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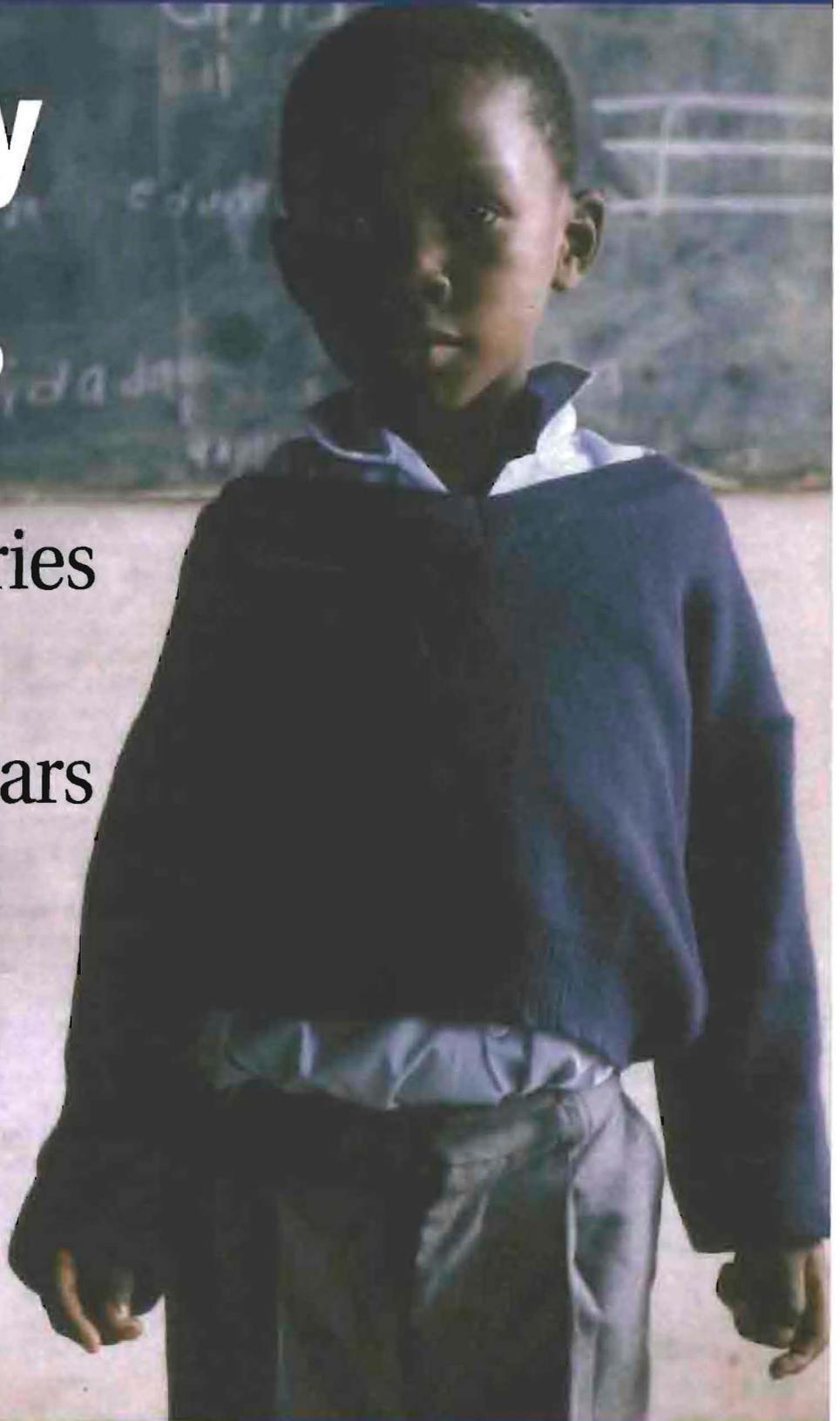
Africa Insight

GIVING INSIGHT INTO CHANGE IN AFRICA

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Morality or Reality?

African countries
are spending
billions of dollars
on arms while
their schools
decay



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CONTRIBUTIONS TO AFRICA INSIGHT FROM ACADEMICS AND OTHERS with specialist knowledge of African affairs are welcomed.

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Chapter in an edited volume:

- E Clay and E Benson, "Triangular transactions, local purchases and exchange agreements in food aid: A provisional review with special reference to sub-Saharan Africa", in E Clay and O Stokke, *Food aid reconsidered*, London: Frank Cass, 1991, p 147.

Article in a journal:

- G Pirie, "Transport, food insecurity and food aid in sub-Saharan Africa", *Journal of Transport Geography*, vol 1, no 1, 1993, p 14.

Book:

- H Singer, J Wood and T Jennings, *Food aid: The challenge and the opportunity*, Oxford: Clarendon Press, 1987, p 6.

Periodical / newspaper article:

- *Africa Report* (New York), vol 23, no 1, January-February 1978, p 41.
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Government publications:

- Republic of South Africa, *Hansard*, House of Assembly Debates, vol 60, 1976 (30 January), Pretoria: Government Printer, col 934.
- Republic of Botswana, Ministry of Finance and Development Planning, *National Development Plan, 1976-78*, Gaborone: Government Printer, May 1977, p 149.

Internet documents (Name, 'Title', URL, date accessed):

- M Jensen, 'Bridging the gaps in Internet development in Africa', <http://www.idrc.ca/acacia/studies/ir-gaps.htm>, 15 October 1999.

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The Africa Institute in the African Century

Elizabeth le Roux, the new Editor of Africa Insight, introduces the Africa Institute's new vision and mission, as well as the Journal's complementary new approach.

IN OCTOBER 1999, THE AFRICA INSTITUTE of South Africa developed a mission statement and vision to give it new direction after a fundamental restructuring process. They also help to position the Institute more appropriately within the current environment. They read as follows:

Vision AISA's vision is to become the independent authoritative centre of excellence for the production of knowledge on Africa and to promote awareness as well as the importance of unity, peace, prosperity and democracy on the African continent.

Mission AISA is dedicated to knowledge production, education, training and promoting awareness on Africa, for Africans and the international community. This is achieved through independent policy analysis, the collection, processing and interpretation, and dissemination of information.

The Institute's publications division will support this new direction by disseminating regular, relevant and quality information on the continent. The division is in the process of conducting a review of all publications and activities, to make AISA materials more accessible, interesting and relevant.

Africa Insight is to play a pivotal role in stimulating debate and new research, promoting awareness and publicising the work of the Institute. To assist it in this role, a new Editorial Policy has been developed and approved by a newly constituted Research Advisory Board. This policy is based on the premise of quality first. Let us know what you think of the new policy by filling in and returning the enclosed questionnaire (see page 71).

Summary of Editorial Policy The aim of the editorial policy is to provide an objective standard for quality control of all articles and books published by the Africa Institute of South Africa.

Review procedures To maintain the highest standards, all manuscripts offered for publication will normally be reviewed by two independent referees, who will be asked to recommend acceptance, rejection, or revision. The comments and recommendations of the referees will be reviewed by the Editor, and Board if necessary. If papers are obviously unsuitable for publication, the Editor will ask one reviewer to confirm this, and the paper will then be rejected without review. Note that no papers will be returned.

Author notification of a final decision should take a minimum of eight to ten weeks, but keep in mind that the full editorial and production cycle – which includes review, acceptance, revision, page makeup,

AISA is dedicated to knowledge production, education, training and promoting awareness on Africa, for Africans and the international community

printing and distribution – can take up to eight to twelve months. The Journal is committed to as rapid as possible a publication schedule, and every effort will be made to minimise delays.

If an article is accepted, the author(s) will be requested to prepare a brief biographical sketch to accompany the published article. Authors will be given the opportunity to approve all editorial changes. All articles or papers produced

internally by the Institute's research division will undergo the same process of review.

Research articles will first be published as working papers, both in hard copy and on the Internet, and circulated for comment. This will enable the Institute's research team to develop their papers with constant feedback from their peers, as well as giving you, the public, a good idea of what research is being produced by the Institute – and giving you a chance to get more involved in our activities.

A supportive policy Our Editorial Policy is one which is supportive, rather than critical. We encourage all authors who are not successful in a first attempt to rewrite the manuscript in accordance with the suggestions of the referees. We will be pleased to referee future versions and rewrites of manuscripts and work with authors – especially young researchers – in achieving their research goals.

Calling for contributors! We are planning on bringing out themed issues during 2000, and call on all academics and others with specialist knowledge of African affairs to send in their articles and ideas for themes.

Final comment Perhaps this is a good opportunity for me to introduce myself as the new director of publications at the Africa Institute and editor of Africa Insight. Madeline Lass, whom many of you will have worked with over the years, has helped to ease me into the position – many thanks to her! This is not goodbye to Madeline, as we hope she will assist us from time to time in the future. ☺

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Strategic trends, foreign direct investment and competitiveness in Southern Africa

There is a growing realisation in Southern Africa that sustained economic growth will be achieved only if the region's firms begin to think globally.

Johan Hough, a lecturer in the Business Management Department at the University of South Africa, identifies the strategic issues they will face over the next few years

Development for all

The Declaration and Treaty establishing the SADC was signed at the Summit of Heads of State or Government on 17 August 1992 in Windhoek, Namibia. Member states are Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. Each has the responsibility of co-ordinating a sector or sectors on behalf of the others.

Southern Africa as an emerging regional market

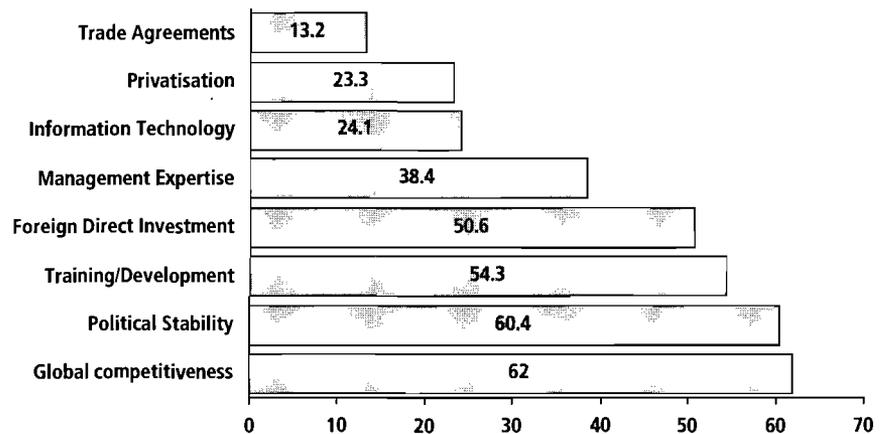
WITH THE IMMINENT CREATION OF A LARGE INTEGRATED MARKET OF almost 200 million people and a combined Gross Domestic Product of over US\$150 billion, Southern Africa is an emerging market which will attract substantial domestic, regional and foreign investment. However, the region still has a long way to go if it is to rival the front-runners in the race for foreign capital. In 1995, the 12 countries belonging to the Southern African Development Community (SADC) attracted US\$90 million on average. In the same year New Zealand drew US\$2,5bn, Hungary US\$4,5bn and Singapore US\$7bn. Continuous flows of investments and sustained growth and development will depend on the ability of industries in the SADC to compete within the domestic, regional and international markets.

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The macroeconomic situation in the region has improved significantly and opening up the markets has created new opportunities for investors both domestic and international. Some SADC countries achieved GDP growth of 6,6% in 1996, higher than Africa's average growth of 5%, and outpacing the industrialised countries' 4%. Southern Africa is, therefore, one of the most active emerging markets in the developing world. The SADC is viewed as the region with the greatest potential to spearhead the new African Renaissance. This renaissance is about renewal and regeneration, it is about creating space for people to express and develop their talents, it embraces tolerance and mutual support and harnesses the collective energies of member states to achieve a common vision. Other important factors that have contributed to this emerging market include the following:¹

- **Political stability, peace and security.** Most of the SADC countries have enjoyed relative peace and stability since the 1990s. This has provided an environment conducive to trade and investment. It is important that the SADC consolidates and continues to pursue measures which promote this relative peace and stability.
- **Transformation to market-based economies.** Most member states have undertaken major economic reforms by embracing market-based economies, with the private sector playing a leading role. The reforms include privatisation of state-owned enterprises, relaxation of some exchange control restrictions and import liberalisation. The short-term social impact of the reforms should be addressed through deliberate government programmes.
- **Resource endowment.** The region is richly endowed with agricultural, mineral and human resources. The availability of these resources can be turned into a competitive edge, given the environment that is being created. More investment should be directed towards the beneficiation of the region's resources, especially in manufacturing, leading to the diversification of exports.
- **Good infrastructure.** In the SADC there is a relatively good infrastructure, which is a prerequisite for an emerging regional market and investment destination. The region has made substantial investments in telecommunications, railways, ports and road transport systems. The transformation of transport corridors into

Figure 1: Strategic issues facing managers in Southern African countries



Source: World Economic Forum, Harare

development corridors is a landmark for the SADC's long-term development strategy. Development corridors such as Beira, Maputo and Walvis Bay are all intended to open investment opportunities for both domestic and foreign private investors.

- **Development of capital and money markets.** The region has established a viable financial sector that has witnessed the creation of stock markets. Out of the 16 stock exchanges in Africa, eight are in Southern Africa, with the Johannesburg Stock Exchange being the oldest. There has been remarkable activity on the stock exchanges, some of which are rated highly as emerging capital markets in developing countries. The capital and money markets are assisted by the liberalisation of the current account transactions, but there are still exchange control restrictions on the capital account, which remains a problem to investors. Member states are urged to remove all capital account exchange control restrictions to allow free flow of investment capital.

The region has all the ingredients of an emerging market and attractive investment destination. Southern Africa could be the boom region of the 21st century.

Globalisation as the context of regional integration and development

The SADC strategy for integration and development should be seen in the context of the globalisation that is gripping the world. This process is reflected in the growth of world trade, unification of capital markets, internationalisation of produc-

tion and distribution networks, and the mega-revolution in information, communications and technology.

Globalisation is not a new concept, but some relatively new factors have contributed to its recent prominence. For instance, new markets have opened for local businesses and there has been major expansion of international trade and investment as a result of new technology in communication and transport.²

Globalisation presents both opportunities and challenges for developing countries, especially for Southern Africa, where the economies continue to be confined to the export of primary commodities, particularly from the agriculture and mining sectors. While the volume of exports has increased substantially, their value has declined drastically. These economies are thus participating in the global market from a weak and disadvantaged position. The ability of investment capital to seek out the most efficient markets, and for producers and consumers to access the most competitive sources, exposes their vulnerability to becoming dumping grounds for multinational corporations. Infant manufacturing industries are subjected to stiff competition and run the risk of being wiped out.

Globalisation in its present form exacerbates the unevenness of the international market. Increased capital mobility across borders, aided by advanced telecommunications technology, creates the risk of destabilising flows, giving rise to balance of payments problems and exchange rate volatility.

Furthermore, the low level of development of SADC economies in terms of technology, infrastructure, technical and managerial skills increases their risk of being marginalised.

STRATEGIC TRENDS, FDI AND COMPETITIVENESS IN SOUTHERN AFRICA

Figure 2: Top Ten Foreign Investors in South Africa since 1994

Investor	Country	R-billion
SBC Communications	USA	3,3
Telekom Malaysia	Malaysia	2,2
Coca-Cola	USA	2,1
Petronas	Malaysia	1,9
Caltex	USA	1,2
BMW	Germany	1,1
Shell	UK	0,9
Nestlé	Switzerland	0,6
Goodyear	USA	0,6
British Petroleum	UK	0,5

Source: Sunday Times, Business Times, 16 November 1997.

The real challenge for the SADC is to develop structures and adopt appropriate policies to transform the region's productive capacity into manufactured products for export. This would be sustainably competitive at the local level while also giving the region the latitude to launch itself onto the global market.

Strategic issues facing the Southern African region

Research was carried out to investigate strategic issues facing the SADC member countries. Business and political leaders attending the 1997 Southern Africa Summit in Harare were the key focus of this research.

The Investment Promotion Agencies in selected countries also assisted in collating information to ensure representative data from a wide range of industries. It should be noted that almost one third of the respondents identified themselves as representing the fishing/agriculture, manufacturing and banking industries.

The responses, as shown in Figure 1, indicate the high level of concern about political stability as well as the enhancement of global competitiveness. They also indicate that a significant effort is needed to attract foreign direct investment into the region. Management expertise as well as training and development were identified as other areas of strategic importance. This reflects the relative scarcity of skills which prevents beneficiation and the adding of value to the abundant resources.

In addition to the above aspects, the importance of the following strategic issues was also highlighted by African respondents:

- a need for increased information technology
- a need for increased privatisation
- bilateral trade agreements.

The summit was characterised by strong calls for regional economic co-operation. There is a growing realisation that countries in the region have abundant natural resources to spur the opportunity for growth and development. These strategic issues pose tremendous challenges to the economies of Southern African countries. Primary aims are to:

- shed the image of turmoil and poverty;
- show serious commitment to fighting crime and corruption;
- reward globally competitive companies; and
- encourage training of quality labour.

Key factors affecting foreign direct investment into Southern Africa

Billions of rands have been invested in South Africa since political stability was achieved and the first democratic elections held in 1994. Figure 2 gives an indication of some of these foreign investments into South Africa since 1994.

Figure 3 shows the key factors affecting foreign direct investment. Political stability, crime and safety were rated highest. Foreign direct investment has played an important role in stimulating economic growth in developing countries, through:

- transfer of modern technology and production techniques;
- transfer of skills, management expertise and high level training;
- enhancement of access to international sources of finance; and
- facilitation of access to global markets.

The other factors which respondents mentioned were:

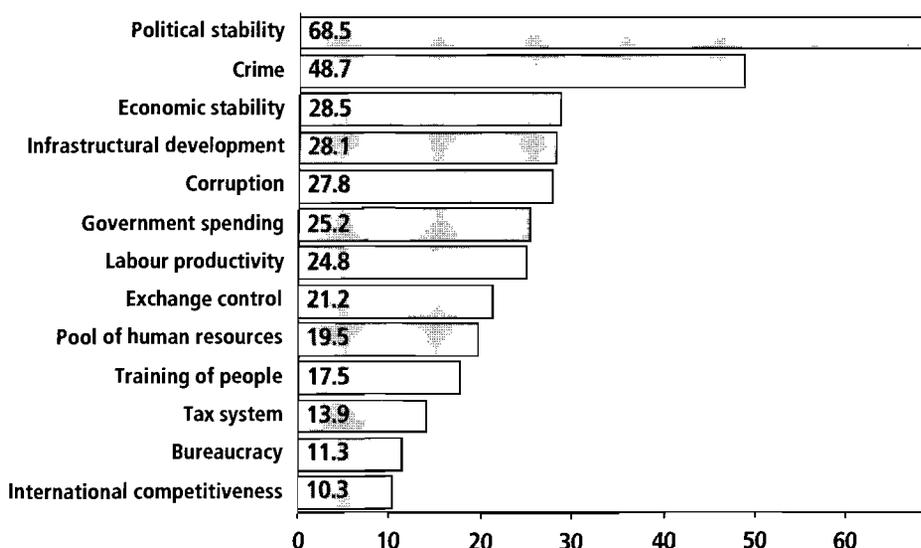
- stable economies;
- high productivity levels;
- good infrastructure;
- anti-corruption;
- education levels/skills; and
- cost-effective labour.

Many countries in this region have seen little private, domestic capital formation over 20 years; banking and financial services are underdeveloped; aspirant local entrepreneurs lack sophisticated business skills; statistical information is often inadequate, while low levels of skills and productivity fail to attract foreign investment.

Business sectors with high growth opportunities in Southern Africa

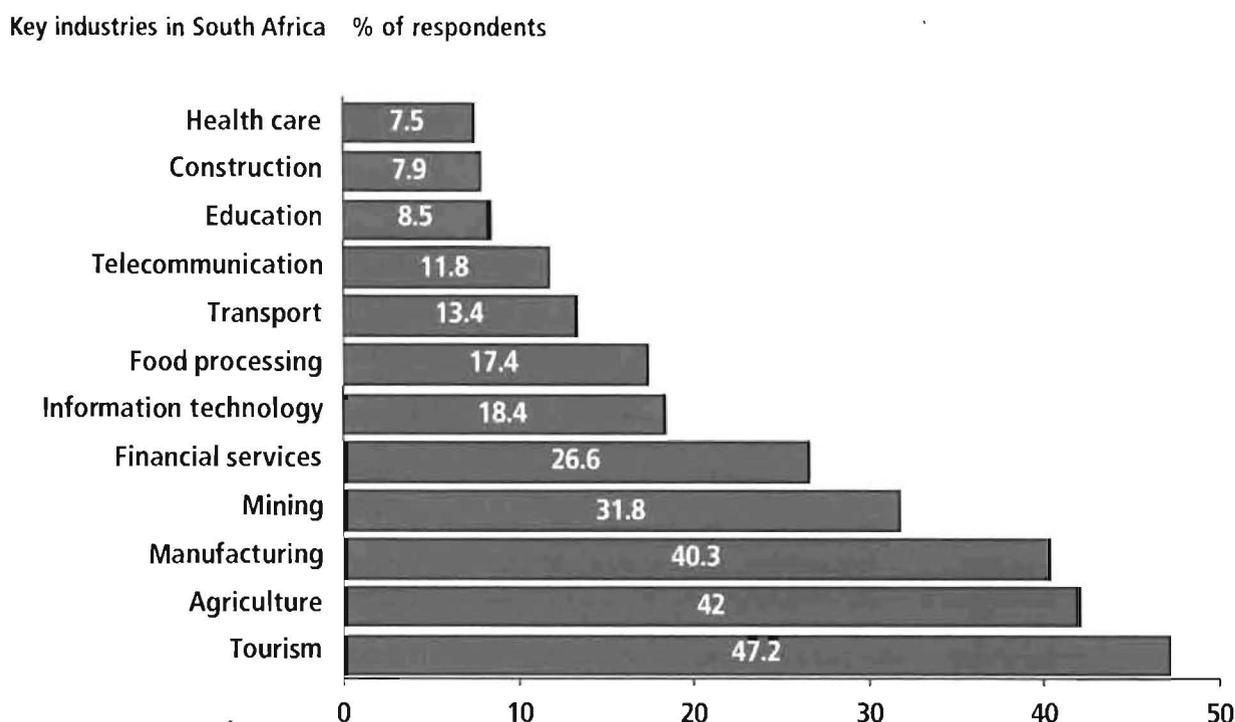
The tourism, agriculture and manufacturing industries were identified by business and political leaders as the business sectors with high growth opportunities (Figure 4). Almost 50% of the respondents indicated that tourism was the industry most able to create new job opportunities and attract foreign investment to the region, while more than 30% saw the manufacturing, agricultural and mining industries as having high growth potential. For example, in 1996 the growth rate of tourism in Mauritius was 16% while those of manufacturing and agriculture were 6,3% and 4,3% respectively. Figure 4 also reflects the high value that leaders put on fast-emerging industries like financial services and information technology. The focus placed on food processing, transport, telecommunications and education was unsurprising.

Figure 3: Key Factors affecting Foreign Direct Investment Flows into the Southern African Region



ECONOMICS

Figure 4: Identification of Business Sectors which reflect High Growth Opportunities in Southern Africa



The SADC region and competition

The competitive position of the SADC region and individual member states leaves a lot to be desired. In the 1997 Global Competitiveness Report the only SADC member ranked was South Africa, which was number 43 out of 53 countries surveyed. The region therefore has to look at itself seriously, building up and enhancing internal capacity and competitiveness.

Competitiveness is the capacity of economies to achieve rapid economic growth. But why is it such a major discussion point for business and political leaders in Southern Africa? Global and/or regional competitiveness provides the theme or sub-theme for almost every conference in the region. The answer is clear – high sustained economic growth is the foundation for a fundamental improvement in the quality of life for the people of Southern Africa.³

Much has been said about company or industry competitiveness versus country or national competitiveness. The fact is that companies are heavily influenced by their national and international environments and the economic growth rates in their individual countries.

Factors enhancing competitiveness

There are a number of critical factors that will enhance competitiveness in Southern Africa and which have to be addressed.

The main ones are:

- **Market-based economic policies.** An open economy empowers the people and allows international transactions in capital inflows, goods and services as well as in the movement of expertise, with new management techniques improving production capacity and enhancing productivity. Macroeconomic stability, embodied in low inflation, appropriate, stable and predictable real exchange rates and a prudent fiscal stance, is essential for expanding economic domestic activity and is a precondition for benefiting from sustained private capital flows. Member states have adopted open market economic policies. There is also some degree of economic convergence, which augurs well for improving the competitive position of the region.
- **Roles of government and the legal framework.** Legal and political institutions that lay the foundation for supporting a modern, competitive market economy, including the rule of law and protection of property rights, play an important role in building investor confidence. In most of the SADC transparent and independent judicial systems are supported by accountable political systems that uphold the rule of law and respect the basic principles of democracy and human rights.
- **Financial and capital markets.**

There is a two-way relationship between the financial sector and the productive sector of the economy. The financial sector's contribution to economic growth lies in the central role it plays in mobilising savings and allocating these resources efficiently to the most productive uses and investments in the real sector of the economy. There seem to be genuine efforts by governments in the region to restructure and resuscitate the financial sector for enhanced economic performance. The financial sector reforms have brought about an increase in such vital capital market institutions as stock exchanges, stock-broking firms and issuing houses.

- **Quality and efficiency of infrastructure.** The provision of low-cost, efficient infrastructure is essential for enhancing competitiveness, especially for landlocked member states. In most of the SADC, the basic infrastructure is in place. In relation to telecommunications, while the interconnections to international countries appear good, the cost to the consumer is still very high. Given that telecommunications have become the key to development, especially for export marketing and importation of machinery and equipment, the need for cost-effective systems cannot be overemphasised.
- **Modern technology.** Humankind has survived the ravages and calamities

ties of this world by being innovative and improving upon existing technology. Technological changes offer a productive potential that can be harnessed to raise living standards and eradicate absolute poverty.

The absorption and diffusion of new technologies plays an important role in transforming productivity levels, production capacities and capabilities and economic performance in the same way that technology has created prosperity in the industrialised world. Regrettably, though it is one of the crucial factors for improving productivity and competitiveness, total spending on Research &

Development (R&D) is insignificant. Available statistics indicate that the Third World, including the SADC, spends less than 2% of its budget on R&D, as compared to the more than 10% spent in the developed world. It is virtually only the governments that are attempting to fund R&D. There is, therefore, a need not only to mobilise more resources from government but also to bring in the private sector to fund R&D, in order to improve the region's competitive edge.

- **Human capital.** Human capital is another critical factor for promoting competitiveness as it provides the required knowledge, skills, attitudes and capacities for developing competitive strategies, product development, quality control, corporate financial operations, marketing and human resource development. Furthermore, human resource and skills development facilitates the adoption, absorption and diffusion of new technology. The requisite skills and ability to learn quickly are needed. As a region, substantial investment in human resource development

and training has been made, but this has to be a continuous process as new ways of doing business are developed.

