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The past month

- 1 **February** - Minibus taxi drivers bring Johannesburg CBD to a standstill, alleging harassment by the traffic department and other grievances.
The Government releases its proposal for a Charter of Fundamental Human Rights. The ANC alleges it would allow discriminatory practice under the guise of freedom of association.
Five members of the IMF arrive in SA to advise government on legislation and administration of VAT.
- 4 **February** - Police arrest three Umkhonto we Sizwe members during the seizure of a large arms cache on the Natal/Swaziland border, in contravention of ANC-government agreements against arms smuggling.
- 5 **February** - Government announces a restructuring of the National Manpower Commission, composed of an equal number of representatives of trade unions and employer organisations, together with 11 experts in labour relations and economics.
- 6 **February** - Police arrest a member of the IFP central committee, his son and two Mozambicans in the northern Transvaal for being in possession of 13 AK-47 rifles.
- 8 **February** - Johannesburg's week-long taxi protest ends after negotiations between taxi owners, the city council and traffic police.
The SA Reserve Bank announces a one percent point cut in the bank rate from 14% to 13%.
- 9 **February** - In a first step to deregulating the medical aid industry, the Medical Schemes Amendment Bill is tabled in parliament to counter spiralling costs caused by widespread abuse by doctors and patients.
- 11 **February** - The Local Government Negotiating Committee announces the establishment before the end of March, of a non-statutory Local Government Negotiation Forum, comprising representatives of the four Provincial Administrations, organised local government and the SA National Civics Organisations.

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NP/ANC PACT

This historic compromise should enable all parties to become stakeholders in a negotiated transition to democracy



John Battersby, southern Africa correspondent, Christian Science Monitor

The historic pact between the ruling National Party (NP) and the African National Congress (ANC) on a five-year period of coalition rule following the drafting of a new constitution has opened the way for a negotiated transition to democracy.

It marks the end of a turbulent period of liberalisation which began in February 1990 and the start of a period of democratisation which will probably be no less turbulent but will take the society through to the adoption of a new constitution when the real transformation can begin.

The broad agreements on a period of power-sharing and the devolution of power to semi-autonomous regional governments have created the basis for a compromise settlement in which all parties should be

able to find enough to become stakeholders in the new society.

With a threshold of 5 percent for entry into a Government of National Unity and Reconstruction (GNUR), a coalition cabinet could look something like this: ANC/SACP/Cosatu 50 percent, NP 20 percent, PAC/Azapo 8 percent, IFP 7 percent, and CP/AVU/AWB 5 percent.

The other 10 percent of the vote would go to smaller parties of which the Democratic Party (DP) will probably be the only one to achieve the 2,5 percent threshold for representation in parliament.

The upside of inclusion of all the major parties in the GNUR is that it will limit the capacity for aggrieved parties to undermine the trend towards constitutionality by violence and disruption by giving them a meaningful voice in the mainstream of government.

The downside is that it could lead to deadlocks and walkouts which could render the GNUR an ineffective instrument of government.

It will also eliminate a parliamentary opposition - one of the key safeguards of a democracy. This will put a special onus on civil society, the media and the business sector to fulfil the role of a parliamentary opposition by constantly calling the new rulers to account.

This process of accountability will be aided by the deliberations of a plethora of multi-party forums, such as the Economic Forum and those on housing, education, health care, electrification, local government, violence, land, manpower, etc. These mini-Codesas, operating at every level of society, should act as effective checks and balances on government during the interim period.

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The South Africa Foundation is an independent organisation, financed entirely by private enterprise, which strives for a better understanding of South Africa, in the international context, through research, distribution of information and direct contact at top level throughout the world.

Being an information and communication organisation it has two basic functions - to provide facts about South Africa to a world audience and, by analysing and explaining the nature, sources and purposes of various international pressures on South Africa, to engender a responsible and sophisticated reaction to such pressures among South Africans themselves.

The past month *continued*

12 February – Government and the ANC issue a joint proposal for power-sharing and the establishment of a five-year interim government of national unity after the election of a Constituent Assembly. The bilateral proposal, whereby majority rule would be postponed until the year 2000, signals an ANC retreat from its demand for immediate majority rule, and government abandonment of its demands for entrenched veto rights for minorities and for indefinite power-sharing. Evidence of corruption, bribery and theft amounting to hundreds of millions of rand in the Department of Transport is uncovered by the Auditor-General's office.

18 February – The ANC NEC endorses the proposal of an interim government of national unity for not more than five years after the first non-racial elections, but rejects the NP proposal of consensus executive decisions or veto powers for minority parties. A Hungarian delegation headed by Foreign Minister Dr Geza Jeszensky arrives in SA for an official four-day visit.

20 February – The ANC announces that it will recommend that sanctions on diplomatic relations, gold coins, trade and trade credits, new investment, loans and other financial links be lifted when an agreed date for elections has been set. Sanctions on oil and arms will remain.

23 February – During a three-day visit to SA, British Overseas Development Minister Lynda Chalker announces plans to open a special economic development division at its Pretoria embassy by mid-year.

28 February – SA Defence Ministry states that Angola's government has been recruiting SA mercenaries to fight Unita forces and recapture oil installations, and that members of SA 32 Battalion have been approached to assist Unita.

