident distrust of American intentions, apparently unsure of the answers to key questions. Is the United States providing direct or indirect help to UNITA? Is the United States willing or able to persuade South Africa to agree to an internationally sanctioned settlement in Namibia? Just what are American motives and capabilities?

Assuming that the MPLA Government does ponder such questions, it is very difficult to know how it goes about deciding upon answers. Its decision making processes are obscure to outsiders. One of the top leaders, Lt Col Manuel Alexandre Duarte Rodrigues, visited Washington early in 1983. He was received at important levels of the US Government hierarchy, up to Vice-President Bush. Contact continues. There are telephone calls, encounters in European capitals, protracted conversations. Ironically, the two countries consume more time and energy

communicating with one another than with many of the states with whom they enjoy normal diplomatic relations. In refusing to recognize the Angolan Government, however, the United States denies itself a presence in Angola and renders its negotiating efforts more difficult. Fitful and episodic, those efforts continue.

Beneath the official Marxist-Leninist ideology of the state, articulated by veteran MPLA ideologue, Lucio Lara, and others, runs a strong current of economic and political pragmatism. Interest in Western investment and technology is keen and pressed upon private corporations as well as Western Governments.

Another factor that could moderate the Government's Eastern-orientation over time is the persistence of independent religious communities. Despite a harsh, anti-religious attitude by the Government in its first years, both Catholic and Protestant churches have prospered. Just as such churches provided a disproportionate share of the leadership of nationalist movements during the colonial era, they seem to be acting as a focal point of social organization outside of and in implicit opposition to the Government in the 1980s. The European and North American missionaries have gone. Under indigenous leadership, however, the churches have expanded their membership and grown as an independent social force rallying religiously-oriented Angolans within organizational structures inherently opposed to the state's preachments of dialectical materialism. Having modified its earlier hostility, the Government seems prepared to tolerate a degree of religious freedom and risk the consequences rather than further tax its coercive power.

Now, let us turn from those who rule, from those who won in 1976, to those who refuse to accept that they lost. In early 1976, in the wake of the military battle that involved a vast array of covert and overt external involvement, the remnants of an ill-trained peasant army retreated into the vast wilderness of south-east Angola. The MPLA, spearheaded by a Soviet equipped Cuban expeditionary force, drove that army's dishevelled soldiers into a sparsely populated savannah — in colonial Portuguese parlance, "the end of the earth" — from where they had earlier operated against the Portuguese and where they were now expected slowly to disintegrate. Over time, the world heard just enough of ambush and sabotage to know that the *União Nacional para a Independência Total de Angola* (UNITA) survived as a political and military force. And indeed, seven years later it has surged forward as a significant factor in the complicated quest for international solutions to military conflict in both Angola and Namibia.

Who and what is UNITA? For some, it is Jonas Savimbi. UNITA and Savimbi are synonymous. Which leads us to ask, who is Savimbi? An opportunist or a giant slayer? He is a complicated man. The son of a now

legendary stationmaster, he was born in 1934 at a small Benguela railway village. His father was a lay preacher whose Protestant evangelism upset Portuguese authorities. He founded small churches all along the Benguela line. As fast as the authorities relocated him, he created a new one, leaving behind an enduring string of community-run churches and elementary schools linked to the American United Church of Christ (Congregational) and the United Church of Canada. His saga is illustrative of the role played by Protestant churches and schools in disseminating a world view and social gospel that inevitably challenged authoritarian rule — as it apparently continues to do today.

Jonas Savimbi attended grade schools in Angola, then began university studies in Lisbon. He fled Portugal just before fighting broke out in Luanda and Northern Angola in early 1961. He then continued his university studies in Switzerland with the help of a United Church scholarship. During a brief interlude (1962–1964) he worked with Holden Roberto's FNLA in Kinshasa (Léopoldville). But the two leaders never got along well. Savimbi was contemptuous of Roberto's educational and intellectual qualifications. Savimbi was a restless number two. After formally breaking with Roberto in 1964, Savimbi returned to Switzerland where he completed a *licence* in 1965 in political and legal studies at the University of Lausanne. (Often referred to as Dr Savimbi by South African and other news media, he is neither a medical or any other kind of doctor unless by journalistic courtesy).

Savimbi then returned to active politics, in which arena he would prove himself a consummate *survivalist*. He survived the exigencies of exile politics, a crocodile-infested river of life. In 1966, he launched a small-scale insurgency against the Portuguese inside Angola. There his forces soon came up against better armed and trained MPLA forces, and, seemingly, dictates of survival necessitated that he occasionally collaborate with the Portuguese against the stronger MPLA. He was expelled from Zambia in 1967 after UNITA guerrillas blew up the Benguela rail line across which Zambia's copper exports travelled. (No longer utilizable for Zambian traffic, the railroad is now attacked with regularity by UNITA troops without provoking noticeable alarm in Lusaka). Following this expulsion, Savimbi was smuggled back through Zambia and on into Angola by an allied liberation group, the South West Africa Peoples' Organization (SWAPO).

After the fall of the Caetano Government in 1974, Savimbi emerged as a crowd pleasing aggregator who, most surveys of the time predicted, would be the principal winner of any free election. He demonstrated a capacity for telling people what they wanted to hear. I remember being with him on an earlier occasion when he was going off to see important personages. "What do you think I should tell them?" he asked. "What do

they want to hear?" In 1974-75 he spoke all over Angola mobilizing support within both white and black communities. Before mixed audiences, he invited white membership in UNITA, and encouraged the notion that all Angola's inhabitants would deserve citizenship under independence. Before black audiences, notably in Umbundu-speaking areas, he stressed the centrality of black self-rule and suggested that the era of white leadership was over. In the words of *Le Monde* writer Gilbert Comte, Savimbi stood forth as "intelligent, intuitive and gifted with great personal charm" and offered "the anxious multitudes the reassuring words they so wanted to hear".

When the transition government, based upon a shaky Portuguese/FNLA/MPLA/UNITA coalition, collapsed in early 1975, Savimbi's political strategy collapsed with it. The transition government lacked vigorous American or other Western support. Armed clashes escalated, external actors intruded, and by mid-1975 Angola had become the scene of desperate zero-sum military conflict. There was no election. Savimbi's strong ethnic base within the large Ovimbundu community and support among white liberals meant little in a test of arms.

After the 1975-76 war, Savimbi returned to the against-the-odds bush war he had conducted from 1966 to 1974. His aim now, as then, has been to prove that the participation of UNITA is essential to any government that hopes to rule a pacified Angola. His movement, originally founded as a coalition of "southerners" (as over against the Bakongo who largely supported the FNLA and the Kimbundu who largely supported the MPLA), but including ethnic representation from all major ethnic blocs, has espoused throughout a form of Afro-centric populism. In moments of demagoguery it has appealed overtly to black nationalism. And this appeal has resulted in a modest success in attracting support among black Americans. Even before 1974, UNITA named one of its military units the Black Panthers and invited black American journalists to visit its guerrilla bases. As seen from the vantage point of UNITA, the Russians and Cubans represent a linear extension of white rule.

Is UNITA capitalist in orientation? In the United States there has been a propensity among conservatives to embrace Jonas Savimbi as a great defender of Western free enterprise. In fact, his movement is avowedly socialist, at least according to its own literature. Savimbi speaks of "democratic socialism", but the commitment is vaguely stated. And in recent UNITA materials distributed in the United States, the word socialism does not appear. It would scarcely appeal to the likes of Senator Jesse Helms. Instead, the phraseology now preferred: "realistic socioeconomic analysis". I leave it to you to decide whether that means socialism or capitalism. It certainly suggests pragmatism.

Let us now turn to UNITA's external affinities and alliances and then,

finally, recent developments. For many years, UNITA and SWAPO worked closely together. They shared a common political support base among Ovambo communities on their respective sides of the Angola/Namibia border. In 1965, when Savimbi returned to Africa after completing his studies in Lausanne, he initially used as his address the SWAPO post office box in Dar-es-Salaam. That is indicative of how close UNITA/SWAPO ties then were. And that same year an initial group of 12 UNITA soldiers underwent military training with SWAPO recruits at a military base in China. A few of those men are still among the active military leadership of UNITA.

UNITA/SWAPO co-operation continued on down into 1974-75. At that juncture, it ended amidst charges and countercharges of betrayal. The alliance had survived earlier Soviet and MPLA efforts to break it up. But the MPLA victory in Angola radically altered political circumstances. SWAPO could no longer co-operate with UNITA and still have access to the Namibian border via Angola. For its part, UNITA turned to South Africa in a desperate effort to survive the thrust of MPLA/Cuban power. UNITA and SWAPO became fratricidal enemies.

Nonetheless, Jonas Savimbi's public statements continued to reflect an ambivalence grounded on underlying affinities. On some occasions, at least, their forces step aside for one another, avoiding conflict. At other times they clash bloodily. Some observers believe that, eventually, past collaboration and underlying compatibility may render them allies again. Giving some credence to such speculation, some MPLA officials have reportedly expressed concern about this possibility. It is just conceivable that were a SWAPO Government to come to power in Namibia, it might ultimately align itself with UNITA.

Accordingly, in assessing it as a political force, one should reckon with both UNITA's political affinities or preferences, on the one hand, and Savimbi's willingness to compromise even wantonly in order to survive, on the other. And, of course, it is impossible to know what might happen were Savimbi ever to fall victim to an assassin. There is a capable second echelon of leaders but there is no one with the flair, mystique and reputation of Savimbi, and no guarantee that a successor would embody his political dexterity. But so long as Savimbi is in charge, his preferences and contrasting willingness to compromise are of central importance. They must be calculated into any consideration of the possible consequences of either integrating UNITA into or keeping UNITA out of the Angolan Government. While Savimbi and his colleagues prefer Western to Eastern associations, the record is clear that in 1964 as his partnership with Roberto was fraying, Savimbi made a personal bid for Soviet support during a journey to Moscow seldom mentioned in UNITA or pro-UNITA circles. For Soviet aid he would have been required to join the MPLA, something

he refused to do. He chose, instead, to look elsewhere. He turned to China, where he obtained military training and arms for a few soldiers in return for a rhetorical celebration of Maoist achievements and Soviet failures.

Jonas Savimbi and his followers would prefer to govern Angola alone, but they have regularly sought a common front or entente with the MPLA ever since UNITA was founded in 1966. A common front theme has always been part of Savimbi's political stance. When the MPLA finally exhibited some interest in a UNITA/MPLA two party alliance during his bilateral talks in mid-1975, the United States reportedly interceded to dissuade UNITA from such an accord.

As late as 1979, in an interview with an American journalist, Savimbi referred to the MPLA as "patriots" who had fought for the independence of their country, and indicated that he would not even make the withdrawal of Cuban troops a precondition for negotiations with the MPLA. But he also acknowledged that the MPLA was unlikely to talk until, in a year or two, it had finally come to accept that it could not militarily eliminate UNITA. The dramatic surge of UNITA forces northward in August 1983, marked by the capture of Cangamba in eastern Angola did not, however, produce such a result. UNITA's military thrust, widely assumed to enjoy considerable South African logistical support, did not open the door to UNITA participation in the Luanda Government. Nor did it persuade that Government to agree to the departure of Cuban forces demanded by South Africa as a *quid pro quo* for ceasing its own military action within Angola. Instead, Luanda sought to avoid such humiliation and, according to Western news reports, Cuba responded by sending in more troops to reinforce its garrisons.

The MPLA Government has quite probably debated within itself as to whether a politically supple Savimbi would be more dangerous within or without. Clearly, for the Soviet Union, UNITA entry would represent an unwelcome threat to MPLA dominance. For South Africa, it might well be seen as a vindication of the earlier decision to assist in assuring UNITA's survival. For the Reagan Administration, it would be perceived as a political gain. Nonetheless, US Government officials have manifested some nervousness about whether the military exploits and forward movement of UNITA might be extending beyond those which could possibly help produce political solutions. One must wonder whether UNITA believes that it can go all the way, whether those who are assisting it believe that it can take Luanda this time. And should they try, what would be the Soviet/Cuban response? What would the Soviets and Cubans do if pushed to the wall and confronted with the prospect of an internationally humiliating defeat?

As for Savimbi and UNITA, if brought into a Luanda Government they



can be expected to league together with black nationalists in the MPLA and if kept out they can be expected to fight on, forcing the defensive retention of Cuban or other foreign garrisons. The more successful they are, the more difficult it may be to extract the Cubans. Therein lies a growing American frustration.

By drawing upon stockpiled arms and its Ovimbundu manpower base, UNITA might even survive a cut-off in South African assistance in the unlikely event of a bilateral Angolan/South African ceasefire accord. It would be in character for UNITA leadership to accept the advice of its Chinese mentors about the march to power being long and tortuous and to fight on.

In conclusion, it may be well to ask whether or to what extent problems such as the political fragmentation and economic collapse of Angola, or the presence of external security forces on its soil, can be resolved by military action. Or, might military calculations or miscalculations of adversarial capabilities, intentions, and responses lead Angola once again to the flash point of international crisis?