- **Productivity improvement.**

Productivity is a decisive factor for the success of the SADC's integration agenda as the region tries to make itself competitive in the rapid globalisation of the world economy. High productivity levels are crucial in attracting foreign direct investment which is a source of new technology and managerial skills for the enhancement of the competitive edge of Southern African export products.

It is clear from the above factors that SADC cannot allow itself to be marginalised. The region has to liberalise further, embrace new technology, manage macro-economic policies with prudence, open its markets and use the market information tool for establishing niche markets in which our export products are competitive.

Strategies to develop Southern Africa as a global player

The results of the survey offer a broad view of Southern African leaders on issues such as foreign direct investment, global competitiveness, political stability, training and development and the availability of management expertise.

These issues will remain on the political and business agendas for the next few years. In general, decision-makers are confident that they can tackle the issues and make a positive contribution to the region. The general feeling is 'if any one country fails, the region as a whole will fail'.

However, if Southern Africa is serious about developing into a deregulated and competitive global region, various strategies (some radical) will have to be put in place. Ten strategies which could achieve this goal are:

- 1 enhancing the overall competitiveness of key industries in the region by inter alia integrating the regional transport infrastructure, power grids and port facilities;
- 2 actively encouraging the shift to benefited, manufactured exports;
- 3 increasing the speed of liberalising and deregulating economic activities by public-private partnerships, commercialisation, privatisation and private sector development;
- 4 promoting the increased use of technology and the efficiency of the economies in the global markets;
- 5 introducing more investor-friendly promotion packages to attract high-class multinational companies;
- 6 encouraging companies and industries to add value to their products and services by entering into increased strategic alliances and joint ventures with world-class companies;
- 7 convincing trade unions of the importance of increased labour productivity and freer labour markets;
- 8 abolishing exchange controls and eliminating internal barriers like protectionism and industry-specific subsidies;
- 9 combining efforts to fight crime and corruption effectively;
- 10 convincing the private sector of the importance of increased on-the-job training.

Today's world-class governments and companies have found ways to create and sustain their competitive advantage. They have applied technology, developed superior internal capabilities and marshalled talents from diverse stakeholders, suppliers, customers, competitors and alliance partners. Through their actions they are constantly redefining the shape of competitiveness. ☉

Notes & references

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Decentralisation and capacity building in Ghana

Dr S K Asibuo, Senior Lecturer in Public Sector Management in the School of Administration at the University of Ghana, provides a historical perspective on the efforts of various administrations to decentralise government in Ghana.

DECENTRALISATION OF THE MACHINERY OF GOVERNMENT HAS become a recurring theme in political and administrative discourse, and a fashionable battle-cry for advocates of administrative reform everywhere in the world. Decentralisation is probably the single structural reform most frequently recommended to Third World countries by experts because it suggests the hope of:

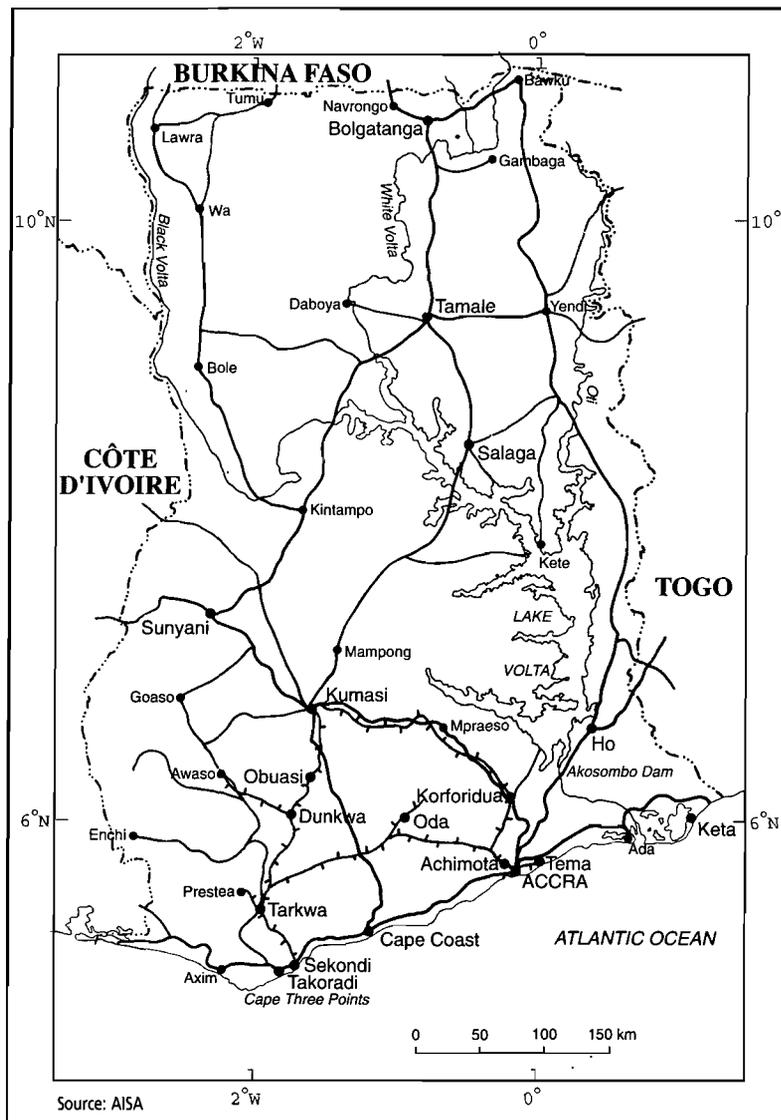
cracking open the blockages of inert central bureaucracy, curing managerial constipation, giving more direct access for the people to the government and the government to the people and stimulating the whole nation to participate in national development plans.¹

Many governments have embraced the idea of decentralisation because of its potential benefits. Decentralisation provides an incentive for co-operation among societal groups, enabling a broad array of political actors to participate in decision-making areas. In Africa, it can be seen as part of the overall thrust towards democratisation because of its potential for empowering the public to govern itself.²

An important argument is that decentralisation facilitates popular participation in both planning and the implementation of development activities, thereby not only creating a more democratic society but also making projects and programmes more relevant to local demands and engendering local commitment. Under a good decentralised system, decisions are more likely to be relevant to local needs and conditions because they are made by people who live or work in the area. Decentralisation accommodates pluralism and allows people to play a role in the management of their own affairs.

Thus decentralisation complements the spirit and norms of societal initiatives in the process of self-governance. Perhaps a government's most telling reason for pursuing a policy of decentralisation is political, i.e. that of ensuring continued support and firming political legitimacy.

DECENTRALISATION AND CAPACITY BUILDING IN GHANA



advanced form of decentralisation. It involves conferring the necessary legal powers to discharge specified functions on formally constituted local agencies or local authorities. When devolution has taken place, final decisions on certain issues are made at sub-national level, i.e. in states, regions, provinces, districts and local councils. However, neither of these forms of decentralisation is ever applied exclusively; it is more usual to employ both devolution and deconcentration.

In the Ghanaian context, capacity building has meant the provision of adequate:

- logistics (equipment, furniture, vehicles and accommodation) that will enable personnel to discharge their assigned responsibilities;
- a sufficient number of qualified people to staff local government bodies and institutions;
- training and skills upgrading;
- financial resources to facilitate the implementation of decentralised assignments;
- the creation of an enabling environment, including a legal framework that will strengthen the authority of local government bodies/decentralised units to provide services to raise the standard of living of the people.

Overview of the Ghanaian experience from colonial rule to 1988

The evolution of decentralised government in Ghana has been well documented. One recurring theme is that past Ghanaian governments recognised the need to implement a decentralisation programme that would speed up the socio-economic development of the country. However, until 1988 their legitimacy was not uncontested and they were therefore unwilling to risk granting local government institutions a great deal of autonomy and tended to restrict their efforts to political gestures and utterances. The vested interests of those in power proved to be the strongest barrier to genuine decentralisation.

On 31 December 1981, Flight Lieutenant JJ Rawlings came to power for the second time, determined to restructure Ghana's political and economic systems. His Provisional National Defence Council (PNDC) proceeded to implement what has now become one of Africa's most popular economic reform programmes.

The PNDC government immediately set about remedying the country's ineffective administrative machinery in the interest of development. The PNDC ascribed many of the country's past failures in development to overcentralisation. This, it maintained,

Since the inception of the Ghanaian government's local government reform programme in 1988, various capacity-building initiatives have been undertaken by the Ministry of Local Government and Rural Development, donors and other non-governmental agencies to strengthen and improve the capacity of the district assemblies to perform their statutory functions of development and governance. This article reviews Ghana's efforts in the period 1988 to 1996 to build capacity that will facilitate the decentralisation of development. Problems that have hampered capacity-building efforts will also be discussed. Finally, suggestions for improving capacity building in local government will be made.

Concepts of decentralisation and capacity building

One definition of decentralisation is that it involves 'reversing the concentration of administration at a single centre and conferring powers on local government'.³ Decentralisation has also been defined broadly to mean:

*transfer of authority on a geographic basis, whether by deconcentration (i.e. delegation) of authority to field units, of the same departments or level of government, or by devolution of authority to local government units or special statutory bodies.*⁴

Decentralisation is thus a political issue that concerns not only the distribution of political power within the state system, but also the access of social and political groups to the political decision-making process and the allocation of public resources.

Decentralisation generally takes place in two ways: devolution and deconcentration. Deconcentration or administrative decentralisation is a mild form of decentralisation that involves only minimal transfer of power. It generally means shifting the workload from the headquarters of a ministry to its field staff, without transferring the corresponding authority to make decisions on the spot. Devolution, on the other hand, is regarded as the most



One of the cornerstones of the Ghanaian government's capacity-building programme has been education, where classrooms, dormitory blocks, staff houses, science laboratories, offices, dining halls and water supply systems have been rehabilitated or constructed in 2 323 primary, junior and senior secondary schools and teacher training colleges at a total cost of €37 929 200 000.

not only hampered the formulation and implementation of grassroots development programmes, but also resulted in a complete lack of involvement on the part of the local people in the country's development effort.

The PNDC's policy of decentralisation aimed to give people at grassroots level the authority and mandate to participate in their own development.⁵ One of the first steps was to increase the capacity of the local communities so that they could identify their own needs and priorities and explore options to meet these needs as far as possible for themselves through the mobilisation of resources that they command. The PNDC government therefore promulgated the Local Government Law (PNDC Law 207) to establish 110 district and metropolitan assemblies in November 1988. Local government elections were

village and town levels – the solid foundations for participatory democracy throughout the country'.⁶

In order to fully understand the lack of capacity in local government bodies, it is necessary to reflect on the British system of indirect rule. Indirect rule was introduced as a matter of political expediency,⁷ because the British did not have the necessary financial or human resources for effective direct administration. These problems were aggravated by a sadly lacking transport and communications infrastructure in the rural areas. Making use of existing native institutions was therefore an economical and practical way of administering the Gold Coast.⁸ Indirect rule was thus a political stratagem designed to involve the indigenous political actors and their social system in the government and politics of their local areas. Eminent

Self-rule

Between 1945 and 1951 major constitutional changes took place. These culminated in the introduction of self-government at both central and local level. Up to this point the system had had many shortcomings. Most serious among these were:

- the chiefs who managed the Native Authority System had not been democratically appointed;
- many chiefs were inefficient, corrupt and illiterate;
- the Native Authorities, apart from their identification with the colonial administration, had inappropriate and out-of-date procedures;
- the Native Authorities lacked staff and finance.⁹

The 1951 Local Government Ordinance created 252 local councils, 26 district councils, and 4 municipal councils. These councils were hastily instituted and no consideration was given to their economic viability as units of local government. The result was that they were later found to be very poor in taxable resources. These financial limitations were further exacerbated by the overcentralisation of financial resources in Accra. Councils found it difficult to fulfil their obligations as the Ministry of Finance frequently failed to release funds timeously.

The new local government system made provision for the training of staff that had been inherited from the NAs as well as the newly recruited employees. A Local

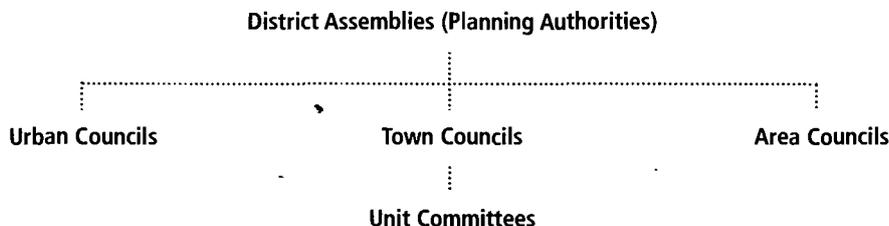
The policy of decentralisation aimed to give people at grassroots level the authority and mandate to participate in their own development ... one of the first steps was to increase the capacity of the local communities to identify their own needs and priorities and explore options to meet these needs

held between December 1988 and February 1989. The district assemblies were described by Rawlings as 'the pillars upon which people's power could be erected – the focal points of development at the

indigenous chiefs were recruited and assigned the responsibility of maintaining law and order, collecting taxes, settling disputes and managing essential social and economic services.

DECENTRALISATION AND CAPACITY BUILDING IN GHANA

Figure 1: Local government administration of Ghana



Government School was set up in Accra in 1952 to train local government staff. However, the 26 students who graduated from the school every three months did not satisfy the demand for trained staff.

The Nkrumah regime

After independence in 1957, the government, seeking to address the human resources problem in local government, established a Local Government Service Commission to safeguard the interests of local government employees. Local authorities were subsequently given the power to appoint and discipline their own staff, and to decide on salary grades. This resulted in nepotism, corruption and the politicisation of local government personnel. Local government units failed to attract competent staff because the arena was highly politicised and security of tenure could not be assured. As indicated by Aryee,¹⁰ the quality of staff in the local councils was disappointing. In 1967, for example, only 32 officers in the employment of local and urban councils held a diploma in public administration. At the end of the Nkrumah regime, local government was weak and on the verge of collapse.¹¹

National Liberation Council

The National Liberation Council (NLC) government, which succeeded the Nkrumah government and the Civilian Progress Party government (1969-1972), made no serious effort to resource local government units. The NLC government reduced the number of local councils from 161 to 47 and set up four-member management committees comprising the district administrative officer, a career civil servant as chairman, a police officer and a public nominee. Their main functions were maintaining law and order, as well as co-ordinating the work of other departments in the district.

The NLC, in its bid to lay firm foundations for a sound and efficient machinery of government, appointed three commissions, namely the Mills-Odoi, Siriboe and Akuffo-Addo commissions,¹² to study various aspects of local government and deter-

mine the proper role that local government councils should play. The Mills-Odoi Commission, for instance, recommended the integration of all existing services – the civil service, local government service and treasury service – to form one unified public service that could work under the proposed multi-purpose district authority. Mills-Odoi's proposals were opposed by top civil servants because they feared losing their power and privileges.¹³

The management committees encountered severe financial difficulties, relying heavily on central government subsidies. In most cases they failed to provide basic services out of the rates collected. In 1971/72, for example, only 7.7% and in 1972/73 only 7.3% of the total revenue of the district councils was spent on development projects.¹⁴ An evaluating committee stated in May 1971 that if the status of

helped to strengthen the position of management against members of the district councils. Former local government employees were also absorbed into the civil service at levels commensurate with their qualifications and experience. District councils continued to suffer financial, personnel and logistical constraints between 1972 and 1988. Even the Local Government Grants Commission, which was established during the Third Republic to facilitate the flow of funds from the Ministry of Finance to specific district council projects failed in its mission.

The PNDC set up the Kuffour and Sowu committees, as well as the Public Administration Restructuring and Decentralisation Implementation Committee (PARDIC) between 1982 and 1983 to attend to various aspects of the PNDC's decentralisation programme.

Other noteworthy institutional capacity-building measures are the transfer and merger of 22 central government ministries' field offices into local government departments ... and the merger of the central government treasury and local government treasury system.

decentralisation was to be gauged by the progress in establishing the institutions recommended by the Mills-Odoi Commission Report, the position was disappointing.¹⁵ Cost considerations also prevented the Progress Party government from making the infrastructural adjustments necessary for the implementation of decentralisation proposals.¹⁶

Between 1972 and 1988 very little effort was made by the National Redemption Council/Supreme Military Council, People's National Party and the PNDC to build capacity at local government level. The NRC government merged some of the smaller local councils to create larger, more viable districts. Further, NRC Decree 258 vested executive authority of the district council in career civil servants rather than political appointees. This

However, the PNDC's critical lack of funds prompted them, in July 1985, to direct district councils to pay only 50% of the salaries of local government staff. A World Bank aide-mémoire¹⁷ on Ghana's fiscal decentralisation states that capital expenditure by district councils accounted for 5-20% of their total expenditure between 1984 and 1988. This situation eroded the confidence of the public in the district councils' ability to promote development, which in turn affected their ability to raise revenue.

Legal and constitutional framework of the decentralised administration

The 1988 Local Government Law was replaced by Local Government Act 462 of 1993. The new local government structure

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is made up of four-tier metropolitan and three-tier municipal/district assemblies. District assemblies in Ghana can be either metropolitan (a population over 250 000), municipal (one-town assemblies with a population of over 95 000) or district (population 75 000 and over).

A district assembly is composed of a DCE, who is a central government political appointee, elected members, making up 70%, non-voting members of Parliament from the district, and members nominated by the President in consultation with chiefs and organised economic groupings in the district, making up not more than 30%. The DA is non-partisan.

Members of the assembly will elect from among their own number a chairperson who is designated presiding member. He or she must command the support of at least two-thirds of the members, for a two-year term, and may be re-elected.

As the highest political authority in the district, with statutory, deliberative, legislative and consultative powers, the assemblies, in terms of section 10 of the Local Government Act of 1993, have been assigned extensive functions and responsibilities far beyond the traditional local government functions. This is unprecedented in the history of local government administration in Ghana. These functions include:

- taking responsibility for the overall development of the district as well as playing a role in the formulation of the district composite budget;
- mobilising and utilising human, physical and financial resources for economic and social development;
- providing basic infrastructure, municipal works and services;
- developing and managing human settlements, and maintaining security and public safety.

In addition, the DAs are the planning authorities in their areas of jurisdiction. Below the DAs are urban, town and area councils, with unit committees at the base (See Figure 1). These are essentially consultative bodies performing functions delegated to them by the district assembly and without their own budget. Their composition and functions have been incorporated in Legislative Instrument 1589.

The Constitution (1992) of the Fourth Republic of Ghana also reinforces the existing Local Government Law. Section 240(1) proclaims that 'Ghana shall have a system of local government which shall as far as practicable be decentralised.' The principle of participation by all the people in government is therefore also

entrenched. Communal labour for development is encouraged and recognised as a vital public service and duty. The issue of strengthening the capacity of the DAs to perform was clearly recognised. Article 240(2) states that:

- functions, powers, responsibilities and resources should be transferred from central government to local government units;
- measures should be taken to enhance the capacity of local government authorities to plan, initiate, co-ordinate and manage and execute policies in respect of matters affecting the local people;
- local government units should have sound financial bases with adequate and reliable sources of revenue.

The drafters of the 1992 constitution recognised the need to strengthen the financial base of the DAs if decentralisation is to succeed, and provided for the setting up of a District Assemblies' Common Fund (Section 252). The 1992 Constitution made it mandatory for government to set aside at least 5% of the gross revenue for rural development projects.

Other institutional capacity-building measures worthy of mention are the transfer and merger of 22 central government ministries' field offices into local government departments to provide technical and managerial back-up for the DAs; and the merger of the central government treasury and local government treasury system.

The Controller and Accountant-General in collaboration with the Ministry of Local Government restructured the treasury system to provide capacity in the offices of the DAs. The new treasury system had to manage both local and central funds.

Capacity-building initiatives to support decentralisation from 1988 to 1996

As a strategy of development decentralisation requires, among other things, logistical competence, skilled personnel and financial resources.

Financial capacity building

The financial means allocated to the DAs is comprehensive. In addition to tra-

ditional sources of revenue, i.e. property and basic rates, special rates, fees, licences, etc., the DAs have also had revenue areas ceded to them by the PNDC. Although revenue is still collected centrally by the Internal Revenue Service, the total amount collected is transferred to the Ministry of Local Government and Rural Development annually. The sector ministry shares the amount among the DAs based on a formula which takes into considera-

tion the population distribution and development status of a particular area.¹⁸

The ceded revenue areas are entertainment duty, casino revenue, betting tax, gambling tax, income tax (registration of trade, business, profession or voca-

tion), daily transport tax and advertisement tax.

Ceded revenue yielded ₵271.3 million in 1989, ₵204 million in 1990, ₵594 million in 1991, and ₵1 billion in 1992. An amount of ₵2 321 666 468 was ceded in 1995. In 1996, the DAs received ₵2 539 689 098 as their share of the ceded revenue.¹⁹

The PNDC also approved that government departments, state corporations, boards and councils should pay property taxes on all their immovable properties to the DAs in which such properties are located. Other sources of revenue granted by the central government to the DAs include stool lands royalties, timber royalties, mineral development funds and revenue from lotto operators under the National Weekly Lotto (Amendment) Law of 1990 (PNDC 223). The DAs are also empowered to raise revenue from a variety of other sources, including loans.

The District Assemblies Common Fund (DACF) ensures the availability of more reliable financial resources for district development projects. The amounts transferred to the DAs by the DACF are reflected in Table 1.

The DACF has become the main catalyst for Ghana's Rural Development Programme. Before its inception many DAs could not even raise enough funds to cover their recurrent expenditure, let alone for development.

Many projects have been completed by the DAs during the short period that the DACF has been operating. The main areas of concentration are education, health, san-

Table 1: Transfer by District Assemblies Common Fund, 1994 to 1996

Year	% Total Domestic Development Budget	Amount (₵ Billion)
1994	19,60	38,00
1995	28,57	55,97
1996	25,50	82,10

Source: Ministry of Local Government and Rural Development, *Ghana: the new government system*, 2nd ed. Accra North: Global Publications Ltd, 1996.

itation, markets and rural electrification. For example, in education, classrooms, dormitory blocks, staff houses, science laboratories, offices, dining halls and water supply systems have been rehabilitated or constructed in 2 323 primary, junior and senior secondary schools and teacher training colleges at a total cost of ₵37 929 200 000. Health centres, health posts, dressing stations, urgent repairs in hospitals and offices of district health management teams have also been rehabilitated or constructed.²⁰

Another important aspect of the government's capacity-building programme has been its decision to take over the full payment of salaries and pensions of DA staff.

Logistics

The government's decentralisation efforts have been seriously hampered by the lack of offices, residential accommodation, office equipment and social sector facilities, such as schools and municipal services (water and electricity). These shortcomings not only inhibit the day-to-day activities of the DAs but also make it difficult to attract competent staff.

The Ministry of Local Government consequently embarked, in 1988/89, on a short-term, medium-term and long-term District Resourcing Programme. With the operationalisation of the District Assemblies' Common Fund in 1994, the District Resourcing Programme was transferred to the DAs.

In his statement to Parliament on this programme, the Minister of Local Government and Rural Development, Kwamena Ahwoi, stated that in the area of equipment, the situation was that the new district centres had nothing, 'not even a paper knife', whilst almost all the old district centres had 'dilapidated equipment such as typewriters that had been manufactured in the first half of the century, worn-out wooden cabinets of the same age and very old Land Rovers which broke down as a matter of daily routine'.²¹

The District Resource Programme was a three-year rolling public investment programme that was designed to provide the material and logistic support for local government. The short-term programme achieved the following:

- a total grant of ₵327 975 102 was disbursed to the 45 new districts to rehabilitate offices and residential accommodation;
- ₵122 607 000 was disbursed to the



Flight Lieutenant JJ Rawlings' Provisional National Defence Council (PNDC) proceeded to implement what has now become one of Africa's most popular economic reform programmes after he took power for the second time in 1981.

new districts for the supply of furniture for assembly halls, offices and residential accommodation;

- ₵4,9 million was made available to the new districts for the supply of basic stationery;
- the sum of ₵77 378 750 was disbursed to DAs for the supply of office equipment.²²

The medium-term intervention, which covered the period from 1989 to 1991, concentrated on construction, the rehabilitation of physical infrastructure and the provision of basic office equipment and vehicles:

- 490 typewriters, 23 safes, 83 safe-top steel filing cabinets, 120 duplicating machines, 181 steel filing cabinets, 67 photocopiers and 236 adding machines;
- 110 4-wheel drive vehicles, 10 Tata cesspool emptyers, 11 Tata refuse side loader trucks, 5 Leyland cesspool emptyers, 3 Leyland skip loaders and 36 containers, 3 mobile workshop/service vans. The total cost for vehicle supply was ₵2,7 billion;
- 30 senior staff bungalows were completed in 28 new districts at a total cost of ₵70,6 million;
- 9 office/assembly hall complexes were completed in 9 districts at a total cost of ₵829,9 million;
- 25 new district assemblies received 50 junior staff quarters at a total cost of ₵70,5 million;
- ₵269 million was spent to provide offices and new facilities in some old

districts like Techiman, Bole and Nkoranza;

- ₵341,4 million was utilised in renovating existing local buildings in the 65 old districts;
- furnishing of DCE/DCD bungalows and office blocks consumed ₵226,4 million.²³

The long-term District Resourcing Programme is intended to strengthen the technical and managerial capacity of the DAs.

Managerial capacity

Strengthening the human resource capacity of the DAs was another important intervention. The United Nations Development Programme (UNDP) conceived and financed a transitional arrangement, called the 'Training for Rural Development Project'.

It was aimed at strengthening the management capacity and planning skills at district level by providing training to district political, bureaucratic and community leaders.

Under this interim intervention:

- 10 mobile planning teams were constituted and trained to facilitate district development management;
- 20 UN volunteers were deployed to train staff of the DAs in the field of financial and municipal facilities and services, development and delivery management;
- a development planning manual was prepared and issued to the DAs;
- awareness and orientation courses on the new planning and development management systems were provided to existing district public servants;
- induction courses on decentralised administration, financial management and people participation in development were organised for core DA staff.²⁴

Government departments also appointed, trained and posted a number of budget and planning officers. The Decentralisation Implementation Oversight Committee also contributed immensely to the staffing of the DAs by helping to design a model organisational chart and posting officers to staff key positions in the administration and development units of the DAs.

The World Bank funded the Urban I, Urban II and Urban III programmes which also had some training components in urban management, revenue mobilisation, financial management and improvement of basic infrastructure.

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Non-governmental initiatives

International donor organisations have directed an increasing proportion of their aid programmes to district-level activities. Both foreign and domestic NGOs are also active at district and sub-district level, with varying degrees of effectiveness.

Summarised below are some of the major donor and NGO supported decentralisation training programmes:

The personnel problem was exacerbated by the reluctance of some civil servants to accept transfers to the rural areas because of the lack of administrative and social infrastructure.