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NP/ANC pact

The structures of the National Peace Accord, the Goldstone Commission and its committees, international monitors and non-governmental development agencies will also play a key role in ensuring that a culture of democratic accountability develops during the interim phase.

Earlier agreement over the principle of a justiciable bill of rights and a voting system based on proportional representation means that the major checks and balances, which will also protect minorities, are agreed.

None of these mechanisms guarantee a functioning democracy but they create an effective framework for a democracy to develop.

Key determinants

The three key determinants of a successful transition to democracy in the next six to seven years will be the combined capacity of the economy and international financial institutions to deliver tangible improvements to the lives of black South Africans; the ability of independent institutions (the judiciary, the media, etc) and of civil society (churches, trade unions, community groups, professional groups and aid groups) to establish a culture of accountability on which a new era will have to be based. Finally, the future direction of the Congress of South African Trade Unions (Cosatu) and the South African National Civic Organisations (Sanco) will be vital in the development of a full democracy.

Future of ANC alliance

Cosatu, backed by the South African Communist Party (SACP), is using its considerable leverage on the ANC to secure the negotiation of a reconstruction package – before the election – which could be used to hold an ANC-led government to an agenda and a timetable for development and reconstruction to tackle poverty.

Cosatu and the SACP will also be seeking a reasonable showing on the ANC's list of candidates for the proportional representation elections, probably early next year.

If the Cosatu/SACP axis does not get what it wants from the ANC on the reconstruction package and an allocation of seats, it could decide to go it alone as a workers' party even before the first election.

It would be a gamble, but with Cosatu's 1.2 million members and the SACP's 200 000 or so supporters, it would mean that an alliance of these two groups would stand a reasonable chance of winning 5 percent of the vote and thus having their own representative in the TGNU.

This pattern of leverage and brinkmanship could become a major feature of the pre-election period as lobby groups and allies of the major players try to extract a price for their support by setting the agendas of the larger parties. Those parties un-

likely to make the 2.5 percent threshold for entry into parliament will have limited leverage because their option would be a walk into the political wilderness.

If this realignment does not happen before the election it is likely to happen afterwards because the interests of the ANC-led government and the trade union movement – with the SACP riding on its coat-tails – are likely to diverge over priorities of development and reconstruction.

Accommodating Cosag

The agreement between the NP and the ANC on a government of national unity – in which the NP agreed to drop its insistence on a white veto in return for the ANC accepting as irreversible the principle of strong regional government – also means an offer which Inkatha Freedom Party (IFP) leader Chief Mangosuthu Buthelezi will find difficult to refuse.

This formula for effectively entrenching the regional issue before an election, paved the way for government to accept two-thirds . . . as the basis for decision-making in the constitution-making body. It also enabled them to ditch unworkable efforts to entrench power-sharing

A major concession to Buthelezi – and his right-wing allies in the Concerned South Africans Group (Cosag) – is the decision to hold the first election for the constitution-making body (CMB)/interim parliament on the basis of a 50/50 split between representatives elected on national and regional lists.

This means that at least half the representatives on the elected CMB would have a vested interest in regional government, in one or other form, while a significant minority of national representatives would feel the same way.

It also means that the constitution-making body is unlikely to overturn any reasonable proposals on the powers and functions of the regions emanating from a multi-party technical commission.

This formula for effectively entrenching the regional issue before an election, paved the way for government to accept two-

thirds rather than 70 percent or 75 percent at Codesa – as the basis for decision-making in the constitution-making body.

It also enabled them to ditch unworkable efforts to entrench power-sharing (or a white veto) at the executive level through a rotating presidency or executive council.

The ANC's insistence on 5 percent as the threshold for entry into the cabinet under the GNUR – rather than the NP's preference for 10 percent – is an impressive display of democracy which gives the IFP its best chance of being included in the TGNU. In addition, imminent agreement over multi-party control over the security forces through the advisory Transitional Executive Council (TEC) will also meet Buthelezi's demand that Umkhonto we Sizwe should be disbanded before an election. Add to this the decision to allow the Zulu monarch, King Goodwill Zwelithini, to head a KwaZulu delegation at the multi-party planning conference and the olive branch to Buthelezi becomes one of the most striking features of the NP/ANC pact.

The option of a federal-type system also goes much of the way to accommodating the aspirations of the right-wing Afrikaner Volksunie (AVU) and is likely either to drag the Conservative Party to the multi-party forum or cause a further split in its ranks.

Renewed bilateral talks with the Pan Africanist Congress (PAC) and the Azanian Peoples Organisation (Azapo) means that they, too, could become involved in the multi-party forum to prepare for one-person, one-vote elections.

Historic compromise

The ANC's decision to accept something less than full majority rule in the interests of national reconciliation and consolidating democracy is an event of the same magnitude as President FW de Klerk's seminal

speech in February 1990 when he legalised political dissent. It formalises the historic compromise which ANC president Nelson Mandela outlined in his seminal memorandum from prison (1989) in which he set the goal of negotiations as reconciling the black demand for majority rule with the white demand for structural guarantees.

