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OCTOBER 1983 Vol. 4 No. 2

### THE UDF

What does it mean and where is it going?



TYPES and how to spot them

A fresh perspective on

### THE CONSTITUTION

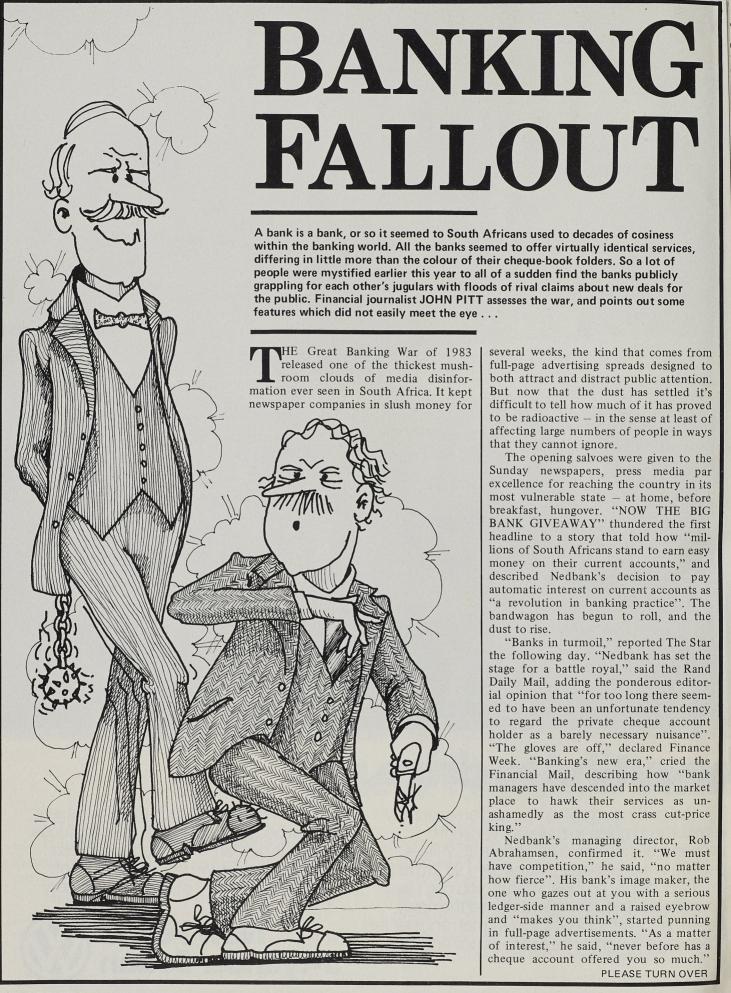




Springs sees the

DUCKTALS

SOCCER'S NEW RIFTS · BEHIND THE BANKERS' WAR



several weeks, the kind that comes from full-page advertising spreads designed to both attract and distract public attention. But now that the dust has settled it's difficult to tell how much of it has proved to be radioactive - in the sense at least of affecting large numbers of people in ways that they cannot ignore.

The opening salvoes were given to the Sunday newspapers, press media par excellence for reaching the country in its most vulnerable state – at home, before breakfast, hungover. "NOW THE BIG BANK GIVEAWAY" thundered the first headline to a story that told how "millions of South Africans stand to earn easy money on their current accounts," and described Nedbank's decision to pay automatic interest on current accounts as "a revolution in banking practice". The bandwagon has begun to roll, and the dust to rise.

"Banks in turmoil," reported The Star the following day, "Nedbank has set the stage for a battle royal," said the Rand Daily Mail, adding the ponderous editorial opinion that "for too long there seemed to have been an unfortunate tendency to regard the private cheque account holder as a barely necessary nuisance". "The gloves are off," declared Finance Week. "Banking's new era," cried the Financial Mail, describing how "bank managers have descended into the market place to hawk their services as unashamedly as the most crass cut-price king.'

Nedbank's managing director, Rob Abrahamsen, confirmed it. "We must have competition," he said, "no matter how fierce". His bank's image maker, the one who gazes out at you with a serious ledger-side manner and a raised eyebrow and "makes you think", started punning in full-page advertisements. "As a matter of interest," he said, "never before has a cheque account offered you so much."