Danish International Development Agency

The Danish support to the DSDA project was a pilot project that aims to provide practical support to strengthen administration and management at the district level and to build capacity for sustainable development based on popular participation. The total value of the project was US\$485 000.

The German Development Agency (GTZ)

The GTZ has launched two relevant capacity-building projects, namely the Programme for Rural Action (PRA) and Promotion of District Capital. Under PRA, the GTZ is offering a series of training programmes to assist the beneficiary communities to prepare village plans.

Training in financial management and plan preparation is also provided for the four District Assemblies benefiting from this project. The Promotion of District Capital project is being implemented in selected districts in the Brong Ahafo and Ashanti regions. It aims to strengthen the capacity of larger districts in administration, planning and management. It also focuses on the promotion of small and medium-scale industries and improving infrastructure.

European Union (EU)

The EU is funding the Decentralised Co-operation Programme that aims at increasing the involvement and institutional capacity of local institutions for development projects at the community or grassroots level. A second project, the Micro-Projects, focuses on socio-economic development projects and the improvement of socio-economic conditions of the rural people. The project is currently being implemented in 85 districts nationwide and each district is receiving US\$92 500.

Canadian International Development Agency (CIDA)

The CIDA Pilot Initiative for Community Governance was a one-year development intervention aimed at strengthening the capacities of DAs to perform their assigned roles effectively and to develop their communities within the framework of the government's decentralisation policy.

The United Nations Centre for Human Settlements (UNCHS)

The Strengthening Community Management Project is being directed at building capacity of selected institutions in participatory and technical skills for local development. Eleven communities in seven districts are benefiting from this project.

Netherlands Development Organisation (SNV)

The Netherlands Development Organisation is funding the African Centre for Human Development (ACHD) to implement the SANKOFA Programme in Kagjebi District in the Volta Region. This integrated rural development programme focuses on training for the DA staff, staff of decentralised departments and DA members. It also offers training to community leaders and groups to promote their involvement in decision making.

Problems

Despite the important initiatives described above, several problems remain:

Incomplete integration

Almost a decade after the establishment of the DAs, some of the 22 decentralised departments have not been relocated. Even in all the 65 old districts where they existed, there was very poor quality of staff to contend with.²⁵ The decentralised departments have not yet been integrated into the DA bureaucracy owing to continued centralising tendencies, and a lack of appropriate infrastructure and personnel.

Though the Local Government Act of 1993 made decentralised departments an integral part of the DA bureaucracy, the necessary enabling legislation to effect the integration has not been passed. The 22 central government district departments have therefore continued to report to Accra

through the regions. Their staff are appointed, promoted, paid and disciplined from Accra. Individual departments have worked in isolation, instead of seeing themselves as forming part of the DAs' team of development agents.

Human resources

Most of the DAs still do not have an adequate number and quality of staff to assist in major development programmes.²⁶ For example, in January 1996, only 35 out of 110 DAs had qualified district co-ordinating officers (DCDs).²⁷ The quality of the existing staff was also a problem. In some DAs, inadequately trained district staff, planning, finance and budget officers, in particular, had to undertake assignments which were previously handled by specialists at head office. The personnel problem was exacerbated by the reluctance of some civil servants to accept transfers to the rural areas because of the lack of administrative and social infrastructure.

In addition to the above, the DAs' human resource development plan was inadequate. A majority of DAs had no training policy or programmes and some of them did not even know how to access government training institutions.

Co-ordination of training programmes and donor support

No strategy has been devised to co-ordinate training programmes and donor support in interventions centred on capacity building. This has meant that projects and programmes have tended to lack focus. The approach by donors to capacity building has not always been entirely within the framework of the decentralisation policy. An appropriate mechanism would guide capacity-building initiatives to target their interventions in prioritised fields of practice and identified critical shortfalls in skills.

Legislative delays

The Local Government Service Act, which is supposed to strengthen the managerial capacity of the DAS, has been unduly delayed because of a number of issues that still need to be resolved within existing services, e.g. Ghana Education Service, Audit Service, Internal Revenue Service. The 1992 Constitution and the new Civil Service Law of 1993 (PNDC 327) stipulate that until the Local Government Service is established, the civil service would include both central and local government administration.²⁸ Accordingly, the heads of the civil service and the Public Service Commission continued to appoint the staff of the decen-

tralised departments during the period under discussion.

The composite budget system

The introduction of the composite budget system was intended to allow the various decentralised departments operating at the district level to prepare and discuss their budgets within the administrative and policy framework of the DAs. It was intended that composite budgets would incorporate programmes that would take into consideration the realities of the individual localities and their felt needs. However, there has been considerable delay in the implementation of the district composite budgets. Decentralised departments have therefore continued to receive their budgets from their parent ministries, which might be running programmes that are not a priority for the DAs. This created a situation where the DAs were reluctant to fund some programmes set up by decentralised departments, and which undermined the co-operation between the DAs and the decentralised departments.

Failure to establish sub-district structures

The sub-district structures of area/town councils could not become functional

because of legal difficulties, which had delayed the unit committee elections. These make up an integral and indispensable part of the DA structure. The absence of these structures created a vacuum, which conflicted with the intention of the legislature, as expressed in the 1992 Constitution and the Local Government Act of 1993.

The lack of basic office equipment

Almost all the DAs had some basic office facilities, such as typewriters, office furniture, filing cabinets, photocopiers and duplicating machines. It is, however, important to note that some of this equipment was very old and frequently broke down. This made it very difficult for staff to operate effectively.

Financial difficulties

Despite massive funding from the District Assemblies' Common Fund, the DAs found it increasingly difficult to operate within budget. This is simply because costs were mounting, and revenue declining. In addition, there was a heavy dependence on central government grants. The DAs also faced difficulties in gathering revenue because of infrastructural and human resource problems.²⁹

Conclusion

The PNDC and NDC governments made some attempts from 1988 to 1996 to strengthen the institutional, financial, managerial and logistical capacities of the DAs. These capacity-building measures, while not far-reaching enough, demonstrated a greater commitment and determination than that of any previous Ghanaian government to promote effective decentralisation.³⁰

Future efforts would do well to attend to the following key issues:

- existing legislation regarding departmental functions should be revised;
- efforts should be made to regulate the transfer of administrative personnel;
- social infrastructure in the districts should be improved to attract and retain staff in the rural areas;
- the Ministry of Local Government and Rural Development should devise and implement a coherent human resources policy;
- an operational mechanism to guide and co-ordinate capacity-building initiatives should be created;
- the Local Government Service Act should be promulgated and efforts made to create the proposed local government training institutes. ☉

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Ahmad AHM Aly, Professor of Economics at Al-Azhar University in Egypt, draws on the experience of Bank Misr in Egypt during the period 1920-1940 to examine the proposition that while economic factors are the major determinants of the development process, political factors could be equally or even more important.

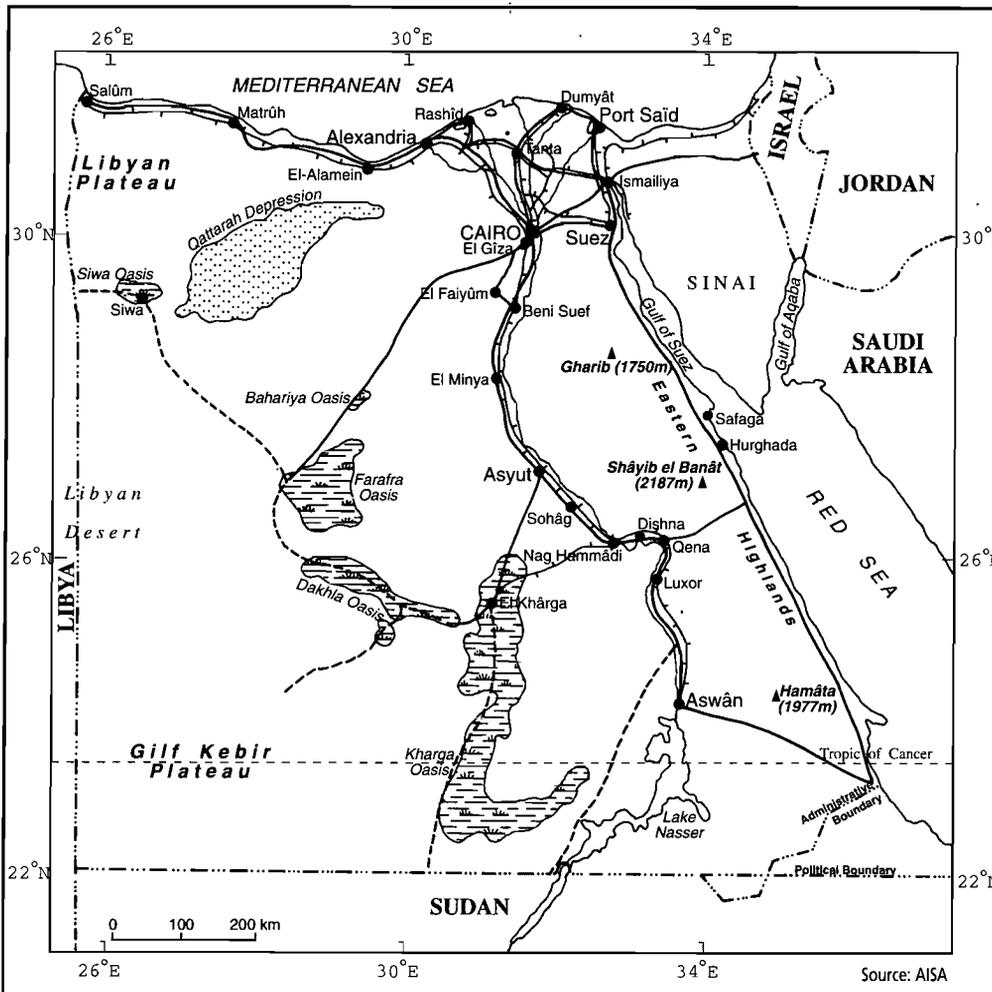
Banking in Egypt: The game of **power**

WHILE ECONOMICS DOES NOT HAVE LABORATORIES FOR TESTING scientific hypotheses and propositions as natural sciences do, it can rely on history to provide a similar service. The natural course of events produces supporting evidence in corroboration or falsification of economic hypotheses when they are put into practice.

As is the case with the other disciplines of social science, a large number of propositions and arguments have been tested in economics over time. One example is the proposition that an enabling political environment is a *sine qua non* for sustainable development, which can be illustrated by the case of the Bank Misr in Egypt during the period 1920-1940.

The Bank successfully promoted economic development by pioneering innovative industrialisation and financing strategies. Yet, in the final analysis, the prevailing hostile political environment put an end to its admirable performance. Had the situation been more favourable, the Bank's endeavour would most likely have put Egypt on a development fast track that could have served as an example for other developing countries.

This article does not aim to narrate the history of the Bank; nor does it intend to assess its economic achievements, as historians and economists have already elaborated on these issues. Instead, it examines the political aspect of the Bank drama. For purposes of clarity, I refer you to the history text box that will place the events discussed here in the context of the country's political history. (See page 18.)



kantars to 7,5 million kantars, and accounted for 76% of total exports in 1885 and 93% in 1914, of which almost two thirds was destined for the British market.⁴

The Occupation Authorities changed Egypt's monetary system from the bi-metal system to the gold standard in 1885. As the supply of the new currency was initially short of the demand, the pound sterling was accepted in circulation alongside the Egyptian pound. The National Bank of Egypt, a British Bank, was established and privileged with the status of central bank in 1898. It was entrusted, inter alia, with issuing banknotes in addition to its functions as a commercial bank. The Occupation Authorities resisted all attempts to change the status or policies of the bank, which remained in charge of managing the monetary system of Egypt until 1947.

Contrary to other fields, which had undergone drastic changes, finance remained more or less intact. The Occupation Authorities had not tried to change the status quo

of this sector for a variety of reasons. On the one hand, a good number of banks operating in Egypt were already British, profiting from the prevailing state of affairs. On the other hand, other banks belonged to rival European countries that Britain sought to please in return for their acceptance of its presence in Egypt. More importantly, Egyptians were excluded from such activities, and hence deprived of the chance to acquire relevant skills and expertise that might one day enable them to challenge the British presence in the country.

Here precisely, in finance, lay the weakest point in the fence through which national leaders hoped to break. Moderate leaders wisely identified this area as the appropriate battlefield and directed their energies in this direction. Circumstances slowly grew favourable and national concerted action was gathering momentum.

A bank for a growing middle-class

The long process of restructuring the Egyptian economy around agriculture had resulted in the emergence of a growing class of native landowners.

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The birth of a bank

The period before the outbreak of World War I and the war itself created the conditions that made the establishment of a national Egyptian-owned bank feasible.

Early changes under the British

The years under British control, after it had suppressed the Arabi rebellion in 1882, saw massive restructuring of the government and economy. The army, as well as the political and administrative systems were restructured. The British Agent in Egypt had done his best to kill the manufacturing industries established under Mohammad Aly and rehabilitated under Ismail. The industrial policy of the British Agent had involved such destructive measures as dismantling and/or selling the existing public sector industries, closing down shipyards and military factories, imposing heavy taxes on native craftsmen and artisans, and discouraging Egyptians from establishing manufacturing activities. He had explicitly warned businesspeople against investment in industry. In his Annual Report for 1901, he wrote:

I take this opportunity to reiterate my warning cited in my previous reports,

notably that for 1899, that those investing their money in new industrial companies should carefully consider costs and benefits of these investments.¹

Worse than this, the British Agent proudly wrote in his Annual Report on Egypt and Sudan for 1905:

It has become evident that industries that were one day flourishing ten or 15 years ago have either reduced their activities or disappeared altogether. Now European -styled cafes and cafeterias have replaced factories that were previously productive.²

The Occupation Authorities placed great emphasis on agriculture and particularly cotton. They consequently made agricultural infrastructure, notably irrigation schemes, a high priority.³

Thanks to these projects, the total cultivated area increased from 4,7 million acres in 1882 to 5,7 million in 1911. The cropped area reached a record of 7,7 million acres in 1913 up from the low figure of 4,8 million in 1879. The share of cotton increased from 11% of the total cultivated area in 1879 to 22% in 1913. Cotton production increased from around two million



The Bank Misr proved far-sighted and a true pathfinder, implementing a progressive and universally advocated development strategy that concentrated efforts on one of the leading sectors of the economy capable of pushing other sectors onward through the well-known forward and backward linkages.

Egypt past and present

EGYPT IS ONE OF THE WORLD'S OLDEST CIVILIZATIONS, AND HAS LEFT a rich legacy in architecture, literature and art. Its current borders are virtually the same as those of the Egypt of the pharaohs, an era that lasted some three thousand years.

Napoleon's invasion of Egypt in 1798 opened a new period in the country's history, redefining its relationship with the Middle East and the world beyond. Within three years the French were evicted by British and Ottoman forces and anarchy ensued until an Albanian officer in the Ottoman army, Mohammed Ali, seized control. He is commonly regarded as the father of modern Egypt. After massacring the Mamluks in Cairo in 1811, his armies spent the following thirty years extending Egyptian control to Arabia, Sudan, Syria and even Turkey. In 1839 Mohammed Ali overwhelmed the Ottoman forces, and he might have become the dominant power in the Islamic world but for the diplomatic intervention of the alarmed European powers, which compelled him to continue formal recognition of Ottoman rule and restrict his control to Egypt and the Sudan.

Egypt's current borders are virtually the same as those of the Egypt of the pharaohs, an era of some three thousand years

Mohammed Ali also began a process of modernization throughout Egyptian society: military, administrative, educational and economic. His successors continued in this vein, but only at the expense of granting concessions to foreign companies and contracting enormous debts. A costly expansion into Africa began in 1867 under the Khedive Ismail, aggravating the rulers' financial difficulties and compelling them, in 1875, to sell to Britain the country's shares in the Suez Canal, which had been opened in 1869. Egypt's finances were brought under international control, later expanded to include management of the Khedive's own assets and European representation in the Egyptian cabinet.

Resentment of European controls provoked a nationalist reaction led by the Egyptian officer corps. Britain intervened in 1882 to suppress the Arabi Rebellion and established effective indirect control over Egypt's government, though formally Egypt became a British protectorate only upon the outbreak of World War I in 1914, when the fiction of Ottoman sovereignty was dispensed with. The subsequent suppression of Egyptian political rights stimulated a new wave of nationalism, and led to another rebellion in 1919 and British recognition of Egypt as a sovereign independent state, under King Fuad, on 28 February 1922. ☉

Source: P Esterhuysen, ed, *Africa A-Z*, Pretoria: Africa Institute of SA, 1997.

>> From page 17

Their increased incomes boosted national savings, which were either being invested in real estate or deposited with foreign banks. It was at this point that the need for a national bank to take care of national savings was increasingly being voiced.

Some writers attribute the delay in setting up a national bank in part to competition between British and German banks. Deutsche Orient, a German bank, was created in Egypt in 1906. It gave Egyptians favourable terms and conditions, which made it less urgent for them to establish their own bank.⁵

The outbreak of World War I, however, finally prepared the ground for the creation of the bank. Cotton prices, the major source of income, soared from £12 a kantar in 1913/14 to £88 a kantar in 1919/20, with savings increasing concomitantly. Furthermore, a decision by the Occupation Authorities to close down Deutsche Orient Bank in 1914, and the rise in land prices which made new investments in real estate less attractive, left the increasing national savings in search of both a safe haven and new investment outlets.

Amidst the nationwide uprising against the Occupation Authorities in protest at the deportation of leaders in 1919, the time was deemed ripe for creating the Bank Misr. Talat Harb, in collaboration with a group of leading Egyptians, signed an agreement establishing the Bank on 8 March 1920 and the official decree was issued on 13 April the same year. The Bank was intended to be fully Egyptian in terms of ownership, management, employment and operations. Non-Egyptians could be neither shareholders nor members of the board of the Bank. The official language of operations was also to be Arabic.

industrialisation-cum-development vision of national action.

The Bank's long-term plan of action ran along four major axes: diversification of the economy, articulation of a more favourable economic policy, Arab integration and international economic co-operation. The four components of the plan were apparently of mixed economic and political nature, a fact that required the Bank to get all the more involved in politics. This goes a long way to support the argument that 'the industrialization process undertaken by non-western countries in the 20th century was often a part of a wider national movement'.⁶

Diversification

The restructuring plan of the Egyptian economy was based on the idea that savings generated in agriculture be used in financing new projects in other sectors, particularly industry, along the following broad lines:

- mobilisation of national savings through both shareholding and bank deposits
- retention of an increasing portion of annual profits for investment purposes
- identification, appraisal and financing of new projects
- promoting and gradually selling new projects on the stock market.

The process proceeded in an orderly manner, and progress made on the above four areas was reported to be remarkable. An increasing part of national savings was mobilised through both shareholding and deposits. The capital of the Bank increased from £80 000 in 1920 to £1 million in 1927, at a compound annual rate of increase of 144%.⁷ The total capital of the Bank Group amounted to some £5 million

starting amount of £280 000, a remarkable achievement indeed.

Retained profits, accumulated over the same period for investment purposes, were slightly short of £3 million. Their annual rate of increase was 228% on average.¹⁰ This does not mean that the Bank did not distribute profits. On the contrary, annual dividends of approximately 8.5% were distributed during the period in question,¹¹ which is a good return on investment by any standard.

This growing amount of savings was directed to financing new projects, numbering 20 over the period under review. Eight of these new companies represented different stages of the textile industry, three were in the transport sector, one in insurance and the remaining companies had in one way or another to do with cotton, the leading crop in the economy. In so doing, the Bank proved quite far-sighted and a true pathfinder. It implemented a progressive and universally advocated development strategy that concentrated efforts on one of the leading sectors of the economy capable of pushing other sectors onward through the well-known forward and backward linkages.

After establishing these projects, the Bank sold them on a gradual basis on the stock market. Published data reveal that the share of the Bank in the capital of its companies steadily decreased from 30% in 1925 to a mere 12% in 1933.¹² More importantly, the number of shares of the Bank itself increased from 20 000 in 1920 to 250 000 in 1927, and the number of shareholders increased in parallel to 9 267 in 1931 up from the initial number of 124,¹³ with the average ownership decreasing as a result from 161 to only 27 shares. This clearly reflects the increasing confidence of the public in the Bank's

The coming into force of the Independence Treaty between Egypt and Britain in 1936 arguably turned Egyptian politics into a struggle between political parties for power and influence. The conflict of interests gradually dragged the Bank into a web of intrigues, explaining both the rapid rise and fall of the Bank.

More than just a bank

The Bank was conceived to be a spearhead for independence, broadly defined. That is, it was not primarily envisaged as a typical commercial bank engaged only in short-term lending activities, but rather as a universal bank modelled broadly on the German prototype of holding companies, but within the framework of a clear-cut

on the eve of World War II, at a compound annual rate of increase of 216%.⁸ Deposits in turn were taking off, reaching about £17.5 million in 1938 from the starting amount of £200 000 in 1920. Their annual rate of increase was 128% on average.⁹ The total amount of savings mobilised by the Bank at the end of 1938 was in the region of £22.5 million, or 80 times the

companies and policy on the one hand, and the expansion of the ownership base on the other. It further manifests, in parallel, the expansion of both the Egyptian industry and stock market.

What was also interesting was the Bank's active contribution in fostering the public sector. In the early 1920s, the government established two funds for promot-

DEVELOPMENT

ing agricultural co-operatives and small-scale industries respectively, and entrusted the Bank with the responsibility for administering the resources of the two funds.¹⁴

Economic policy

Although the bank owed its existence to popular demand, it could hardly have performed so well in the absence of government support. Much depended on political networking and the formation of pressure groups in political and other circles that had an influence on the decision-making process in the country. This reality gradually dragged the Bank into politics.¹⁵ It managed to acquire supporters at the Egyptian Economic Council and the Supreme Council for Co-operatives, established in 1923 and 1926 respectively, to advise the government on pertinent economic policies.

It was also represented at the Office for Commerce and Industry and the Committee for Cairo and Alexandria Stock Markets. The Bank had in addition a growing influence on the Union of Egyptian Industries, established in 1923, on the Board of the Real Estate Bank of Egypt and on the Chamber of Commerce in Cairo and the provinces.

The new bi-cameral parliament formed in 1924 was almost dominated by the Bank's strong lobbyists. Dr Fouad Sultan, Deputy Director of the Bank, was elected chairperson of the Finance Committee at the Council of Representatives and secretary of the Joint Committee of the two councils. Joseph Katawy, another Deputy Director of the Bank, was also an influential member of parliament. Olwy El-Gazzar, head of the Bank's Shebeen El-Qom office, was elected as sub-chairman of the Senate. Talat Harb himself, the founder and general manager of the Bank,

and its companies after they left their ministerial jobs, and to appoint their relatives on the staff of the Bank group.

Thanks to these connections, a political atmosphere was created in which a more favourable economic policy, which the Bank had advocated for quite a long time, could be considered. In 1930, İsmail Sedqi, a powerful politician and businessman and a strong supporter of protective economic policy, was appointed prime minister. After the last customs treaty with Italy had expired in February that year, a series of tariff measures were put into place between 1930 and 1938 to protect infant, particularly textile, industries. Law 2 of 1930 introduced gradual tariff rates on imports, ranging from 4-6% on raw materials and productive equipment to 25% on finished goods produced in Egypt. Inputs of intermediate items bore an 8% tariff rate, and the rate was raised on finished goods produced outside Egypt to 15%. The Bank's textile company at Mehalla El-Kobra together with the Al-Ahlia Company, Sedqi's company, were subsidised to enable them to compete on the market. The airline and navigation companies also received financial support from the government, which helped them make noteworthy progress.¹⁶

As a result of these and other measures, 132 new companies were established over the period 1930-1939,¹⁷ which corresponded, surprisingly, with the Great Depression afflicting the developed world at that time.

The consequences of these expeditious developments were, expectedly, unfavourably received in political and business circles in Britain. The British textile industry, which had accounted for approximately three quarters of the Egyptian market before 1925, found its percentage gradually falling to the floor of

29% in 1925. To compensate Egyptians for the side effects of the dumping policy, Japan increased its imports of Egyptian cotton, which further weakened the bargaining position of British firms, the main importers of the Egyptian cotton at that time.¹⁸ As a result, the British were getting all the more tense.

Arab Integration

Not only was the Bank a pioneer in the diversification of the economy and the articulation of national policy, but also in regional co-operation. It conceived of the development process in the wider framework of Arab integration. Soon after the Bank began operations in the early 1920s, it explored the possibility of conducting operations in neighbouring countries, thereby becoming the first Arab multinational company.¹⁹

The first country to become involved was Saudi Arabia, to which a large number of Egyptians flow every year for pilgrimage. At first, the Bank tried to establish a branch there but the time was not opportune. Al-Sherif Hussein, the ruler of Al-Hegaz, had already accepted the proposal and issued the necessary warrant before he lost the war to Abdel-Aziz Al Saud.

The latter declined to proceed with the project, considering banking activities as usury, which is forbidden by Islamic law. All the same, the Bank's navigation company implemented a series of pilgrimage-related projects, including building hotels in Mecca and Jeddah, purification of water in Mecca, paving the Jeddah-Mecca road, establishing a telegraph system, and preparing small boats to transfer passengers from ships to the shore in Jeddah and cars to transport them on to Mecca.

One of the Bank's major achievements concerned the stabilisation of the exchange rate of the Saudi currency. Previously, the exchange had been made on arrival in Jeddah by small money dealers at variable rates, but the Bank managed to arrange for the exchange to be undertaken before embarkation in Suez at fixed rates agreed upon between the Bank and the Saudi Government. The Bank's company for mining and quarries also extended its operations to Saudi Arabia. Extracting oil was one of its objectives in this country.

Still, in Saudi Arabia the Bank also got involved in non-economic activities, most of which were of a purely political nature. For example, in 1934, Talat Harb, the managing director of the Bank, sent M A Alloba, the Director of Misr Company for Navigation, to join a mediating delegation in the war between Saudi Arabia and Yemen. It was also reported that the

One of the Bank's major achievements was the stabilisation of the Saudi exchange rate ... previously, the exchange had been made on arrival in Jeddah by small money dealers at variable rates

was the chairperson of the Senate's Committee for finance, commerce, industry and customs.

The Bank extended its influence to provincial councils, particularly in El-Menia, in Upper Egypt, and El-Gharbia, in Lower Egypt. Other effective means of securing government support included promises to appoint ministers and other key executives on the board of the Bank

one quarter (27%) by 1938. The situation was aggravated by the Great Depression, which resulted in a growing number of British firms closing down. In particular, the situation was worsened by the increasing involvement of the Axis countries in the Egyptian market. Japan and Italy adopted a dumping policy whereby they increased their share in the Egyptian market to 60% in 1938 compared with only



Tourism is one of the mainstays of the Egyptian economy and earns more foreign exchange than oil exports. In the early 1990s the country received some 3 million tourists per year, generating annual revenues of US\$3-billion.