The ANC's decision to accept something less than full majority rule in the interests of national reconciliation... is an event of the same magnitude as President FW de Klerk's seminal speech in February 1990

It also marks the realisation of Mr De Klerk's promise that negotiations would lead to the end of white domination.

The rather clumsy formula for decision-making in the coalition cabinet – which will seek consensus on important matters but will make decisions on a two-thirds majority to avoid deadlock – is an attempt to find a compromise between consensus and majority rule.

The principle is: minorities should have a meaningful voice in decision-making without undermining the principle of majority rule. The spirit of the pact is the commitment by the minority to forfeit its

veto and the undertaking by the majority to include minorities in the decision-making process. No constitution, however democratic, could guarantee a functioning democracy in South Africa unless this spirit of compromise prevails.

Background to turnaround

The pact is sound because it reflects the objective reality: the ANC was unable to remove the white minority regime through force or insurrection; and the regime was unable to continue ruling effectively without the consent of the majority of South Africans.

But the bitter legacy of apartheid and state repression, as well as the violation of human rights by some of the opponents of apartheid, has made the process of formalising the pact seem, at times, an impossible task. It has exacted a terrible price in terms of death and human suffering and has brought social turmoil and upheaval.

Last year was the year South Africans were confronted with the full horror of the past and a glimpse of the apocalyptic future which would surely follow if negotiations broke down. It was the year that the lid came off the apartheid era to expose the network of clandestine activities in the security forces, and the extent of corruption and the squandering of public money in the name of grand apartheid.

The massacres at Boipatong and Bisho vividly illustrated the alternative to negotiations and resulted respectively in a spectacular turnaround in the government's attitude towards the international community, and an equally remarkable turnabout in the ANC's attitude towards mass protest.

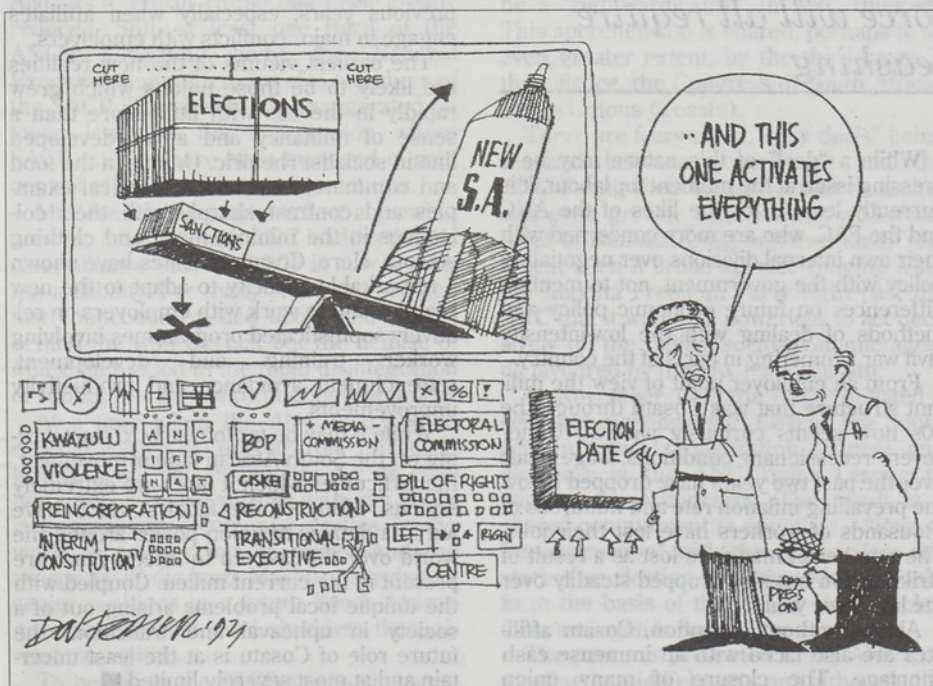
After the horror of Boipatong and Bisho the vast majority of South Africans turned their backs on violence as a political tool. This was evident in the widespread condemnation of the short-lived campaign of violence by the Azanian Peoples Liberation Army (Apla).

However, the legacy of the past and particularly the political power struggle between Zulu supporters of the ANC and the IFP in Natal will ensure that political violence will remain a feature of the transition for the next few years. With the prospect of a democratic system evolving, the regional problem in Natal seems manageable with time. ■

"The past month"

In the February 1993 edition of *SAFReview*, we stated that on 6 December 1992 APLA declared war on all white South Africans (see *Business Day*, 7/12/92). The PAC has pointed out to us that the APLA high command had subsequently repudiated this statement as incorrect."

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Cosatu facing transition

Policies that thwart job creation will be a prime target for any post-apartheid government

Gavin Brown, Gavin Brown and Associates

Throughout the 1980s, astute observers of the South African scene most often looked toward the country's labour movement for indications of anti-apartheid strategy.

During the 80s, the country's then "emergent" trade unions grew into a powerful political and economic force. As the then sole legitimate, internal vehicle for anti-apartheid activism, the trade union movement enjoyed explosive growth in power, status and membership and catapulted the country into the league of the world's most highly unionised nations.