PLEASE TURN OVER

For though interest on cheque accounts was the great carrot, the media blinder, Nedbank was also offering to guarantee cheques, and provide automatic overdrafts.

bank managers Other "Cheque guarantees are foolish," sniffed one. "At R100 a cheque, and forty cheques in a book, potential bad debtors are carrying around R4 000 in unquestioned credit. It's silly." But they had to meet the challenge. Trust Bank came hot on Nedbank's heels, offering much the same deal but delaying its inception by two months. Barclays, Standard and Volkskas came in two weeks afterwards. Their responses were packaged in familiar advertising marques - "The Standard to beat is free banking" and "GO for free banking". But the substance of their offerings was not the same, and the differences go to the heart of the structural variations between South Africa's five dominant commercial banks.

The five are all the flagships of big banking groups. The Barclays group, with close to R15-billion in average assets at the end of 1982, is the largest. Standard Bank Investment Company, with about R12,5-billion, is next — followed by Nedbank at R7,2-billion, Volkskas at R6,9-billion and Bankorp, parent of Trust Bank, at R6,1-billion.

#### "Free cash"

Barclays, Standard and Volkskas have large, country-wide networks of branches, many of which have become notoriously unprofitable as costs have risen and electronic automation concentrated in high-density urban areas. At the same time, however, these networks have traditionally raked in "free cash" - the cumulative cheque account and savings deposits of thousands of customers. At mid-1982, the cheque accounts of Barclays represented almost a quarter of its total deposits. In Standard's and Volkskas's case, it was over a fifth. By contrast, Nedbank and Trust, with smaller branch networks and operating more extensively in the towns, have had to buy proportionately more of their funds in the expensive, high-volume money markets. Their cheque accounts represented only 12% and 7% respectively of their total deposits.

This meant that if any banks were to take the intiative in paying interest on cheque accounts, it was likely to be either Nedbank or Trust, simply because it would cost them less. An average rate of, say, 4,5% per annum on R471m, which is what Nedbank had in cheque accounts at the end of 1982, works out at R33m. The same rate on R1,7-billion, Barclay's figure, works out at R75m.

It makes you think — and it definitely made Abrahamsen think. What translated thought into action were two other

# Personal bank services are getting fanfare treatment

crucial factors. One is that Nedbank had traditionally given priority to corporate, rather than personal, banking services. Its retail operations, though efficient, were relatively small. Abrahamsen wanted to develop them, and in the end did it with a bigger splash than most expected.

The other factor was a matter of regulation. Late last year the Registrar of Financial Institutions, chief policeman of the banking system, declared the commercial banks' 60-year old pricing cartel to be an "undesirable practice." He ordered it to be disbanded by the end of February this year. One of its self-imposed prohibitions was paying interest on cheque accounts.

The hurdles cleared, Abrahamsen went into action in March "with indecent haste", according to a competitor. He offered a ladder of interest rates on cheque accounts that rose from 2% on balances of over R500 to 5% on those above R5000. Trust's was similar, though only to be effective from May. The other three pondered their positions for a while. "We haven't been caught out," they insisted, but two weeks went by before they responded.

#### Paltry interest

That's when the dissembling began in earnest. Nedbank had said it would pay on daily balance. Whatever you had in your account on any day of the month would attract interest, as long it was over R500. The other banks claimed to have had surefire indications from customers that they would rather pay lower bank fees than earn paltry amounts of interest. So though these banks proposed to pay interest on cheque accounts, they intended to then deduct it from the monthly fees charged to each customer. They pointed out that interest was taxable, and devised complicated comparisons to show that people's after-tax gains were generally higher under their schemes than under Trust's or Nedbank's.

The crux, however, was that they offered to pay interest not on a daily basis, but once a month, and pay it only on the minimum monthly balance in each account. So if you deposited R3 000 on payday, and whittled it down to R50 by

the last day of the month, you got interest only on the R50. At 5% per annum, Barclays' rate, it works out at 21c cents each month.

Nedbank and Trust, rightly, exploited this difference in their subsequent advertising as fast as the other three attempted to disguise it. No-one lied outright, but it was easy to miss the difference between "daily balance" and "minimum monthly balance" in the small print, and even easier to miss its significance. Equally confusing was the difference between getting interest as a non-taxable rebate on bank fees, and getting it in the back pocket as cash.