Egyptian-Saudi Arabian Friendship Treaty was signed in 1936 under the influence of the Bank's activities in Saudi Arabia.²⁰

The Levant (El-Sham) was the Bank's second area of interest after Saudi Arabia. In 1929, Misr-Palestine Bank was planned to operate in Hiefa, Palestine, with a capital of 100 000 Palestinian Liras, of which 51% was to be accounted for by Bank Misr. One quarter of that amount was already paid up, but the project never came into existence simply because Britain refused to issue the necessary warrant for obvious political reasons.²¹

The ground was being prepared at that time for the creation of the state of Israel and the extension of the Bank's influence to Palestine was seen to be in contradiction with these plans. Probably for much the same reason, Britain did not allow the Bank to operate a branch in Iraq. Its future plans for this country had not matured yet.

The Bank managed, however, to establish Bank Misr-Syria-Lebanon in 1930 with a capital totalling 250 000 Syrian Liras. Similar attempts were made to open a branch in Sudan but the financial requirements there far exceeded the Bank resources.

Instead, the Bank's navigation company opened two offices in Khartoum and Port Sudan, and its marketing company, Promoting Egyptian Products Company, opened exhibition offices in major Arab cities, notably Damascus and Jerusalem.

International Co-operation

Although the Bank opted for self-reliance right from the beginning, the possibility of co-operation with foreign capital was not ruled out altogether. Efforts had already been made in this direction but it eventually ran out of time. In addition, Britain's attitude to this kind of relation-

ship was uncompromising. It would not countenance the bank developing foreign relations with its enemies.

The Bank's first move on the international arena was the opening of a branch in France in 1926. An agreement was also made to establish an Egyptian-Romano oil company in co-operation with Italian capital under the name of The General Egyptian Company for Petroleum.²²

It was further reported that some founders of the Bank, notably Mohammad Taher Pasha, an influential member of the royal family, established strong connections with German politicians and businesspersons. Taher Pasha, who was also on the board of the Bank's airline company, was appointed Deputy Director of the German company of Siemens Orient.²³ In collaboration with some of his friends, members of the board of the Bank group, he planned to establish a rival airline company in partnership with German capital under the name of Horus.²⁴

Such relations worried the British Government. The urgent question was how to contain the ambitions of the Bank and curtail its growing international connections in the Axis countries. Considering possible options in this regard, the British Ministry of Foreign Affairs opted for encouraging British companies to establish joint ventures with Egyptian partners, including the Bank group

itself.

The alternative option of taking harsh measures against the Bank was turned down. The ultimate aim was to form a pro-British lobby in Egyptian political circles to counterbalance the Bank's pressure group.²⁵

A number of joint ventures were already in the pipeline, and British firms began to cast around for prospective partners, particularly in political parties and the business community. The plan worked well, especially after the coming into force of the Independence Treaty signed between Egypt and Britain in 1936, which arguably turned Egyptian politics into a struggle between political parties for power and influence.

The conflict of interests gradually dragged the Bank into a web of intrigues, explaining both the rapid rise and fall of the Bank.

DEVELOPMENT

In line with the British plan, Heston Company, a British airline, offered to establish a joint airline company with Bank Misr. The new company was established in June 1931 and received a licence from the Egyptian Government for 30 years. The company's terms of reference included founding an air navigation school, building airports, shelters and maintenance workshops, surveying land, spraying pesticides and carrying cargo and mail.

The success of the company exceeded all expectations, to the extent that Britain began to suspect the real intentions of the company. There was, first of all, the fear that the new company might eventually crowd out the British and foreign companies providing air-related services in Egypt and the neighbouring countries.

The British Imperial Airlines Company regarded the new company's airline to Sudan as a rival to its London to Cape Town line. The line to Sudan operated as an internal line on the grounds that Sudan was part of the Egyptian Kingdom, which directed the attention of the British Government to certain political implications. The Government considered this line a violation, and hence in defiance of the Declaration of Independence of 28 February 1922 in which Sudan was one of the Four Reserved Points. There was also a growing worry that the company might sell aeroplanes to King Saud who would use them in his military operations in his country. The British were particularly nervous at the possibility that some shares of

inter alia, of creating a hole in the fence that had been erected around the national leaders. Addressing Talat Harb, the British Agent said:

I thought that you were a wise man but you seem to be infected with the contagion of madness sweeping the country these days. Do you imagine that Egyptians can run a Bank? I can prevent you from going through with it but I will let you do it just to give you a lesson in failure.

The harm done by the Bank's success was compounded by two events of great importance at that time: the Great Depression and preparations for World War II. For these reasons, the Bank was hardly to be allowed to proceed in the same direction, and it was therefore decided to put an end to its ambitions. The proper time came when the clouds of World War II were gathering.

In August 1939, the cabinet, headed by Mohammad Mahmood, in which Ahmad Maher, a close friend and ally of Talat Harb, was the Minister of Finance, was dissolved and a new one was appointed in September. The new premier was Aly Maher and the new minister for finance was Hussein Serry. The former was thought to be an enemy of Talat Harb, who apparently had promised him a seat on the board of the Bank but had not kept his word.²⁸ Hussein Serry was the son of the first Egyptian engineer to graduate from a British university and was counted among the Egyptians most loyal to Britain. He

The liquidity ratio (highly liquid assets + securities/total deposits) went down from 51% to 39%, while the stable deposits ratio was about one third in 1938 compared with one half in 1930.

Finally, the portfolio/equity ratio increased from 59% in 1930 to 182% in 1938, and portfolio/deposits ratio nearly doubled, from 13% to 21,5%.

In the process of adjustment, the first line of defending liquidity could have sustained the initial waves of drawings had a trap not been set for the Bank. The government had divided the Post Office Savings account between the National Bank of Egypt (NBE) (£10 million) and Bank Misr (£3 million). The new Minister for Finance, Hussein Serry, inexplicably ordered the withdrawal of the whole amount from Bank Misr, leaving the amount with the NBE untouched.

Talat Harb tried in vain to convince the minister to change his mind, to reduce the amount withdrawn or at least to postpone the operation. It was necessary therefore to resort to a second line of defence. Here we clearly see the role of the NBE, the British bank acting as the central bank. In line with long-established international banking traditions, a bank can discount securities at the central bank, which should, in its capacity as the banker's bank, respond favourably – particularly in emergency cases – to protect public confidence in the banking system at large.

When Bank Misr used this right and presented first class securities to the NBE for discounting, the British governor of the

I thought that you were a wise man but you seem to be infected with the contagion of madness sweeping the country these days ... Do you imagine that Egyptians can run a Bank? I can prevent you from going through with it but I will let you do it just to give you a lesson in failure.

the company might be bought by German or Italian nationals in case Heston Company was obliged to sell its shares.²⁶ Added to all this was the bad news that plans for creating a new airline company, Horus, with German capital were under-way.

Undermining Bank Misr

If World War I paved the way for the establishment of the Bank, World War II could be seen as being the cause of its demise. Right from the beginning, Britain was disenchanted with the creation of the Bank, particularly as it had the mission,

was also a close friend of Abboud Pasha, who had striven to control the Bank group.²⁹

When the war broke out people predictably began to panic and to withdraw their deposits from banks. Banks in turn tried to adjust their operations and financial positions to the new circumstances of the war. According to published data, the financial position of Bank Misr seemed to be solid by customary financial standards. For example, the quick assets ratio (highly liquid assets/total deposits) was 38% in 1930 but gradually declined to 18% eight years later.³⁰

bank, Sir Edward Kock, refused to effect the discount operation. There is almost universal agreement that the intention to undermine the Bank, in retaliation for its involvement in politics, was behind the decision of the British Governor not to bail it out.³¹ Again, Talat Harb tried to convince the minister of finance to guarantee the Bank at the NBE.

Eventually, the minister agreed to issue the required guarantee but on the following conditions:

- Talat Harb was to resign
- the Bank's portfolio was to be restructured in favour of more liquid assets

- all real estates in possession of the Bank were to be liquidated
- the Bank was to stop establishing new companies and unprofitable companies were to be liquidated
- the Bank was to stick to banking traditions in its operations
- the Bank was to support the board with new members and replace existing experts with new ones
- the Bank was to appoint professional auditors.

The aging Talat Harb had no other choice but to accept these harsh conditions. He resigned on 4 September 1939 and a new board was appointed under the chair of Hafez Afify Pasha. The government immediately guaranteed the new management at the NBE a loan of £2.5 million.

Under the pressure of public opinion,

the future of the Bank Group became a subject of hot debate in parliament, which subsequently enacted Law 40 in 1941, providing for government guarantee of the bank's present and future deposits, and ensuring government support for that great national institution.

At this moment in history, the Bank was reduced to a mere commercial bank after having been an engine of development. Two years later, on 21 August 1941, Talat Harb passed away.

Conclusions

Drawing on the experience of Bank Misr in Egypt over the period 1920 to 1940, this article has presented supporting historical evidence in corroboration of the hypothesis that political factors could be as influential on the development process as economic variables. In particular, the article emphasises that unless the political en-

vironment is adequately enabling, sustainable development can hardly take place, if at all.³² The Bank's experience has been considered in the wider context of Egypt's political history. The analysis concentrated on three major aspects. The first aspect was Britain's encirclement of national leaders in a bid to prevent them from gaining the power that would eventually enable them to expel the British from Egypt.

The counter strategy adopted by national leaders was to break through the fence from its weakest point, finance, by creating Bank Misr.

The Bank performed extraordinarily well in terms of diversifying the economy, articulating appropriate national policies, regional integration and international cooperation. This unexpected success drove Britain to undermine the Bank's activities and to reduce it to a mere commercial instrument. ☉

Notes & references

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- 15 *Ibid*, pp 148 - 150.
- 16 *Ibid*, pp 165 - 168.
- 17 *Ibid*, p 173.
- 18 *Ibid*, pp 169 - 170.
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- 22 *Ibid*, p 225.
- 23 *Ibid*, p 168.

- 24 *Ibid*, pp 213 - 217.
- 25 *Ibid*, pp 169 - 170.
- 26 *Ibid*, pp 213 - 217.
- 27 Metwally, *op cit*, p 129 (translation).
- 28 Davis, *op cit*, p 249.
- 29 *Ibid*, pp 244 and 192 - 196.
- 30 Bank Misr, *op cit*.
- 31 Davis, *op cit*, p 220.
- 32 Though not related to the subject matter of the study, other useful lessons can be drawn from the Bank's experience in connection with development financing and strategy. Universal Banking seems to be more appropriate for developing countries, given the scarcity of financial resources in relation to total requirements. The strategy needs however to be carefully handled, precisely for much the same reason. In particular, Banks' resources should be diversified in such a way as to match the term structure of the

use of funds. Banks' ambition should also not be stretched far beyond their effective means so that risk remains minimal. The Bank's strategy of clustering its activities around cotton, the major crop in the Egyptian economy, proved the importance of the long-advocated industrialisation policy of focusing on one leading sector that has strong backward and forward linkages for growth. Concerning the debate over the relevance of either collective self-reliance or the go-it-alone approach to economic development, the Bank experience provides evidence in favour of the former, a highly pertinent lesson indeed particularly for African countries. Finally, the Bank's experience emphasises the importance of foreign direct investment, a tendency being universally adopted worldwide at present.

South Africa's Arms Transfers in 1997:

& Morality & Reality

Moses B Khanyile, a senior researcher at the Centre for Military Studies (Gauteng Branch) of the University of Stellenbosch, looks into South Africa's status as a supplier of arms by critically analysing the nature and value of its weapon sales for the year 1997. He also briefly discusses the Department of Defence's arms acquisition plan that was approved in November 1998.¹

WHETHER ARMS TRANSFERS ARE NECESSARY AND THE CONDITIONS UNDER which they should take place have been important aspects of the debate on disarmament and arms control during the past twenty-five years. Given the prevalence of violent conflicts – both on an interstate and intrastate level – it makes sense to take a critical view of any form of arms transfer. This is particularly so if the destinations of such weapons are prone to violent conflict or unresolved conflicts.

Despite numerous calls from the international community to rewrite the rules governing arms transfers, following the end of the East-West ideological confrontation, there does not seem to have been a significant decline in either the sale or purchase of weapons.

South Africa's arms transfers, especially the selection of its clients, have been a matter of public debate in the recent past. It is true that arms transfers are a complex issue requiring intensive debate to produce a balanced policy that will take cognisance of human rights, ethics and morality, technology transfer, economic development and power projection. In addition, international treaties and agreements – such as United Nations (UN) sanctions resolutions – have an important role to play in influencing the country's arms transfer policy.²

Given the military industrial capacity which has developed over the years, culminating in the production of nuclear devices in the late 1980s, South Africa can be viewed as both a recipient and supplier of arms.

Conceptual analysis

Any attempt at analysing concepts such as morality and realism, especially in the context of arms transfers, is bound to be misleading and inadequate, particularly because of the subjective interpretation of what is construed as morally acceptable and realistically justifiable at a time when today's peaceful nations or regions are more than likely to be involved in tomorrow's violent conflicts. The lack of generally accepted definitions of these concepts makes such an analysis inadequate.



Photo courtesy of Salut magazine

There seems to be general consensus that there is no moral justification for countries in the South to produce or purchase expensive military hardware - like the Gripen fighter, pictured during testing in South Africa - despite massive foreign debts, abject poverty and unstable political systems. In some cases, weapons purchased with taxpayers' money end up being used against the internal population.

Faced with the difficulty of locating morality within the social context, Strawson³ observes that,

... it is a condition of the existence of any form of social organization, of any human community, that certain expectations of behaviour on the part of its members should be pretty regularly fulfilled: that some duties, one might say, should be performed, some obligations acknowledged, some rules observed. We might begin by locating the sphere of morality here. It is the sphere of observance of rules, such that the existence of some such set of rules is a condition of the existence of a society. This is a minimal interpretation of morality. It represents it as what might literally be called a kind of public convenience: of the first importance as a condition of everything that matters, but only as a condition of everything that matters, not as something that matters in itself.

The classical realism, or *Realpolitik* approach, is viewed in this paper in the broad sense, as adopted by Nicholson, who portrays 'human beings as fundamentally selfish'.⁴ It further recognises the centrality of the state's continued role in the post-

Cold War international system. Morality is not regarded as an opposite of classical realism because idealism would best fit that description.

However, it is viewed as loosely related to 'utopianism' and more closely related to 'rational choice theory' where the former refers to 'any view that radical change can be brought about in the international system by sets of political choices', and the latter assumes that states, as dominant actors in the international system, have preferences and that 'they pursue them in an instrumentally rational manner'.⁵ Against this background, South Africa has to make hard choices with regard to arms export destinations.

South Africa: a significant arms supplier from the South

Analysis of South Africa's status as a major supplier of military hardware should focus on a careful consideration of factors that contribute to such a status. These factors include the necessity of arms sales, financial resources, regional and international trends, and perhaps the existence of the market for military equipment. Emerging from a political situation that was characterised by armed and violent conflict, the new South Africa inherited an advanced defence industry which, many defence analysts argue, can contribute considerably towards poverty alleviation in the country. Through arms exports existing

Table 1: Arms exports, 1990-1995*

Year	Argentina	Brazil	Egypt	India	Israel	Pakistan	South Africa
1990	23	69	80	11	718	6	57
1991	6	88	0	6	801	88	11
1992	5	194	22	0	592	32	97
1993	147	105	10	10	629	5	178
1994	31	195	10	10	743	10	236
1995	70	10	0	5	775	20	100

*All figures at constant 1995 US million dollars
Source: US Arms Control and Disarmament Agency, 1996.¹⁰

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jobs in the defence industry are not only retained, but new ones are also created. Export capacity is also necessary in order to finance the procurement process inside the country.⁶

With the exception of Denel, which is the government's main arms-producing and arms-exporting company, the country's defence industry (comprising about 700 companies) is owned by the private sector. Of the 50 000 people employed in the defence industry in December 1997,

experienced a gradual decline in its export capacity. As Table 1 indicates, South Africa, unlike Israel whose export market remained relatively stable between 1990 and 1995, seems to have lost some of its arms export market share as from 1995. This could possibly be attributed to the introduction and implementation of new rules and regulations, after the establishment of the National Conventional Arms Control Committee (NCACC) on 31 August 1995.⁹

The question which many countries, including India and Pakistan, are asking is: to what extent can countries in the South depend on the North to ensure that international laws on territorial integrity and national sovereignty are respected if they themselves are violators of such laws?

about 15 000 were involved in export-related activities.⁷

Arguments advanced by most analysts – and actually also incorporated in arms control mechanisms – take the view that it is morally inappropriate to sell arms to countries and/or regions affected by or prone to violence or even where serious inter-state or intra-state tensions still exist.

Despite playing an increasingly important international role in the settlement of disputes, South Africa is also one of the significant weapons exporters from the South. The realist approach to South Africa's dilemma would be to look at what is in the interest of the country and its population. But practical realities and interests devoid of morality could also prove counter-productive.

The status of being a significant weapons supplier, rather than a recipient, reflects the superiority of the supplier in terms of aspects such as technological capacity, economic resources and scientific potential. This could be misleading though as some countries find it more cost-effective to buy military equipment off the shelf than produce it themselves. In this way, more money could be spent on addressing social challenges. However, the same approach could negatively affect the recipient country's future foreign policy options, especially if such options involve the interests of the supplier. This strategy has frequently been used by the United States against its clients.⁸

South Africa, together with other developing countries with significant weapons self-production capacity, such as Argentina, Brazil, India and Israel, has

In the regional context, South Africa's arms production and export capacity are regarded as an achievement that the whole continent should jealously defend. This has become even more important after the US twin bombing of suspected terrorist sites in Sudan and Afghanistan in late 1998.

The question which many countries, including India and Pakistan, are asking is: to what extent can countries in the South depend on the North to ensure that international laws on territorial integrity and national sovereignty are respected if they themselves are violators of such laws?

The discriminatory nature of the nuclear arms regime is largely responsible for attempts by some developing countries to challenge the monopoly of the North on nuclear status. It is also noteworthy that South Africa was the first country 'that had fully developed, and then voluntarily dismantled, its military nuclear capability'.¹¹

There is an increasing realisation that the South will have to develop a sense of self-reliance and solidarity, without compromising the principles of liberal democracy and market economy.

Advanced technology, which South Africa seems to have acquired, should not be allowed to disappear as a result of pressure from the North.

However, a general consensus seems to exist that there is no moral justification for countries in the South to produce and/or purchase expensive military hardware despite massive foreign debts, abject poverty and unstable political systems. In some cases, weapons purchased with taxpayers' money end up being used against the internal population.

South Africa's Arms Transfers Policy Evolution of Policy on Arms Transfers

Prior to its transition to the new political dispensation in 1994, South Africa's policy on arms transfers was ambiguous, unpredictable, and also lacked adherence to international norms and regulations.¹² The main statute which governed arms transfers was the Armaments Development and Production Act 57 of 1968 – popularly known as the 'Armscor Act'. The lines of accountability were not clear and in most cases misleading, as the Cameron Commission later discovered.¹³

Armscor (Armaments Corporation) was responsible for arms manufacture, sales (exports) and acquisitions (imports). It was intended to operate under a Ministry, but was constituted as a separate and autonomous entity that functioned as a 'company' with its own board of directors. However, the Minister could, in terms of the Act, approve corporate loans and appoint and dismiss directors.¹⁴

Morality and consistency in terms of content, interpretation and execution of the arms trade policy and other pieces of legislation seemed to be lacking. This was clearly illustrated by its policy with regard to classification of countries and weapons. Since 1983 countries were classified according to recommendations made by the Defence Foreign Policy Committee (DFPC).¹⁵ These categories were:

- Group 1: No restriction on the marketing and/or export of armaments which had been released for marketing;
- Group 2: Only non-sensitive armaments could be exported to such countries;
- Group 3: No armaments could be exported to these countries.

The inconsistency and disregard for morality in arms transfers policy became evident in the case of Lebanon. According to the Smith Report of 26 September 1983, the South African government classified the Lebanese government as belonging to Group 1, and the main opposition, the Christian Militia, as Group 2. In 1987 the Lebanese government became a Group 2 market, while the Christian Militia was upgraded to Group 1 status.¹⁶

Weapons, ammunition and military equipment were divided into three broad categories, namely:

- Category A: All armaments released for marketing;
- Category B: All 'non-sensitive' items such as vehicles, radios, anti-riot equipment, and weapons and ammunition not exceeding 12,7mm;

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Table 2: South Africa's Arms Acquisition Plan – 1998 ²⁶

Product	Preferred Supplier	Qty	Value (Rm)	Estimated Industrial Participation Value (Rm)				Job Creation
				Investment	Exports	Local Sales	Total Value	
Corvettes	German Corvette Consortium	4	6 001	2 112	2 109	11 786	16 007	10 153
Submarines	German Submarine Consortium	3	5 212	6 262	22 950	1 062	30 274	16 251
Maritime Helicopters	GKN Westland UK	4	787	268	227	2 225	2 720	2 536
Light Utility Helicopters	Agusta, Italy	40	2 168	431	2 847	1 407	4 685	4 558
Light Fighter Aircraft	SAAB, Sweden Bae, UK	28	10 875	14 387	26 481	7 445	48 313	23 195
Lead in Fighter Aircraft	Bae, UK	24	4 728	2 552	4 566	1 462	8 580	7 472
TOTAL			29 771	26 012	59 180	25 387	110 579	64 165

Source: South African Department of Defence, Bulletin, 19 November 1998. See also Business Day (Johannesburg), 19 November 1998.

- Category C: All products not released for marketing.¹⁷

As can be deduced from the above categories, the classification of military items was viewed from the perspective of market opportunities and the degree to which South Africa was prepared to release such items. Factors such as lethality, ethics, human rights and international norms were conspicuously lacking in this approach.

The status quo changed on 1 April 1992 when a new corporation, Denel, took over the responsibilities of manufacturing and selling arms. Armscor's primary role became that of acquiring military equipment for the South African National Defence Force (SANDF). However, it still sells surplus stock on behalf of the SANDF. While the organisational arrangement and lines of responsibility and accountability have remained relatively unchanged since 1992, the procedures, rules and regulations have changed drastically to bring them in line with the new South Africa's foreign policy requirements.

Internal pressure for a human rights-friendly arms transfer policy is largely responsible for the new rules. Also influencing the current policy was the UN Security Council's declaration on Guidelines for Conventional Arms Transfers, which was adopted in October 1991. The declaration identifies various aspects to be considered during arms transfers. These include:

- Whether the proposed transfer will promote the capabilities of the recipient to meet its legitimate self-defence;
- Whether the transfer will serve as an

appropriate and proportional response to the security and military threats confronting the recipient country;

- Whether it will enhance the recipient's capability to participate in regional or other collective arrangements consistent with the UN Charter.¹⁸

The NCACC has since its inception in 1995 developed a set of criteria with which all companies applying for arms-supplying contracts have to comply. These include:

- Respect for human rights/fundamental freedom in the recipient country;
- An evaluation based on the United Nations' Universal Declaration of Human Rights and the African Charter on Human and People's Rights;
- The internal and regional security situation in the recipient country, in the light of existing tensions or armed conflicts;
- The record of compliance of the recipient country regarding international arms control agreement and treaties;
- The nature and cost of the arms to be transferred in relation to the circumstances of the recipient country, including its legitimate security and defence needs and the objective of the least diversion of human and economic resources for armaments;
- The degree to which arms sales are supportive of South Africa's national and foreign interests.¹⁹

As can be deduced from both the NCACC's set of criteria and the guidelines of the UN Security Council with regard to

arms exports, the exporting country remains the final judge of whether or not the potential recipient country qualifies for arms sales. This places tremendous pressure on the NCACC to balance the need for compliance with these criteria and the desire to earn foreign exchange.

On 14 May 1996, Parliament approved the White Paper on Defence which further emphasises the importance of morality in arms trade. In the same year, Cabinet decided to produce a White Paper on the Defence Industry which would not only deal with aspects of control and accountability, but would also look into the so-called 'requirement pull', i.e. identifying the future technological needs of the Department of Defence (DoD), and the 'technology push', i.e. the future capabilities and opportunities to satisfy the requirements of the DoD.²⁰ The White Paper on the Defence Industry has not yet been finalised.

In July 1997 the NCACC announced the first official policy on arms sales in which it undertook to release 'an unprecedented amount of information' to the public. Aspects such as items sold, their value, the identity of the buyer (under certain circumstances), possible dates of exports, and counter-trade arrangements (in the latter case, only when training and logistical support are involved) would now be made known to the public. The international community received this unprecedented level of openness with mixed but largely positive feelings. This was regarded as a challenge to other arms exporting countries, especially from the developing countries, to make a similar undertaking.

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Table 3: Regional Breakdown of South Africa's Arms Exports – 1997

	A (SMSE)	B (SSE)	C (NSE)	D (NLE)
AFRICA				
Botswana	119	115	227	
Cameroon	13 763		106	
Eritrea			1	
Gabon			400	
Ghana		1 757	1 565	
Ivory Coast	83	399	5 270	144
Kenya			5 627	
Lesotho			1 155	
Namibia		56		
Rep of Congo (Brazzaville)	24 590	630	6 700	
Rwanda	8 683	655	6 309	
Swaziland	781	667		1 561
Tanzania			8 492	
Tunisia	5 132			
Uganda	9 084			
Zimbabwe		6		
TOTAL (,000)	62 235	4 285	35 852	1 705
LATIN AMERICA				
Brazil	19	2 682		
Chile	16 290		805	
Colombia	59 639	9 793		1 791
Ecuador	16 854	2 916		
Peru	6 671	98	7 087	783
Venezuela		2 838		
TOTAL (,000)	99 473	18 327	7 892	2 574
CENTRAL AND NORTH AMERICA				
Canada	1 576		180	
Mexico	6 106	6 067		576
United States			376	
TOTAL (,000)	7 682	6 067	556	576
EUROPE				
Austria		3 040		
Belgium			1 176	
Denmark		2		
Finland	75			
France	917			24 619
Germany	130	2 106		
Ireland	4 487	74	329	
Malta	736			
Netherlands			20 993	
Portugal		132		85
Romania			14 504	644
Slovakia	431			
Slovenia	1 400			
Spain			11 404	
Switzerland	97 309		10 797	
United Kingdom	764	2 334	996	
TOTAL (,000)	106 249	7 686	60 199	25 348

Procurement

The White Paper on Defence (1996), the Constitution of the Republic of South Africa (1996) and the Defence Act impose a positive responsibility on the DoD. This responsibility impacts directly on the defence industry. The Constitution identifies national defence as one of the security services of the Republic and further states that '[t]he defence force is the only lawful military force in the Republic'.²² The White Paper on Defence states that the 'SANDF will be a balanced, modern, affordable and technologically-advanced military force, capable of executing its tasks effectively and efficiently'. It further forbids the government to endanger the lives of military personnel by equipping them with inadequate weapons and equipment.²³

While the Constitution identifies the need to arm a section of society (as a national defence force) 'to defend and protect the Republic, its territorial integrity and its people' (section 200(2)), the White Paper on Defence undertook not to expose such people to unnecessary peril. This would be effected through arms acquisition in accordance with the constitutional provision (section 217), which states that '[w]hen an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.' It further warns, 'this provision does not prevent the organs of state or institutions ... from implementing a procurement policy providing for categories of preference in the allocation of contracts'. However, as already indicated, arms procurement responsibility rests solely with Armscor.