Despite intermittent state harassment in the years of the state of emergency, labour entrenched its position as the internal standard-bearer of the liberation struggle, and neither employers nor the state unhesitatingly sought confrontation with Cosatu unions.

In the process, the movement successfully exploited changes in the country's labour laws, using new legislation to the maximum advantage to entrench job security and advance its bargaining power. Much of this power was mobilised to advance wage levels and improve employment conditions for hundreds of thousands of black South Africans, and not a little of it to accelerate the demise of apartheid.

However, that heady rise of South African trade union power seems to be over, following the dramatic political reforms since 1990, and Cosatu now faces a major adjustment to new political, social and economic realities.

Realities of Nineties

With unemployment levels running at between 30 and 40 percent (depending on the author of the statistics) a militant trade union movement hardly seems appropriate, especially since, stripped of its political flag-bearing role, it now more starkly represents a privileged elite within the society, that is, those who are fortunate enough to be in employment.

The recent World Bank study on South Africa's development prospects highlighted the country's long-term inability to absorb new job seekers and pointed to inefficiencies in the labour market, including minimum wage fixing, as aggravating factors. This report, coupled with many other independent assessments of future economic prospects, has created a certain legitimacy for criticisms of the labour movement, which in previous years would have been castigated as reactionary and pro-apartheid.

There is therefore a widening consensus that union power and strategy in the new South Africa will need to be more severely limited by economic reality.

Whatever the current political differences between the major players in the country's unravelling constitutional future, and these

are richly diverse, on one thing there is total unanimity – the pressingly desperate need for job creation.

It seems clear that whatever stands in the way of this objective will be a prime target for any post-apartheid government. Artificially high wage rates, constraints on job mobility and investor fear of an unruly labour force will all require leashing – most often at the expense of organised labour.

Role of organisational structures

The value of the labour movement to black political structures in the run-up to elections for a constituent assembly lies largely in its grassroots organisational structures and hence its capacity for voter registration and campaigning. While these structures are already under immense strain in the wake of massive retrenchment and township violence, they are nevertheless likely to remain effective in some areas for several years to come and cannot be duplicated quickly.

None of this has been lost on the leadership cadres in the trade unions, and it is clear that they will attempt to deliver their constituencies to an ANC or PAC election platform only at the price of some guarantee of their political or economic future in post-apartheid South Africa.

High wage rates, constraints on job mobility and investor fear of an unruly labour force will all require leashing

While a "deal" of this nature may be a pressing issue at the moment for labour, it is currently less so for the likes of the ANC and the PAC, who are more concerned with their own internal divisions over negotiating policy with the government, not to mention differences on future economic policy and methods of dealing with the low-intensity civil war simmering in parts of the country.

From an employer point of view the militant structure that was Cosatu through the 80s now seems curiously passive. Under severe recessionary conditions, wage deals over the past two years have dropped below the prevailing inflation rate and hundreds of thousands of workers have lost their jobs. The number of man-days lost as a result of strike action has also dropped steadily over the last three years.

Almost without exception, Cosatu affiliates are also faced with an immense cash shortage. The closure of many union

branches and the retrenchment of organisers and administrative staff is reducing labour power daily. The dwindling membership means less subscription income at the same time as overseas donors have reduced or eliminated aid in the wake of local political reform and more pressing priorities elsewhere around the globe.

Simultaneously, the pending constitutional changes are drawing the most skilled and effective labour organisers away from the movement and into overtly political structures, triggering a leadership and skill shortage in many trade unions.

The dangers of this environment are not lost on the leadership within Cosatu, and their strategies for the year ahead seem largely defensive.

Into the future

Cosatu will continue to press hard for further changes to labour legislation which will entrench their rights and render interference by an incoming government more difficult. This is a matter of some urgency as it will no doubt be easier to swing these changes in the waning days of white government than when a newly elected executive finds itself facing massive expectations from a far wider range of interest groups.

The federation will also continue to develop its relationship with organised business in a less confrontational paradigm aimed at presenting itself jointly with the private sector as indispensable players in the formulation of any new economic dispensation.

The realities also indicate that a greater decentralisation of labour power will occur with affiliates being forced to thrive, survive or perish independently given that central Cosatu structures will simply not be able to provide the "big brother" comfort of previous years, especially when affiliates engage in major conflicts with employers.

The earliest victims of the new realities are likely to be those unions which grew rapidly in the 80s with little more than a sense of militancy and a well-developed line in socialist rhetoric. Unions in the food and commercial sectors are typical examples and contrast sharply with their colleagues in the mining, metal and clothing sectors. Here, Cosatu affiliates have shown a remarkable capacity to adapt to the new realities and to work with employers on relatively sophisticated programmes involving worker training and development, retrenchment avoidance and productivity improvements.

While it may be far too early to start writing off the South African labour movement, the difficulties which it faces are extremely serious. Many of the factors which have led to a demise of union power around the world over the last ten to fifteen years are present in the current milieu. Coupled with the unique local problems arising out of a society in upheaval and transition, the future role of Cosatu is at the least uncertain and at most severely limited. ■

Future of the ANC/SACP alliance

There is growing concern among ANC leaders that its alliance with the SACP is becoming a liability

Dries van Heerden, freelance journalist, Pretoria

The African National Congress (ANC) is set to develop a completely new relationship with its long-time ally, the South African Communist Party (SACP). A parting of the ways may be the eventual result although it is highly unlikely that this will happen before the coming elections for a Constituent Assembly, expected in the first quarter of 1994.