One final exclamation. How difficult it is to analyse conflicts such as that of Angola in the absence of reasonably accurate press coverage! The war correspondent threatens to become extinct. Consider current or recent wars in Chad, the Falklands, Afghanistan, and Iran-Iraq, as well as Angola. Only a few friendly or covert reporters are able to get near the action. There is very little neutral reportage. The absence of solid information on the "Angolan conflicts" of the world renders them no less dangerous to global peace.

#### Notes

1. F.W. Heimer sets forth the distinction between this "central society", integrated into the dominant colonial economy, and the more remote and rural "tributary societies" of African peasants and herders who constituted the bulk of the population (a variant on "world systems" center-periphery analysis of sociologists such as Immanuel Wallerstein). See Heimer, *The Decolonization Conflict in Angola 1974-76. An Essay in Political Sociology*. Geneva: Institut Universitaire de Hautes Etudes Internationales, 1979.
2. Viriato da Cruz, "What Kind of Independence for Angola?" *Revolution* (Paris), Vol. 1, No. 9, (January 1964), p. 14.
3. See *Oil and Gas Journal*, Vol. 81, No. 10, (March 7, 1983), p. 67.
4. As evidence for asserted French and South African collusion against him, Roberto cited a vaguely worded story in *Lettre d'Afrique* (Paris), No. 19, (April 20, 1983).

Karl P. Magyar

## **Federation vs. Confederation in Southern Africa: the neglected economic dimension**

The controversy surrounding the discussions about federation or confederation in South Africa is not new. Several books and many shorter studies have appeared in the last few years which have examined these alternative structures within the greater southern African context. Many scholars have debated the details of these forms which may cover a spectrum from a highly integrated federal model, such as that of the United States or the Soviet Union, to a very loose diplomatic regional constellation.<sup>1</sup> And, among both Black and White politicians, the subject has repeatedly been raised but conveniently avoided in direct confrontation.

Prime Minister Botha was very explicit about his conception of a confederation when he addressed the opening of the Gazankulu Legislative Assembly in March 1982:

A confederation is an association, alliance or union of sovereign independent states, without any super government and formed by treaty for the achievement of specific objectives . . . We believe that a confederation of states is in the best interests of southern Africa, and in the best interests of every inhabitant.<sup>2</sup>

The Prime Minister's views on such a confederation had been expressed on several previous occasions as well; but by 1983 attention shifted exclusively to the preoccupation with the new constitution and, curiously, all talk about confederation quickly vanished. One is now left to speculate that either the attraction of confederation has been abandoned, or we are to expect an explanation which will reconcile the new constitution with a confederation. However, it is very difficult to see how this could be accomplished as there is no provision in the proposed constitution for any territorial segmentation which would be the base of a confederation but there is a logical prospect that a confederation could follow the adoption of the new constitution. The confederal units would consist of the separate

*Professor Karl P. Magyar is Associate Professor of Political Science and Philosophy at the University of Durban Westville*

homelands to be developed into full independence along with the remaining 87 per cent of South Africa as one confederal unit, all governed by the new treaty. But this would pose an absurd situation analagous to the Soviet Union confederating with Albania as an equal partner.

Working on the purely hypothetical assumption that the new dispensation — whether successful or not — will not remain as the final word on constitutional changes in the future, the debate between federalism and confederalism will soon enjoy a renaissance. The retention of a unitary system in the future could occur under probably only two conditions:

- (1) a militarized garrison state increasingly dominated by an ever-embattled conservative white regime who will not be able to count on the vacillating support of the Indian and Coloured segments,  
or;
- (2) a successful effort by a radical Black group or coalition to overthrow the present political order.

Both would find it necessary to suppress any expression of regional autonomy, and hence they would both require a unitary system.

Let us assume that neither of these options is likely to occur, then any effort falling between these two extremes will perforce be more moderate in character but all pointing to some system of regional segmentation and centralized but limited power-sharing. The varying degrees of segmentation and centralization have been debated by many scholars and politicians (see note 1).

It can be easily argued that a discussion of federation or confederation is in fact a discussion of southern Africa's future as the issue may well go beyond only South Africa. Depending on the end product, the entire southern African area could be systematically incorporated. Should this occur, one could argue that South Africa's neighbours may become the major source for the legitimization of such fundamental changes.<sup>3</sup> Any other accommodation between Black leaders and the existing White establishment could remain forever suspect in the eyes of the international community as yet another attempt at legitimizing the exclusion of Blacks from their just claims to South Africa's traditional wealth. It is suggested, then, that South Africa's immediate neighbours may hold the key to the fortunes of South Africa's White community.

The Government's previous conception of a "constellation of states" pointed towards new directions, but it was too limited in that the constellation represented only a diplomatic *modus vivendi* by which South Africa would be tolerated, however it chose to reformulate itself, in return for certain limited economic rewards. But if one agrees that the answer to the future of South Africa's legitimacy lies primarily with her neighbours, it is then reasonable to assume that a substantial degree of integration between South Africa and her neighbours may occur. And this can only be accom-

plished by instituting something beyond a constellation, leading to the higher step which is a confederation, and perhaps in the long run a federation of states.

There is a great deal of confusion surrounding the question of federations and confederations. Moreover, previous historical models are often cited, but these have a limited pedagogical value. Arend Lijphart engaged in one such massive effort to study most of the world's federations<sup>4</sup>, but the relevance of this to South Africa is questionable. It is unlikely that any federation in the world is divided into such disparate economic camps as would be the case in South Africa. Here, political arrangements may perhaps address only the minor part of the problem, and it is the most striking characteristic of most of the efforts by scholars and politicians alike who propose confederal or even federal models, that they fail utterly to address the economic bases for such models. The decided emphasis on predominantly political rearrangements may be appropriate for either the developed societies of the West such as Canada, or for Third World countries whose segmented populations suffer a relatively equal level of economic development such as Nigeria.<sup>5</sup> But South Africa is a text-book case of a dual economy (exchange and subsistence), and any confederal or federal formulation must take this crucial economic dimension into account.

In political discussion, key terms are frequently not defined precisely. Hence when debating the merits of consociationalism, constellation, integration, federation and confederation, agreement on principles is easily reached, but the operational details of these concepts require actions which can subsequently be measured in terms of social and economic loss or gain. If we confine the analysis to only the options of federation and confederation, we can detect some plausible support from both camps for either of these two systems, but a classical dichotomy appears to be emerging.

Previous references by P.W. Botha to "confederation" implied a loose arrangement between the independent homelands and the "mother core", with a "constellation" to be offered to the neighbours. But more recently, the persistent efforts of Dr Cedric Phatudi have succeeded in shaping a general preference for federation among most leaders of the homelands.<sup>6</sup> Credibility for this position was lent by Chief Kaiser Matanzima's 1983 announcement that he too is prepared to rejoin South Africa via a new federal arrangement.<sup>7</sup> While these homeland leaders — with the exception of Bophuthatswana's President Mangope<sup>8</sup> — are forging ahead with the formulation of the federal option, the details, in terms of the precise formulations of the constituent units, have yet to be made public. The possibility exists that either these homeland leaders agree with Prime Minister Botha on the units to comprise their homelands and the rest of South Africa, or that their own units are to remain intact while the rest of South Africa is to undergo some very radical partitioning. The analytic terms have been

bandied about but the details have yet to emerge. By contrast, most academic analysts have attempted to be more comprehensive in their formulations on this issue and inevitably they gravitate to some form of partition beyond the 13 per cent of South Africa which is now divided into a number of homelands.

At this point it is instructive to examine the difference between "federation" and "confederation" which is perceptibly emerging as the division between the Black and White communities. Of the two, federalism is a much more visible historical example. Lijphart notes that the primary characteristic of the federal type of government is "a guaranteed division of power between central and regional governments". He distinguishes between federalism and confederalism in that the former remains a single sovereign state, but the latter is a "co-operative arrangement of two or more states which retain their separate sovereignties".<sup>9</sup> K.C. Wheare states that the federal principle is the "method of dividing powers so that the general and regional governments are each, within a sphere, co-ordinate and independent". He goes on: ". . . in a federal government both general and regional governments operate directly upon the people, whereas in a league or confederation it is the regional or state governments alone which operate directly upon the people; the general government operates only upon the regional governments".<sup>10</sup> Carl J. Friedrich defines "federation" as "a union of group selves, united by one or more common objectives but retaining their distinctive group being for other purposes".<sup>11</sup> He traces the development of the federal concept in history and derives the modern conception: ". . . an integrated system of government, a fully institutionalized 'unity in diversity' of interrelated communities, a genuine political order of structured power, and multicentered authority . . . accepting the basic fact that each citizen belongs to two communities . . ." <sup>12</sup> James Crawford bases his distinction between federation and confederation on ". . . a difference in the degree of decentralization of the latter as compared with the former".<sup>13</sup> And Frank N. Trager defines a "federalized state" as ". . . one in which several units and their respective powers are constitutionally or otherwise legally united under the ultimate power of a central state and government".<sup>14</sup>

While over one-half of the world is governed by claims of federation,<sup>15</sup> the issue of confederalism needs closer examination as a prospect for South Africa. Nic J. Rhoodie defines confederation as ". . . a league, union or association of sovereign independent states without a central government." He notes, "thus it cannot 'govern' in the accepted sense of the term."<sup>16</sup> Wheare notes that many uses of the term have been imprecise in the past; that a definition must go beyond merely that of the general government being dependent upon the regional governments.<sup>17</sup> Deriving a precise definition of "confederation" is very elusive as so many conceptions of this

term refer to an intensive degree of diplomatic co-operation. But this is insufficient. Somehow, a definition must be constructed which goes beyond merely "alliance by treaty" or "diplomatic intensity".<sup>18</sup> There must be exclusivity, constitutionalism, permanence, and a shared communality.<sup>19</sup> Confederation has the potential of being a very broad concept and hence difficult to analyse. An example of this is the European Community which currently meets the definitions of confederation most closely, but no reference is made to this description in the analytic literature.

Going beyond the academic exercise of searching for precise definitions, how can we relate these concepts to the specific situation of a search for an acceptable political and constitutional solution to the increasingly volatile problems in southern Africa? Again, certain assumptions will be made. It is conceivable that South Africa will remain a unitary state either under the present form of government or even as modified by the proposed new constitution. An assumption for the sake of argument is that this will be very unlikely. A unitary system would also be pursued by the ascendancy to power of the far right or by the radical take-over of a black coalition. Again, an assumption is made that this will not occur.

Faced with the general disenchantment of the government's failure to demonstrate a sufficient degree of change to the satisfaction of all sectors, the alternative of responding with support for a far right or far left solution may still be avoided by the attraction of experimenting with radical designs for new constitutional systems. Partition could be attempted by dividing the country into two or more units which could pursue total separation from each other or remain tied in certain functional areas. This then introduces the debate between federation and confederation as this expresses the degree of association between the units.

The analyst familiar with this debate — but also with extant models available — can argue quite easily the observation that most analyses of these two forms are debated almost exclusively within their political and constitutional contexts, but little economic analysis is offered. This is also the case with the debate on the new constitutional proposals. There are some who look at the economics of change, but they are the exceptions.<sup>20</sup> The major focus of the debate, however, is on power sharing and not on wealth sharing.

The argument that South Africa should develop a substantial Black middle class as a bulwark against revolution is well known but remains untested. But a more forceful or radical proposition is offered: a new political system or constitution will be judged more by the criterion of economic consequences than merely by the incorporation of the Blacks into the political process. It is suggested that even a system which genuinely allows the hitherto disenfranchised sector into the political process may not succeed unless certain economic expectations are realized. If the majority will

in fact be in a position to simply vote a major redistributive programme into existence, this goal could be realized — perhaps short-term only — but it would be resisted openly by the White minority about to be deprived of its economically privileged status. To avoid this, Black participation in a unitary system would have to be artificially constrained and the assumption is made here that this situation would not last.

The alternative is to consider the federal or confederal options but with a major accommodation in the economic sphere at the outset. This would call for partition into a number of units, but with the promise of economic progress for all members of the units. The concept of the homelands as it exists today, does offer a high degree of political autonomy, but very little provision has been made for promising economic prospects, and this has led to a predictable result; the Transkei has recently called for its reintegration into a federal South Africa<sup>21</sup> and only Bophuthatswana still maintains the rhetoric of independence. Based on this homeland experience, South Africa's policy-makers would be wise to ponder first the economic changes, and then the introduction of an appropriate political system. At present, this is not done by either the White or the Black leaders who instead are engaged in the growing debate concerning fundamental political changes.

South Africa's majority population is an essential — though underdeveloped — ingredient for economic production. Indeed, one may question the degree to which the White community, as an economic unit, is viable without Black labour. But expanding the active role, participation, and the economic benefits to the Black labour force is a very touchy debate as the immediate fear concerns an implied redistribution of financial assets. A redistribution among all members of the society on equal terms would indeed incur a dramatic drop in the living standard of the privileged economic elite today, and accomplishing this without resistance has been very rare in the annals of history.