It is undeniable that decisions on arms acquisitions are normally subjected to stringent tests of 'affordability and necessity'. The former usually enjoys more popularity and attention in public debates than the latter. This is particularly so because backlogs in government's social agenda require vast financial resources which are not always readily available. The debate on 'affordability' gets reduced to a choice between 'guns and butter' as though these are mutually exclusive, despite constitutional provisions catering for both.

The current arms acquisition programme, designed by the Defence

Review Work Group²⁴ and subsequently approved by Parliament, was recently a subject of public scrutiny and debate. In an emotional appeal against the government's initial R12 billion arms acquisition plan, one commentator observed as follows:

To see that this country is prepared to spend some R12 billion on arms, is an obscene insult to the poverty and misery of this continent, let alone the majority of people. We have hospitals lacking medicines, linen, doctors and nurses. We have students demanding books and teachers. We have universities that cannot function or prepare a future intelligentsia, let alone a future ruling class. Our police lack at least 5 000 new recruits, but most of all modern equipment and training. We have a government admitting it is short of R1 billion to build houses ... Against who are we preparing for war?²⁵

This strong appeal for moral justification for expenditure on arms in the face of social challenges seems to shake the very foundations of the constitution and related legislative pieces, which individually and collectively justify it.

However, cabinet's approval of the DoD's long-term arms acquisition plan, worth about R30 billion, on 18 November 1998, rekindled the moralist-realist debate. In terms of the acquisition plan, suppliers of the various military items (primarily for air and sea warfare) had to present attractive counter-trade packages, which would help ensure sustainable socio-economic development. The social challenges which, according to moralistically-inclined defence critics, suffer under such exorbitant defence expenditures, seem to have been taken care of by the national industrial participation programme and jobs created in the process (see Table 2).

However, questions have been raised about the suitability of some of the items in the acquisition plan. There is also no certainty about the total value of the IP programme (currently estimated at R110 billion) and the jobs that are likely to be created (currently estimated at over 64 000). In addition to these questions, public concern about the affordability of the package increased. Consequently, the original accounting method was changed to reflect a more credible picture. In this regard, the new accounting method focused mainly on the value of direct investments, plus the

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Table 3 contd

	A (SMSE)	B (SSE)	C (NSE)	D (NLE)
MIDDLE EAST				
Cyprus				170
Israel	1 207	22 796	2 160	
Jordan	53	1 526	19	
Kuwait	5 641	439		
Oman	10 443			
Saudi Arabia				139
United Arab Emirates	527		16 518	
TOTAL (,000)	17 871	24 761	18 697	309
ASIA				
Bangladesh			1 373	
India	572 225		28 293	
Japan	3 318			
Malaysia	845			
Pakistan	26 848	3 780	3 088	
People's Rep of China			8 629	
Philippines		986		
Rep of China (Taiwan)	18 706	19 704	215	
Singapore	81 784	4 426	1 760	
Thailand	34 510	1 737	230	
TOTAL (,000)	738 236	30 633	43 588	
OCEANIA				
Australia		144	43	
Fiji			191	
New Zealand		1 340		
TOTAL (,000)		1 484	234	
OTHER				
Republic of South Africa	868		706	
United Nations	809			
TOTAL (,000)	1 677		706	

value of exports arising from the investments and also purchases by existing South African companies. It was envisaged that the net effect of this review would be a fairly scaled-down acquisition plan.²⁷

The moral-realist debate on arms transfers intensifies especially with regard to arms exports as the latter reflect not only on the nature of the exporting country's foreign policy but also indicate the extent to which it would go to adhere to international humanitarian law.

As shown in Table 3, South Africa's weapon sales in 1997 – two years after the establishment of the NCACC – reflect a combination of moralist-realist considerations and an incomplete foreign policy, which is characteristic of embryonic democracies.

The analysis of arms exports for 1997

According to the NCACC, weapons or armaments-related items and equipment are classified into the following categories:

- (A): Sensitive Major Significant Equipment (SMSE). These comprise conventional implements of war that could cause heavy personnel casualties and/or major damage and destruction to materiel, structures, objects and facilities. Examples in this category include: artillery, bombs, grenades, armoured fighting vehicles.
- (B): Sensitive Significant Equipment (SSE). These include all types of hand-held and portable weapons of a calibre smaller than 12,7mm. Thus, all assault rifles, machine guns, pistols and other related small arms and ammunition fall under this category.

- (C): Non-Sensitive Equipment (NSE). Included here is all support equipment usually utilised in the direct support of combat operations, and that has no inherent capability to kill or destroy. These include, for example, meteorological stations, radio equipment, support vehicles, recovery equipment, radars, etc.
- (D): Non-lethal Equipment (NLE). Limited to mine clearing and mine-detecting equipment, and all non-lethal pyrotechnical and riot control products. Examples in this category would include mine detectors, signal flares, baton rounds and teargas.
- (E): Not for sale (NFS). The items that comprise all defence or related products that are not allowed to be sold, for example, landmines.²⁸

While this categorisation is helpful in understanding the level of lethality for each weapon category, it could also be misleading. A determined regime can effectively use NLE products in suppressing internal political activity and in effecting deaths and casualties. The bulk of South Africa's arms sold in 1997 were of the category SMSE (R1 033 423 000), while NLE category weapons did not attract a lot of revenue (see Table 3).

In an attempt to systematise the analysis of South Africa's arms exports in 1997, this section is divided into three broad sub-sections: country, region and nexus between arms sales and the conflict index for the same year.

Country

The recipient countries for South Africa's armaments and related items in 1997 varied in many respects, especially in terms of territorial and population sizes, economic prosperity, levels of development and conflict potential. While the total amount of armaments sold to such countries does not necessarily reflect any of these discrepancies, it does, however, indicate the extent to which each country is prepared to protect and defend its territorial integrity and national sovereignty.

The top ten countries that spent most on South Africa's weapons and related items in 1997 were: India (R600 518 000), Switzerland (R108 106 000), Singapore (R87 970 000), Colombia (R71 223 000), Republic of China (Taiwan) (R38 625 000), Thailand (R36 477 000), Pakistan (R33 716 000), Republic of Congo (Brazzaville) (R31 920 000), Israel (R26 163 000) and France (R25 536 000). With the excep-

Table 4: South Africa's arms exports – 1997 (summary by region and type of arms)⁴¹

(R'000)	SMSE	SSE	NSE	NLE	TOTAL	%
Africa	62 235	4 285	35 852	1 705	104 077	7,85
Latin America	99 473	18 327	7 888	1 791	128 266	9,68
Middle East	17 857	24 761	18 697	309	61 638	4,65
Europe	106 249	7 686	60 199	25 348	199 824	15,08
Central and North America	7 682	6 067	556	576	14 881	1,12
Oceania	144	1 340	234		1 718	0,13
Asia	738 236	30 633	43 588		812 457	61,32
Other*	1 677		706		2 383	0,18
TOTAL (,000)	1 033 553	93 245	167 724	30 512	1 324 904	100,01

* Republic of South Africa and the United Nations

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tion of Israel and the Republic of China (Taiwan), these ten countries spent more than 70% of their arms imports from South Africa on SMSE items. On the lower end of the scale, were countries such as Eritrea (R1 000), Denmark (R2 000), Zimbabwe (6 000), Saudi Arabia (R139 000), Cyprus (R170 000) and Australia (R187 000).

Most of the top ten countries were also major importers of South Africa's SMSE weapons in 1996. Leading the top ten importing countries of SMSE weapons in 1996 was the Republic of Congo (Brazzaville) (R61 266 000), followed by Pakistan (R49 122 000), Malaysia (R37 596 000), Uganda (R26 888 000), Colombia (R20 437 000), Switzerland (R18 212 000), Peru (R13 972 000), India (R13 463 000), and Spain (R13 142 000).²⁹

Countries on both ends of South Africa's arms market for 1997 were also recipients of major weapons and related equipment from other suppliers. For instance, India bought trucks and submarines from Russia; Pakistan bought battle tanks from Ukraine; while both Eritrea and Israel bought military aircraft from Italy and the US respectively. Indonesia and Bosnia-Herzegovina received respectively fighter aircraft and battle tanks from the US.³⁰

Speculation about arms transfers to countries with controversial human rights records or unresolved conflicts evoked a lot of debate in Parliament in 1997. These countries included Syria (tank sights)³¹, Rwanda (armoured personnel carriers, machine guns, mortars and grenades)³², Sri Lanka (the moratorium placed by the DFPC in 1994 was later upheld by the NCACC)³³, Uganda³⁴, Democratic Republic of Congo (only NLE items worth R13 000)³⁵, Indonesia³⁶, Kuwait³⁷, Sudan³⁸, and Turkey (the ban to sell arms to Turkey was lifted in 1998).³⁹

Region

There is a definite difference between regions in terms of the type and total amount of imports of South African arms material. As Table 4 indicates, most of South Africa's arms in 1997 went to Asia (61,32%), followed by Europe (15,08%) and Latin America (9,68%). Most of the lethal weapons went to Asia, with Africa (excluding South Africa) retaining 6% of the total exports of such weapons. Africa, Europe and Middle East also ordered substantial amounts of NSE items.

Although South Africa could remain one of Africa's prominent suppliers of weapons, the lack of buying power in the region and the new rules of arms transfers

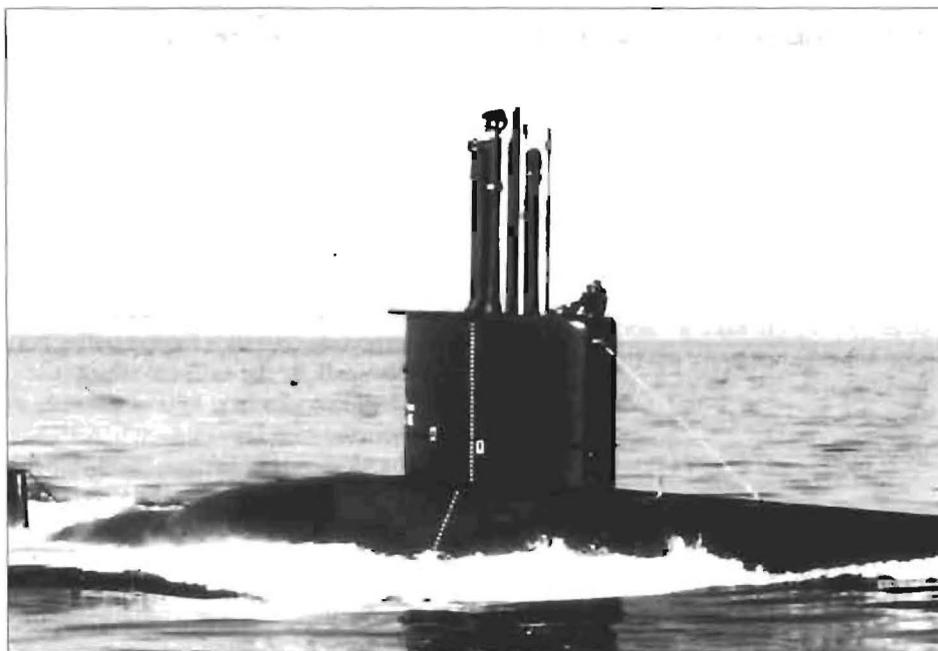


Photo courtesy of Salut magazine

On offer, one U209 submarine, in excellent running condition ...

reduce its value as a market with substantial growth potential.⁴⁰

It still remains to be seen if African countries will heed pleas made by UN Secretary General, Kofi Annan, in April 1998 in his *Report to the UN Security Council on the Causes of Conflict and Promotion of Durable Peace and Sustainable Development in Africa*. Noting that only eight African countries provided information to the UN Register of Conventional Arms, he urged '... all African countries to provide information to the Register, in a manner that will make a positive contribution to regional and sub-regional confidence-building efforts.' Furthermore, he called upon African countries 'to agree to reduce their purchases of arms and munitions to below 1,5 percent of GDP, and to commit themselves to a zero-growth policy for defence budgets for a period of 10 years.'⁴²

In line with the post-Cold War global trend to reduce defence budgets, South Africa's defence expenditure has been declining gradually, almost reaching crisis level in 1997. Compared to the late 1980s and early 1990s when South Africa's defence expenditure was about R20 billion per year (peaking at R23 billion in 1990 at 1997 rand value), this had declined to R9,5 billion in 1997.⁴³

Type and amount of weapons in relation to conflict index for 1997

When looking at the nature and amount of weapons sold by South Africa in 1997, in relation to the existence of conflicts, the debate for morality intensifies. As already

pointed out, the main destination for South Africa's armaments for the year under review was Asia. According to the Conflict Index for 1997 (see Figure 1), most conflicts were concentrated in Africa, Middle East, Europe and Asia. While Oceania and Latin America also had a fair share of conflicts, the most violent ones occurred in the above-mentioned regions.

Weapons from South Africa and other major arms exporters such as Britain, France, People's Republic of China, Russia and the US, were absorbed in these conflict-ridden regions.⁴⁴ The arguments for morality in arms sales to such conflict prone regions do not seem to have had any major impact, especially in 1997.

Complicating matters is the fact that weapons which might have been sold during peacetime, find their usage in new conflict areas. In this regard, Botswana's alleged intention to buy German-made Gerpard anti-aircraft tanks through Belgium is a case in point.⁴⁵

Conclusion

Any analysis of arms transfers with regard to morality and reality suffers numerous drawbacks. Such analyses concentrate mainly on state-to-state transactions, thus undermining the role that non-state entities play in arms transfers.

The morality argument emphasises the primacy of less tangible aspects such as human rights records over questions of survival such as poverty. But the realist approach, which emphasises national interest, could be regarded as misguided if it is devoid of morality. Realists argue that it is difficult to determine if a potential recipi-

SOUTH AFRICA'S ARMS TRANSFERS IN 1997: MORALITY AND REALITY

ent country has an internationally acceptable human rights record. They also argue that the major proponents of human rights are themselves major suppliers of dangerous weapons.

South Africa's arms exports in 1997 clearly demonstrate that policy on arms transfers has to be balanced, i.e. it has to be morally justifiable, economically viable and realistically feasible. The competitive edge, which South Africa seems to

have acquired with regard to specific niche markets, has to be retained, developed and marketed globally. While the current policy on arms transfers is characterised by

The debate on 'affordability' gets reduced to a choice between 'guns and butter' as though these are mutually exclusive

more transparency and predictability than is the case in many developing countries, there is still room for improvement.

The assessment of compliance of some client states, especially those with records

of violent conflict or suspected of selling South African-made arms to countries under UN sanctions, will have to be thorough and rigorous. Educating the general public on the various dimensions of arms exports will go a long way towards making the intricate debate on morality and reality in arms sales much easier. South Africa's arms export capacity could possibly be viewed as part of President Thabo Mbeki's philosophy of African Renaissance in which countries in Africa could compete credibly in the global arms market without compromising on aspects of morality. ☉

Notes & references

- 1 This is an edited version of a paper presented at a research colloquium of the SA Political Studies Association (SAPSA) at the University of Pretoria's Hammanskraal campus, 9-11 September 1998.
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- 3 P F Strawson, 'Social morality and individual ideal', in G Wallace & A D M Walker (eds), *The definition of morality*, London: Methuen & Co Ltd, 1970, p 103.
- 4 M Nicholson, 'Realism and utopianism revisited', *Review of International Studies*, vol 24, December 1998, pp 65-66.
- 5 *Ibid*, pp 74-75.
- 6 R Kasrils, 'The future of South Africa's defence industry: the government perspective', in W Gutteridge (ed), *South Africa's defence and security into the 21st century*, Dartmouth: Aldershot, 1996, pp 123-125.
- 7 Government Communication and Information System (GCIS), *South Africa yearbook, 1998, 5th ed*, Pretoria: GCIS, 1998, p 309.
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- 9 The National Conventional Arms Controlling Committee (NCACC), which is currently chaired by the Minister of Education, Prof Kader Asmal, consists of Ministers and Deputy Ministers appointed by the President. It is responsible for designing and controlling South African arms trade policy, and also has to monitor the implementation of such policy. It works in co-operation with the Departments of Defence, Foreign Affairs, and Trade and Industry. Through its inspectorate, the NCACC processes and gives final decisions on applications sent to it by companies wanting to export arms and/or related items. See Government Communication and Information System, *op cit*, p309.
- 10 US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers*, Washington, DC: US Government Printer, 1996.
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- 13 Commission of Inquiry Into Alleged Arms Transactions Between Armscor and One Eli Wazan and Other Related Matters Report, compiled by the commission headed by Justice E Cameron, was presented to the President of South Africa on 15 June 1995.
- 14 According to the Smith Report of 26 September 1983, as cited in the Cameron Report, *ibid*.
- 15 The Defence Foreign Policy Committee (DFPC) comprised members of Armscor and the former SA Defence Force. Chaired alternately by the SADF's Chief of Staff Intelligence and Armscor's General Manager (Import and Export Control), the DFPC was later joined by the Department of Foreign Affairs and National Intelligence Service (as from 1991), and the Department of Trade and Industry (as from 1994). (See the Cameron Report *op cit*).
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- 19 Government Communication and Information System, *op cit*, p 310.
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- 22 Republic of South Africa, *Constitution of South Africa*, Act 108 of 1996. Pretoria: Government Printer, 1996.
- 23 South African Department of Defence, *White Paper on Defence*, Pretoria: Government Printer, 1996, Chapter 2: paragraph 11.7 and Chapter 3: paragraph 43.6.
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- 33 *Ibid*, p 395.
- 34 Republic of South Africa, *Interpellations, Questions and Replies of the National Assembly*, no 9, 20 August - 22 August 1997, pp 2052-2053.
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The lasting legacy of Julius Nyerere

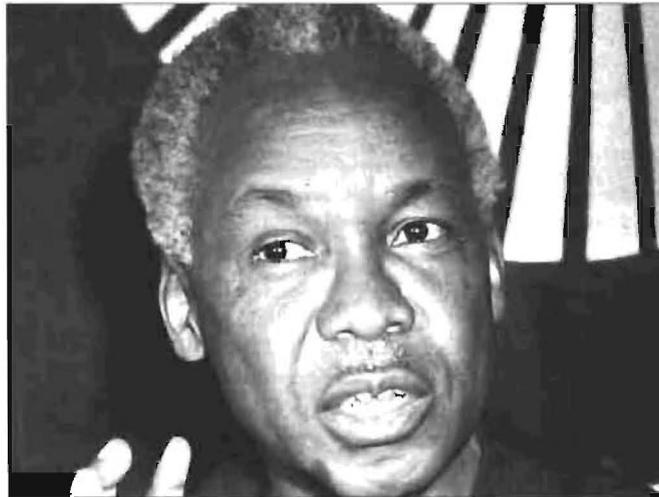
Often misunderstood, Tanzania's greatest statesman had a lasting passion for equality, democracy and African unity, writes **Eddy Maloka**

THE PASSING AWAY OF JULIUS Nyerere last October brought to an end a long, protracted political career of one of Africa's great statesmen. His life and experience is somehow a summation of the continent's late colonial and post-colonial history.

Indeed, Nyerere was not revered by all. Some columnists in South African newspapers dismissed him as a 'destructive hypocrite' and a 'fuehrer'. According to Andrew Kenny, 'If you want to understand why Africa has done so disastrously since 1960, you cannot do better than study the career of Julius Nyerere who single-handedly destroyed the economy of Tanzania'.¹ As for Simon Barber, 'Tanzania [because of Nyerere's ujamaa policy] became subject to forced removals on a scale about which apartheid bureaucrats could only fantasise'.²

These views, extremist as they may sound, reflect a lack of understanding in some quarters of the dynamics of post-colonial Africa – in particular the history of post-colonial Tanzania. Nyerere's commitment to the fight against 'poverty, ignorance and disease' cannot be doubted, but the strategies and policies that he opted for produced mixed results.

Tanzania under Nyerere went through four phases. The first (1961-67) was characterised by efforts to modernise the Tanzanian economy and consolidate the post-colonial state. It was during



A Mixed Bag: Nyerere's commitment to fighting poverty, ignorance and disease cannot be doubted, but the strategies and policies he opted for produced mixed results for his country.

this period that power was centralised in the hands of the Tanganyika African National Union (TANU) through various measures, including the passage of the Preventive Detention Act and the formalisation of the one-party state.

The Arusha Declaration of 1967 not only opened a new phase in the history of Tanzania, but was also the first major step towards the implementation of Nyerere's brand of 'African Socialism'. It was hoped that ujamaa – socialism grounded on African pre-colonial political and socio-economic systems and values – would result in an independent, self-reliant development path for Tanzania. Through villagisation, nationalisation and the Africanisation of the Tanzanian society and economy, the TANU leadership hoped to tackle the contradic-

tions of the post-colonial model and the country's dependency.

But the stagnation of the economy due to both domestic and external pressures as well as the lack of progress in the implementation of ujamaa, especially its villagisation component, prompted the TANU leadership, including Nyerere, to opt for authoritarian measures.

It is the difficulties of the third phase (1973-1978/79) that undermined the idealism of ujamaa. As growth in GDP of Tanzania dropped from 2.1% in 1979-81 to 0.6% in 1982-84, the country was left with little option but to opt for the IMF/WB structural adjustment remedy. Attempts were made during 1981-85 to experiment with a 'home-grown' structural adjustment programme with little success. Nyerere opted for retir-

ing from government in 1985 in the face of these difficulties, and thus opening the way for the IMF/WB duo to take control of the Tanzanian society and economy.

Nyerere retired from government to dedicate his efforts to fight for the cause of the South in the North-dominated world economic order. He will be remembered as one of the most honest leaders the continent has ever had. In many ways Nyerere was the product of his time. African Socialism and the one-party state were key constituent elements of the nationalist paradigm that dominated the progressive African discourse in the 1960s. Indeed, Nyerere supported political liberalisation in Tanzania in the early 1990s because he was convinced the reasons behind a one-party state were no longer relevant. He was outspoken against corruption in the Tanzanian government, even attacking senior leaders.

Nyerere's legacy and greatest achievement is the passion he had for equality, democracy and African unity. His efforts and solutions to the contradictions of the post-colonial model may have not succeeded, but they certainly maintained his integrity and stature as a statesman. ☉

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• *Dr Eddy Maloka is the Executive Director of the Africa Institute of SA.*

Francis Kornegay and **Chris Landsberg** are co-founders of the African Renewal Foreign Policy Forum and members of the Continental Commission of South Africa's African Renaissance Chapter. Landsberg is currently Hamburg Visiting Fellow at Stanford University's Centre for International Security and Co-operation (CISAC).

Overcoming White Foreign Affairs Dominance in South Africa and America

ALI MAZRUI ONCE DEPICTED BLACK SOUTH AFRICANS AND black Americans as a 'dual vanguard' in the future redemption of Africa. As the Second Millennium comes to a close, both groups have made remarkable progress, though it would be presumptuous to suppose that the redemption of an entire continent rests solely on these two vanguards.

Nevertheless, WE DuBois' famous dictum that the major question of the twentieth century is the question of the colour line still holds sway; its eradication remains a major global item of unfinished business facing the black world in the 21st century. The international relations of this predicament of race and power is nowhere more apparent than in the field of foreign affairs. The irony is that, under the banner of advances for civil rights in the US and the end of apartheid in South Africa, many leading members of the foreign policy constituencies in both countries believe that the battle has been won; that there is no need to stir any more.

Many such members simply turn a blind eye to the realities of race in both countries. As far as they are concerned there is nothing fundamentally wrong with the prevailing civil society reality of white-dominated foreign policy establishments presiding over discourse on the external relations of a black-ruled South Africa on the one hand, and America's relations with Africa on the other. In private they assert that the winds of transformation having already blown through South Africa, they have earned their positions of intellectual hegemony. They see nothing wrong in a post-apartheid South Africa

TALKING POINT

in which blacks have achieved state power while major areas of civic and intellectual power and the economy remain white-dominated.

In the USA, by contrast, state power is not an option for African-Americans who are far from amassing the minority power

in what has been the marginalising of black intellectuals from the think tanks and policy discourses animating foreign policy process in both countries. These circumstances add up to major leadership vacuums. Treatment of the issue in both countries has also been so short-sighted that

black political class. In spite of its emergence, outside government, foreign affairs has been essentially leaderless in the absence of a stable black foreign policy intelligentsia among the constituent institutions and NGOs comprising the foreign policy/peace and security community.

The magnitude of this challenge is defined by the fact that black South Africans inherited a non-governmental foreign affairs establishment that dates back to the early post-World War II period of Jan Smuts. What was ushered in was what might be called an 'Anglo-American' English-speaking school of foreign policy liberalism that was quickly overtaken by an ascendant Afrikaner nationalism that eventually took South Africa out of the Commonwealth.

The demise of Afrikaner nationalism in the 1990s has brought us to something of a conceptual hiatus between a spent Anglo-American/Smuts liberalism on the one hand and the rise of a new African Renaissance consciousness on the other. What is at stake here is the prospect of a

Blacks and whites may one day soon have to confront the question: what did we do at a time when there were ample opportunities to advance the cause of Black intellectual empowerment?

of, for example, the much smaller American Jewish community. Needless to say, this state of affairs has serious implications for both countries in terms of their mutual bilateral relationship, and in terms of their relations with the rest of Africa and the world on the one hand, and their race relations on the other.

While race and civil society foreign policy profiles are not directly interrelated, they reveal remarkably similar dynamics

blacks and whites may one day soon have to confront the question: what did we do at a time when there were ample opportunities to advance the cause of Black intellectual empowerment?

From Smuts Liberalism to the African Renaissance

In the case of South Africa, the predicament is more acute given the post-apartheid political ascendancy of a new

Towards Fresh Perspectives in South

Dr John Seiler responds to Kornegay and Landsberg's claims that South African foreign policy is dominated— to its detriment — by the old guard.

Francis Kornegay and Chris Landsberg have some important points to make about invigorating the analysis of South African foreign policy, but they obscure their arguments by a wooden prose style and, most painfully of all, by out-and-out racism. Arguments couched in the shorthand of racial categorisations - white and black - cannot be accepted as reasonable grounds for intellectual discourse on any topic, this one included. Presumably when Kornegay and Landsberg during their professional development came up against categorical and dismissive discussions by 'whites' of their behaviour as somehow definably 'black', their hackles rose. Why should they now find any analytical power in their own resort to a racial construct?

But racial categorisation

begets racial categorisation in reply. After reading an earlier version of their analysis in *The Star* ('Foreign Policy Think-Tanks in Need of Colour', 1 November, p 9), my first reaction was to list the directors of the half-dozen research centres and individual journalists whose work I admire and note their apparent racial identities! My mea culpa: I resorted to racism, albeit only in my private musings.