ANC president Nelson Mandela recently hinted at changes in the tripartite alliance (ANC/SACP/Cosatu) when he referred to the SACP as a "small organisation". Party membership will determine the number of candidates the SACP will have on the ANC's preferential list for the Constituent Assembly, he added.

In terms of numbers the SACP has not yet managed to attract a huge grassroots following – its membership is now estimated at about 35 000. In contrast, the ANC claims to have signed on in excess of 700 000 members. But the real strength of the SACP has always been its ability to wield power and influence in the ANC above and beyond its numerical strength.

During the exile years senior communists managed to gain control of key positions in the ANC's top structure, particularly the powerful Political-Military Council (PMC), the body that coordinated the actions of the ANC's political wing and its military component Umkhonto we Sizwe.

Since the unbanning of political parties the communists, too, have come into the open and the ability of the party to use the ANC as a Trojan Horse has been greatly reduced. Still, at least one third of the ANC's governing body, the National Executive Committee, are also members of the SACP. The situation is exaggerated on lower levels of the organisation where SACP activists have often managed to gain control of local and regional structures.

Mr Mandela's remarks reflect a growing concern among senior ANC leaders that its close alliance with the SACP is now becoming a liability. For many years the communist connection opened doors and coffers behind the Iron Curtain but the demise of Marxism has led to the rapid disintegration of communist parties throughout the world.

At a time when the ANC is trying to raise at least R200 million from European governments and institutions for its election drive, its close alliance with one of the last remaining communist parties in the world is not serving its cause. And the prospects of die-hard Marxists serving in senior positions in a future South African government must send shudders through western capitals.

To be fair to the SACP, the party seems

to have lost most of the old revolutionary fervour that once earned it the description of the "most Stalinist" party outside of Albania. Its policies have been greatly diluted, nowadays closely resembling democratic socialism, although the most recent party congress balked at the suggestion of giving it that official description.

The party's most radical theoretician, former chairman Joe Slovo, has developed into the foremost critic of old-style communism. And it was the same Mr Slovo who came up with the innovative proposals for a Government of National Unity to lead the country through the transition phase and the so-called "sunset clauses" to accommodate the present civil service and armed forces. These proposals have angered not only some of Mr Slovo's more radical colleagues but also the strong populist tendency within the ANC.

The SACP, Cosatu, Sanco and ANC Youth League plan to secure a "pact of reconstruction" with the ANC that will form the basis of the ANC's election platform

However, within the SACP there is a growing unease with what they perceive to be a "rightwards drift" in ANC thinking. This apprehension is shared, perhaps to an even greater extent, by the third party in the alliance, the Congress of South African Trade Unions (Cosatu).

There are fears about "cosy deals" being reached between government and the ANC during their bilateral "bush summits" and even greater concern that a Government of National Unity will eventually represent such a broad alliance ranging from the Inkatha Freedom Party right past the ANC that it would be powerless to act decisively on the radical socio-economic agenda favoured by the SACP and Cosatu.

In November 1992 the SACP initiated a series of meetings with Cosatu, the South African Civics Organisation (Sanco) and elements in the ANC Youth League to address these concerns. The result is a shared commitment to negotiate a "Pact of Reconstruction" with the ANC before the start of an election campaign which should form the basis of the ANC's election platform and agenda for a new government.

The pact was presented to the ANC at a meeting in mid-February and although dis-

cussions are continuing it is highly significant that ANC Secretary General, Cyril Ramaphosa, almost immediately incorporated some of the vocabulary of the proposals by referring to a new Government of National Unity "and Reconstruction".

SACP central committee member, Jeremy Cronin, says the present debate is about the life and soul of the ANC. He also states that the SACP's relationship with the ANC can no longer be based on "an historical love affair" or common support for Mr Nelson Mandela. He admits that there is "more than a grain of truth" in allegations that the Communist Party wants the alliance to adopt socialist policies but denies that it is going about it in "a sinister way".

The SACP is conscious of the fact that the ANC constitutes a broad alliance that has to satisfy a wide divergence of interests. However, there should be measures implemented to hold it accountable to the wishes of its supporters. "We don't want a 'flag-up, flag-down' situation where a new government comes to power and continues roughly in the same manner as did its predecessor," he says. "Future policies cannot be left to future bureaucrats to decide upon."

SACP General Secretary, Chris Hani, says the pact wants to push certain socio-economic priorities to the top of the agenda. It is not a "radical communist programme" or an attempt by the SACP to "hijack the ANC" he claims. "Any new government, even if it is led by the National Party, will have to address these issues as a matter of highest priority." Topping the agenda should be drastic programmes to create jobs, says Mr Hani, while other issues include housing, electrification, affordable health services, education, inward industrialisation and a more equitable distribution of wealth.