#### Average accounts

More important, none of the banks pointed out that on an average account the amount of interest you could earn was very small - generally under R3,50 per month and somewhat short of the monthly fees that banks were charging. Of course, it all depends on how you define an average account. Bankers at the time intimated that most people in South Africa who run cheque accounts earn at least R3 000 per month, and rarely allow their running balances to fall below R800. This profile of the man-in-thestreet looked even more curious some months later when Barclays introduced its Status account. Designed to emulate Nedbank's automatic overdrafts, cheque guarantees and daily interest credits, but for a select few, its elitist starting point was a monthly income of R2 000.

At the same time, bankers darkly muttered that Abrahamsen's competitive broadside had unleashed a new approach to banking costs. "We're going to see a process of unbundling," predicted one managing director. "It won't be a matter of one flat fee paying for a whole range of bank services. From now on, people will pay separate and identifiable charges for each service, just as they pay a separate price for each item in a supermarket. Cross-subsidisation is over." Nobody dared say publicly that banking would be more expensive, and that the great bank giveaway would unleash a great bank takeaway in the opposite direction. But the implication was clear.

So customers aren't getting rich on the interest they earn on their current accounts. The benefit to the banks is also unclear. The latest figures show very little change in cheque accounts as proportions of total deposits. On the other hand, the cheque accounts of Trust and Nedbank are growing fastest.

But in the midst of, in fact despite, all the posturing and positioning of the banks, two lessons were learnt. One is that there is no such thing as free money. The other is that open competition sharpens the wit and polishes the product. You may not be able to measure them in rands and cents, but in South Africa's staid banking industry, they're gusts of fresh air.

## The United Democratic Front

# Another bubble, or is this one for real?



Opposition movements in South Africa have a habit of hitting the headlines for a while and then dwindling away into a trough of ineffectiveness and banning orders. Will the new UDF, currently the focus of so much attention, also turn out to be a nine-day-wonder? Or is this finally the birth of a black opposition that means business? HELEN ZILLE sets out what the UDF is getting at, and identifies its problems and its prospects . . .

SUDDENLY, almost overnight, the letters UDF have been stamped onto South African politics.

The United Democratic Front movement that had been quietly percolating below the surface since the beginning of the year burst into the Press and public consciousness at its launching rally at Rocklands in Mitchell's Plain last month.

As soon as the party was over the questions began: What is this movement about? Where is it going? Will it survive?

Was its launching a collective djol with the fervour, flair and significance of an intervarsity? Or was it what keynote speaker Allan Boesak called it: "an historic moment" that could herald the birth of "the most significant people's movement in more than a quarter of a century?"

Only time will provide the definitive answers. But it is possible to assess whether the UDF has a chance of making a significant mark on the South African scene or whether its launch will provide yet another anniversary to be commemorated year after year as the balance of power in South Africa remains essentially unchanged.

Its roots are to be found in the irony at the centre of South African politics today: the constitution the government formulated to broaden its support base has instead provided a central rallying



point for people with little else in common but a commitment to destroy it.

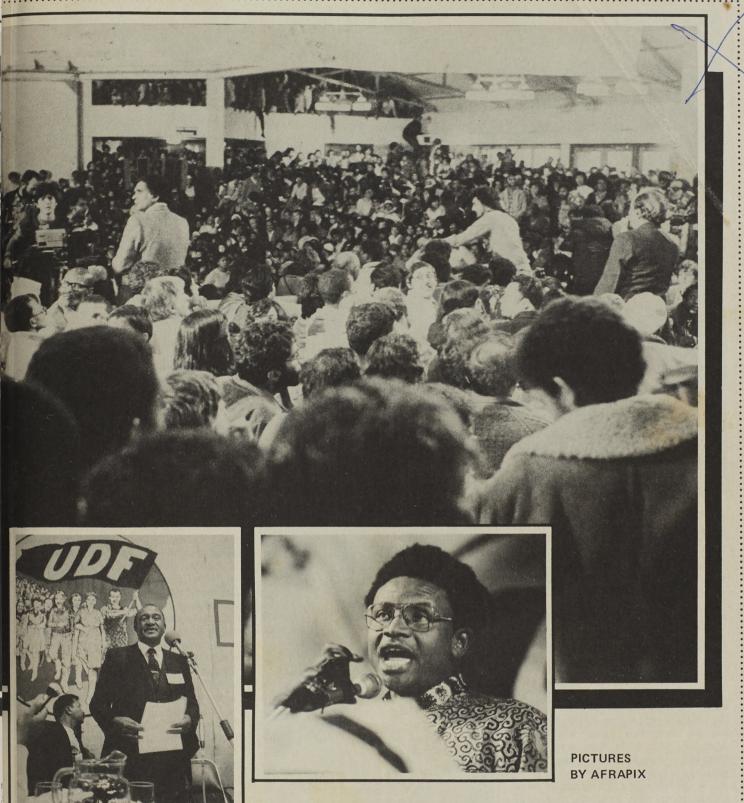
On the flip side of the constitution coin are the "Koornhof Bills" named after the man who declared his hatred for the dompas and then proceeded to intensify influx control. They are complementary components of the power equation: the constitution provides a common system for whites, coloureds and Indians while the Bills seek to ensure that blacks remain in their homelands or are limited to municipal government in their own urban group areas.