Putting that temptation aside, I want to raise some questions about confusions in the article's assumptions and argument; and then suggest a different set of assumptions to support in public analysis the formulation and carrying out of South African foreign policy.

The considerable differences in the authors' cultural and intellectual backgrounds pro-

duce two discussions - South African foreign policy analysis and South African-US relations - which barely meet.

Landsberg presumably contributed the impetus for the broader argument about the need to make South African policy analysis dovetail with government policy aspirations and objectives. In that context, South African relations with the USA cannot productively be constrained by whatever marginal influence Afro-Americans eke out for themselves in what remains a profoundly racist society with a foreign policy almost always dominated by narrow economic interests.

The South African democratic regime has learned these lessons quickly and effectively, perhaps having already lost its innocence in the prolonged EU

negotiations. Of course, Pretoria would want to encourage Afro-Americans to strengthen their African ties; but now that the 'easy' US business of being opposed to apartheid has ended, it would be foolhardy for South African analysts to expect Afro-American business-people to behave with measurably more altruism than their white US counterparts or for the broader Afro-American middle-class to identify with Africa.

I find the Kornegay-Landsberg argument about what to do and how to do it in building a more vigorous South African foreign policy confused (and sometimes confusing), naive, and given to scapegoating whites. Take just a few examples. To start with, there is the insistence that black leadership (be it resident, émigré, or from other African countries) is indispensable to building the broad public consciousness necessary to undergird the new policy. But if blacks prefer business or even

OVERCOMING WHITE FOREIGN AFFAIRS DOMINANCE IN SOUTH AFRICA AND AMERICA

major transformation in the intellectual orientation of foreign policy away from a Western-oriented liberal posture that fits neatly into the Atlanticism of the Washington-London axis towards an alternative Afrocentric world view aligning South Africa with the rest of Africa and the South.

This new consciousness has yet to find an institutional home in the foreign policy establishment although it has an embryonic presence in the Continental and International Affairs Commission of the South African Chapter of the African Renaissance (SACAR), affiliated to the recently launched African Renaissance Institute.

The pregnant question is whether or not there will be a coming together of the current inheritors of the Anglo-American foreign affairs tradition and the proponents of an African Renaissance to effect the transformation that needs urgently to take place in the non-governmental foreign affairs establishment. The situation is fluid and not nearly as polarised as might be per-

ceived on the surface. There is, for example, a growing consensus that the new South Africa has to find a comfort zone grounded in Africa while prioritising its relations with other major powers and economies in the southern hemisphere.

In essence, the African Renaissance should motivate a renaissance of the South; a southern tri-continental renaissance where the bulk of humanity will increasingly reside as the 21st century unfolds. Yet, at the same time, South Africa is strategically positioned to act as a bridge between South and North even as it

ing and fleshing out the Mbeki foreign policy vision: when will they eclipse or at least balance the current visibility of white analysts? Progress on this front will not be easy. It will, among other things, have to include major recruiting of black talent from elsewhere in Africa and from the Diaspora along with local talent while attracting black 'diamonds in the rough' for mentoring.

It is within this context that one should see the significance of Deputy President Jacob Zuma's November address to the African Renaissance conference in London

There is a growing consensus that the new South Africa has to find a comfort zone grounded in Africa while prioritising its relations with other major powers and economies in the southern hemisphere.

champions the global economic empowerment agenda of the South. The issue is to what extent an emerging black intelligentsia will take the initiative in articulat-

where he appealed to African expatriates to return to the continent to lend their talents and expertise in the service of Africa's renewal.

African Foreign Policy Analysis

government work and income to the sparser rewards of foreign analysis centres, the blame lies (because someone must be blamed) not with these men and women but with an 'apolitical global culture of consumer capitalism' into which they are (passively and manipulatively) 'co-opted'!

On another point, the 'new consciousness... has yet to find an institutional home', to push as a basic goal 'the transformation that needs urgently to take place in the non-governmental foreign affairs establishment'; but the authors concede that 'the situation is fluid and not nearly as polarised as might be perceived on the surface'.

They give only two examples of constructive changes: the Wits IR department and the related South African Institute of International Affairs, as well as the Africa Institute. The first may provide a focus to 'build up black intellectual capital in foreign affairs'; apparently in a mix of whites and blacks. On the other hand, they seem to

see the 'blackening' of the Africa Institute as a 'comprehensible' (positive, constructive?) element in a 'balkanisation' of foreign policy centres that otherwise 'will run along crude racial lines'. This seems to mean that white-directed centres will hire the best black analysts they can entice, not for the stimulation of their presence or the quality of their work, but to divert attention from their continuing domination of these institutions.

A lively foreign policy analysis community, with more voices operating independently rather than a single sycophantic one bellowing its mindless endorsement of government policy, will actually be good for that policy

In this confusing reference, they miss the much-broader fluidity among research centres and journalists, and to an increasing degree in analyses coming from university departments. The quality of policy analysis is very high, reflecting

efforts by analysts to understand foreign and international security policy as it has unfolded since 1994. That innate curiosity, coupled with interviewing and writing skill, works to strengthen and expand the informed civil society that will sustain a democratic foreign policy. It may be that Kornegay and Landsberg envision a passive supportive role for civil society, rather than the active one with its uncontrollable and often unpre-

dictable dimensions characteristic of thriving democracies.

A lively foreign policy analysis community, with more voices operating independently rather than a single sycophantic one bellowing its mindless endorsement of government

policy, will actually be good for that policy. The best democratic regimes need this independent presence. The South African government, in its early days, needs it even more.

Of course, like all governments, Pretoria will rebuff independent voices by reflex and by design. Nonetheless, it benefits from that independence. One small example: the tacit acknowledgment that the September 1998 Lesotho intervention, even if politically justified, was based on inadequate political-military intelligence and ignored the draft White Paper on Peacekeeping, which had been circulated to the highest levels of the departments involved.

The 'influence' at work here is powerful, even if not predictable. An independent foreign policy analysis 'community', with a growing number of skilled men and women, deserves and depends on our support. Race is the least relevant element in ensuring its productive survival. ☺

Predominantly white-run think tanks comprise a fragmented foreign policy/peace and security constituency. They compete for scarce resources when they could pool their capacities ...

Institutional Transformations & Black Intellectual Capital

The need to build up black intellectual capital in foreign affairs is also being factored into major restructuring initiatives underway at such bastions of English-speaking liberalism as the University of the Witwatersrand.

Moves afoot to eventually integrate Wits University's Department of International Relations and the South African Institute of International Affairs (SAIIA) into a South African School of International Studies, are matched by moves from the Wits Business School to launch a School of Defence Studies.

Both efforts have the potential to make the university the foremost 'centre of excellence' in foreign affairs and peace and security studies in all of Africa and possibly the entire southern hemisphere. They deserve broad-based support. In fact, the two initiatives would be even more compelling if they were consolidated into a South African School of International and Strategic Studies.

The problem is whether sufficient resources can be mobilised to underwrite the development and recruitment of black foreign affairs specialists given the seductiveness of the private sector and government compared to the low salaries prevailing in academia and the civil society think tank community.

Unless this contradiction is overcome, we run the risk of seeing the expansion of a black bourgeoisie co-opted into that apolitical global culture of consumer capitalism devoid of a public policy intelligentsia to provide national direction in navigating the country's course through a host of internal and external challenges.

It will take a co-operative commitment in the national interest from government, the business community and civil society to ensure sufficient investment in black intellectual capital to reap the returns necessary for South Africa to perform the leadership role expected of it within the

region, the continent and the South.

Meanwhile, predominantly white-run think tanks comprise a fragmented foreign policy/peace and security constituency. They compete for scarce resources when they could pool their capacities by co-operating on joint projects that would include black research capacity-building. In the absence of any co-ordinated dialogue or collaborative initiatives among themselves and/or in conjunction with government, these organisations are failing to project the necessary type of dynamic civil society voice in foreign affairs. What in fact is needed is for this constituency to organise itself into a South African Council on Foreign Affairs with an accessible journal.

Further afield, transformation efforts underway at the Africa Institute suggest that this centre will position itself as a much needed home for Black foreign policy specialists and Africanists that will at the same time off-set the White foreign policy hegemony so rife in the country.

While we can take solace from such a move, a negative aspect is that the foreign policy constituency in the country may not only become more balkanised in the years to come, but that such balkanisation will run along crude racial lines. In an important sense, the position of the Africa Institute will be fully comprehensible.

Some white-led institutions in the country seem to thrive on a policy of buying 'the best brains' at all costs, even if it means becoming more exclusivist, and less non-racial. This practice refutes the argument that it is too expensive to afford black talent, which is beginning to sound like a cheap alibi.

A Challenging Agenda: Africa and the South

In the absence of a transforming foreign affairs civil society constituency, government is largely without a coherent coalition of partners in charting its course in Africa and the South. To a large extent,

South Africa's foreign policy revolves understandably around the Southern African Development Community (SADC). This preoccupation is reinforced by challenges to the cohesion of SADC from the Angolan and DRC conflicts. But what of the rest of Africa and the South? President Mbeki made a promising start in focusing attention on the need for South Africa and other members of the Organization of African Unity (OAU) to accelerate the establishment of an African Economic Community.

But how is this commitment to be followed up in the wake of the special OAU unity summit that took place in Libya last year? And where is the corollary of elaborating a peace and security framework for the continent that would bring and maintain stability as a foundation for economic recovery, development and growth?

In spite of the clamour for ex-President Nelson Mandela to spearhead a peace commission for the Middle East, there is no talk of a peace commission for greater central Africa to reinforce on a long-term basis an otherwise shaky peace process that must of necessity factor in inter-locking conflicts ranging from Angola to the entire Great Lakes and Sudan.

Which countries beyond Nigeria is Pretoria going to develop a set of bilateral relationships with to give momentum to broader multilateral imperatives in the name of the African Renaissance? There is no discourse within civil society on these issues, much less in dialogue with government.

Beyond Africa, how is South Africa to give content to South-South co-operation or is this indeed the priority that the Department of Foreign Affairs has made it out to be beyond South Africa's current Chairmanship of the Non-Aligned Movement?

South Africa's chairing of the Commonwealth could reinforce momentum in this area if Pretoria joins with India and Australia in a recommitment to the

Some white-led institutions in the country seem to thrive on a policy of buying 'the best brains' at all costs, even if it means becoming more exclusivist, and less non-racial.

OVERCOMING WHITE FOREIGN AFFAIRS DOMINANCE IN SOUTH AFRICA AND AMERICA

Indian Ocean Rim Association for Regional Co-operation while exploring ways of extending this co-operation framework to the South Atlantic. But here again, civil society is missing in action in terms of a co-ordinated unpacking of such foreign policy priorities.

South Africa's non-governmental foreign affairs community therefore faces a dual challenge: transforming itself into greater representivity while generating more of a discourse about its own nature and role, and South Africa's strategic options in confronting what The Economist not too long ago foresaw as the new geo-politics of the next millennium.

Pan-African Discontinuities in the Diaspora

If black South Africans are marginalised in South Africa's civil society foreign affairs constituency, African-Americans are equally on the margins in the formulation of US policy toward Africa, including South Africa. Complicating matters is the unwitting co-conspiratorial nature of this marginalisa-

tion wherein African-Americans who purport to have an interest in Africa are complicit in their own sidelining from the discourse on Africa policy.

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the African-American leadership for whom one suspects Africa is no more of a priority than it is for the white political establishment. Interestingly enough, as the Congressional Black Caucus has expanded within the US House of Representatives, its engagement with Africa as a priority Black focus has shrunk.

Virtually all of its old 'Africa Hands,' starting with its founder, the late Charlie Diggs, have either retired or been forced out of Congress under a cloud. The Caucus has consequently become less of a cohesive force on African and other foreign affairs issues. Hence, the split orchestrated by organised labour in the Caucus on the Africa Growth and Opportunity Act, the product of a bipartisan initiative. Herein, in fact, may lie the key to how Africa policy in the US could be revived in an otherwise isolationist atmosphere.

A DuBois School of International Studies?

Those members of the Caucus who retain an interest in Africa could consider initiating the establishment of a Bipartisan

To make matters worse, the revival of African-American interest in Africa was hijacked by an essentially neo-Garveyite clique that played into the hands of the white Africanist establishment. This has, to this day, contributed to the marginalising of African-Americans both in African affairs and more generally in the foreign policy field. The anti-apartheid movement merely obscured this predicament amid the high visibility of certain lobby groups like TransAfrica.

The fact is that the post-war trade-off between black internationalist pan-Africanism and domestic civil rights has been costly to black America. African-Americans were robbed of a valuable political intelligence and sense of direction, and diverted from genuine national integration incorporating a role for black nationalism towards an ill-defined assimilationist racial integration that made no demands on the political system.

As a result, foreign affairs evolved into little more than one among many 'equal opportunity' career paths for a political middle class as opposed to its being

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Only a reconnecting with earlier black internationalist legacies may point a way out of this wilderness. Perhaps this could take the form of a specialist African-American international affairs institution – a DuBois School of International Studies – oriented towards Africa and the developing world and situated in one of the southern states.

The objective would be two-fold: to balance the prevailing Eurocentric bias in America's foreign policy with a greater awareness of Africa and a developing world that will loom ever larger in the 21st Century; and to equip a new generation of African-Americans to join with their African counterparts in advancing the agenda of an African Renaissance.

Thus the potential convergence in agendas of black America and black South Africa in overcoming their predicament of white foreign affairs dominance. ☉

African Legislative Caucus to give Africa the congressional visibility it deserves while giving impetus to the bipartisanising of US-Africa policy much as in the case of policy towards the Middle East. But the challenge here is the absence of an independent African-American foreign policy identity within the USA.

Ironically, as South Africa emerged out of the Second World War with two rival foreign policy perspectives, in America, the pan-African tradition of black internationalism was in retreat. Cold War liberalism's trade-off for African-Americans dictated sacrificing DuBoisian pan-Africanism on the altar of domestic civil rights.

Almost all African studies centres in the USA became situated at predominantly white universities, promoting white academic specialists. Only in the late 1960s did African-Americans begin to make a comeback in African affairs. But this was quickly overtaken by the Afro-American studies movement which the white Africanist establishment used to confuse the need for transformation in African studies.

Seeing things 'our way'

James Karioki, of the Pan-Africa International Consulting Groups, supports Kornegay and Landsberg's argument that the omnipresent whiteness in policy-making is not accidental

The absurd 'colourless' scenes described so graphically in Kornegay and Landsberg's essay remind me of a recent experience. A friend was invited to an interview for a position in an African research institute in Pretoria and was stunned that of the six interviewers, five were white and one was Indian. He felt compelled to pause and remind himself that he was in the New South Africa, not Holland, France or the UK. So, the cancer discussed in the piece goes far beyond foreign policy.

The essay touched me personally because my training is in foreign affairs and I am fully aware that the omnipresent whiteness in South African think-tanks that concerns the authors is not accidental. Racism occurs on the basis of colour alone, but at a higher level of sophistication it also takes the form of censorship of ideas: systematic resistance to black perspectives.

In this regard, I once proposed at a conference in Cape Town that South Africa's foreign policy ought to nurture a sense of fellowship with the African-American community for the sake of our national interests. My reasoning was that, given America's patronage politics, South Africa would do well to have African-Americans articulate its interests from within the world's superpower. This seemed fairly logical but one of the prominent 'white specialists' in International Relations responded angrily that such a move would 'ghettoise' South Africa in the eyes of the USA. Ironically, he was considered an anti-apartheid hero, but he still 'does not see some things our way'.

No doubt the question will be raised as to whether there is a white perspective, a black perspective or a single South African point of view relative to world affairs. I am mindful that some whites have lost their lives in support of the anti-apartheid struggle and the civil rights struggle in America. Yet they were the exception to the rule, even aberrations from the norm. So yes, there is a black perspective that may or may not have the support of progressive whites. This is why it is imperative that blacks

are represented in South African foreign policy think-tanks.

On a more precise level, a few years ago a high-powered group of African thinkers came together to analyse issues of foreign policy in Southern Africa in the coming millennium. What emerged was concern over ad hoc and nationally-based foreign policy approaches to what are really regional issues, such as the chaos in the Great Lakes Region. We proposed the establishment of a Foreign Policy Institute of Southern Africa (FPISA) to operate from the perspective of regional interests. Again, it was suggested that the region should stretch out a hand to the African-American community to seek support for the FPISA effort.

The African Studies Center at Cornell University expressed interest in the FPISA proposal but white-controlled foreign policy establishments in South Africa were not impressed by the initiative. After all, were we not suggesting that the regional peoples of Southern Africa were our equal brothers and sisters and that we cared as much about their destiny as our own? The FPISA idea was effectively sacrificed at the altar of racial bias. Meanwhile, the Clinton administration was sufficiently aware of an African security soft spot to send its Secretary of State, Warren Christopher, to Southern Africa to rally support for a collective military Rapid Response Force in Africa.

All this supports the observation that blacks (and black perspectives) are not represented in the process of foreign policy formulation. This is not an accident of history; it is a systematic exclusion of those views that do not coincide with the prevailing thinking in civil society foreign policy establishments. I am convinced that there are expert African analysts of foreign policy but their views are not accommodated, even sidelined, because they threaten vested interests.

The newly formed African Renaissance Institute must confront this situation head-on if its aspiration of generating a new consciousness in the African world is to become a reality. Africa's ethnic intellectual resources are

too few to withstand 'brain draining' through the cracks of marginalisation. Can you imagine the magnitude of loss if the brilliance of the late Julius Nyerere of Tanzania had been sidelined at an earlier stage? He was the ultimate Renaissance African before his time.

Contrary to the authors' views, however, I am not sure that the African-American preoccupation with domestic civil rights after World War II represented a retreat from Pan-Africanism. Indeed, a case could be made that the tilt toward America was in fact Pan-Africanism par excellence. After all, WEB Dubois' Pan-Africanism had inspired anti-colonial African nationalism and the sustained drive toward independence in Africa on a continental scale. In turn, African independence triggered African-Americans' quest for civil rights in a 'Black revolution' on a global scale. As African-Americans used to say in sore self-vindication, 'All Africa shall be free before the Negro can even buy a cup of coffee in America'. In this context, it should be remembered that, to varying degrees, all African-American civil rights leaders were invariably also Pan-Africanists.

I do concur that there is an urgent need to found an African-American school of international studies. But I am equally convinced that Africans know less about African-Americans than the other way round. If I am granted this hypothesis, would it not make sense to also found an African school of international studies to promote knowledge about African-Americans in Africa? Perhaps schools on both sides of the Atlantic could launch exchange programmes of both students and faculty.

Finally, is African-Americans' interest in Africa on the decline? I would argue that it is not. The difference is that their pro-Africa activities are not as systematically articulated and visible now as they were when Congressman Charles Diggs was Chairman of the US Congressional Foreign Relations Committee, or at the height of the anti-apartheid activities. Others would argue that African-Americans are now down to work in Africa, and that you do not hear them because they are beyond the politics of protest and are busy assisting Africa to put its house in order. But the interest is there. Just ask US Vice President, Al Gore, why he recently had to strengthen and re-assert the US support programme against HIV-AIDS in South Africa. ☉

Women and AIDS in South Africa

A challenge to the new national AIDS programme

Marie-Monique Moleon, a doctoral candidate in the Political Science Department at the University of Mississippi, discusses the knowledge, attitudes and behaviour of South African women with regard to HIV and AIDS.¹

ACQUIRED IMMUNE DEFICIENCY SYNDROME (AIDS) BECAME A PUBLIC ISSUE IN 1981 when the first cases of Kaposi's Sarcoma (a rare type of skin cancer) were found in New York and San Francisco. AIDS is caused by the human immunodeficiency virus (HIV), which slowly destroys the immune system, and increases the risk of infectious diseases.² At the outset of the epidemic, HIV infection seemed to be confined to certain groups such as homosexuals, bisexual men, intravenous drug users, haemophiliacs and commercial sex workers.

Heterosexual transmissions were few and the male to female ratio of HIV infection was 10 to 1.³ By the late 1980s, however, there was a steady increase in the incidence of HIV infection among women.

In 1995, women made up 14 - 17% of all AIDS cases in Australia, North America, Western Europe, Eastern Europe and central Asia. In northern Africa, western Asia, Latin America and the Caribbean, 20% of HIV infected individuals were women.⁴ In South and south-eastern Asia, women represented 25 - 33% of the HIV infected population. And, in sub-Saharan Africa 52 - 55% of those infected were women. In Africa, the high rate of HIV infection is often explained by 'open conflicts, environmental degradation, natural disasters and low-intensity wars ... which may have led millions of Africans [especially women] to ... turn to survival strategies that have increased their practice of unsafe sex'.⁵

Women and AIDS in South Africa

In South Africa, periodic assessment of the epidemiological impact of AIDS shows that the estimated rates of HIV infection have increased steadily. Black women seem to be one of the most vulnerable groups. From a total of 8 571 AIDS cases reported to the Department of Health between 1982 and 1995, 7 703 were African cases, and 48% of these were women.⁶

Annual surveys conducted at antenatal clinics show that estimates of HIV prevalence increased from 0,8% in 1990 to 7,57% in 1994. The Seventh National Survey shows a 34,8% increase from 10,44 to 14,07 between 1995 and 1996,⁷ with younger women in the 20-24 and 25-29 age groups revealing the highest rate of infection. By the end of 1996, the estimated rate of HIV infection among women aged 15-49 was 14%, compared to 10% for males aged 15-45; 11% for all adults, and 6% for the total population.⁸ In the Eastern Cape province, the rate of HIV infection among women increased from 4,62% in 1994 to 6% in 1995, and 8,1% in 1996.⁹

HEALTH

This steady increase in women's vulnerability to HIV infection deserves serious attention in a country like South Africa where women make up 52% of the population. It is crucial for all sectors involved in AIDS prevention and education to understand women's attitudes towards AIDS. To the extent that women's perceptions of AIDS shape their responses to prevention programmes, understanding these perceptions may be important in implementing the type of education programme necessary to fight the spread of the HI virus.

Theoretical framework

This study was based on the Health Belief Model (HBM), which was designed to assess the effectiveness of educational health programmes. The model draws from concepts devised by Kurt Lewin in his model of predictive behaviour. Lewin's model stipulates that behaviour is determined primarily by two elements:

- the individual's evaluation of the benefits he/she can get from taking actions; and
- his/her evaluation of how likely the actions taken are to result in the benefits sought.¹⁰

The model also uses a socio-psychological concept, perceived susceptibility, to explain health-related behaviour.¹¹

The Health Belief Model provides a suitable framework for analysing responses to AIDS prevention and education programmes. It enables us to understand the rationale behind South African women's decision making, that is, the impact of their knowledge about AIDS (perceived severity) and, their fear of catching AIDS (perceived susceptibility), upon their AIDS-related behaviour.

Methodology

Study site and population

The study was conducted in Mdansane and Newlands, two communities located in the Eastern Cape province. The Eastern Cape is the second largest of South Africa's nine provinces, with the third largest population. As of 1995, women made up 52,5% of the 6,5 million people living in that province; and HIV increased from 4,62% in 1994, to 8,10% in 1996.¹²

Mdansane is the largest township in the Eastern Cape (the second largest in South Africa). Newlands is a rural community located 30 km from the city of East London with a population of about 45 000. Women between 15 and 49 were targeted for the study in both communities because they are considered to be sexually active,



The steady increase in women's vulnerability to HIV infection deserves serious attention in a country like South Africa where women make up 52% of the population.

and as a result, more likely to be concerned about HIV and AIDS.

Fieldwork

Data were collected over a two-month period (October-November 1997). With the help of three research assistants, I conducted in-depth interviews using a semi-structured questionnaire. The data were gathered in the respondents' homes, in antenatal and family planning clinics. Respondents were given the choice to decline the interview if they did not feel comfortable answering the questions. No monetary compensation was offered. A total of 57 women were interviewed.

Instrument

The questionnaire was developed to assess respondents' knowledge of AIDS and their response to AIDS prevention and education programmes. In addition to questions relating to background characteristics (age, gender, marital status, language, literacy, and economic status), the questionnaire dealt with the following issues:

- general knowledge about HIV/AIDS;
- perceptions of AIDS severity;
- perceived susceptibility to AIDS; and
- AIDS-preventive behaviour (condom use).

Demographic characteristics of the population

The respondents were fairly young, with 47,4% in the 15-24 age group. More than half - 60,7% - were single, and 28,6% married. The vast majority of the respondents, 94,7%, had attended school, though to different degrees: 5,3% had completed primary school, 31,5% had finished secondary school, and 1,8% attended college. The remaining 61,4% had a few years of either primary or secondary schooling (See Table 1). The rather high number of respondents who attended school may be ascribed to the fact that the Eastern Cape has a literacy rate of 59%, 2% below the national average.¹³ Finally, the socio-economic condition of both communities is reflected in the high percentage of women (61,4%) without jobs. However, it should

be kept in mind that many of the respondents were still of school-going age.

Educational attainment Formal education was assessed in terms of years of schooling. In the questionnaire, ten different categories were used (from standard 3 to university). In the analysis, these were regrouped into six categories: no schooling, some primary school, complete primary school, some secondary school, complete secondary school and university. The category 'some primary school' includes respondents who spent one to three years in primary school. Those in the 'some secondary school' attended secondary school for three years or less.

Level of knowledge about AIDS To measure the extent of knowledge of the respondents about AIDS, the following questions were asked:

- What are the different means of AIDS transmission?
- How does one protect oneself against AIDS?

Perceived severity of AIDS Respondents were asked to rate the most serious disease in South Africa, and in their own community. The top three diseases cited were AIDS, tuberculosis and cancer.

Perceived susceptibility to AIDS was measured by asking respondents which age group, and also which gender they believe is more vulnerable to HIV/AIDS. They were also asked whether or not they personally feel susceptible to HIV/AIDS.

Results

Knowledge about HIV and AIDS The data show that the respondents have a fairly high level of knowledge about HIV/AIDS. Ninety-eight per cent of them had heard of AIDS and, in spite of a few misconceptions, the respondents were well informed about its means of transmission and prevention. The means of transmission cited included sexual contact (62%), multi-

Table 1: Demographic Characteristics of the Population Studied

Age Group	(N = 57)	(% = 100)
15-24	27	47,4%
25-34	19	33,3%
35-44	08	14,0%
45-49	03	5,3%
Education		
No schooling	03	5,3%
Some years of primary schooling (1-3)	11	19,4%
Completed primary school	03	5,3%
Some years of secondary schooling (1-3)	21	36,8%
Completed secondary school	18	31,5%
College/university	01	1,7%
Employment status		
Working	22	38,6%
Not Working	35	61,4%

ple sex partners (20%), coming into contact with someone's blood (4%), any contact with people living with AIDS (4%), and insect bites (2%). Protective measures cited included condoms/protection (67,9%), monogamy (5,7%) and abstinence (1,9%). However, 8% of the respondents did not know how AIDS is transmitted, although only 1,9% admit to not knowing of a means of protection against AIDS.