But a counter-argument can easily be presented although much work needs to be done on its validation. In simple terms, it suggests that a very substantial sector of the hitherto excluded population could be inducted into the modern economy and allowed to progress unhindered on the grounds of merit alone. This would not necessarily be done at the expense of the White sector as would be the case in a zero-sum game. Black economic growth would generate wealth, and this in turn would stimulate consumption, demand and increased production. Everyone profits from this. Add to this prospect a new orientation in which Whites expand their participation in the truly modern sectors of service industries; finance, education, high technology, information, research, consulting, etc., the Black sector could dominate mining, manufacturing and even agriculture without threatening the welfare of the Whites. In this sense, a great portion of

mining receipts could be utilized to stimulate Black-run enterprises in order to create jobs and to expand Black commerce.<sup>22</sup>

These prospects are arguable, although admittedly, further analysis would be necessary. But when a sound assessment of the economic prospects for the induction of all sectors into the modern economy is made, then the next step for a new constitutional system can be taken. The debate between federation and confederation would take on a new dimension as partition for the creation of either form would be tempered by the enticing prospects that the bond of economic union in this very dynamic region could offer. In ideal terms, an economic federation but a political confederation would satisfy many protagonists. But economic nationalism cannot be experienced without a corresponding degree of political commitment, and this remains the major obstacle. This calls for a compromise position between federation and confederation and the best model of this today is the European Community.

Whatever the units which are to emerge from a partition of South Africa going beyond only the excision of the homelands, they can remain united in an economic community but with a considerably greater degree of factor integration than in the European example. In fact, such an integrated economy already exists and this must remain the core of the restructured economy of the future. Realizing the advantages of maintaining this economy with its real growth potential to serve the expectations of the Black majority, the ensuing political system would be moderated and its implementation accommodated.

The compromise between federation and confederation would eliminate the necessity for a superior national political executive — as is the case in a federal system. A federal structure would entail domination by the majority, with awesome powers to erode the rights of the inferior levels of political organization. A traditional-style confederation, on the other hand, would only encourage cleavages, alliances, competition and secession. But a confederation of a variety of ethnically mixed states, tied together by a limited economic “commission” constituted by representatives of the confederal members will not be able to exercise superior political authority over any units, while managing their economic viabilities and cohesion. Upon this foundation, a true political community can be built, but at an evolutionary pace.

Should such a model be realized in the future, the positive impact will go beyond the concerns of contemporary South African society. Additional members would logically include Lesotho and Swaziland, and subsequently Botswana, Namibia and conceivably a few other neighbouring countries could assume associate status. Such a true constellation which would revolve around a rapidly-expanding South African economic core could in turn become a model for other regional integrative efforts. Africa



is largely comprised of economically unviable units who may well search desperately for an association with such a sophisticated core. The realization of this new African order is indeed a frightening prospect in terms of the required change, but the failure to attain this new order may yield prospects more frightening yet.

#### Notes

1. See:

D. Geldenhuys, *South Africa's Black homelands: past objectives, present realities and future developments*. Johannesburg: South African Institute of International Affairs, 1981.

Wolfgang Thomas, "South Africa between partition and integration," *Aussenpolitik*, number 3, 1979.

Erich Leistner, *Towards a new order in Southern Africa*. Pretoria: Africa Institute of South Africa, 1979.

Nic J. Rhodie, "Federalism/Confederalism as a Means of White-Black Conflict Resolution: Conceptual Dissonance in White Nationalist Ranks," *Politikon*, volume 7, number 2, December 1980.

Gavin Maasdorp, "Forms of Partition," in: Robert I. Rotberg and John Barratt, eds., *Conflict and Compromise in South Africa*. Cape Town: David Philip, 1980.

Lawrence Schlemmer in John Benyon, ed., *Constitutional Change in South Africa*. Pietermaritzburg: University of Natal Press, 1978.

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P.L. Moorcraft, "Towards a Garrison State," in F. McA. Clifford-Vaughan, ed., *International Pressures and Political Change in South Africa*. Cape Town: Oxford University Press, 1978.

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David Welsh and F. van Zyl Slabbert, *South Africa's Options: Strategies for Power Sharing*. Cape Town: David Philip, 1981.

Arend Lijphart, "Majority rule versus democracy in deeply divided societies," *Politikon*, volume 4, number 2, December 1977.

D.V. Cowen, *Parliamentary Sovereignty and the Entrenched Sections of the South Africa Act*. Cape Town: Juta, 1951.

B.J. Ranchod, "Attitudes to Constitutional Proposals" in D.J. van Vuuren and D.J. Kriek, op. cit.

R.E. van der Ross, "Perspectives on constitutional problems," in D.J. van Vuuren and D.J. Kriek, op. cit.

P. Roelf Botha, *South Africa: Plan for the Future*. Johannesburg: Perskor Publishers, 1978.

Leo Marquard, *A Federation of Southern Africa*. London: Oxford University Press, 1971.

2. *The Citizen* (Johannesburg), 13 March 1982.

3. An article discussing Mozambique's key role in the Namibian controversy appeared in *The Star* (Johannesburg), 25 May 1982.

4. "Federal, Confederal, and Consociational Options for the South African Plural Society," in Robert I. Rotberg and John Barratt, eds., *Conflict and Compromise in South Africa*. Cape Town: David Philips, 1980, chapter 4.
5. The pre-condition of a relatively equal level of economic development among the constituent units of a federation is recognized by F. van Zyl Slabbert and David Welsh who regard the lack of this condition as a contributing factor to Nigeria's civil war. *South Africa's Options: Strategies for Sharing Power*. Cape Town: David Philip, 1975, p. 136.
6. Many references to this development are available. A recent article in the *Sunday Times* (Johannesburg), quotes Dr Phatudi once again: "We believe the time is now ripe for new initiatives in federal forms of government." 17 July 1983.
7. *Natal Mercury*, 3 March 1983. See also *The Citizen* (Johannesburg), 27 October 1982.
8. *Rand Daily Mail* (Johannesburg), 5 April 1982.
9. "Federal, Confederal, and Consociational Options for the South African Plural Society," op. cit., p. 51.
10. *Federal Government*, 4th edition. London: Oxford University Press, 1963, pp. 10-13.
11. *Man and His Government: An Empirical Theory of Politics*. New York: McGraw Hill, 1963, p. 585.
12. *ibid*, p. 590.
13. *The Creation of States in International Law*. Oxford: Clarendon Press, 1979, p. 291.
14. "On Federalism" in Thomas M. Franck, ed., *Why Federations Fail*. New York: New York University Press, 1968, p. x.
15. Frank N. Trager, *ibid*. p. x quotes William H. Riker on this observation.
16. Rhoodie, op cit., p. 104.
17. Wheare, op cit., p. 32.
18. Frank N. Trager, op. cit., P. xii quotes John Adams as referring to the relationship between constituent units of a confederation to be "diplomatic." This is insufficient in my view as it automatically allows that any diplomatic relations could be termed confederal relations.
19. See Karl P. Magyar, "Confederal Integration: An Option for Southern Africa," (unpublished paper, 1983), note 26.
20. See E. Leistner, op. cit., W. Thomas, op. cit.
21. See "Matanzima backs federal government idea," *The Citizen* (Johannesburg), 27 October 1982.
22. *The Economist*, 16 May 1981, reported that South Africa earned R25,6 billion from the export of minerals in 1980. Assuming a total population of 25 million, minerals exports alone earned over R1 000 per capita that year.

## Economic sanctions and the South African economy

### Introduction: the character of economic sanctions

Economic sanctions are essentially economic measures directed at political objectives. From a methodological point of view the "economic" aspect of sanctions assumes a mainly intermediate character, where economic variables may be viewed as either "ends" or "means". Although the ultimate target of sanctions may be the government of a nation, or its policies, the intermediate target, in the case of economic sanctions, must be the economy, as represented, *inter alia*, by private companies, institutions, or groups of persons. However, such methodological and empirical complications do not necessarily materially alter the academic investigation or practical application of sanctions. The much-noted general failure of past and present sanctions campaigns is rather due to the confusion by commentators on this issue, of "economic sanctions" in times of peace, with "economic warfare" in times of (total) war, where commitment to the undermining of the target country's economic structure is vastly increased.

The choice of different sanctions strategies in respect of a potential target, such as South Africa, appears to be normally governed by a variety of national-specific considerations, such as the structure of the target economy, its international trade pattern, and particularly areas of foreign "dependence" that may be vulnerable, for example, to grain embargoes, restrictions on technology, disinvestment etc., and which generally involve a trade-off between political will and economic self-interest. Apart from national-specific differences, the selection of sanctions may be arbitrary and inconsistent; they are, for example, often related to issues of emotional appeal, such as military capacity, or areas of weak resistance, like sport and tourism, and also to areas where they could potentially be most effective in

*J.H. Cooper* is a lecturer in the Department of Economics, Rhodes University, East London Division.

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a functional sense as, for example, with oil sanctions. As sanctions thus generally amount to a piecemeal exercise, there may exist several loopholes in a potential sanctions campaign, not always immediately obvious.

### **The South African economy and economic sanctions**

As has been said, the chief aim of a sanctions policy is likely to be of a political nature. This would certainly seem to apply to the South African case, where the purported aim of sanctions is to abolish the policy of apartheid. The means of imposing a sanctions policy are in turn of an economic nature. Given the international character of the exercise, the mechanism through which sanctions conceived abroad are to be transmitted to the South African economy is essentially the country's Balance of Payments.

Foreign trade is vital to South Africa. It is, for example, stated in the introduction of the Reynders' Report that "South Africa always has been and still is heavily dependent on foreign trade for its economic development and growth".<sup>1</sup> In 1981 South Africa ranked fourteenth in the world in terms of export value and twentieth in terms of import value.<sup>2</sup> The proportion of foreign trade (X + M) to South Africa's Gross Domestic Product has fluctuated over time, but consistently remained at a high level; for example, in 1960 it was 64,7 per cent; in 1970 55,4 per cent; and in 1980 71,3 per cent.<sup>3</sup> Fluctuations in this figure are primarily due to fluctuations in domestic economy activity caused by exogenous changes in the gold price, with exports being largely exogenously determined.

### ***The general trade pattern***

In the context of South Africa's general foreign trade pattern, and according to the Brussels Tariff Nomenclature, the convention employed by the Department of Customs and Excise, the value and composition of trade for the various commodity groups in 1980 is shown in Table 1. As from 1980, these figures include gold coin and bullion under "unclassified" exports, while petroleum products and military goods appear under "unclassified" imports. (Prior to 1980 these items were excluded from these trade figures). Services are not included in the statistics. Apart from "unclassified" trade, the table indicates that Machinery (group 16) and Vehicles (group 17) were the two most significant South African imports in 1980, which is also in agreement with historical trading patterns. As mentioned above, the "unclassified" group (group 21) includes petroleum imports, which should be comparatively large: before the separate publication of petroleum statistics was discontinued this item amounted to some 6 per cent of South Africa's total imports, at a time when oil prices were actually falling. Other prominent import products are chemicals, base metals, textiles and plastics.

TABLE I

## South African imports and exports (by commodity groups): 1980

Commodity Groups	Exports		Imports	
	R million	%	R million	%
1. Animals and animal products	185,3	0,9	44,0	0,3
2. Vegetable products	88,8	4,1	198,7	1,4
3. Animal, vegetable fats and oils	36,9	0,2	62,8	0,4
4. Prepared foodstuffs	720,4	3,6	159,3	1,1
5. Mineral products	1 552,8	7,8	242,2	1,7
6. Chemicals and chemical products	391,0	2,0	1 026,1	7,1
7. Plastics, resins and rubber products	75,7	0,4	477,4	3,3
8. Hides, skins and leather	143,4	0,7	41,7	0,3
9. Wood and wood products	53,7	0,3	95,1	0,7
10. Pulp, paper and paper board	179,8	0,9	321,9	2,2
11. Textiles	358,9	1,8	535,2	3,7
12. Footwear and millinery	16,9	0,1	52,3	0,4
13. Non-metallic mineral products	55,4	0,3	119,8	0,8
14. Gems and jewellery	2 846,0	14,3	60,5	0,4
15. Base metals and metal products	1 580,1	7,9	698,6	4,9
16. Machinery	263,4	1,3	3 528,7	24,6
17. Vehicles and transport equipment	132,0	0,7	1 846,5	12,8
18. Optical and other instruments	24,3	0,1	468,7	3,3
19. Miscellaneous manufactured products	27,1	0,1	101,7	0,7
20. Works of art, collectors' pieces and antiques	6,6	—	16,3	0,1
21. Unclassified	10 417,8	52,4	4 265,0	29,7
	19 879,6	100,0	14 362,7	100,0

*Monthly Abstract of Trade Statistics*, Government Printer, Pretoria, 1980

Export earnings were mainly derived from gems and jewellery (group 14), which includes precious and semi-precious stones and articles of precious metals, base metals and metal products (group 15), and mineral products (group 5), while gold, which was at historically high price levels in 1980, is included in the "unclassified" group (group 21). This order of magnitude, of course, stresses the importance of the mining sector in South Africa's export trade. Agricultural products (groups 1 to 4) together contributed some 9 per cent towards merchandise exports in 1980; traditionally the corresponding figure has been significantly higher.