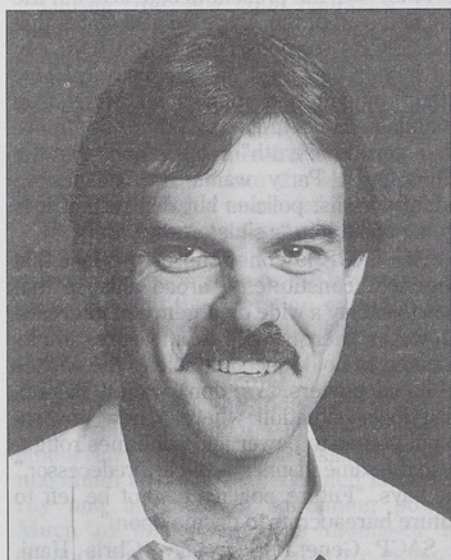
The relationship between the ANC and the SACP will grow in importance should, as expected, Mr Mandela's health deteriorate to the point where he may soon be forced to relinquish the leadership of the ANC. Three names are often mentioned as possible successors, including Mr Hani.

There can be little doubt of Mr Hani's popularity among grassroots ANC supporters. At the elections for the National Executive in 1991 he polled almost 95 percent of the votes and he still manages to draw the largest crowds to public meetings of any ANC speaker.

But ANC insiders believe that he may have ruined his chances of being elected president of the ANC by choosing to lead the SACP. It is significant that even at the height of the relationship between the ANC and the SACP a communist has never been elected to the top position and it is unlikely that it will happen at a time when the ideology it supports is on the decline world-wide. ■

Negotiations at local level — the Central Witwatersrand Metropolitan Chamber

Local negotiation successes could be endangered by tensions between local/central negotiations, and the lack of firm national guidelines



**Richard Humphries, senior researcher,
Centre for Policy Studies, HSRC**

Despite rather remarkable, if at times rocky, progress in designing a new system of local and metropolitan government for the greater Johannesburg region, the Central Witwatersrand Metropolitan Chamber will soon face its most daunting challenges.

The Chamber was established in April 1991 in response to attempts by the Transvaal Provincial Administration and the Soweto Civic Association to reach a satisfactory conclusion to the costly rent and services boycott in greater Soweto. This happened partly because a satisfactory solution to the boycott and the financial problems of Soweto was seen to involve wider metropolitan issues, especially financial and political ones.

During the last three months a series of tentative agreements or proposals have been cautiously reached in and around the Chamber which promise to transform local and metropolitan government in the region. These include an active involvement by the Johannesburg City Council in helping to administer services in Soweto and Diepmeadow and, more importantly, a proposal on new forms of local and metropolitan government for the region.

Despite these obvious successes the Chamber faces enormous challenges from at least two issues. Almost paradoxically,

the first is posed by its recent success in drafting a detailed outline of a possible post-apartheid local and metropolitan government system for the region. The document must now be ratified by the Chamber's constituent bodies, ranging from civic associations to white local authorities and the Transvaal Provincial Administration.

One potential conflict issue is likely to be the balance of powers granted to the proposed metropolitan authority in relation to the subordinate local authorities. This document proposes, *inter alia*, an elected Interim Metropolitan Authority with governing powers as the "political centre" for the Central Witwatersrand region.

As such it comes close to proposing a strong metropolitan authority over the region, certainly much stronger than the present Regional Services Council (RSC). Among the Chamber's participants clear differences on this issue can be detected. The Johannesburg City Council and the Soweto Civic Association (SCA) have historically argued for a strong central authority, albeit for different reasons.

Johannesburg argues that the strength of the Central Business District (CBD) is such that it serves the entire region, notwithstanding recent decentralisation trends to neighbouring towns. Were the CBD to decline the effects would thus not be limited to Johannesburg alone. The SCA has consistently argued that a strong metropolitan political authority is necessary to ensure financial and economic redistribution to poorer black areas.

The case for a weaker metropolitan authority is implicitly pushed by the Randburg Town Council. It, Sandton and the Alexandra Civic Association are members of a separate sub-regional negotiating forum. The Alexandra Civic Association, however, refuses to participate in the Chamber.

However cynically one might wish to think that these debates reflect either the expansion or defence of vested interests among local government actors, the reality remains true: South Africa has no experience of strong metropolitan government. The RSCs represented a tentative bow in the metropolitan direction. Their distinctive political overtones and the lack of substantial executive and administrative powers set them apart, however.

An underlying factor in the debate over metropolitan government is closely linked to the ways in which the boundaries of subordinate local authorities should be demarcated. Participants in the Chamber generally accept that the present local authorities boundaries reflect past political considerations which are no longer relevant. However, with the possible exception of Randburg, no other participant seems to be in favour of generally retaining present boundaries. The civics are sensitive on this issue since any redrawing of local authority boundaries would still see distinctive racial and residential areas in some regions.

Most participants in the Chamber seem to accept that decisions about new boundaries are not a priority, partly on account of their sensitivity. One participant accordingly suggests that the boundary dispute "could be the issue which blows the whole thing apart". The extent of Soweto's problems have so far largely been the glue binding the participants together. But this glue could start to loosen as the constitutional debate gets closer to home.

The second challenge to the Chamber's activity is posed by the apparent countdown to an elected transitional government.