These plans provided the catalyst. For suddenly the government itself put the

central political issue on the agenda: the constitution, the rules of the game, defining where power will lie and who will wield it.

Since the banning of the black consciousness organisations in 1977, political activists have handled these issues with great care, regarding them as an invitation to instant State repression.

And after five years of political mobilisation around busfares and rent increases it took some time for the activists to spot the gap and exploit the contradiction the government had created for itself: Having opened the debate on the constitution it would not be so easy



to prevent people from responding. Straight talk about politics and power was once more possible.

It was the moment many had been waiting for. Bus shelters and electricity had never been regarded as ends in themselves but as attainable short-term goals in the process of mobilising viable organisations which could eventually form the component parts of a mass base to take

up wider political issues.

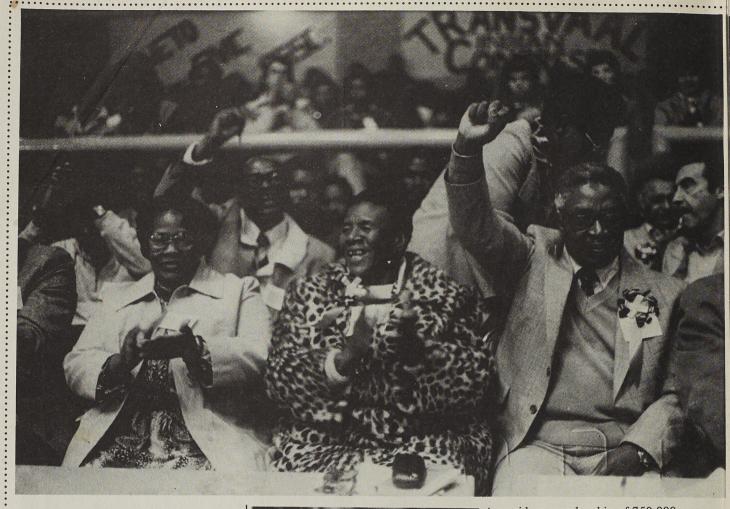
So when in January Allan Boesak called for unity and joint action against the constitutional proposals, it was one of those proverbial ideas whose time had come.

During the months that followed meetings were held throughout the country in an attempt to find a formula that would bring together organisations with widely divergent programmes and policies, using their unity in opposition as a base for effective action.

The formula chosen was a Front: a method of mobilisation that would ensure maximum autonomy for constituent organisations while providing a joint platform for action against the chosen target.

It was the only form of organisation that could conceivably have brought together the Tongaat Football Association, the Olympia Squash Club, and the Release Mandela Committee — to name only three of the 400 organisations

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#### Conspicuous absence of the big organisations

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representing a million people that the UDF claims to have brought into its fold.

Such impressive statistics inevitably invite scepticism. But glancing though a list of UDF-supporting organisations you can see how this figure was reached. Alongside the major civic organisations, ratepayers' associations, women's organisations, action committees, student and youth organisations, are scores of microgroups some with delightful names like the Seventh Avenue Social Organisation and the Deepawali Cheer Society.

And there are also some that journalists call "dial-a-quote" organisations: those that don't extend far beyond an executive committee but are always good for a punchy quote as deadline approaches.

"It is not just the size or numbers of organisations that counts. We are looking for those that operate democratically and have their roots in the community," says a UDF official. The UDF affiliates include



TOP: Jubilant gestures and bright rosettes. ABOVE: Keynote speaker, Boesak. ABOVE RIGHT: Overhang room only.

some of the most significant political acronyms around: CAHAC, DHAC, JORAC, CUSA, SAAWU, GAWU, etc.

But the really large black organisations are conspicuous by their absence.