It was found that respondents with less formal educational are more likely to cite insect bites or any contact with people living with AIDS as a means of transmission (see Table 2). 30% of those with primary schooling, as compared to 2,8% of those with secondary schooling, answered 'don't know' to the question 'how is AIDS transmitted?'. Thus, despite an overall awareness of AIDS, differences in levels of knowledge when compared to educational attainment are noticeable. More educated respondents were more likely than less educated ones to have more accurate knowledge of AIDS transmission ($\chi^2 = 13.294; p = .348$).

Perceived severity of AIDS

The majority of the respondents (73,6%) perceived AIDS as the most severe disease in South Africa. However, only 32,1% acknowledge AIDS to be a severe problem in their own community (Table 4).

Perceived susceptibility to AIDS

Despite their knowledge of AIDS, only 38,6% of the respondents believed that they were themselves susceptible to the disease (Table 5). Of this number, 14% admitted that they were putting themselves at risk by not using condoms. The remainder explained their susceptibility in terms of their partners' AIDS-related behaviour (such as having extramarital affairs). However, while they overwhelmingly (71,9%) agreed that everybody was at risk, 61,4% believed that women were more vulnerable than men.

AIDS-related behaviour

To assess the respondents' AIDS-related behaviour, they were asked whether or not they used protection against AIDS, and if so, what means of protection is used. Only half of the respondents had used condoms – though not on a regular basis. Nearly all, 92,6%, admitted that condoms are useful, but only 27,7% said that their partners were open to condom use, while 70,2% admitted that their sexual partners were opposed to condom use.

Women and AIDS in South Africa: knowledge, attitudes & behaviour Relationship between educational attainment and knowledge about HIV/AIDS

Even though continued AIDS prevention and education is necessary, it can be said that South African women are well aware of HIV/AIDS. Increased awareness about HIV and AIDS has been documented in research conducted in South Africa as well as in other countries. However, we also know that knowledge of AIDS alone is not enough to bring about behavioural change.¹⁴ For instance, in South Africa, despite the overall knowledge about AIDS, the rate of HIV infection among women increased from 7,57% to 14,07% between 1996 and 1997.

Findings from both First and Third World nations show that attitudes toward AIDS are associated with educational and occupational attainment. According to the Health Belief Model, highly educated individuals are likely to increase their level of knowledge of HIV/AIDS, and as a result, are more likely to know that the disease is

Table 2: Knowledge about AIDS

Means of Transmission	Education		
	PRIMARY	SECONDARY	UNIVERSITY
Sexual Contact	40% (4)	63,8% (23)	100% (1)
Multiple Sex Partners	20% (2)	22,2% (8)	–
Blood Contact	–	5,6% (2)	–
Any Contact with PWAs	–	5,6% (2)	–
Insect Bite	10% (1)	–	–
Don't Know	30% (3)	2,8% (1)	–

$\chi^2 = 13,294; (1d.f.); p = .348$

Table 3: Knowledge about AIDS

Means of Protection*	Education		
	PRIMARY	SECONDARY	UNIVERSITY
Condoms	72,7% (8)	68,4% (26)	100% (1)
One partner	–	7,9% (3)	–
Abstinence	–	2,6% (1)	–
Don't know	9,1% (1)	–	–

$\chi^2=5.396$; (10 d.f.); $p=.863$

*When asked about means of protection, 18,2 % of the respondents with primary schooling and 21,1% of those with secondary schooling responded 'yes' without indicating the means of prevention.

transmitted only through specific forms of intimate interpersonal contact. Those with lower levels of education are less likely to seek accurate information and more likely to hold inaccurate conceptions about the disease.

As a result, they are more likely to believe that the HIV virus can be transmitted through casual contact such as handshakes or toilet seats, and to feel that it cannot be prevented.

This is especially the case for women, as research shows that their educational and occupational attainments are important indicators of their AIDS-related behaviour.¹⁵ In Third World nations, women are more vulnerable because of their lack of education and accurate information regarding AIDS.

Furthermore, in an environment of inequality and dependence, they lack control over their sex lives, which increases their vulnerability to the HI virus.¹⁶ Consequently, South Africa's National AIDS Programme needs to implement prevention and education programmes which take into account the socio-economic conditions under which women live.

However, apart from dealing with long-term goals, such as equal access to educational opportunities, the focus should be on how to motivate women to protect themselves. South Africa's national AIDS programme needs to implement targeted interventions by integrating AIDS prevention within all women's organisations.

This approach will assure not only 'that women [will be] effectively reached ... [but also] help to ensure that activities will be sustained over time'.¹⁷

Relationship between knowledge and perceived severity of aids

The respondents' perceived severity of AIDS might be a result of previous AIDS campaigns, which have characterised AIDS as a 'killer disease'. Thus, it can be said that increased information about AIDS makes people aware of its severity. However, the fact that half of the respondents still engaged in risky sexual behaviour may be explained by factors such as low level of education, cultural background and socio-economic environment, which tend to limit the effectiveness of AIDS prevention and lead to complacency. Another explanation may be that these women do not see HIV and AIDS as a problem in their own community. Therefore, AIDS data specific to the community where the programme is being implemented should be used to stimulate interest in AIDS prevention and education.

Relationship between perceived susceptibility and attitudes toward AIDS

According to the Health Belief Model, individuals who feel that they are at risk with regard to a certain illness, and know that it can have a dramatic impact upon their lives, are more likely to be concerned about the illness. The respondents admit that women are more vulnerable than men. However, less than half of them admit feeling susceptible to AIDS, and some explain their vulnerability in terms of factors that are beyond their control, such as partners cheating or not using condoms.

According to Pollak,¹⁸ 'there is a bi-directional association between health

beliefs and behaviour'. Thus, a person who feels susceptible to HIV/AIDS can either try to get accurate information about the illness, or deal with his/her perceptions based on previously held beliefs. This difference in behaviour is accounted for not only by knowledge about the illness, but also by educational attainment. At low educational levels, the relation between perceived susceptibility and attitude is likely to be weak. Individuals with a low level of education are unlikely to seek accurate information, regardless of their susceptibility level. As a result, they are more likely to hold inaccurate conceptions about the illness and choose to deal with their feeling of susceptibility using their currently held beliefs. However, an educated person feeling susceptible to AIDS is more likely to try to increase his/her level of knowledge about the illness. Such a person is more likely to know that the virus is transmitted only through specific forms of intimate inter-personal contact, and as a result, more likely to believe that it can be prevented.¹⁹

Impact of knowledge upon AIDS-related behaviour

Are the perceived threats of AIDS – severity and susceptibility – likely to affect AIDS-related behaviour? According to the Health Belief Model, behavioural change is likely only if 'people feel threatened by their current behavioural patterns (perceived susceptibility and severity)'.²⁰ The study shows that women in South Africa do know that AIDS exists and that it is a serious illness.

However, despite this knowledge there is a tendency toward complacency. The fact that AIDS eventually kills is not a strong incentive to keep them from engaging in risky behaviour. In other words, 'information alone is ... insufficient to promote meaningful changes in risk behaviour'.²¹ Therefore, perceived susceptibility and severity – the focus of most prevention programmes – may not be critical determinants of AIDS-related behaviour.

Women's vulnerability to HIV/AIDS is generally explained by their social status, especially their economic and social dependence upon men. Women are likely

Table 4: Perceived Severity of AIDS*

Most serious disease	In South Africa	Own community
AIDS	73,% (42)	32,1% (18)
Cancer	5,% (3)	32,1% (18)
Tuberculosis	21,1% (12)	17,9% (10)

* The remainder of the respondents cited other diseases.

Table 5: Perceived Susceptibility to AIDS*

Susceptibility	Anyone	Respondents
Yes	71,9% (41)	38,6% (22)
No	15,8% (9)	45,6% (26)
Don't Know	12,2% (7)	15,8% (9)

to stay in relationships, even risking exposure to AIDS, because without partners, many will have no source of money or financial support.²² According to some, 'legal reform may be necessary ... to address the impact of AIDS on women'.²³ For others, 'governments can help ... guarantee women the rights to ... have equal access...'.²⁴ However, another explanation may be the lack of prevention programmes targeting women in general because, in most Third World nations, AIDS preven-

- To implement HIV and AIDS prevention programmes that take into account the social and economic environment in which women live. For example, the lower the educational attainment of the targeted population, the more 'aggressive' AIDS prevention should be to overcome the complacency created by the socio-economic conditions in which these women live.
- To use HIV/AIDS data specific to the

facilitate the implementation of AIDS prevention programmes at grassroots levels in rural areas, and to assist government agencies, the private sector and organisations involved in AIDS prevention and education.

- To focus on tangible benefits associated with behavioural change rather than on the threat of death associated with AIDS. In a socio-economic context where women are putting their lives at risk in non-AIDS related situations, the death threat associated with AIDS will not necessarily act as a deterrent to risky sexual behaviour.
- To integrate AIDS prevention with programmes run by women's organisations because 'it has been shown that women can be effectively reached by integrating AIDS-related activities into existing women's organizations ... [and it also] helps to ensure that activities will be sustained over time'.²⁶
- To implement peer education programmes when and where possible.

Women's vulnerability to HIV/AIDS is generally explained by their social status, especially their economic and social dependence upon men.

tion programmes tend to focus on female sex workers.

Conclusion

In South Africa, the new national AIDS programme is taking steps to deal with the challenges posed by AIDS. However, AIDS education and prevention programmes need to take an aggressive approach to deal with existing misconceptions and discrimination. When it comes to women, they need not only 'the necessary information [but also the] motivation to protect' themselves.²⁵ An important step in dealing with the impact of HIV and AIDS on women is the integration of the Bill of Rights into the 1996 Constitution. However, an immediate response to the threat posed by HIV and AIDS should consist of an aggressive campaign of AIDS prevention and education in order to motivate women to protect themselves. A few suggested strategies include:

community where the prevention programmes are being implemented. When faced with the fact that members of their own community are HIV positive, individuals are more likely to change their behaviour than when the emphasis is on AIDS as a threat to South Africa as a whole.

- To involve prominent community leaders such as schoolteachers, sangomas and religious leaders in the AIDS campaign to increase interest in HIV and AIDS at the community level.
- To involve persons living with AIDS, preferably women, in education and prevention programmes, to deal with the misconceptions and discrimination attached to HIV and AIDS.
- To co-ordinate governmental and non-governmental interventions to avoid duplication and enhance the efficacy of prevention programmes. Many NGOs are in an excellent position to

While it is important to place HIV and AIDS within the wider socio-political context of the country, targeted interventions are crucial to raise women's interest in the issue and deal with their tendency to be complacent. Apart from dealing with long-term goals such as gender equity or women's economic empowerment, South Africa's AIDS programme needs to reduce HIV transmission among women by increasing the effectiveness of AIDS prevention and education programmes.

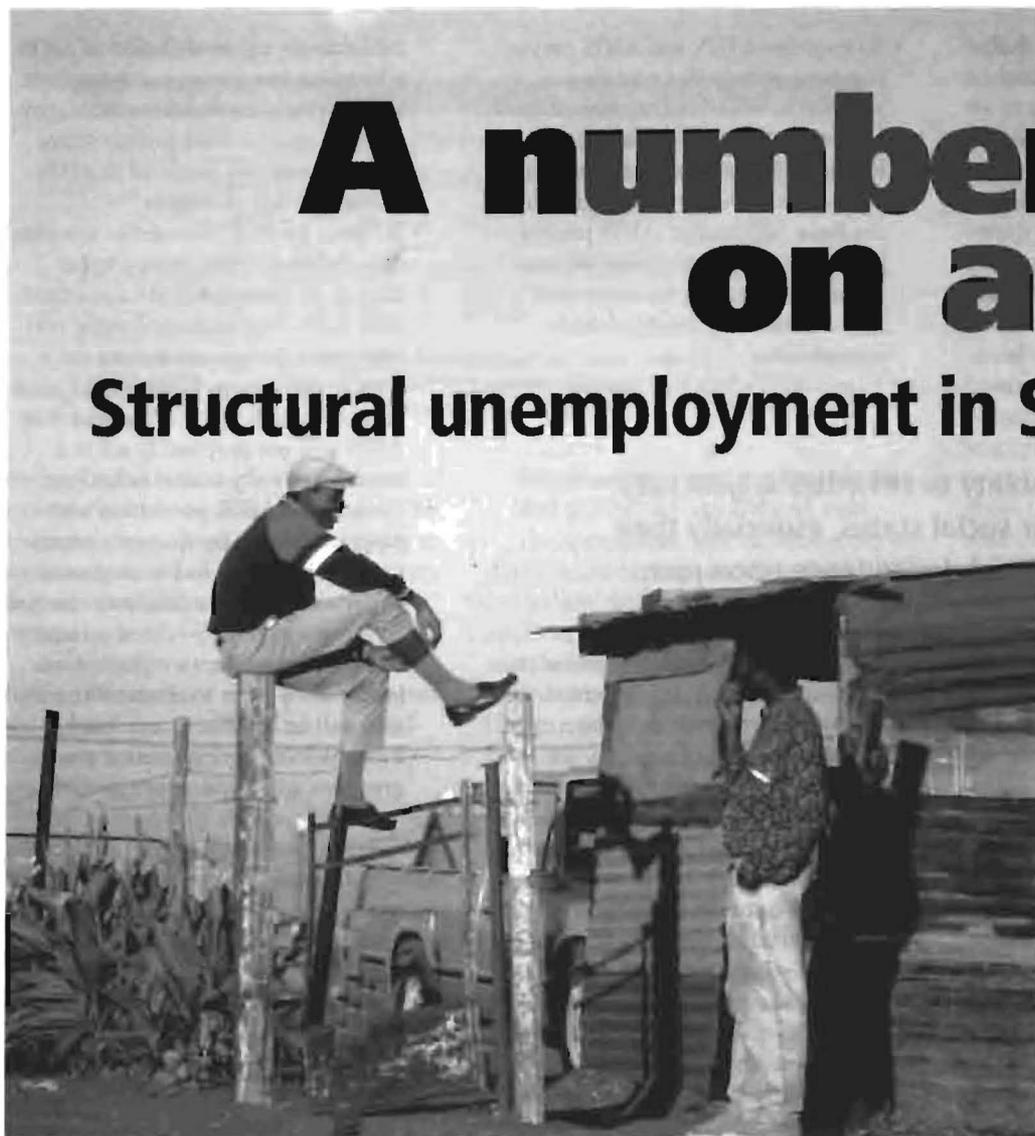
Thus, the challenge faced by the new National AIDS Programme is to deal with the immediate threat posed by HIV and AIDS to women by means of targeted interventions. ☉

Notes & references

- 1 The author would like to thank those who made this project feasible, especially Dr. Jacqueline Howard-Matthews of Clark Atlanta University, Dr. Jatinder Pal Singh and Dr. James F. Payne of the University of Mississippi, Ms. Nomathemba Mazaleni and the whole staff of the Border Institute of Primary Health of East London (South Africa), especially Asanda Lamathe, Zoliswa Mabukane and Ivy Ntalangue for their research assistance and finally, Janice Coleman and Koffi Kondo Awute for their editorial assistance.
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A number on a list

Structural unemployment in South Africa



JMM Viljoen, a lecturer in economics in the Faculty of Management at Vista University, and **Dr M Levin**, retired Dean of the Faculty and Professor of Economics, calculate the depth to which structural unemployment has penetrated the South African economy.

Unemployment trends in South Africa

Since the mid-1970s unemployment has grown to become one of the world's major economic and social problems.¹ High unemployment rates contribute to high levels of poverty, crime, social instability and the exclusion of a large part of the population from the mainstream of economic and social life.²

Official unemployment rates in South Africa followed the same trend as those in the rest of the world. According to Statistics South Africa (previously the Central Statistical Service) the unemployment rate increased from 6,6% in 1970 to 8,4% in 1980, 19,4% in 1991, to a record high of 32,6% in 1994, and decreased slightly to 29,3% in 1995 (see figure 1).³ These increases represent an average annual increase of 9,3%. The actual number of people unemployed rose from 0,46 million people in 1970 to 4,2 million people in 1995. These high levels place South

Figure 1: Unemployment rates in South Africa: 1970 – 1995

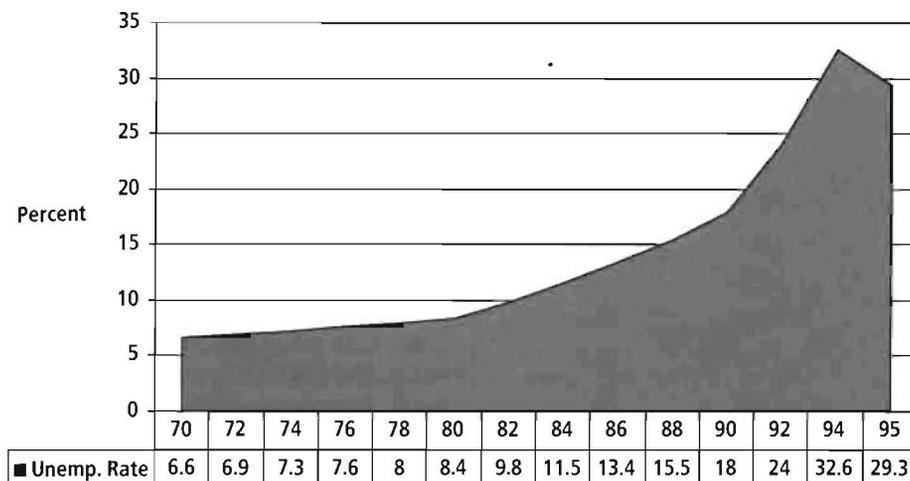
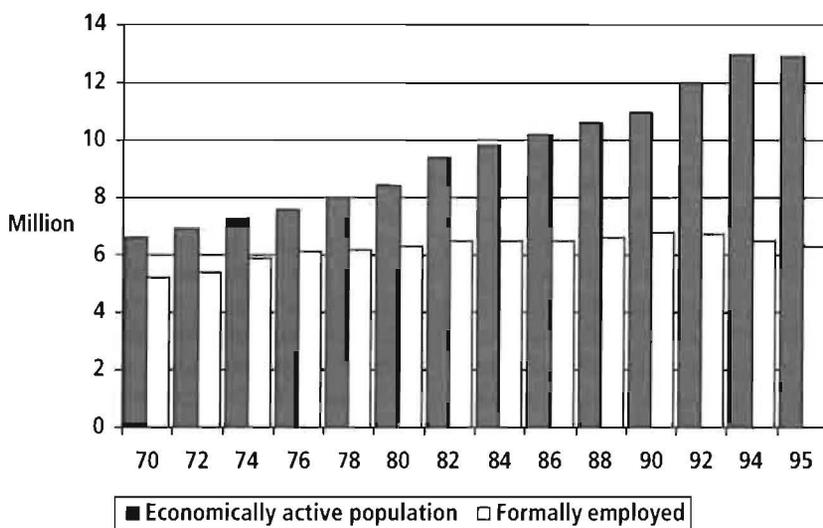


Figure 2: Formal sector employment creation



Africa among the high unemployment countries of the world. Ironically, expectations after the elections of 1994 for formal sector jobs for everyone could have been a major contributor to the high unemployment levels reported in the October Household Survey (OHS) of 1994.⁴

Studies by the International Labour Organisation (ILO) and the South African Institute of Race Relations (SAIRR) call into question the official 1995 South African unemployment rate of 29,3%. An SAIRR study reveals a rate of 23% for 1995 and 24% for 1996⁵ and found that the formal estimates of the 1994 OHS were highly influenced by the disputable claims of the people surveyed. Some people who were totally unfit for work and others who had 'various kinds of ad hoc, informal or casual employment' claimed to be unemployed.

The SAIRR study revealed, however, that in some regions of the country, unem-

ployment was estimated at 40% or more, so even at their average unemployment rate of 20%, unemployment was still too high and should be treated as serious.⁶

The Department of Finance recently commissioned an investigation into Statistics South Africa's figures with regard to the Household Survey. The investigation confirmed the published official rates, finding that, despite criticism by the ILO, SAIRR and some government ministers, Statistics South Africa's unemployment figures were broadly accurate.⁷

Formal sector employment creation

High and rising levels of unemployment are, alarmingly, accompanied by an overall decline in employment levels. This indicates the inability of the formal sector to create adequate employment opportunities to address the problem. Despite positive economic growth rates since 1993,

total employment in the formal non-agricultural sectors of the economy has declined.

Between 1990 and 1994, more paid formal-sector jobs were lost than had been created since 1980. According to Statistics South Africa, 71 000 jobs were lost in 1996 – about 195 jobs per day.⁸ From the end of 1996 to the end of the second quarter of 1997, aggregate employment in the formal sectors declined by 62 000 jobs.⁹ With almost 1 195 people officially entering the job market each day, it is clear that the economy's capacity to create jobs is deteriorating.¹⁰

The declines in formal sector jobs indicate that cyclical upswings in the economy no longer routinely recreate the jobs destroyed by a business downturn.¹¹ South Africa is therefore suffering from a condition where an increase in economic activity does not necessarily create jobs.¹² This condition is called jobless growth, a phenomenon not limited to South Africa but evident in most of the larger world economies.¹³ This jobless growth is a structural distortion deeply embedded in the fabric of the economy.¹⁴ 'Cyclical unemployment seems to transform itself into structural unemployment'.¹⁵

Figure 2 illustrates that the yearly rate of job creation in the formal sector of the economy is failing to keep pace with the yearly rate of net new entries into the job market.¹⁶ There is a growing gap between the supply of labour (economically active population) and the formal sector's demand for workers (formally employed).

Table 1, which reflects the composition of the economically active population, indicates that the labour absorption capacity of the formal sector deteriorated rapidly over time. In 1970, some 89,4% of the economically active population could find a job in the formal sector of the economy. Only 10,6% of the economically active population could not. By 1995, only 53,8% of the economically active population was absorbed by the formal sector (see figure 2). In this light, the role of the informal sector as job provider becomes increasingly important. The informal sector must, however, not be seen as the answer to the low labour absorption capacity of the formal sector.

Composition of unemployment in South Africa

With the decline in the labour absorption capacity of the formal sector, it is evident that people who lose their jobs during cyclical downswings find it increasingly difficult to find re-employment. The longer the spell of unemployment, the higher the

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Table 1: Labour absorption capacity of the formal sector of the South -African economy¹⁷

Year	Total economically active population (EAP) ('000)	Formal employment ('000)	Informal employment ('000)	Unemployment ('000)	Unemployment %
1970	6 898	6 164	278	455	6,6
1975	7 943	7 003	348	592	7,5
1980	9 173	7 560	842	771	8,4
1985	10 697	7 843	1 528	1 326	12,4
1990	12 533	8 135	2 136	2 262	18,0
1991	12 944	7 988	2 440	2 517	19,4
1992	13 359	7 866	2 289	3 204	24,0
1993	13 780	7 758	1 944	4 079	29,6
1994	14 297	7 702	1 939	4 656	32,6
1995	14 356	7 723	2 430	4 203	29,3

1 Economically active population as recorded by Central Statistical Service in population censuses and their October Household Survey

2 Formal employment of all economic sectors, industry and agriculture, as recorded in the Standardized Employment Series

Table 2: Months of job search - 1994

Months	Total	Proportion of unemployment rate	% of total unemployment
Total	4 656 076	32,6	100
1-2 months	168 084	1,2	3,6
2-6 months	367 342	2,6	7,9
6 months - 1 year	698 212	4,9	15,0
1 year >	3 151 433	22,1	67,7

probability that they will become part of the long-term unemployed. Once a pool of long-term unemployment has built up, it is difficult to absorb even during recovery periods. Since the increases in unemployment have been sustained for long periods, a substantial part of unemployment, which was considered cyclical, has proved to be of a structural nature.¹⁸

Most countries in transition have the characteristics of a stagnant pool of unemployed, dominated by a large number of people who have been without work for more than a year.¹⁹ According to the October Household survey of 1994, 67,7% of the unemployed – almost 3,2 million people – were out of work for more than a year (see Table 2).²⁰

According to Clark and Layard, the first principle in remedying unemployment is to create jobs specifically for the types of people who are unemployed.²¹ It is therefore necessary to identify the components of the unemployed in the existing pool and to measure it. In this way, the right policy instruments can be employed to alleviate the problem.

Existing surveys do not distinguish between the different components of unemployment. The breakdown of total unemployment, especially into cyclical and structural components, is further restricted

by the lack of information on the length of unemployment, as well as an accurate register for the unemployed. Despite these difficulties, the different components should be separated in order to understand the extent and nature of the problem in

South Africa. This analysis can then guide the choice of policy when addressing the long-term component of unemployment.²²

In the absence of properly surveyed data on the size of the different components of unemployment, one has to defer to estimates calculated from the available information.

Data used to quantify the different components was extracted from the Standardized Employment Series (SES) of South Africa and total unemployment data as officially surveyed by Statistics SA.

Frictional unemployment

Frictional unemployment includes people who are unemployed for a relatively short period of time while searching for employment. Frictional unemployment is caused by imperfect labour market information and immobility in the labour force. A certain amount of frictional unemployment always exists in a dynamic economy but not all frictional unemployment is desirable. Frictional unemployment may be lowered by shortening the search process – by improving the information available to the employers as well as the prospective employees. Improved labour market information enables job seekers to locate desirable jobs more quickly and thus shortens their period of unemployment.

In the United States of America, where unemployment data is relatively accurate, the full employment level is considered to be 96% of the economically active population.²³ This means that economic policy makers accept the natural rate of unemployment, which consists of frictional and structural unemployment, to be 4%. Due to the lack of reliable unemployment data, such a criterion does not exist for South Africa.²⁴ Taking the United States of America's case as the norm, we can assume that approximately 4% of the unemployed in South Africa represent the frictional component of total unemployment in the country – meaning that they are looking for another job or are between jobs at the time of the survey.

Table 3 shows that frictional unemployment accounted for 1,2% of the total unemployment rate in South Africa in 1995, having grown from 0,3% in 1970.

Cyclical unemployment

Cyclical unemployment is mainly caused by fluctuations in the business cycle.²⁵ Owing to the unavailability of

Table 3: Frictional unemployment in South Africa

Year	Total unemployment ('000)	Total unemployment rate (%)	Frictional unemployment ('000)	As proportion of total unemployment rate (%)
1970	455	6,6	18	0,3
1975	592	7,5	24	0,3
1980	771	8,4	31	0,3
1985	1 326	12,4	53	0,5
1990	2 262	18,0	90	0,7
1991	2 516	19,4	101	0,8
1992	3 204	24,0	128	1,0
1993	4 079	29,6	163	1,2
1994	4 656	32,6	186	1,3
1995	4 203	29,3	168	1,2

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information on cyclical unemployment in South Africa, its extent has to be deduced from other related and available information.

To quantify the cyclical component of unemployment in South Africa, the following assumptions are necessary. Firstly, based on the direct relationship between the number of formal employment opportunities in the economy and the state of the business cycle, it is assumed that the rate of change in cyclical unemployment equals the inverse of the rate of change in formal sector employment.