The economic consequences of sanctions on South Africa's import and export trade are obviously a matter of conjecture. Arnt Spandau is one of the few economists who have investigated this matter and arrived at more or less concrete answers<sup>4</sup>. Assuming that sanctions on imports would lead to import substitution-led growth, and hence a result perverse to that desired by the sanctioners, Spandau focussed on the export-side. He produced certain estimates of the possible effects of hypothetical 20 per cent and 50 per cent cuts in the total value of South Africa's exports on employment and economic growth. In brief, under the former assumption, unemployment was expected to rise (from a stated level of 14,6 per cent) to the level of 19 per cent, whilst economic growth was expected to decline once-

and-for-all by 5 per cent; under the latter assumption, the corresponding figures were 23 per cent and 12,5 per cent, respectively. These estimates were based on data for the year 1976. However, apart from the doubtful suitability of the input-output model used for these calculations, and the superficial way in which it was used, one may have reservations about some of the basic data employed in the exercise; for example, the size of the South African labour force in 1976 was taken to be 10 million persons, a figure not confirmed by other statistical sources<sup>5</sup>.

TABLE II  
South African geographic foreign trade pattern: 1980 (in R million)

Trading partner	Imports	% of total	Exports	% of total	Balance of trade
AFRICA	228,1	1,6	1 098,0	5,5	869,9
EUROPE	5 711,9	39,8	5 151,4	26,0	-560,5
France	541,8	3,8	407,1	2,0	-134,7
West Germany	1 860,2	13,0	799,8	4,0	-1 060,4
Great Britain	1 738,7	12,1	1 384,5	7,0	-354,2
Switzerland	238,9	1,7	1 239,9	6,3	1 001,0
Italy	439,4	3,1	382,3	1,9	-57,1
ASIA	1 807,5	12,6	1 992,2	10,1	184,7
Japan	1 290,7	9,0	1 205,8	6,1	-84,9
Hong Kong	101,3	0,7	223,8	1,1	122,5
Taiwan	109,5	0,7	167,1	0,8	57,6
AMERICA	2 223,1	15,5	2 146,8	10,8	-76,3
USA	1 952,1	13,6	1 648,0	8,3	-304,1
Canada	138,8	1,0	205,2	1,0	66,4
Brazil	77,5	0,5	133,0	0,7	55,5
AUSTRALASIA and OCEANIA	215,5	1,5	189,8	1,0	-25,7
TOTAL FOR 1980	14 355,8	—	19 798,8	—	5 443,0

*Monthly Abstract of Trade Statistics*, Pretoria: Government Printer, 1980

TABLE III  
Major imports from major trading partners in 1980

Country	Machinery		Transport Equipment		Chemical Products		Plastics and Rubber	
	% of Total	R Million	% of Total	R Million	% of Total	R Million	% of Total	R Million
FRANCE	8,3	292,4	3,4	62,8	3,8	39,2	4,7	22,6
ITALY	4,9	174,1	5,1	93,5	2,9	30,2	3,8	18,2
JAPAN	11,2	396,3	24,3	449,8	4,0	40,9	9,1	43,3
UK	18,6	657,9	15,0	277,6	20,8	213,9	20,7	98,9
USA	19,6	690,5	19,9	367,4	23,0	236,0	19,2	91,7
GERMANY	21,6	762,2	27,5	507,6	17,8	182,3	16,9	80,8
REST OF THE WORLD	15,7	555,3	4,7	87,8	27,6	283,6	25,5	121,9
TOTAL	100,0	3 528,7	100,0	1 846,5	100,0	1 026,1	100,0	477,4

*Monthly Abstract of Trade Statistics*, Pretoria: Government Printer, 1980

The second table gives the geographical and regional pattern of South Africa's disclosed foreign trade in 1980. South Africa has become progressively more reliant on six major economic partners in recent years; namely, Britain, West Germany, the United States, Japan, Italy and France. In 1972 these countries supplied 68 per cent of disclosed merchandise imports; in 1975 this proportion rose to 75 per cent, and even in 1980, when the gold price was historically at a record level this figure was 54,6 per cent. Table II also shows that these nations bought 29,3 per cent of disclosed merchandise exports in 1980 with no buyer dominating the export market. Furthermore, Table III shows that these countries together represent the source of 40,6 per cent of total South African imports in 1980, taking into consideration *only* the following four import categories; machinery, transport equipment, chemical products, and plastics and rubber.

It thus appears that South Africa's import trade is significantly concentrated in respect of both products and sources. As far as South African exports are concerned, it is evident from Table I that over 80 per cent of the total value of merchandise exports in 1980 came from minerals or mineral products. The destination of gold exports is not revealed and is often unknown, but this is of little practical relevance since it is highly marketable. However, the breakdown for the other major export categories (as defined above) reveals that a similar export concentration exists amongst the same few economic partners. Potentially effective economic sanctions on South African merchandise imports and exports would thus be contingent on the policies pursued by her major economic partners.

#### ***Mineral Exports and Potential Costs to Sanctioners***

Whatever policies are adopted by South Africa's economic partners in respect of imposing potential economic sanctions on her, such policies would obviously have to be justified on the basis of the costs and benefits of the respective policy. Accordingly, a factor which potential sanctioners must consider is South Africa's effective control over huge mineral reserves, the demand for which is often related to strategic considerations, either in a broad or a narrow sense of the term; for example, the use of platinum metals for fuel emission control, and the use of chrome in the production of industrial machinery and military goods<sup>6</sup>. The potential problems for the West in eliminating South Africa as a source of supply may therefore be considerable, albeit not insurmountable, and while sanctions may therefore be feasible, they would also be costly.

Such potential costs are sometimes emphasized by indigenous South African commentators, who see them as a South African countervailing power, and who appear to take some (possibly misplaced) comfort in the present and potential future value of South Africa, in mineral resource and strategic terms, to her economic partners<sup>7</sup>. Similarly, other anti-sanctions

commentators also stress the negative "external" or "boomerang" economic effects of sanctions on the sanctioners themselves, or the international community at large.

The pro-sanctions lobby meanwhile also has a political axe to grind, and it stresses, for example, the links between South Africa and "international capital" in the form of multinational corporations, which have resulted in an "enforced dependence" on South Africa, 'foisted on an unsuspecting public by unscrupulous businessmen'.<sup>8</sup> Pro-sanctions commentators also minimize the possible negative "external" economic consequences of sanctions.

Such arguments are however, strictly speaking, political arguments, which not only illustrate the preoccupation of many commentators with politics rather than economics, but also show a concomitant relative lack of economic insight. Essentially, the existing arrangement whereby companies operating in South Africa's trading partners show a comparative preference for South African raw materials, reflects a convenient, and economic, rather than an immutable state of affairs. Consequently, it seems simplistic to believe, as the anti-sanctions camp would have us do, that South Africa's economic partners are irrevocably dependent upon South African minerals for strategic and allied geo-political reasons.

In contrast much of the pro-sanctions literature deals with the physical availability of alternative sources of minerals and other South African exports, and tends to underestimate the economic consideration of cost, and the practical consideration of a reliable source of supply; that is, the reasons why trade with South Africa has reached its present proportion. Fundamentally, it would appear that the potential "external" costs of sanctions would generally be of a short run duration only. The loss of South Africa as a market is likely to have little effect, whereas adjustment by the sanctioner in respect of halting imports from South Africa, especially minerals, would be more difficult. However, a commitment to concerted multilateral precautionary action by potential sanctioners, such as stockpiling and the securing of alternative economic sources of supply, would ensure that this adjustment was not too costly to contemplate nor of a secular nature, even in the case of South Africa's mineral exports.

From South Africa's point of view the loss of mineral exports is likely to be viewed in a more serious light than the loss of imports, which may be softened by further import substitution, although the scope for this is limited because of the narrow domestic market, especially for capital goods. In the case of exports, no such possible compensating alternative appears viable; for example, the domestic market would be unable to absorb the quantity of presently exported minerals, and stockpiling of the resulting surplus would only be a short term solution. Given the vertical and horizontal economic linkages of the export-oriented sectors, an effective



boycott of South African exports could have a significant impact on the economy. This is not only the case with minerals but is also particularly apparent in the agricultural sector.

### *Agriculture*

Table I demonstrates that the agricultural sector contributed some 9 per cent towards the value of South Africa's total merchandise exports (including gold) in 1980. In view of the generally high mineral prices which prevailed in that year, this figure tends to understate the relative (albeit declining) contribution of agricultural exports to South Africa's foreign trade in the past. During 1975-80, for example, agricultural products represented 14 per cent, on average, of South Africa's total exports as defined above. In 1980 agricultural exports were valued at R1 787,4 million or 18,4 per cent of total merchandise exports, excluding gold. The average contribution of the agricultural sector to GDP for the years 1975-1981 was 7,4 per cent, as compared with 16,7 per cent for mining and 23,3 per cent for manufacturing<sup>9</sup> However, in relation to employment, commercial agriculture has traditionally been, and continues to be, the leading employer of labour, accounting for 30,6 per cent of all employees in 1970, compared with 12,6 per cent for manufacturing and 8,4 per cent for the mining sector.<sup>10</sup>

Commercial agriculture is closely linked with other economic sectors, for example food processing, which is the most important single manufacturing sector, accounting for 12,8 per cent of total manufacturing production and sales in 1981. In the same year the value of sales of processed food exceeded R7 000 million, while the industry provided employment to about 200 000 people<sup>11</sup>. According to one measure, inputs from the commercial agricultural sector, in manufacturing, totalled R1 882,32 million in 1975<sup>12</sup>. In addition to these forward links, farming also depends heavily on inputs from the manufacturing sector, that is, backward links. Expenditure on farming requisites in 1980 was as follows: vehicles, machinery and implements R554 million; stock feed R504 million; fertilizer R482 million; fuel R371 million; and maintenance of machinery R299 million<sup>13</sup>. Commercial agriculture is therefore highly integrated with those sectors and industries engaged in foreign trade.

As an employer of labour, the commercial agricultural sector is of much greater importance to the Black population than to other racial groups. In 1970, 6,5 per cent of Whites were employed in this sector, compared with 16,3 per cent of Coloureds and 39,6 per cent of Blacks<sup>14</sup>. Despite the ongoing controversy about unemployment in South Africa<sup>15</sup>, it is obvious that any sanctions policy leading to a fall in commercial agricultural output would have serious implications for employment, particularly in those sub-sectors where labour input is relatively high to capital, and which are

largely export orientated. This may be inferred to a greater or lesser extent in the production of the following products: maize, sugar, wool, deciduous fruit and citrus fruit.

From a regional perspective, sanctions could create serious problems in the Western Cape for producers of fresh and canned fruit, and for the West Coast fishing industry and the Natal sugar industry. The central upland areas of the Transvaal and Orange Free State could be affected by maize, wheat and citrus fruit boycotts, though the Orange Free State is likely to be less affected than the Transvaal. Since the production of wool and hides is country-wide, an effective boycott of these products would have a generally uniform effect across the country.

However, the potential effectiveness of sanctions on agricultural output may be called into question. For example, it is unlikely that the maize sector would be severely dislocated as its exports are in inelastic demand. Even so, if an effective maize boycott is plausible, then the stockpiling of maize and declining productivity due to, say, lack of suitable imported inputs, and consequent sub-optimality, may keep output and employment levels artificially high in the maize sector. Similar analysis may apply to other crops and/or agricultural sub-sectors, whilst the effect on the subsistence sector would presumably be negligible.

Moreover, the experience of Zimbabwe indicates possibilities for agricultural diversification, and the masking of the origin of agricultural exports. If this practice was largely applied in South Africa too, the *availability* of imported inputs would be more crucial than the *marketing* of output.

Nonetheless, the South African Government is committed to support the agricultural sector, and to this end it is likely that high producer prices would continue to be paid to farmers, and additionally, schemes to stockpile output, quotas to restrict output, and tax incentives to encourage agricultural diversification would be introduced. These moves would increase the burden of the non-agricultural sectors in supporting a thus ailing agricultural sector.

### **Gold**

It is difficult to overstate the significance of gold in the South African economy generally; its specific importance in foreign earnings is evident in the annual contribution of net gold output to total foreign earnings during the period 1975-81, which fluctuated between 26,2 and 45,0 per cent, giving an annual average for the period of 33,5 per cent<sup>16</sup>. South Africa mines about half of all the current world production of gold, and more than 70 per cent of the "non-communist" output. Non-monetary uses of gold include industrial application in electronics and dentistry, and jewellery. Despite substitutes being available it is, as a rule, not these applications

of gold that are really significant from the South African point of view. Rather, it is the monetary role of, or "asset" demand for gold, that accounts for the importance of gold earnings in the balance of payments of South Africa.

The asset demand for gold essentially falls into two parts: a reserve demand by monetary authorities and a (more or less speculative) demand by private buyers. This role is to an important extent derived from the historical function of gold as an important form of money. For more than 2 000 years coins were the main means of payment, of which gold coins were either the main component or the most highly valued. In spite of the abandonment of the international gold standard at the outbreak of the First World War, gold retained an important place in international trade and finance. Thus, a modified gold standard was adopted by the International Monetary Fund in 1944, which officially lasted until 1978, when gold was formally "demonetised".