Since the partial mushrooming of local negotiations in the last two years there has always been a tension between the status of local negotiations versus those at central level. Many within the civic movement and the African National Congress have doubted the wisdom of local negotiations without firm national guidelines. The Chamber's activities have at times been affected by these debates but it has generally dealt with them quite well.

The introduction of a new government will probably see these debates resurface in a new guise. Should the civic movement, as mobilised by the South African National Civics Organisation, continue its firm opposition to local negotiations and should it emerge a key player within the wider ANC caucus in a new government, then the Chamber might find it difficult to gain central government support for its proposals. Some participants argue that if the central Witwatersrand region can present a reasonably united front around its present proposals, a new government will find it difficult to ignore them. Only time will tell. ■

Affirmative action only hurts

Affirmative action in practice usually proves to be nothing other than special interest politics that benefits a minority at the expense of the majority



Brian Kantor is professor of economics at the University of Cape Town

South Africans have been well exposed to affirmative action programmes. Successive governments practised affirmative action in favour of Afrikaans-speaking whites and they did so for obvious reasons. The beneficiaries of privileged access to employment, contracts or resources allocated by the state were or became supporters of their patronage-dispensing government.

Governments everywhere look for support in this way but in South Africa, of course, though by no means uniquely, the programmes were given a very conspicuous racial aspect. The Serbs in Yugoslavia, the Russians in the Ukraine, the Protestants in Northern Ireland, to mention but a few examples, were equivalent beneficiaries of affirmative action.

There is naturally always a price to be paid for what was once called patronage, but which might generally be described as special interest politics. Not the least important are the feelings of frustration and resentment when the losers and winners are easily identified by race or religion. Those harmed yearn to get their own back by winning control over government. Or if that seems impossible, they dream of setting up a nation of their own.

But there is another, perhaps less obvious, price to be paid for every income received by an official or employee over and above what they would have earned had they been forced to compete fairly and openly with all comers. The cost of affirmative action programmes must be recovered in taxes and, if the quality of service or goods provided is sacrificed, in higher prices for consumers. Similarly, every subsidy paid by government or any failure by

governments to realise the best terms for resources they control, for whatever reason, means higher taxes and prices in general.

It may be a minor consolation to black South Africans to recognise that, because most income and expenditure was undertaken by whites, this meant that mostly it was whites who paid for the affirmative action programmes undertaken on behalf of other whites. The whites on the giving rather than the receiving end of these income transfers naturally tended to vote for the opposition.

The black share of incomes and expenditures in South Africa is rapidly approaching 50 percent. Soon it will be largely the black consumer and taxpayer who will bear the burden of affirmative action practised on behalf of other blacks. It is patently incorrect to believe that affirmative action can benefit all blacks any more than it has benefited all whites. It will be a minority of politically influential blacks who will benefit greatly. The cost will be spread across all consumers and taxpayers.

There can be no general black interest in

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affirmative action programmes that artificially raise the cost of living of the vast majority of blacks. They surely have every interest in ensuring that the goods and services they pay for are produced in competitive rather than privileged circumstances.

Unfortunately the black majority is almost inevitably going to be denied the full benefit of free competition for its custom, as it was in the past. The special interest of the better educated, better organised elites in tilting the competition for jobs and contracts their way is bound to prevail. The issue is not whether it will impose a burden, but how much of a burden this special interest group will impose upon the politically less influential.

Also to be decided is just how much such action will inhibit the capability of large and small business in South Africa to make income and employment-enhancing investments in a highly competitive world.

In other words, just how high is the affirmative action, or rather more generally the

special interest, tax burden going to be in South Africa?

One may hope that affirmative action or special interest politics, or to call it by its more appropriate term, racism, will become less important and colour-blind, and freely competitive forces more important. Competition would encourage economic growth, which is the best way to satisfy the interests of the great majority of workers and consumers in higher incomes, lower prices and better services.

Politicians and business leaders are compelled to recognise political realities. What they should not be allowed to get away with is the pretence that what are politically necessary affirmative action programmes represent anything other than an inevitable response to the selfish pursuit of narrow interests at the expense of the general good. Moreover, they should be made aware of the fact that, because some blacks rather than some whites will benefit from such policies, they will not have any greater dignity. ■

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The Indian Ocean Rim

— opportunities for exporters

Common features within the six regions of the Indian Ocean Rim offer SA exporters a target market often more cohesive than disparate countries on the same land mass

**David Graham, general manager,
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Trade Organisation (Safto)**

A few years ago SA Foreign Affairs Minister Pik Botha identified "The Indian Ocean Rim" as a region of strategic interest for South Africa. Subsequently little has been said on the subject – we have been preoccupied with developing our links with Africa, Europe and Asia.

We have always focused on individual continents in evaluating our export markets. One commonly hears statements such as "Europe is South Africa's most important trading partner", or "most South African exporters are targeting Africa for their export development".

Most companies structure their export programmes by focusing on target continents. The same applies to export service organisations (including Safto, banks, freight forwarders, shipping lines, etc.) and government departments.

This is ironic – that individual countries happen to be situated on the same land mass does not mean that they have the common features and cohesion that would normally be expected in a single target market.