Not that the UDF has considered incorporating Inkatha — despite its claim to a paid-up membership of 750 000.

For one of Front's founding principles is the exclusion of groupings connected with government-created structures. Chief Gatsha Buthelezi's use of the homeland places his Inkatha movement outside the UDF's ambit.

On the other hand the UDF tried hard to draw in the major black trade unions that have spent years building up a mass membership through organisation on the factory floor.

But the major union groupings — the Federation of South African Trade Unions (FOSATU), the General Workers Union and the Food and Canning Workers Union — have for the most part kept their distance in varying degrees.

Their priority at present is resolve their own differences and form a single countrywide Trade Union Federation.

But they are also cautious for other reasons: they have seen popular movements come and go, faltering because they failed to build strong internal democracy or a mass base. They have seen movements revolving around the charisma and dynamism of a few leaders crumble when those individuals were banned. They have seen naive strategists flying headlong into issues guaranteed to invoke repercussions. They are aware of the cleavages in black politics and are reluctant to alienate their members who do not support the UDF.

While some unions have sent carefully-



worded messages of support to the UDF they have also clearly placed the onus on the movement to show it has learnt the lessons of failed past attempts at mass mobilisation.

Resisting the temptation to retreat into a collective sulk or hit back, the UDF has shown that it has learnt the first lesson of recent history: that the strident politics of reproach left opposition politics more fractured, divided and ineffectual than ever before.

So UDF leaders officially responded by saying in effect to the unions: "That's fine. You have other priorities at present and we respect that. The unity we are aiming at is a process, not an event and we are prepared to wait and work for it."

They have also retained their public cool in response to vocal attacks by groups opposed to the UDF principles and strategies. Leading the pack is the Western Cape Youth League which would qualify for "dial-a-quote" status if anyone could find its telephone number.

But all the quotes one needs are contained in the pamphlets it produces. Under the heading "Betrayal of the Working Class" it sarcastically described the launch of the UDF as a "historic occasion — yet another betrayal of the interests of the exploited and oppressed".

The Western Cape Youth league is a member of CAL: the Cape Action League, which claims to represent 40 Western Cape organisations. These organ-

isations align themselves with the National Forum launched in Hammanskraal in June.

They dismiss the UDF as a "popular front" bringing together all organisations irrespective of their class base. They reject the UDF structure in which workers are represented in the UDF alongside the Black Sash ("the wives of the bosses,") NUSAS ("the sons and daughters of the bosses") and traders associations — (the bosses themselves!).

"The CAL believes the interests of the bosses and workers can never be the same. Therefore an alliance between workers and bosses can only serve the interests of the bosses," says the CAL newsletter.

The UDF considers CAL's position a thin veneer covering hostility to white participation. While it affirms the "leadership of the working class in the democratic struggle for freedom" it recognises a supporting role for people outside the "working class".

Azapo, the major black consciousness organisation, which is also aligned to the National Forum, has kept its distance as well, largely on the issue of white involvement. But in contrast to CAL it has played it low-key.

Another accusation levelled against the UDF is that it is the ANC born again. The list of UDF patrons fortifies that impression. The imprisoned ANC leadership — Nelson Mandela, Walter Sisulu, Govan

Mbeki, and Dennis Goldberg — are all there (along with 11 others many of whom have no ANC connections).

And the Rocklands rally was clearly inspired by the Kliptown "Congress of the People" of 1955 where the four Congress movements met to endorse the Freedom Charter.

UDF office-bearers respond: "We are not a political organisation, but a collection of different organisations with different policies and programmes. We are not trying to turn ourselves into a substitute for organisations that have been banned in the past."

Nor is acceptance of the Freedom Charter a pre-condition for participation in the UDF.

It has formulated its own declaration to guide its campaign. Wordy and repetitive, the 2½ page document devotes much space to attacking the evils of apartheid. As an alternative it "cherishes the vision of a united, democratic South Africa based on the will of the people" and commits the UDF to fight the Government's constitutional proposals and the Koornhof Bills.

Its limited objective is a strength and a weakness. Although it has made it possible for so many disparate organisations to unite, it has also given the movement a built-in obsolescence.

For as soon as its objectives are either decisively won or lost, it must fizzle out,
PLEASE TURN OVER

## A matter of priorities

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unless it can find some concrete programmes and policies to unite For. And that will be altogether a different matter.