This does not, however, mean that gold no longer has an international monetary significance or function. For example, the International Monetary Fund has retained two-thirds of the gold quotas originally supplied by member countries, central banks still keep gold as part of their foreign reserves, gold is used as collateral in international credit transactions, its significance is explicitly recognised in the European monetary system, and central banks have, at least recently, been selling gold in order to obtain foreign currency.

Although there is at present no extensive literature on the place of gold in a sanctions campaign against South Africa, some commentators have addressed themselves to this question. For example, Rogers and Bolton write: "Logically, sanctions against South Africa would have to include a ban on gold imports from there, which in turn would mean a drastic reduction in the amount of newly-mined gold available to the world market. We need to consider ways and means of preparing for this to happen without either making sanctions a mockery by widespread evasion, or causing the gold price on the world market to sky-rocket"<sup>17</sup>.

From a practical point of view, it is, however, difficult to see what stabilising steps could be taken in the *private* gold market, if it were to be deprived of future South African gold supplies. Pro-sanctions commentators appear to believe that the gradual substitution of special drawing rights for gold reserves would not only render the gold market more orderly, but also remove the "residual" role of gold in official reserves, thus making sanctions on South Africa plausible. However, both historical evidence and universal practice would indicate that the demand for gold rests on a far broader consideration. The ineffectiveness of the official demonetisation of gold is, of course, illustrated by the fact that the trend of the gold price has been strongly upward since "demonetisation", in spite of marked short

term fluctuations. Perhaps even to a greater extent than the so-called strategic minerals discussed above, South Africa's position as the world's leading gold producer would render a comprehensive sanctions campaign very difficult to implement.

Apart from its crucial role in financing imports, gold also influences the domestic economy in other ways. For example, although virtually all the gold output is exported and its forward linkage is, therefore weak, the backward linkages are considerable. A successful boycott of gold would have serious consequences for the South African economy in terms of labour, industrial, commercial, agricultural and other inputs. The total input bill of gold mining in 1975, that is, the extent to which it purchased outputs from other sectors of the economy, is given in Table IV together with a breakdown by sector of the value of inputs in the gold mining sector.

Apart from still being an important contributor, both directly and indirectly, to national income in South Africa, the major single source of foreign exchange earnings and a significant employer of labour in the broader southern African regional context, a rising gold price has also in recent times served to cushion the South African economy against sudden increases in the international oil price. Much of South Africa's recent economic growth performance has also obviously been associated with the fortunes of gold. In general, the authors of the current *Economic Development*

TABLE IV

Selected major inputs in the Gold Mining Industry: 1975

Sector	R million	%
Agriculture, Forestry and Fishing	36,39	1,4
Basic Chemicals, Petroleum and Coal Products	18,61	0,7
Paint and other Chemical Products	31,43	1,2
Rubber Products	22,88	0,9
Fabricated Metal Products	39,65	1,5
Machinery, except Electrical Machinery	58,64	2,2
Electrical Machinery	13,46	0,5
Electricity	72,39	2,7
Wholesale and Retail Trade, Motor Trade and Repairs	24,21	0,9
Transport, Storage and Communications	13,88	0,5
Goods and Services not classified by destination	71,22	2,7
Other Inputs	64,35	2,4
Total Intermediate Inputs	467,11	17,7
Remuneration of Employees	731,33	27,8
Gross Operating Surplus	1 451,35	55,1
Net Indirect Taxes	8,03	—
Less Products Transferred	23,32	—
Total Value	2 634,51	100,0

*Input-Output Tables 1975*, Report No. 09-16-04, Pretoria 1975. (Note that the gold mining industry includes uranium mining).

*Programme* state that, "the important role played by gold in the South African economy has been reaffirmed to such an extent that any substantial decline in the gold price can change the short term economic climate from optimism to pessimism"<sup>18</sup>

### ***Manufacturing***

Historically, the manufacturing sector in South Africa has experienced significant growth relative to the rest of the economy. It is well known that the composition of South Africa's manufacturing output has undergone significant changes in the long term; broadly speaking, the proportion of capital equipment and intermediate products has risen relative to that of consumer goods<sup>19</sup>. However, this relative trend should not be allowed to obscure the fact that the growth in the production of consumer goods in South Africa has been deliberately cultivated by means of tariff protection and other forms of import control, or what is collectively known as the policy of import substitution or replacement<sup>20</sup>. It is generally thought that if any significant extension of this policy is plausible it would in future have to take place in the fields of intermediate and capital goods, as the scope for additional import substitution of consumer goods has been almost exhausted<sup>21</sup>. At the present time, however, South Africa remains a heavy *net* importer of especially capital and intermediate goods, and manufactured products in general (see Table I).

These developments and prospects in the South African manufacturing sector also have certain implications for the potential application of sanctions, although these are not always clear cut. This is presumably the main reason why authors on sanctions have contributed comparatively little to this particular aspect of the discussion on sanctions against South Africa, and tend to present import substitution as a measure to counter or judge the potential effectiveness of sanctions on South African imports<sup>22</sup>. However, this approach is misleading, as the policy of import substitution was instituted as far back as the 1920's, while economic sanctions were not an issue until the 1960's.

Since then, the South African Government has of course deliberately cultivated certain industries considered to be "strategic" (in a narrow sense) to the performance of the economy in general, and the armed forces in particular: for example, Armscor (armaments), Soekor (oil exploration), the extension to Sasol (oil-from-coal), the Atlantis Diesel Engine plant and enriched uranium. However, the ability of the private sector to apply import substitution to capital goods is obviously affected by such considerations as economies of scale, the size of the market, unit cost of production, and efficiency and competitiveness, to a far greater extent than in the case of the examples mentioned above, where recourse to public funds is the rule rather than the exception.

This confusion amongst sanctions commentators of the future potential for import substitution in the private sector with recent public projects, has clouded the sanctions issue in the context of the manufacturing sector, and projections of import substitution-led growth following sanctions on imports are seemingly in contradiction with present and potential manufacturing capacity as noted in the *Reynders Report*: "At the present stage of South Africa's development the main potential of a programme of import replacement has been realised"<sup>23</sup>.

At the present time South Africa is a heavy net importer of capital and intermediate goods, a state of affairs which contains some fundamental implications for sanctions, particularly in view of the narrow domestic market and consequently the few opportunities that exist for the economic and competitive manufacture of these goods. Table I showed that (apart from oil and military equipment) the major items comprising South African imports are: machinery, vehicles and transport equipment, chemicals and chemical products, and base metals and metal products. These capital or intermediate imports accounted for virtually half of the total value of imports in 1980, or almost 80 per cent if oil and military goods are included.

From a purely practical point of view, the effective application of sanctions on South African imports must therefore lie in this direction. Those local industries which would be most affected by such sanctions tend to be capital-intensive, for example basic industrial chemicals (including crude oil), machinery (excluding electrical machinery), motor vehicles, electrical machinery and equipment, and basic iron and steel<sup>24</sup>. With the partial exception of motor vehicles these industries themselves produce capital goods and intermediate products.

An effective boycott of South Africa in the field of manufacturing would therefore concentrate on denying foreign inputs to the local industry, which would then curtail the scope for development in the South African capital goods industry.

The implications of such sanctions for employment in South Africa are not necessarily obvious. Although the industries that would be most affected tend to be capital-rather than labour-intensive, they also have relatively strong forward and even considerable backward linkages. The net potential impact on employment would therefore seem greater than at first sight. However, at the same time, scarcity of foreign produced capital inputs might give rise to a substitution of labour for capital in the affected industries, as well as a possible shift from capital-intensive to labour-intensive industries in general<sup>25</sup>.

A boycott of capital goods exports to South Africa may thus, *ceteris paribus*, have the end result of actually reversing the recently observed trend of capital deepening in the economy, and the resulting increase in the rate of (especially less-skilled) unemployment<sup>26</sup>. The practical difficulty here is, of

course, derived from the fact that a study of the ultimate consequences of sanctions on virtually any aspect of economic activity requires a general rather than a partial approach, that is, a comprehensive input-output model for the economy. Such a model is, however, beyond the scope of this article, if it is *a priori* a feasible exercise, notwithstanding the inadequate and outdated input-output model for South Africa.

Perhaps it would be sensible to assess the potential impact of an embargo on imported capital goods in terms of the potential unavailability of certain production factors. The immediate consequences of such sanctions on employment, economic growth, disposable incomes etc. may not necessarily be severe because of the possibilities for input substitution in the short-term. However, as the Zimbabwean experience of economic sanctions has shown, the inability to replace depreciating and obsolete capital goods, is indeed likely to cause widespread unemployment and negative economic growth in the long term.

These considerations do not, of course, preclude factor substitution, that is, the adoption of production methods suited to a condition of sanctions. Dr H.J.J. Reynders is reported to have said: "If we had to, we could make just about everything we need, even if we have to make it by hand"<sup>27</sup>. However, improvised production techniques are not always efficient and may serve to increase the unit cost of production. This phenomenon is already evident in the case of at least some of the "strategic industries" referred to above, where South Africa is manufacturing products in which she does not have a comparative advantage, as an anti-sanctions precaution. In other words, progressive import replacement in the capital goods industries would also render the structure of South African manufacturing less efficient and less competitive, thus entrenching an inflationary bias in the economy generally. The ultimate consequences of sanctions on South African imports would therefore be a misallocation of resources and secular inflation.

Agriculture, in particular, is vulnerable to sanctions not only on account of its position with regard to South Africa's export trade, as discussed above, but also in respect of the importation of agricultural inputs. Most oil-based fuels, the bulk of (and all heavy) agricultural machinery and certain essential fertilisers and pesticides have to be imported. As far as agricultural machinery is concerned, over 75 per cent of annual purchases are imported<sup>28</sup>. For example, all tractors used in 1979 were imported directly or indirectly<sup>29</sup>, though local production of tractor components at the Atlantis Diesel Engine plant may have reduced this figure recently. However, this factory still has a high imported input content, and is unable to manufacture the heavier tractors on which the sector is becoming increasingly reliant. Moreover, as identified above, it represents a case of comparatively high cost and an erosion of international competitiveness. Similarly, efforts

to replace imports of potash fertilizer and pesticides, two important agricultural inputs, would be costly and uneconomic.

In summary, then, it appears that South African manufacturing in general (and agriculture in particular) is vulnerable to sanctions because of the high import dependence on many capital and intermediate inputs such as oil fuels, machinery, vehicles and transport equipment and spare parts, chemicals and chemical products, and base metals and metal products. Furthermore, it appears that in view of the limited potential which presently exists in South Africa for future economic import substitution in the private manufacturing sector, this import dependence will continue to be a fundamental economic problem.

### *Oil*

The literature on sanctions usually refers to South Africa's dependence on oil imports as being the "Achilles Heel" of her economy<sup>30</sup>, although her energy requirements are met from coal to a greater extent than from oil, and plans for producing nuclear energy are comparatively advanced. However, oil is still an essential input in many vital sectors of the economy, and despite extensive oil exploration backed by the government, no commercially viable natural oil deposits have (as yet) been located. Nonetheless, vulnerability to sanctions has been reduced in recent years by strategic stockpiling, import substitution and fuel conservation methods, in addition to "black market" purchasing, in the face of an unofficial OPEC oil boycott.

The accuracy of various more-or-less sophisticated "calculations" of the existing oil stockpile, the flow of demand and especially supply, and the period that South Africa could "survive" an oil boycott at "present" rates of consumption, are obviously a matter of conjecture<sup>31</sup>. However, the production of local "synthetic" oil by the Sasol plants, the possibilities of extending the use of fuel additives such as methanol and ethanol, the present oil stockpile, and fuel conservation methods, will all cushion the economy against an oil embargo. Therefore, it appears that the country is becoming increasingly independent of foreign energy supplies.

The practical difficulties of imposing an oil blockade on South Africa also presently militate against its potential success, partly because of the logistics involved, and partly because of the present glut on world oil markets. Furthermore, the existing dependence of many *southern African* countries on South Africa for their oil supplies is likely to inhibit the general desire among potential sanctioners for an oil blockade of South Africa.

Despite the unofficial oil boycott, oil is still reaching South Africa, and in a recent article Martin Bailey, one of the foremost advocates of oil sanctions, reported that between January 1979 and March 1980 about 150 tankers off-loaded oil at either Cape Town or Durban, a fact which he attri-



butes to "unscrupulous companies", though he does comment that "it is possible the governments of some of these countries (OPEC) are aware that their oil is being shipped to South Africa"<sup>32</sup>.

### **Foreign Investment**

Foreign investment in South Africa has three crucial facets, namely, the financing of domestic investment, balance of payments requirements, and its qualitative impact on the economy.

The first of these issues turns on whether domestic capital markets can finance domestic investment and therefore economic growth. Such an issue may not be easy to quantify because of its long term perspective, but certain observations can be made. Foreign investment may be classified into *direct* investment, *portfolio* investment and *direct* lending<sup>33</sup>.

Foreign *direct* investment is dominated by trans-national companies whose investment is largely undertaken through re-investment of their South African net earnings. *Portfolio* investment, though historically of importance, has ceased to be a significant source of foreign investment in South Africa, and since the recent easing of foreign exchange regulations it appears that there may at present be a net outflow of *portfolio* investment<sup>34</sup>. Thus the major source of foreign investment is *direct* lending.