Africa is a good example of a continent in which South Africa has both political and economic interests, and which is being aggressively targeted by both government and the private sector for further development. In reality, however, Africa is probably less cohesive than any other continent. A multitude of languages are to be found and very few South African companies are even competent in three of the major European business languages of Africa: English, French and Portuguese. The continent has been the scene of immense competition between colonial powers. Historical, cultural and ethnic connections between regions (eg, between Francophone west Africa and Anglophone southern Africa) tend to be extremely limited. This is further affected by the intense conflict that often prevails between individual African countries, making it difficult for a foreign exporter to service both markets effectively. On top of all of this, one is hampered by inadequate transport and telecommunications facilities. On the economic front many African countries are characterised by severe economic recessions and continuing payment problems, that often do not provide for attractive export or investment conditions.

The concept of the Indian Ocean Rim as a target region for South Africa was developed at a time when South Africa was politically isolated. It captured the imagination of the media but had very few practical implications at that time. In our new international environment the Indian Ocean Rim could become extremely attractive to South African companies and can offer a real alternative to the continental basis of select-

ing markets and planning export activities.

Regions within the Indian Ocean Rim

- **East Africa**, including Mozambique, Tanzania and Kenya, as well as countries in the hinterland serviced by the ports of Mombasa and Dar es Salaam (Uganda, Ruanda and Burundi)
- **The Arabian Gulf states** encompassing Oman, the United Arab Emirates, Bahrain, Qatar and Saudi Arabia and, depending on future circumstances, Iran.
- **The Indian subcontinent**, incorporating India, Sri Lanka, Pakistan and Bangladesh.
- **South-east Asia** covering the dynamic economies of Malaysia, Thailand, Singapore and Indonesia. Closer integration with ASEAN may result in the countries of Indo-China being involved within the Rim.
- **The Indian Ocean islands**, including the relatively small markets of Madagascar, Seychelles, Comoros, Mauritius and Reunion.
- **Western Australia.**

The Indian Ocean Rim offers South African companies a remarkable diversity of markets in terms of economic and technological development, industrial capability, agricultural productivity and cultural, ethnic and religious diversity. Despite this there are many common features which link the countries of the Indian Ocean Rim and make them an ideal market for South Africa.

Historical connections

The Indian Ocean countries abound in historical ties through a common heritage of trade and cultural exchanges. The colonial experience and the role of trading organisations, notably the Dutch East India Company, were of particular importance. The links go to the roots of our history: Jan van Riebeeck died in Malacca; Sri Lanka and South Africa are the only two countries in the world still using Roman Dutch Law; the Sultan of Oman and the Sultan of Zanzibar were one and the same person. (Even today Swahili is the second most common language in Oman).

Ethnic links

People of Indian origin are found throughout the Indian Ocean Rim, including South Africa. South Africa has its own "Malay" population. Any visitor to Antananarivo in Madagascar would be struck by the rice paddies outside the capital and the high-pitched roofs found in the local architecture, the result of immigration from Indonesia and Malaysia.

Ease of access

Over the past 12 months transport routes have opened, linking South Africa to many countries in the Indian Ocean Rim. Distances are moderate and in the case of east Africa, the Gulf, south-east Asia, Western Australia and the Indian Ocean Islands, air links are already established.

Shipping services are already in place throughout and visas are easily obtainable for South Africans for almost all countries.

Political progress

Countries throughout the Rim are in the process of democratisation and economic restructuring. All countries are closely watching the South Africa negotiations – acceptance by the countries of the Rim is imminent. Sympathy and support for South Africa within the Rim will be substantial and can be used effectively to support our business development in the region.

Trading opportunities

Much is already in place to facilitate greater South African involvement in the Indian Ocean Rim. South African trade and investment interests have been limited as a result of economic sanctions. The prospects are outstanding in various fields:

- **Agriculture:** South Africa imports many primary agricultural commodities from the countries of the Rim (rice, tea, timber, palm oil and rubber). Many countries have become self-sufficient in their agricultural production and have a great deal to offer South Africa in the field of agricultural development.
- **Mining and minerals:** Relatively undeveloped in many countries, this sector could offer South African companies broad-ranging export and investment opportunities.
- **Manufacturing:** Opportunities exist for joint ventures in the establishment of new supply sources for internationally traded products.
- **Technology:** Licensing arrangements and cooperation in research in fields as diverse as education, telecommunications, agriculture and the environment could be tackled between South Africa and the Rim countries.

There are three gaps in South Africa's involvement with the Rim that need particular emphasis:

- full diplomatic representation by South Africa in the Indian Ocean Rim
- closer South African banking and financial ties
- easy availability of information and constant publicity to combat the ignorance of many South Africans of the Rim countries.

The Indian Ocean Rim offers South Africa a remarkable international marketplace. In many respects it has more in common and greater cohesion than the much-vaunted Pacific Rim. It has a population substantially in excess of one billion or 25 percent of the global population. Its markets range from the sophisticated high growth countries of south-east Asia to the newly industrialising giant of India, the oil rich countries of the Gulf and the less developed but promising countries of East Africa. This diversity should offer every South African company an outstanding new arena for exports and investments. ■