But right now its future depends on what it does in the months ahead and whether it can maintain the momentum generated by its launch.

The UDF has not yet spelt out a full programme of action. It has only made one thing clear: whatever it does will be non-violent. It will also be tailored to meet the needs of different regions, reflecting the respect for regionalism that the UDF has built into its federal structure.

The list of organisations affiliated in different regions tells how much the political debate varies between South Africa's major centres.

In Natal, for example, important trade unions are incorporated side by side with the Black Sash. But in Cape Town the prevailing view of the Sash is that it is a liberal organisation that should be kept out.

The different regions also have different political priorities: in Soweto the main issue is the attempt to negate the



What the UDF's launching was really like.

Community Council elections, while Cape Town's rallying point is the threatened mass removal of the surrounding townships to Khayalitsha. Rent increases are the action focus for many Natal participants.

Although these issues have little direct relevance to the new constitution, they will provide important UDF platforms in the attempt to meet the imme-

diate goal of consolidating and expanding its base in the community. And it can do that best by taking up issues that are important to people in their day-to-day lives.

At one remove are the national campaigns of which the first is likely to focus on the coming referendums.

Although the UDF will not involve itself directly in the white referendum on

EPENDING on which newspaper you read, anything between 5 000 and 15 000 people attended the jamboree launching of the United Democratic Front in Mitchell's Plain last month.

Angered by statistics at the bottom end of the spectrum, UDF officials decided to resolve the issue scientifically. They calculated that an average of four people had packed themselves into every square metre under cover. With 2 200 such square meters available, there were at least 8 800 people with a roof over their heads.

Add another 3 000 or so milling around outside and you have "at least 12 000" according to UDF regional secretary Trevor Manuel.

But the statistics don't convey much. No figure can describe a meeting that has been arranged for 4 000 and ends up with about double that number, all keen to get under cover — not only to be near the action but because of police warnings that spillover would be considered an illegal gathering.

Some packed the central hall beyond capacity, like a fat man trying to squeeze into a pair of toddler's shorts. Others moved into a marquee as big as a circus tent, where they probably had a better view of the proceedings than most in the main hall. Thanks to modern technology,

#### The statistics don't

they could respond with equal gusto to the celluloid "Amandla" salutes projected in full colour on a large screen.

To be in such a crowd is to feel how easily the situation can slip over the edge into chaos. Everyone must have given a passing thought to what would happen if the police moved in or the crowd heaved too heavily against a marquee pole.

And for a tense five minutes it seemed that things might never get started.

Scores of people, squeezed out of standing room, had moved upwards, finding perches on the beams and ledges near the enormous suspension lights of the modern civic centre.

But the caretaker decided the unconventional seating posed too great a risk for the electrical installations, so he switched off the lights.

Organisers took to the public address system and asked the people to come down. They didn't move. Different voices came over the air and repeated the call — to no avail. Then someone explained it like this: The struggle, he said, would demand many sacrifices from them, the first of which was to get down from the beams and rafters.

It worked. Slowly, people began to

clamber down, lest they be considered enemies of the struggle, even if they did not quite know whether they would find a place to put their feet once they reached the ground.

And the final word on the subject came from a voice that said: "Kom nou van die beams af sodat ons kan beginne history maak."

It raised a laugh, broke the tension and summed up the mood: people had come because they sensed that history was in the making and they wanted to be part of it.

They were there, along with representatives of some 400 organisations ranging from Trade Unions to the Barwey Darts Club, roaring their approval as the chairman read out messages of support from organisations ranging from SWAPO of Namibia to the Irish Workers' party.

Their slogans, displayed on banners, festooned the hall. The Johannesburg Scooter Drivers Association sent its banner I 000 miles to proclaim its message: "An injury to one is an injury to all!"

There was something for everyone: Trade Unionist Samson Ndou used a class analysis, telling workers that they were in the vanguard of the struggle, November 2 it is likely to urge whites to vote no rather than boycott.

But if P.W. Botha is prepared to risk a "coloured" referendum, the UDF is likely to oppose participation because it would mean mass registration of voters — a move to which there is deep-rooted resistance.

So, at the end of the day, what does the UDF mean for South African politics? Its supporters claim it is a massive groundswell organisation that has seized the political initiative, becoming the most important opposition force the government has to reckon with.