Since the private sector has financed most of its foreign investment from retained profits, it is thus more or less independent of foreign capital inflow, and it is the public sector which has had to rely significantly on *direct* lending from abroad to finance its expansion. In 1972 *non-direct* foreign investment, as officially defined by the South African Reserve Bank (i.e. *portfolio* investment plus *direct* lending) accounted for 46 per cent of *total* foreign investment; in 1979 this figure stood at 55 per cent after peaking in 1977 at 59 per cent<sup>35</sup>. Since *portfolio* investment is not a source of new investment the increase in *non-direct* foreign liabilities must be due to the growth of *direct* lending.

The increase in *direct* lending is in part due to the expansion of the public corporations, which since the late 1960's has underpinned the growth of the South African economy. Due to the high import propensity of the South African economy, economic growth represents a constant potential strain on the balance of payments, which needs to be offset by foreign loans from time to time. These corporations, for example ARMSCOR and SASOL, are also extremely capital-intensive enterprises with enormous investment demands, which cannot readily be met by the domestic capital market.

According to Clarke: "Between 1971 and 1978 the fixed capital stock of private business enterprises increased by only 33,4 per cent in real terms while that of the public corporations rose by 148,6 per cent"<sup>36</sup>. While this demand for investment funds has increased significantly, the South African

savings/income ratio has remained more or less static, or even declined.

This pressure on domestic capital resources has, then, been a major reason why the public corporations have had to borrow from foreign capital markets. According to the 1979–80 Budget estimate, the public sector investment requirement for the period 1979–1987 was R48,3 billion (at 1977 prices) or approximately 50 per cent of gross domestic fixed investment<sup>37</sup>.

The occasional shortage of both foreign and domestic funds has frequently prompted these corporations to finance capital works from internal savings, effected by means of tariff increases. Apart from the potentially deleterious effect of such a policy on resource allocation, it introduces a strong inflationary bias in the economy, something which has indeed been evident in South Africa lately, even under rather depressed economic conditions. Moreover, with an intermittently declining personal saving propensity, the flow of funds to the domestic capital market from this source seems unlikely to increase in real terms.

Under these circumstances it would appear that foreign loans may well continue to be raised as a means of ensuring continued economic growth, although in the South African context additional investable funds have in the past often been associated with rises in the price of gold, and ultimately therefore the demand for foreign investment will depend on the balance of payments position in general, and the terms of trade in particular.

However, it is not only the quantitative financial impact of foreign investment that is important. Foreign direct investment, in particular, although largely financed from retained local profits, is extremely important in giving South Africa access to modern technology and to sophisticated managerial skills. An important reason for this is the notoriously low productivity of both South African capital and labour.

Thus, whilst serving to increase the physical stock of capital, foreign investment also has the function of bolstering otherwise low productivity levels; for example, the average growth rate of the productivity of labour and capital for the period 1970–80 was minus 1,3 per cent<sup>38</sup>. It is, however, no easy matter to estimate the contribution of imported technology to South Africa's economic development.

An econometric study undertaken by Suckling suggests that 60 per cent of the economic growth during the years 1957 to 1972 in South Africa, could be ascribed to technological changes of which two-thirds was imported<sup>39</sup>. However, other studies have attributed a far more modest role to the qualitative determinants of economic growth in South Africa; for example, L.J. Fourie has been cited to the effect that "productivity improvements appear to contribute only some 35 per cent to economic growth at the best of times"<sup>40</sup>. The Reynders Commission similarly stated that "South Africa has tended to grow largely by utilising more inputs with

relatively little attention being devoted to the more efficient use of such inputs<sup>41</sup>.

Nonetheless, a 1973 study found that 74 per cent of manufacturing firms interviewed stated that at least 90 per cent of their technology was of foreign origin<sup>42</sup>. Moreover, foreign direct investment not only provides technology, but also skilled manpower to direct its implementation, the general lack of which is one of the most severe present constraints on economic growth.

One should not, however, make the mistake of viewing foreign production techniques as an unmixed blessing in the South African context. Imported technology is often of a capital-intensive nature, more suited, say, to large European and American markets than the South African economy with its comparatively large supply of labour and small domestic demand<sup>43</sup>. Local firms which implement technology channelled to them by their international parent companies, may therefore, in some instances, be using sub-optimal production methods. Perhaps, somewhat paradoxically, less reliance on foreign know-how may actually serve to increase productivity in South Africa.

Quantitative estimates of the effect on South Africa of comprehensive economic sanctions are hazardous, and this is no less so when trying to quantify the economic impact of selective sanctions, such as disinvestment. However, the indications are that sanctions on foreign investment would seriously impinge on the growth of the South African economy. The Economic Adviser to the South African Prime Minister, Dr Simon Brand, has stated that an absence of foreign investment puts an unacceptably low ceiling on possible growth rates<sup>44</sup>.

The official *Economic Development Programme 1978-1987* has postulated three average annual growth rate scenarios for the period; 3,6 per cent, 4,5 per cent, and 5,0 per cent. According to this source, a growth rate of 3,6 per cent will result in just more than a doubling of total unemployment during the period, a growth rate of 4,5 per cent will see total unemployment increase from 10,6 per cent in 1978 to 15,0 per cent in 1987, and even the highest postulated growth rate of 5,0 per cent will result in an increase in unemployment of 0,9 per cent by 1987.

In the end, therefore, it appears that withdrawal of international investment (including direct lending) represents a real threat to the economic growth of South Africa. However, as matters stand at present it is not feasible to anticipate who may apply what sanctions under which conditions; even if the principle of sanctions were not in doubt, their scope, nature and effectiveness would still be uncertain; even if the sanctions were known in quantitative financial terms, their resulting impact on the domestic economy is not accurately predictable. In brief, we lack an adequate macroeconomic model of sufficient predictive power, partly because of uncertainty

and lack of information in general and partly because the parameters of such a model are not known *a priori*.

### **Sanctions and southern Africa: the regional perspective**

The well known ambiguous political and economic relationship between South Africa and Black Africa has a direct bearing on the sanctions issue, though not necessarily a clear-cut one. In particular, those countries which have formed the Southern African Development Co-ordination Conference (SADCCO)<sup>45</sup>, could be expected to support sanctions on South Africa, due to their political viewpoints. However, it is no secret that economic interdependence in southern Africa is disproportionate; many of South Africa's neighbours are unequal partners who are themselves vulnerable to economic sanctions on South Africa in two different ways. International sanctions, given existing trade links, cannot simply stop at South Africa's borders but are bound to spill over into her neighbouring territories. At the same time, South Africa has an obvious capacity to "retaliate" against her neighbours independently; at least such an inference may possibly be drawn from a statement by R.F. Botha, South Africa's present Foreign Minister, that "the Republic is not without the power to retaliate" and that "other countries will suffer more than we do"<sup>46</sup>.

Potential sanctioners, including Black African States themselves, must obviously consider the probable external effects of economic sanctions on South Africa within the regional context, either due to "spill over" or "retaliation". Whether would-be sanctioners are prepared to implement sanctions in the light of these "external" considerations, is, of course, ultimately a matter of political speculation. Although South African commercial links with Black Africa are mutually profitable, this economic interdependence is so unequal that even a (seemingly highly unlikely) effective joint boycott of South Africa by her Black African trade partners, will cause less economic disruption to South Africa than to these client states.

The value of South Africa's total imports and exports on a geographic basis in 1980 was shown in Table II. Although no figures in respect of trade with individual African nations are at present published, it appears that 1,6 per cent of South Africa's import trade and 5,5 per cent of her export trade took place with the rest of the African continent. These figures do not, however, include the value of trade within the Southern African Customs Union, and at least one commentator has claimed that the true figure for trade with Black Africa may be twice as high as the official figures reproduced in Table V<sup>47</sup>.

Essentially, from a South African perspective, the major economic significance of trade with Black Africa is present and potential future exports of manufactured goods. Although there are many other commercial links

in the southern African region, including transport, tourism, power, labour, technology, and monetary and fiscal co-operation, they are of little (and generally declining) direct economic significance to South Africa<sup>48</sup>. The focus on South Africa's exports to Black Africa is contained in Table V, which reflects that exports to Africa, in 1980, of plastics, resins and rubber products (group 7), machinery (group 16) and transport equipment (group 17), constituted over 50 per cent of the value of *total* exports in these groups. In several other manufacturing commodity groups, too, the value of exports to the rest of Africa was highly significant.

The importance of these exports is that with rapid economic growth in South Africa, a balance of trade deficit results because of a lack of manufactured exports to the world at large. If manufacturing is to be an important cause of economic growth in South Africa, then this sector must in the long run also earn enough foreign exchange to pay for its capital input from abroad. Therefore, exports of manufactured goods to Black Africa have an important role to play if the present imbalance in South Africa's export trade is to be redressed. Moreover, apart from factors such as technology and skills, one of the major drawbacks to import substitution in the

TABLE V  
South African exports to Africa: 1980: R Thousand

Commodity Groups	Exports to Africa	Exports to Africa as % of Total exports per group
1. Animals and Animal Products	56 444	30,4
2. Vegetable Products	253 499	31,2
3. Animal and Vegetable Fats and Oils	8 485	23,0
4. Prepared Foodstuffs	35 266	4,9
5. Mineral Products	39 337	2,5
6. Chemicals and Chemical Products	125 766	32,2
7. Plastics, Resins and Rubber Products	43 946	58,1
8. Hides, Skins and Leather	1 104	0,8
9. Wood and Wood Products	9 265	17,2
10. Pulp, Paper and Paperboard	34 145	19,1
11. Textiles	32 239	9,0
12. Footwear and Millinery	3 511	20,7
13. Non-metallic Mineral Products	23 341	42,1
14. Gems and Jewellery	3 940	0,1
15. Base Metals and Metal Products	150 771	9,5
16. Machinery	167 413	63,5
17. Vehicles and Transport Equipment	86 931	65,9
18. Optical and Other Instruments	10 019	41,2
19. Misc. Manufactured Products	3 738	13,8
20. Works of Art, Collectors' Pieces	42	0,6
21. Unclassified	8 829	—
Total	1 098 033	5,5

*Monthly Abstract of Trade Statistics*, Pretoria: Government Printer, 1980

area of intermediate and capital goods, is market size, and exports to Black Africa may make possible greater economies of scale and the profitable production of such goods.

Thus, although comparatively modest in scope, the trade between South Africa and other African states is mutually beneficial. Most African countries could possibly obtain manufactured goods from sources other than South Africa without great physical dislocation, but they would be relatively more expensive, which for poor societies would represent a major economic problem. Likewise it may be argued that sales to Black Africa represent a small, possibly "insignificant", portion of the total value of output of even the largest South African exporters in their respective groups<sup>49</sup>. For example, available statistics for 1980 show that in the three major export groups identified above; that is groups 7, 16 and 17; export sales amounted to 1,8 per cent, 4,9 per cent and 3,0 per cent respectively, of the value of domestic sales in those groups<sup>50</sup>. However, from the perspective of growth potential, this trade may be of considerable significance to the industries and firms concerned, even apart from the country's foreign exchange need as such. Economic sanctions within a purely African context are therefore not a mere academic matter, but affect existing and potential economic growth and welfare on both sides.

The trade-off between political will and economic welfare within the region amongst would-be sanctioners, is, however, clouded by the sometimes escalating military confrontation, which may, on the one hand, increase the political resolve of the United Nations and various other pro-sanctions bodies, but decrease that of South Africa's neighbours who would subsequently be under increasing double pressure. On the other hand, such confrontation may decrease economic co-operation within the region as it becomes problematic. Furthermore, the South African Government may come under increasing right-wing pressure to terminate economic intercourse with neighbouring territories. Essentially, then, it is evident that the political and economic relationships within southern Africa are in a state of flux.

### **Conclusion**

It emerges from the discussion above that the fields of mineral and agricultural exports, gold sales, as well as imports of capital inputs in general, and that of petroleum products in particular, represent the target areas of the South African economy which are relatively most vulnerable to economic sanctions. Additionally, it appears that foreign direct lending and the qualitative impact of foreign direct investment are also areas which are likely to be affected by sanctions. In the absence of an adequate macroeconomic "sanctions" model of sufficient predictive power it is not feasible accurately to forecast the economic (or political) outcome of potential sanc-

tions strategies in detailed quantitative terms. However, all realistic indicators suggest that sanctions would seriously impinge on the growth of the South African economy. South African commentators sometimes stress that the economy is technically able to produce almost anything it requires. However, it is not necessarily only the technical feasibility which is important in the context of sanctions, as the associated costs and misallocation of resources may be substantial, particularly in the long run. Anti-sanctions literature tends to overlook issues related to efficient resource allocation, and it would appear that from a political viewpoint, it is the physical availability of certain products that is deemed more important than the impact of sanctions on the standard of living.

In theory, at least, the comparatively small number of partners with whom South Africa conducts the bulk of her foreign trade, may appear to make the application of sanctions feasible. However, the countries and/or organisations that advocate sanctions, are, as a rule, quite distinct from the trading partners practically equipped to apply sanctions. In a sense, a successful sanctions programme would involve one group (South Africa's economic partners) doing the work of another group (the sanctioners) at their own expense. Effective and "successful" economic sanctions on South Africa appear, then, to be contingent on the reconciliation of the political interests of potential sanctioners, for example the United Nations and the Organisation of African Unity, with the economic interests of her major trading partners. As long as this is not the case, effective economic sanctions against South Africa are likely to remain literally wishful thinking on the part of impotent parties.

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## Zimbabwe reflections

This article is not based on systematic research; rather it contains reflections on the present state of a country I have known over many years in its various guises — Southern Rhodesia, Rhodesia, Zimbabwe/Rhodesia, and now Zimbabwe. I have visited the new Zimbabwe twice since its independence. Neither visit was long — five or six days each — and although I was able to meet a wide range of old friends and contacts, crossing racial and party lines, and although I keep up my reading about the country, such short stays may well produce superficial judgements. On the other hand they make a vivid impact. They produce clear snapshots picking out and imprinting the image of the time. But the snapshots although vivid are fixed in time and exclude much that may be important. Social, economic and political events are constantly on the move, shifting their emphasis and attention and building on the past. They may therefore lend themselves better to a moving picture which can change the focus of attention. In my case, however, I have to rely on the snapshot.

### **The Political Scene**

Zimbabwe after the long bitter civil war faced a formidable task, and the present Government has considerable achievements to its name — not least the relative lack of racial bitterness that now exists. Yet following the fighting in Matabeleland, the brutal activities of the 5th Brigade, the continuing problem of armed dissidents, the flight (but subsequent return) of Joshua Nkomo, and the detention of the Air Force officers, an obvious question must be: "Is the country facing political disintegration or at least chronic instability?" My answer is "NO", and furthermore I believe in the short term at least the country's political power structure is relatively stable. Of course the dissatisfaction of the Ndebele as a people, ZAPU as a party, and Joshua Nkomo as a person remain, but they are irritants rather

*Professor James Barber* is Master of Hatfield College, Durham University.

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than a threat. In the eyes of the most militant of the ZANU leaders (and like all large parties ZANU contains a range of views), Joshua Nkomo and ZAPU have been shown that they can win neither by the ballot box (as demonstrated at the 1980 election), nor the bullet (as demonstrated by the firm military action taken by the Government when a potential plot was uncovered). Whether ZAPU as an organisation ever intended to challenge the Government by armed force must be open to grave doubt, and certainly Joshua Nkomo has always vigorously denied it, but that is the perception of the more militant elements of ZANU who believe that they have crushed a potential rebellion and not merely been dealing with ill-disciplined ex guerrillas. Now they preach that the way forward for all Zimbabweans lies in rallying behind the ruling ZANU party.

The explanation for the perception (or misperception) of ZAPU as a threat lies in ZANU's self-image. Its most strident members see ZANU as a "vanguard" party, leading the peoples of Zimbabwe towards a socialist society, and offering the only true way forward. Therefore all criticism and opposition tends to be interpreted as destructive and disloyal. Vanguard parties want to follow the "true" path towards their goals, unencumbered by misguided opposition and alternatives. Yet despite this aspiration ZANU finds itself surrounded and hedged in by constraints, by opposition and alternative views of society. Zimbabwe came into being not from a clear military victory for the vanguard party, but a negotiated settlement by which power was to be shared. Even after ZANU's election victory, it could not escape that. The new Government was an alliance with ZAPU, and although their power is diminishing ZAPU Ministers still sit in the Cabinet. Whites were guaranteed places in Parliament and have continued to play an active role there as critics of the Government. To add to this the constitutional structure spreads power — with an independent judiciary, and a civil service which is subject to the regulations of a public service commission and which claims to be "apolitical" (a concept which is unacceptable to many ZANU members who believe that all governmental, indeed all social activity, is politicised). Then, although the Government has inherited from its predecessors, extensive control over the economy, it is a "mixed economy". In all its three main pillars — farming, mining and manufacturing — considerable power lies in private hands. Therefore what we are seeing in Zimbabwe is a struggle by the ruling party (which by choice would establish a one party state, a politicised civil service and a command economy), to impose a one party situation, despite constitutional checks, and despite opposition from other groups and parties.

Perhaps it should be emphasised that a virtual "one party" state situation is not new to the country. In the days of White rule, single parties — first the United Party and then the Rhodesian Front — dominated the

Government for long periods and used the patronage of the Government to reward their supporters. That element is not new, but what is different is the ambition of the dominant party to extend the scope of its control and to politicise all the institutions of state and indeed the whole population. Whether ZANU will succeed in achieving these objectives must still be an open question, for the existing institutions and groups outside ZANU may prove resilient enough to force the Government into continuing compromises.

Before leaving the question of instability, it would be flying in the face of experience elsewhere in Africa to ignore the potential political role of the armed forces. Again the more militant ZANU leaders would like to politicise the forces, but again there are constraints. The new state's armed forces consist of an amalgam of the old Rhodesian elements plus the ex-guerrilla ZIPRA and ZANLA fighters. Considering the difficulties, there has been considerable success in merging them together, but inevitably there have been problems. Some of the old ZIPRA fighters have defected, skilled men have been lost especially from the Air Force (where morale was low even before the Thornhill raid and subsequent arrest of the seven officers), but given the difficulties the amalgamation has gone reasonably well. Nor are there any overt signs that the bulk of the forces are other than loyal to the Government. Yet for the future the threat of the armed forces taking political action must be there.

### **Tension Within**

To claim that there is relative stability in the political structure does not imply that there are no tensions within that structure. These tensions represent a struggle for power, and can be identified in four main areas — the tribal division between Shona and Matabeleland, the intra-tribal rivalry among the Shona, departmental rivalries, and ideological divisions.

One of the features of the earlier days of Black nationalism in Rhodesia, was the relative absence of tribal divisions. Even the early ZAPU/ZANU split was based on clashes of personality and methods rather than tribe. However, during the liberation struggle tribal difference began to emerge. First ZAPU and ZANU became more tribally based, partly from geographical accident — with ZAPU which operated out of Zambia drawing most of its recruits from the Ndebele and ZANU operating from Moçambique drawing from the Shona peoples to the east. Although that split was never absolute ZAPU is now predominantly the party of the Ndebele, and ZANU of the Shona, and the inter-tribal division, although not absolute, is clear in the Government from the Cabinet downwards. In reality the Government is now predominantly a ZANU/Shona Government.

Within the context divisions among the Shona have assumed increasing importance. Again these divisions emerged during the liberation war when

ZANU factions based on such groupings as the Karanga, Zezeru, and Manyika fought bloody internal conflicts. Those divisions have reappeared in government. Now they are fought in terms of the distribution of government patronage, the number and importance of ministerial portfolios, the staffing of senior civil service posts, and positions within the armed forces.

One explanation given for the large size of Mr Mugabe's Cabinet is the need to satisfy all the factions. An alternative interpretation is that the Karanga have established their pre-eminence but share power to some extent with the Zezeru, while the Manyika have been pushed into the background.

Another source of tension is inter-departmental rivalry, as Ministers vie with each other to build their bureaucratic empires. This happens in all governments but is now especially marked in Zimbabwe, partly as a result of the number and structure of the newly created Ministries. Even if ambition were absent (and it is not) the proliferation of these Ministries and their overlapping responsibilities were bound to lead to friction, misunderstanding, and problems in co-ordination and clear decision making. There are 56 Ministers and Deputy Ministers (whereas in Smith's administration the number was usually about 15). The new Ministries include such potentially overlapping portfolios as Justice held by one Minister, and Legal and Parliamentary Affairs by another; Road and Road Traffic as one Ministry, and Transport as another. Confusion as well as rivalry is inevitable. For example under questioning in Parliament, on 26 August 1983, the Deputy Minister of Industry and Energy Development (Mr Dzikami Mavhaire) was plainly confused about responsibility for setting the price of petrol. As European MP's continued to press him, the Deputy Minister of Trade and Commerce came to his aid by explaining that the price was set by Trade and Commerce but only after full consultation with the Ministry of Industry and Energy Development.

The ideological battle ground for "militants" and "moderates" is economic policy: whether to move forward to a radical socialist economy or to retain and manage the present mixed economy. Two recent articles underline the differences. One in the *Zimbabwe News* (Vol 14 No. 2), entitled "The Second Phase of our Revolution" spoke of the need to transform the socio-economic and political infrastructures to serve the interests of "the workers, peasants, and progressive strata of our society". The article concluded that revolution which "ushered in an irreversible historical programme of socialism" should be Zimbabwe's guiding light. "Socialism has become a force to reckon with and capitalism has lost its force as a monopoly power". The second article, which was in *Issues and Opinions* (July, 1983), was based on an interview with Dr Bernard Chidzero, the Minister of Finance. In the interview Chidzero stressed the partnership between the

public and private sectors. "We recognise", he said, "the reality of capitalism. We have to harness these forces and, in partnership try to regulate it so that we can forge a new relationship". He concluded with what he said was a Marxian concept, that "the prevailing conditions must determine to a great extent the policies we must follow". Yet Chidzero had been at pains to point out throughout the interview that "the prevailing conditions" in Zimbabwe were those of a mixed economy.

One problem in judging an ideological debate is to evaluate the importance that should be given to rhetoric on the one hand and action on the other. In Zimbabwe it appears that if anything, the rhetoric has become increasingly militant, (and that would include the speeches of Comrade Robert Mugabe, as he is known), while the Government's actions have had a greater element of moderation. Yet the importance of rhetoric should not be lightly dismissed. It sets a framework within which a society judges itself and is judged by others. For example, the Zimbabweans should not be surprised if by their rhetoric they talk themselves out of the possibility of private Western investment.

### **The Economic Scene**

Like every other country Zimbabwe is experiencing economic difficulties, and many of these are not of her making. The two most adverse external factors are the world recession, and the two year drought across southern Africa. The recession has hit both the mining and manufacturing industries; two sectors of the economy which flourished in more vigorous economic times, despite the international sanctions directed against Rhodesia. The recession has also meant that there has been little external private capital available for investment, so that even if Zimbabwe had been particularly well behaved in Western eyes, it is unlikely that she would have attracted much private capital. Zimbabwe has been fortunate, however, in gaining substantial aid from Western Governments, and while aid has its limitations, and while the applications of the aid has been slower than at first anticipated, it has helped the country to overcome some of its economic problems. Although Zimbabwe raised only \$60 m in international aid in 1982 this has given it the opportunity to undertake some of the development schemes which were promised at independence.

The drought has come at a particularly bad time for a major resettlement scheme. The aim is to resettle small scale Black farmers on land that was previously unoccupied or has been bought from Whites. With the failure of the rains some of the settlers have packed up bags and gone back home. The drought has also had a severe effect on the established farming areas. The cattle lands of Matabeleland, (already plagued by the continuing insecurity), have been particularly hard hit with the pasture gone, the land overgrazed and eroded with many cattle having to be slaughtered. The

grain crops have also been poor, both from the commercial sector (the old White farming areas) and the communal lands (the old Tribal Trust Lands). Those communal areas which were already badly overcrowded and over cultivated have deteriorated further. The one really bright spot in the agricultural scene is the tobacco crop which has flourished with relatively little rain. Another encouraging feature is that despite the recent food crops failure Zimbabwe has continued to feed itself by drawing on the stored reserves from the excellent grain harvests in 1980. This augurs well for chances of fulfilling the country's ambition to become the granary of central Africa, if in future, she receives reasonable rains.

Many of the country's economic problems, therefore, rest on factors outside her control, but there have been decisions and policies pursued by the Government which have added to the problems. These fall under three main headings — first, overambitious planning and inefficient policy implementation; second, the scale and speed of the expansion of the Government; third, tension between the Government's ideology and the values inherent in the private sector.

When the Government came to power, inevitably it wanted to launch a development programme to increase the country's wealth and status, to produce greater equality in the society, and to tap the potentially great resources of the Zimbabwe people in the upsurge following independence. Rightly therefore plans were laid, but some of these have proved to be thoroughly unrealistic. The centrepiece was a three year Transitional National Development Plan. It was based on the assumption of an economic growth rate of eight per cent in each of the years from 1980 to 1985. That rate was in fact achieved in 1980, but from the beginning there were voices, even inside the Government, saying that 1980 was an exceptional year and it was unrealistic to assume that such a rate could be sustained. Targets set in the plan cannot be achieved, for example the Government's public sector's investment programme for 1983/84 has been cut from Z\$1 162 m to Z\$750 m. The explanation lies partly in the adverse external conditions, but even with much more favourable circumstances the assumed growth rate was too optimistic. The failure to achieve the objectives has now raised doubts both within and outside Zimbabwe about the Government's capacity for economic planning.

The resettlement scheme is also wildly optimistic. The Government announced that it intended to resettle 162 000 families (or about half a million people) within three years. However, implementation has been hindered by Government's promise to acquire land only on a willing-buyer, willing-seller basis, inadequate infrastructural development which has caused potential settlers to move back to urban areas as well as the relatively small pool of skilled farmers available for the onerous task of opening up the land as opposed to the mass of landless or ex-freedom fighters who lack

the skills required to make a success of the scheme. Finally, the 1983 Budget cuts the Ministry of Lands, Resettlement and Rural Development's budget by 51 per cent.