Allowing for a measure of overstatement, it is clear that the UDF has very serious implications for the Government's strategy. For Mr P.W. Botha began the process of constitutional change with a single overriding goal: to draw people of colour into a common system in a fixed arithmetic ratio so that they could widen the support base of the present power structure without threatening it.

The attempt to do this split the National Party — which made it all the more important to win support and legitimacy amongst the people it was meant to satisfy: the Coloureds and the Indians.

When the Labour Party said yes, it seemed that all was said and done. But too eager to reach the corridors of power the Labour Party miscalculated the mood of its own constituency. Instead of using its powerful bargaining position to wring



A message from a banned father.

meaningful concessions from the government, it gave away every card in its hand.

This will probably prove to be the party's fatal strategic mistake. For it

opened a gap that the UDF took and is using to consolidate itself as the movement representing the political aspirations of people of colour.

But if the UDF really is that much of a threat, surely the government won't let it survive?

That certainly is one of the major dangers the movement faces in the months ahead. It may be difficult for the government to crush an organisation that is merely opposing the new constitution, which is exactly what the PFP and the CP are doing. It may be difficult — but it is not impossible.

Pressure from the United States and Britain will provide some form of shield, but in the end the UDF's structure will be a greater safeguard: its national presidents (with two out of three septagenarians) are largely symbolic. The real work will be done at lower levels by different organisations or regional committees.

And the UDF collectively knows that, in the long run, its survival and strength will depend on whether it succeeds in building a mass support base that can participate in decision-making through structures that can function effectively, independently of individual leaders.

The UDF may be building on the campaigns of the past, but it is essentially treading new ground in South African politics. And for this reason alone, whether it succeeds or fails, its formation is a watershed.

## convey the feel

not only on the factory floor but in their communities.

For those who saw things in racial terms there were denunciations aplenty of Apartheid's race discrimination.

A Sheikh intoned in a high pitched chant that the Koran forbad Arabs to look down on non-Arabs.

Mrs Francis Baart, veteran women's organiser, approvingly recalled that hymn of British patriots "Land of Hope and Glory, Mother of the free" while Aubrey Mokoena, of the Transvaal Free Mandela Committee, denounced Western imperialism, and gave credit to the "Eastern bloc" for saying "no" to injustice in Southern Africa.

The small minority of whites heard Helen Joseph, (looking for all the world like the granny next door) described as "the mother of the liberation struggle".

The ideologically pure would not have liked it. But it wasn't meant for them. It was meant for "the people" — that indefinable category in whose name so many statements are made. And, if one thing was clear it was that "the people" were there in person, doing their thing in a collective catharsis not seen since the 1950's.

To be sure, the majority were young people, but there were many who were old enough to remember the days when UDF stood for the Union Defence Force.

Like the leaders of the movement elected at a Congress preceding the rally — names made great by the popular campaigns of the past: Archie Gumede, Albertina Sisulu, Oscar Mpetha. The first patron was Nelson Mandela who sent a message from his Pollsmoor Prison Cell that he was there in spirit even though he could not be there in person.

It was a scene of popular culture and popular history, and popular metaphors: "The big giant of Africa is flexing its muscles! The UDF is a giant glacier eroding the apartheid mountain! The blood that has been shed will irrigate the tree of freedom!"

A people's poet took the microphone and poured out his words in a mellifluous stream, crystallising now and then into audible phrases such as "This is the voice of international anger" or "now is the time". He spoke rhythmically and scathingly of the "Triple M" which in his punchline, turned out to be "Mangope, Matanzima and Mphephu". The crowd loved it

A small girl who was introduced as Leila stood on the central table to deliver a message from her banned father, community worker Jonnie Issel. After two lines she looked up and took in a bird's eye view of the size of the crowd. The next word escaped her, so she unfolded a rumpled piece of paper with the three line message and started again.

It was a political happening full of nostalgia, anticipation and emotional fervour. It was also meticulously organised: and (to the outside observer) it seemed as if much of the work was being done by white students, flushed with the glow of being part of the popular struggle, running around on Important Errands.

Although it borders on heresy to comment on their colour in the context of the "non-racial popular struggle" it was impossible not to recall the lesson Black Consciousness taught white liberals in the early 1970's.

But perhaps it was only the liberals of the early 70's who noticed. At any event it is not a general complaint in the UDF. Not yet.

The general mood was summed up by an elderly woman as she boarded one of the seventy buses that would drive through the night to take people back to various corners of South Africa: "We will have something to talk about for years."