The scale and the speed of expansion of the Government has already been noted in relation to Cabinet portfolios. The civil service too, although not quite as spectacular in its growth, is now said to be twice the size of that at independence. Again it is easy to understand the Government's motives for expanding government activity as it aims to extend social and economic services and to find employment for more Blacks. But the speed and scale of the expansion may be self-defeating. It has put a heavy burden on the economy, it has drawn resources away from areas in which economic growth could be stimulated, and there has been an increase in the inefficiency, wastefulness, and confusion within the Government. There are frequent complaints about the difficulty of gaining clear-cut decisions on even routine matters, and of having contradictory decisions from different departments. This expansion and the heavy expenditure within the Government (with some departments exercising little financial control) are said to have caught the attention of the International Monetary Fund (IMF) in an as yet undisclosed report. If the rumours are correct, the international body has said that the Government must put its house in order if it is to obtain financial support. There are signs that the Government is becoming more cost conscious, and it has now put a freeze on recruitment to government posts.

Finally, there is considerable mutual distrust between the Government and the private sector of the economy. This is probably inevitable with a Government that is publicly committed to socialist policies. For example, the minerals industry, which was worth Z\$393 m in 1981, and which is dominated by large foreign companies, is now in a state of uncertainty following the Government's decision to establish the Minerals Marketing Corporation of Zimbabwe, an autonomous parastatal which will act as the sole marketing and selling agent for Zimbabwe minerals other than gold.

The move has brought accusation and counter-accusation: Government supporters accuse the companies of bleeding the country in the past for their own profits, while on the other side there have been dire warnings that the Corporation will strangle the market system. The measure of distrust and lack of confidence in the operation is a reflection of a more widespread dilemma facing others in the private sector and those who formulate government policy, when the former advocates a free market, capitalist economy and the latter is committed to an ever increasing role for state intervention.

Discussing any economy tends to produce puzzled, gloomy frowns, Zimbabwe's is no exception. However, to balance against the gloom it must be said that the country's economy is certainly not on its knees. De-



spite the ravages of war the new Zimbabwe Government inherited one of the strongest and best balanced economies in Africa, and there is appreciation of that in the Government. However, there is an internal struggle between the "militants" and "moderates". The militants are committed to implementing rapidly and thoroughly a socialist economic revolution whereby the old capitalist exploiters will be removed and the country's resources "vested in the people of Zimbabwe through their socialist or state organs". The moderates are more concerned with managing the existing economic structure more efficiently, and redistributing rewards more evenly over a period, so that both growth and an increasing equality are balanced. There are signs that the moderates have gained ground recently — with the removal of food subsidies (a heavy drain on government funds), the freezing of government posts and the acceptance that the objectives in the three year plan are unrealistic. Such moves carry political dangers in a situation in which expectations have been raised so very high, but this pragmatic path does offer a way forward in combining economic strength with steady social reform.

There is always a temptation to see the present as a time in which particularly crucial decisions have to be made, and that does seem to be the case in Zimbabwe. The political and economic scenes are full of uncertainty but they also have great potential, if the opportunities are seized. One paragraph in the development plan rightly said that it would be naive to start by destroying the inherited economy. "The challenge" it is stated "lies in building upon developing and what was inherited, modifying, on expanding and, where necessary, radically changing structures and institutions in order to maximise benefits from economic growth and development to Zimbabweans as a whole". That broadly is the pragmatic path of the moderates. But will they triumph?

## Book Reviews

SOUTH AFRICA: PUBLIC POLICY PERSPECTIVES

Edited by Robert Schrire

*Juta and Company Limited, 1982, 374 pp.*

The last decade has been tumultuous for South Africa, in terms of both its domestic policy and its foreign policy. The Soweto uprisings of 1976, the government's new relationship with Black workers and Black urban residents, the independence of four African "homelands," the independence of Angola, Mozambique and Zimbabwe, the ever-present problem of Namibia, and now the National Party's delicate treading on the soil of constitutional change have all significantly affected the way South Africa envisions its future.

There are few nations in the world where policy makers, whether prime ministers, parliamentary leaders, or commission members, have had such an impact on the way a society is shaped. It is, of course, the fact that it is apartheid, a purposeful, often absurdly sophisticated, legislative system of racial discrimination, as opposed to the *de facto* racism which exists in so many other countries, which continues to brand South Africa as a pariah among nations.

More than that of most other countries, South Africa's public policy determines where people can live, who they can marry and love, how they work, the extent to which they can voice their political beliefs, and the country to which they owe their citizenship. Because government policy is such a pervasive influence, because it leaves its mark, and often its scars, on each South African's daily life, it is appropriate and useful to understand the origin and evolution of those policies.

Mr Schrire, who teaches political science at the University of Cape Town, has admirably compiled a comprehensive, thoughtful and well-written textbook on the manner in which the South African state controls its national and international affairs through public policy.

The book is subdivided into sections on the state and the individual, the state and intergroup relations, the state and the economy, and South Africa and the international system.

In the first section, UCT law lecturer Jerold Taitz analyzes the quality of South African justice, with special emphasis on the level of due process, in cases involving criminal, civil, administrative and security legislation. University of Stellenbosch political philosopher André du Toit writes on the political control which the government imposes on personal morality through the Mixed Marriages and Immorality Acts.

In Part Two, David Welsh studies policy which regulates Blacks in the

“common areas,” particularly through the use of influx control, and editor Schrire measures the success of the homelands policy, both in political and humanitarian terms. University of Transkei economist Wolfgang Thomas discusses the government’s motivations and techniques in its stuttering attempts to include the Coloured population in the political process.

The section on the economy includes a highly technical and statistically-supported essay by Norman Bromberger on government policies affecting the distribution of income among racial groups and a readable history by R.M. Godsell of the events which led to the recent upheaval in South Africa’s system of labour regulation. Gavin Maasdoorp adds an analysis of industrial decentralisation and the economic development of the homelands, specifically stressing their dependence on Pretoria.

In the final section, University of Pretoria political scientist Gerrit Olivier writes on South Africa’s relations with the rest of Africa; Rand Afrikaans University political scientist Deon Geldenhuys discusses relations with the West; and Peter Vale, the research director of the South African Institute of International Affairs, theorizes on South Africa’s position in and perceptions of the changing international community.

Each essay emphasises history — the social, political and economic background from which various government policies emerged. When taken as a whole, the book thus provides a thorough analysis of how apartheid has been conceived, fine-tuned, and altered to respond to the changing demands which economic realities, domestic strife, and international pressure have, from time to time, placed on the National Party. Perhaps inevitably, some of the essays overlap each other and become redundant, particularly in the section on international relations.

Few of the chapters offer new theories or insights on the evolution of South African public policy, but that does not seem to be the purpose of the book. Instead, Schrire has designed a single resource outlining the causes and effects of the country’s most significant chapters of political history since the Union was formed in 1910.

Perhaps the most interesting aspect of the book is that many of the authors conclude that apartheid policy has failed not only because of its inherent discrimination against the Black majority, but also in its inability to achieve the very goals for which it was designed. Thus Welsh summarizes that “separate development stands or falls on the question of whether the government can effect an accommodation that satisfies the majority of urban Blacks. All the evidences suggests that its proposals come nowhere near reaching this goal.”

And in highlighting the failures of the homelands scheme, Schrire concludes that it is not the strengths of apartheid ideology which perpetuate it, “but the failure of Whites to devise new policies that serve their interests.”

Peter Vale's essay, and many of the others in this book, point to a parasitic blindness which infects the public policy of governments which are obsessively devoted to the preservation of their own power. In South Africa, of course, the lust is not just for political paramouncy, but also for racial purity and the economic benefits which accompany it. These additional motivations only complicate the ongoing struggle to create a viable and peacefully implemented public policy in South Africa.

KEVIN SACK

Staff Writer, Atlanta Journal-Constitution  
Rotary Foundation Fellow,  
University of the Witwatersrand

THE RISE OF THE SOUTH AFRICAN SECURITY ESTABLISHMENT: AN ESSAY IN  
THE CHANGING LOCUS OF STATE POWER

Kenneth W. Grundy

*South African Institute of International Affairs, 1983, 39 p.*

Kenneth Grundy's study of the rise of the South African security establishment — the conglomerate of social institutions and relations centred on the South African Defence Force — is an auspicious beginning to the Institute's new Bradlow Series.

For several years now it has been recognized that the public decision-making process in South African politics is unintelligible apart from the values and interests of the South African military. Yet, even as the strategic noose has tightened on the Republic in a manner which must inevitably add to the political capital of the coercive instruments of State, there has been little in the way of a detailed and systematic examination of how local soldiers fit into the pattern of forces composing the White political constellation. The little that has been produced by domestic and international scholarship has been almost invariably underdeveloped in its informing concepts and wildly speculative in its conclusions.

The result is an extant literature not only configurative in its failure to test South African civil-military experiences in any universal form, but one which fluctuates between the extreme beliefs that the military either dictates the course of politics under the rubric of total strategy or, alternatively, that the military is a "non-political" agent of the State, relatively marginal to the way in which its principal responds to the various conflicts, stresses and problems facing South African society.

Grundy's study is seminal in restoring the balance — although it makes relatively little direct use of the highly suggestive literature of military so-

ciology within the South African context. While a good part of the work is devoted to identifying the range of public issues over which the Defence Force currently exercises political influence, this is carefully set within the framework of the numerous social constraints which inhibit the transformation of the military from a primary pressure group into a fully-fledged instrument of rampant praetorianism.

From his initial statement that the military is a relatively recent contestant in the South African political arena to his final conclusions that the corporate values and interests of the Defence Force cannot be fully separated from those of the ruling White elite, Grundy weaves a delicate web in the process of teasing out the numerous fibres binding the military to other social institutions in the state security network. This network, he points out, includes such diverse elements as large-scale capital (with which the SADF interacts in a fashion reminiscent of the so-called "military-industrial complex" associated with other industrialized societies), the White education system, acting as one conduit for the projection of military values into the collective consciousness of White society, and the subject race groups increasingly brought into the military mainstream as an alternative to scarce White manpower.

His analysis in turn discourses on the strategic implications of homeland "independence", institutional tensions within the national intelligence community and the emergence and social consequences of managerial decision-making associated with the Botha Government, worked through the key mechanism of the contentious State Security Council.

The evaluation of the breadth and intrinsic suggestiveness of this analysis must, however, be tempered by two issues which, it seems to us, need to be given somewhat more emphasis in the process of developing a full-blown understanding of the political behaviour of the South African military.

In the first place, while Grundy is correct in his assertion that identifiable shifts in civil-military boundaries do not pre-date the early sixties, this must be seen against the background of civil-military movements which reach back to the earliest days of South African history. Recent internal and international developments have triggered the present forces of militarisation, yet the delicate intellectual and institutional roots of militarism are deeply grounded in South Africa's historic experience — in the kommando ethic with its emphasis on the citizen-soldier, so reminiscent of the blending of civil and military roles envisioned under total strategy, indeed, in the whole exposure of South African military institutions to the British imperial tradition.

Grundy's portrayal, it seems to us, lacks longitudinal or historic depth. The "take" of total strategy needs to be linked up to the role of militarism in Afrikaner political culture. Alternatively, if the South African military

approaches civilian politics with due caution (as it does), we need to know in explicit terms what this has (or has not) to do with the institutional legacy of a hundred years of British colonialism, with the formation of the Union Defence Force in the British image and with the forces prompting departures from this imported model in the seventy years since Union.

Modern militaries, it should be added, do not invariably respond to opportunities for political influence with unmitigated alacrity. Some undoubtedly do, as evidenced in the rash of Third World coups, but others do not — and the difference lies in the specific nature of each military, not only in its traditions and its historically-ingrained institutional norms, but in the conceptions of the social and political world held by its officers, their social origins and combat experience, the nature of the men they command, promotional norms and patterns of recruitment and socialisation within the corporate context.

To put it bluntly, we need to know considerably more about the internal dynamics of the South African Defence Force in order fully to comprehend its behaviour as a dynamic, heterogeneous and distinctively political entity. Who, for example, are its current officers and in what way does the present officer corps differ from previous “non-political” generations? How has the Namibian experience shaped and fed the politicisation of the military and why are some elements in the Defence Force relatively more receptive to political invitations emanating from the executive branch of government than others? Do these differences correspond to the various service arms of the military establishment and why? In the last analysis, is the political flavour of the South African officer corps substantially different from that of the ranks that it commands?

It is a moot point whether we can conceivably address these issues in the foreseeable future. The sociological if not the historical shortcomings in Grundy’s work reflect the very real problems of researching the South African military in an increasingly garrison-like environment. As the psychological and institutional imperatives of total strategy take further root in South African society, as the concerns of “national security” are extended in umbrella-like fashion to stifle academic intrusion into military matters, there is every reason to expect that research into the security establishment will encounter growing difficulties.

For the meantime, Grundy’s study indicates that the Defence Force is not an unresearchable entity. More positively, it opens up a previously neglected and vitally important area of social and political inquiry.

PHILIP FRANKEL,  
Department of Politics,  
University of the Witwatersrand.