Figure 3 clearly depicts the pro-cyclical relationship that exists between the rate of change in the business cycle and the rate of change in formal employment, and the relationship between cyclical unemployment and the business cycle. When the business cycle shows an upward

It is well known that the long-term unemployed are caught in a vicious cycle. Once people become unemployed, it is difficult for them to get back into the labour market

trend, the demand for labour will increase and cyclical unemployment will decrease. When the business cycle enters a downward phase, the demand for labour will decrease, and cyclical unemployment will increase.

Whether or not the supply of labour stays constant or increases, the decrease in the demand for labour will cause cyclical unemployment to increase. It can therefore be assumed that the inverse of the rate of change in formal sector employment represents the rate of change in cyclical unemployment.

Secondly, it is assumed that the 1970 unemployment pool merely consisted of frictional and cyclical unemployment. This assumption is valid given the definition of unemployment and the under-enumeration of black unemployment in 1970.

Furthermore, significant increases in worldwide unemployment began only during the mid-seventies. We can therefore assume that no significant structural unemployment existed before 1970. Based on this assumption, the total for 1970, minus frictional unemployment was used as the base figure to calculate the size of cyclical unemployment from 1970 onwards.

Table 4 shows the magnitude of the cyclical component of total unemployment. The cyclical portion of the unemployment rate declined from 6,3% in 1970 to 2,3% in 1995. This is in line with the view that 'cyclical unemployment seems to transform itself into structural unemployment'²⁶ in a situation of long-term unemployment.

Long-term or structural unemployment based on the remainder model

When frictional and cyclical unemployment is known, structural unemployment can be cal-

Table 4: Cyclical unemployment in South Africa

Year	Total unemployment ('000)	Total unemployment rate (%)	Cyclical unemployment ('000)	As proportion of total unemployment rate (%)
1970	455	6,6	437	6,3
1975	592	7,5	378	4,8
1980	771	8,4	338	3,7
1985	1 326	12,4	318	3,0
1990	2 262	18,0	297	2,4
1991	2 516	19,4	308	2,4
1992	3 204	24,0	316	2,4
1993	4 079	29,6	324	2,4
1994	4 656	32,6	328	2,3
1995	4 203	29,3	327	2,3

Figure 3: Relationship between formal employment, cyclical unemployment and the business cycle

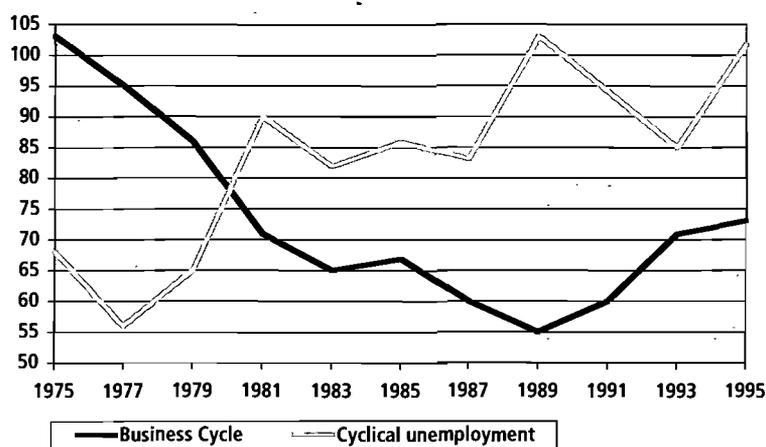


Table 5: Structural unemployment in South Africa

Year	Total unemployment ('000)	Total unemployment rate (%)	Structural unemployment ('000)	As proportion of total unemployment rate (%)
1970	455	6,6	0	0
1975	592	7,5	191	2,4
1980	771	8,4	402	4,4
1985	1 326	12,4	956	8,9
1990	2 262	18,0	1 874	15,0
1991	2 516	19,4	2 108	16,3
1992	3 204	24,0	2 760	20,7
1993	4 079	29,6	3 592	26,1
1994	4 656	32,6	4 142	29,0
1995	4 203	29,3	3 708	25,8

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culated as the remainder of total unemployment after frictional and cyclical unemployment have been deducted.

Table 5 portrays the estimated structural component of unemployment in South Africa. Clearly, it has increased substantially since the early eighties – from approximately 0,4 million people in 1980 to almost 3,7 million in 1995. The structural unemployment portion accounts for 25,8% of the total unemployment rate of 29,3% in 1995.

Table 6 depicts the composition of South Africa's unemployment pool by showing the proportional contributions of each component to the total unemployment rate. The frictional portion increased continuously from 1985. This trend reflects the endemic nature of temporary and casual labour in the South African labour market – a phenomenon that follows the tendency to use temporary workers instead of permanent workers.²⁸

The assumption that no structural unemployment existed before 1970 results in relatively high levels of cyclical unemployment that are possibly not quite accurate. The numbers are, however, not phenomenally high, and therefore do not contradict the basic argument, rather giving a clear picture of the trend of cyclical as well as structural unemployment since the late seventies.

The decline in the proportional share of cyclical unemployment is in line with the view previously stated that 'cyclical unemployment seems to transform itself into structural unemployment'²⁹ when long-term unemployment is experienced. Table 6 further indicates that the main cause of unemployment in South Africa could be ascribed to structural problems in the economy. The structural portion of 25,8% represents more than 88% of the total unemployment rate in South Africa in 1995.

Table 6: Components of unemployment in South Africa²⁷

Year	Total unemployment rate (%)	As proportion of total employment rate		
		Frictional (%)	Cyclical (%)	Structural (%)
1970	6,6	0,3	6,3	0
1975	7,5	0,3	4,8	2,4
1980	8,4	0,3	3,7	4,4
1985	12,4	0,5	3,0	8,9
1990	18,0	0,7	2,4	15,0
1991	19,4	0,8	2,4	16,3
1992	24,0	1,0	2,4	20,7
1993	29,6	1,2	2,4	26,1
1994	32,6	1,3	2,3	29,0
1995	29,3	1,2	2,3	25,8

according to circumstances, be regarded as frictional or structural unemployment.

According to Quiggin³¹ the standard definition of long-term unemployment is 'out of work for over a year'. According to the October Household Survey³² 1994, the majority of the unemployed were out of work for longer than a year. From the 4,7 million people unemployed in 1994, almost 3,2 million were unemployed for longer than a year. Almost 700 000 of the unemployed had been searching for a job for six months to a year (see Table 2).

Structural unemployment in 1994 thus amounted to nearly 3,2 million. The calculated figure closely follows the long-term unemployed figure, calculated by the remainder model, if those unemployed in the six-month period are included. It can therefore be accepted that between 60 and 80% of those in the unemployment pool in South Africa in 1994 were structurally unemployed. The problem faced by the chronic unemployed therefore has nothing to do with a lack of labour market information and often little to do with immobility.

or a good work record may be lacking – these are a few of the causes for extended periods of unemployment.³³

Furthermore, the accelerated pace of economic restructuring in South Africa has a direct impact on employment shifts across sectors and occupations.

Accompanying these shifts is a growing concern over a mismatch between the skills and training of workers in declining areas of employment and jobs, and the skill requirements for new and growing areas of work. This structural component of unemployment has risen significantly over the years.

Structural unemployment is considered a more serious problem than frictional and cyclical unemployment because of the long period of joblessness. It is well known that the long-term unemployed are caught in a vicious cycle. Once people become unemployed, it is difficult for them to get back into the labour market.³⁴ The high levels of long-term unemployment in South Africa have resulted in an ever-increasing portion of the unemploy-

It is clear that the long-term unemployed need more help than other unemployed people. They are the people who have always been put at the end of the line for employment opportunities.

Long-term or structural unemployment based on time-periods

According to Griffiths & Jones,³⁰ unemployment of an initial period of 0-12 weeks is regarded as frictional unemployment. Unemployment that lasts longer than 24 weeks is structural, and unemployment that falls in a 12-24 week period can,

ity. Structural unemployment is a result of a lack of skills or a mismatch between skills and job requirements. The longer the period of unemployment, the greater the probability of a person's skills becoming obsolete. Changes in demand or technology can eliminate certain types of jobs; world trade patterns shift; attractive skills

ment pool becoming less employable and therefore less relevant to employers.³⁵

It is clear that even if the expected economic growth rates as set out by the GEAR strategy are accomplished, addressing the unemployment problem will remain a major challenge. Cyclical unemployment can be addressed by short-term

strategies or policy measures but structural unemployment needs long-term, job-creating solutions. Policy instruments that normally deal with increased levels of unemployment may not be sufficient to cope with the problem of long duration joblessness.

Structural unemployment can be dealt with through skills and training efforts, providing workers with marketable skills directed at specific employment opportunities.

Conclusions

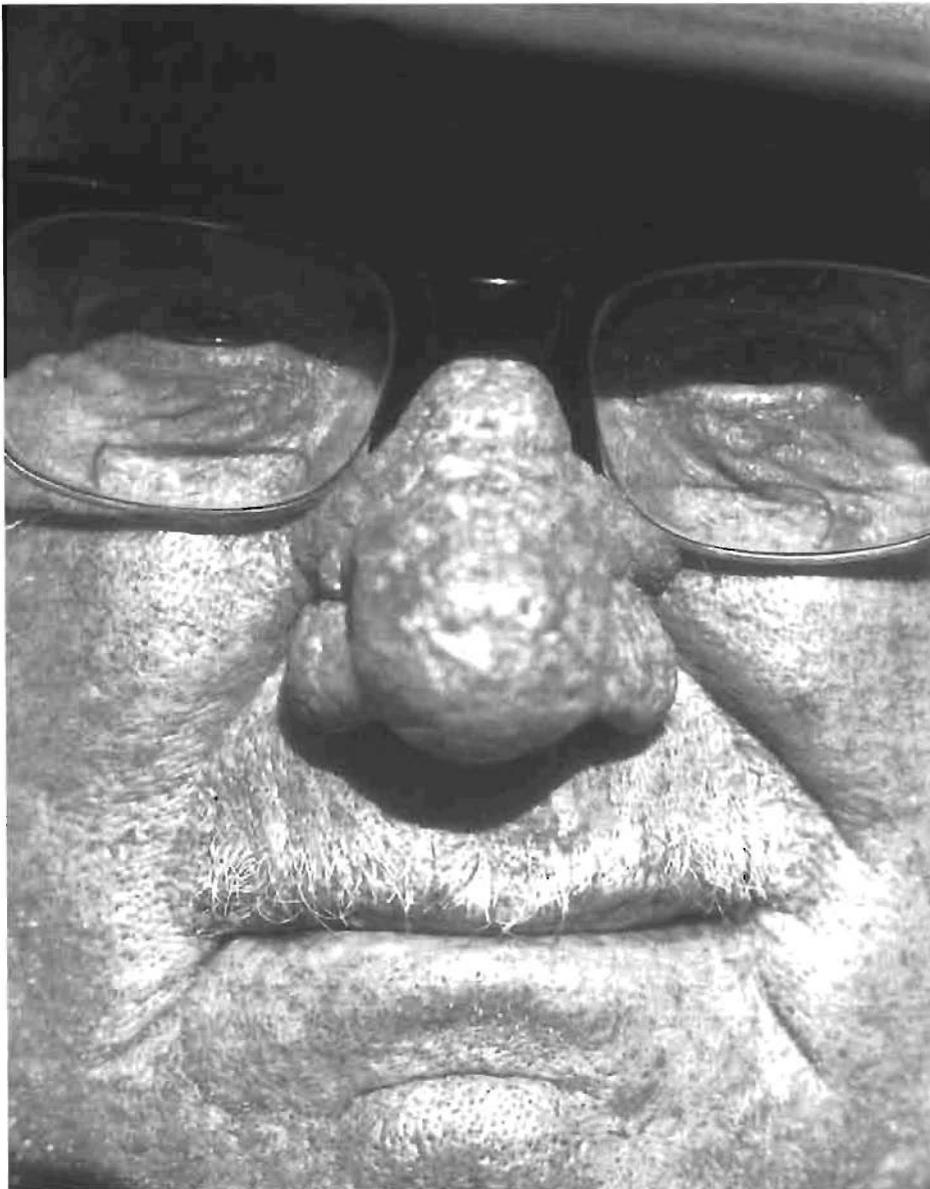
The profile of the unemployment rate and the characteristics of the unemployed provide strong evidence of the existence of a growing structural unemployment problem in South Africa. Given a scenario of moderate economic expansion over the medium term, structural forces and pressures will continue to exert a major influence on the labour market in determining changes in future skills and employment needs. Addressing structural unemployment will continue to be a major challenge. Furthermore, the accelerated pace of economic restructuring in South Africa, as well as structural changes in the global economy, demand unprecedented flexibility from people and economies. It is clear that the long-term unemployed need more help than other unemployed people. They are the people who have always been put at the end of the line for employment opportunities.

The main cause of unemployment in South Africa can be ascribed to structural problems in the economy

Government involvement is needed to guarantee that employers consider the long-term unemployed for placement in the job market. The government will have to create the right environment for job growth and should put a vigorous entrepreneurial economic environment in place. Present and forthcoming labour laws protect people who already have jobs and do not help the unemployed.³⁶ Government policy should reduce the unemployment rate by providing appropriate production and work incentives.³⁷ Macroeconomic policies are indispensable for creating employment growth but cannot generate enough employment to decrease the pool of structural unemployment. They will have to be supplemented by other strategies and incentives to draw people out of the cycle of long-term unemployment and into the mainstream of economic activity. Incentives must be designed to persuade employers to employ the long-term unemployed. Tax concessions on their employment and on-the-job training are two such examples. No single policy can address all types of unemployment. Cyclical unemployment can be reduced through policies that increase aggregate demand. Frictional and structural unemployment must be addressed with micro-economic policies which affect the conditions of labour demand and labour supply in particular markets. ☉

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Professor Willem Naudé, Director of Research and **Lurette van Rensburg**, Research Associate, of the Faculty of Economic and Management Sciences at Potchefstroom University use the example of South Africa's North West province to consider to what extent economic factors – such as poverty, inequality and unemployment – may contribute to the high incidence of farm attacks. Suggestions are also made regarding appropriate measures that commercial agriculture, in collaboration with the provincial government in North West, could embark upon to prevent an escalation of economic stagnation and social conflict in rural areas.

Farm attacks in rural South Africa

– an economic explanation

SOUTH AFRICA'S VIOLENT HISTORY HAS RESULTED IN A CULTURE OF VIOLENCE, which contributes to unacceptably high levels of violent crime. Recently much discussion has followed the escalating incidence of attacks on farms. Farm attacks have become a national scourge: between April 1994 and April 1998, 464 farmers were murdered on South African farms, and a farmer is four times more likely to be murdered than a member of the general population.

FARM ATTACKS IN RURAL SOUTH AFRICA

Table 1: Sector contributions to GGP in North West province, 1995

SIC Code	Sector	Output (Rm)	% of total	Employment numbers	% of total	Average annual growth in output 1985-1995
1	Agriculture	2 625	13%	78 822	18%	9,4%
2	Mining	8 480	42%	165 064	39%	-1,2%
3	Manufacturing	2 424	12%	57 345	13%	-1,1%
4	Electricity	202	1%	3 437	1%	4,0%
5	Construction	808	4%	26 498	6%	-0,2%
6	Trade	2 423	12%	61 097	14%	1,2%
7	Transport	606	3%	12 750	3%	2,7%
8	Finance	2 623	13%	20 442	6%	2,3%
	Total	R20 191	100%	425 455	100%	0,5%

The possible negative impact on agricultural production and rural welfare necessitates that the possible economic causes – or contributing factors – of the problem be addressed in an attempt to improve security measures on farms. Machethe, Reardon and Mead² recently noted that duality and income inequality in South Africa's rural areas might be a significant obstacle in the promotion of rural industrialisation and rural welfare. Furthermore, given the possibility that land reform may exacerbate inequality in rural areas³ it is imperative to understand the dynamics of poverty and inequality in rural areas.

The escalating incidence of farm attacks led to some provincial governments, e.g. North West, convening meetings on rural security during 1998 and national government convening a Presidential Summit on Rural Security. The economic situation in the rural areas of South Africa emerged as one of a number of explanations for farm attacks during these meetings and the Summit.⁴ In this regard, North West province, one of the provinces with the highest percentage of rural inhabitants (62%), has become particularly susceptible to rural instability. The North West has one of the first provincial governments in South Africa to convene a high-level meeting on the issue, where various explanations for escalating farm attacks were put forward. This article considers the possible economic factors that may contribute to farm attacks in rural South Africa using the North West province as a case study.

Economic profile of a rural province

According to the 1996 Population Census, about 3 million people reside in North West province. Of this number, about 62% were classified as rural. The

rural nature of the province is closely linked to its nature as a major agricultural producer in South Africa. Although the province contributes in aggregate 5% to the GDP of South Africa, its contribution

to agriculture is out of proportion to its economic size. In 1993, the province contributed 11,2% to total agricultural income in South Africa and was a significant income generator for maize, oilseeds, eggs and cattle and calf production in the same year. These five sectors also supplied 80,8% of the total agricultural income in the province.

North West is a province with all the characteristics of a typical developing country.⁵ Its three major problems are unemployment, poverty and inequality.

Unemployment

The core economic development problem in North West is unemployment.⁶ Before discussing trends in employment it is necessary to take note of the current structure of employment and unemployment in the province – particularly as it relates to agriculture, the major employer in rural areas.

Table 2: Growth in agricultural employment, wages & productivity, North West province, 1970-1995

Year	Employment in Agriculture	Labour Productivity (Index)	Real Remuneration per Employee (R)	Employment in Agriculture as % of Total Employment
1970	128010	31,3	2537	35,5%
1971	121936	39,2	2724	33,4%
1972	120705	39,3	2802	32,9%
1973	119266	35,6	2996	30,5%
1974	118160	47,8	3219	29,4%
1975	117209	44,3	3263	29,1%
1976	109371	45,8	3612	26,7%
1977	107537	51,1	3385	25,5%
1978	105291	53,3	3076	24,9%
1979	109406	55,6	3303	25,1%
1980	108321	68,0	3683	24,3%
1981	77041	110,0	5901	17,9%
1982	101933	48,9	4149	22,1%
1983	108985	20,2	3545	23,2%
1984	109553	10,0	3120	22,9%
1985	104133	22,4	3163	21,8%
1986	105100	28,4	2833	21,6%
1987	98181	38,1	3006	20,2%
1988	85266	57,7	3448	18,3%
1989	86255	65,7	3409	18,2%
1990	85139	61,9	3471	17,9%
1991	83060	66,1	3516	18,06%
1992	86361	46,0	3442	19,3%
1993	87102	56,3	3460	19,9%
1994	83574	83,9	3671	19,4%
1995	78822	100,0	3976	18,52%

(Source: Wharton Econometric Forecasting Associates (WEFA), South African Competitiveness monitor: Volume 4: provincial comparisons, Pretoria: WEFA SA Ltd, 1996 p 71.)

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Structure of Employment

Table 1 shows that mining and agriculture are the dominant sectors in North West's economy – resulting in total in 57% of Gross Geographical Product (GDP) and employment. Agriculture contributes 18% of total employment – the second largest sector after mining. Other significant sectors are finance (13% of GDP), trade (12% of GDP) and manufacturing (12%).

Trends in unemployment

Unemployment in the province has been steadily increasing, from 34% in 1994 to 36,4% 1996.⁷ Unemployment amongst poor rural communities is estimated to be as high as 53%.⁸ Mining and construction have continued to shed jobs over the past years while manufacturing failed to create any new job opportunities.

Moreover, it should be noted that, despite the impressive growth performance of agriculture in North West over the period 1985-1995 (9,4%), the number of workers declined from the mid-1980s.

Table 2 summarises the growth in agricultural employment in North West since 1970 and supplies estimates of increases in productivity in the sector. There are about 50 000 fewer job opportunities in the agricultural sector now than there were in 1970. Labour productivity increased dramatically, especially up to 1980, and reached a historical high in 1981, as did remuneration. However, real remuneration per employee in agriculture only increased from R2 537 in 1970 to R3 976 in 1995.

The core economic development problem in North West is unemployment

Thus while agricultural output grew by 9,4% during 1985 to 1995, employment in agriculture declined by 2,4% per annum over the same period. Agriculture in North West has been characterised by jobless growth during most of the 1980s and 1990s. This may substantiate Lipton and Lipton's remark that '... far from apartheid having kept more people in agriculture than expected at South Africa's stage of development, it probably resulted in lower employment than might otherwise have been the case'.⁹

According to the Farm Labour Review, which bases its figures on survey data, there was a 23,9% decrease in the number of African farm workers between 1986 and

Table 3: Spatial Inequalities in South Africa

Province	GDP per capita, 1995 (R)	Gini-coefficient 1993	Human Development Index 1991	Unemployment Rate 1995 (%)	
				Males	Females
Northern Province	2721	0,66	0,47	30	52
Eastern Cape	5078	0,65	0,51	36	47
North West	7019	0,60	0,54	25	44
KwaZulu Natal	7345	0,64	0,60	26	42
Free State	9331	0,67	0,66	19	35
Mpumalanga	11401	0,67	0,69	24	48
Northern Cape	11638	0,57	0,70	18	41
Western Cape	16416	0,58	0,83	14	25
Gauteng	23215	0,61	0,81	17	27

(Source of Data : WEFA, pp 41-45.)

1992. These figures, which differ somewhat from those of WEFA presented in Table 2, suggest that in 1992 there were 97 237 farm workers in the North West, of which 95 793 (98,5% of the total workforce) were African. The percentage of casual/seasonal workers also declined from 55% in 1986 to 47,8% in 1992.

Unemployment and small businesses

The trends outlined so far have contributed to the informal (or SMME) sector in North West becoming one of the largest in South Africa in terms of its estimated containment of 15% of the province's labour force.¹⁰ Within the informal sector the situation facing the majority of SMMEs in North West province is desperate. An analysis based on household survey data by Naudé and Serumaga-Zake¹¹ shows that:

- most small businesses are concentrated in urban areas
- a lack of demand for their goods and high transaction costs implied by sparsely populated areas are serious constraints to small rural businesses
- about 73% of the informal sector operators are, however, concentrated in the services, trade and transport sectors, with less than 8% in manufacturing and only 2% in agriculture.

The lack of off-farm income-generating activities in North West's rural areas has been noted as particularly constraining. Elsewhere in developing countries, the stimulation of off-farm income-generating opportunities has been a vital ingredient of rural development strategies. One of the best examples is China, where the term 'rural industrialisation' is used to refer to the significant inroads made into rural

poverty in that country.

Finally, in rural areas the predominant small business is selling goods on the streets. This reflects, to some extent, the lack of integration of rural markets – local government structures ought to be playing a leading role in establishing a more conducive, and less transaction cost-intensive environment for trade in rural areas. It may be imperative that commercial farmers act more proactively in creating and integrating periodic markets in rural areas. For instance, in providing finance and contributing towards physical infrastructure, commercial farmers will be creating positive externalities (i.e. the social benefits will exceed the private benefits) which is indispensable for social stability.

Poverty and inequality

Poverty

The consequences of high and increasing unemployment are primarily poverty and persistent inequalities. It is estimated that 9% of all the poor people in South Africa live in the North West and that 57% of all the people living in the North West could be regarded as poor. As many as 43,5% of the poor (186 000 households or approximately 1,1 million people) are classified as ultra poor, with a monthly income of less than R178 per month. It is especially the poor who lack sufficient access to basic services such as water, food, energy, land, shelter, transportation and primary health care.

Inequality in South Africa

Table 3 shows the degree of spatial inequality in South Africa, but also the degree of inequality in North West province compared to other provinces in South Africa. Table 3 shows that the Gini-coefficient in the province is about 0,60 –

which would place North West, if it were a country, amongst the most unequal in the world. The burden of poverty falls disproportionately on women, especially those in rural areas. Male absenteeism in the province, at around 7%, is one of the highest in South Africa. As unemployment worsens in the main destinations of North West's male labour force, an increasing number will find themselves returning to rural areas in relative destitution. As South Africa's economic restructuring continues, males more likely to become unemployed in the first place are those in shrinking, low-skill intensive industries, such as those that dominate manufacturing in North West (food processing, fabricated metals and non-metallic mineral products).¹⁴

Inequalities on other levels that enhance poverty include a lack of sufficient access to basic services such as education, water sources, primary health care and communications. The *1994 October Household Survey* indicates that an average of 85% of farm workers had a formal education of standard 5 or below. As far as water sources are concerned, over 87% of farm workers had access to taps, and just below 10% used boreholes, while 29% had to travel between 100m and 1km to collect water. According to the *1994 October Household Survey*, 88% of farm workers had to travel more than 5km to the closest medical service. Poor communication conditions exist and two-thirds of all farm workers had to travel more than 1km to

opportunities in rural areas is, apart from placing a disproportionate burden on the poor in those areas, that substantial pressures are brought to bear on urban areas due to rural-urban migration. The Development Bank of Southern Africa estimates the rate of urbanisation in North West Province to be around 3,6% pa – which exceeds the population growth rate.

Economic dynamics and rural conflict

In light of the economic situation in North West province, the following dynamics suggest that rural conflict, and specifically farm attacks, may escalate:

- First, the Human Sciences Research Council, using a labour market fore-

Table 4: Cropland size by population group (%)

Size (ha)	Africans	Whites
1-10	80	0
11-15	16	0
16-50	0	55
51 and over	4	45
Total	100%	100%

(Source : Serumaga-Zake, op cit.)

Table 5 : Ownership of tractors or other vehicles by population group (%)

Vehicle Ownership	Africans	Whites
Yes	2	75
No	98	25
Total	100%	100%

(Source : Serumaga-Zake, op cit.)

Table 6 : Ownership of tools/pumps by population group (%)

Ownership	Africans	Whites
Yes	5	63
No	95	38
Total	100%	100%

Ownership of other non-mechanised tools

Ownership	Africans	Whites
Yes	33	63
No	67	38
Total	100%	100%

(Source : Serumaga-Zake, op cit.)

Inequality in agriculture

Inequality is also pronounced in the agricultural sector. Here, it is especially lack of ownership of production factors such as land and capital that are positively associated with poverty.¹⁵ Farming units in the province have declined by 8,5% from 1988 to 7 605 units in 1992. Farm sizes also decreased from 847 ha in 1988 to an average of 787 ha in 1992. The ownership of farms in the province is as follows: 89,5% by individuals, 6% by companies and about 4% by partnerships. Based on a survey conducted during 1997 by Naudé and Serumaga-Zake¹⁶ the following picture emerges: firstly, as shown in Table 4, 80% of African farmers own crop land but of not more than 10 hectares. In comparison, all white farmers in the sample were found to own land measuring over 15 hectares. Table 5 shows that only 2% of African farmers own tractors or other vehicles compared to 75% of white farmers.

Table 6 indicates that, in contrast to white farmers, most African farmers in North West province have to manage without mechanised equipment and/or pumps. The majority of African farmers in North West are peasants and almost all white farmers are commercial farmers.

the nearest telephone. In this year over 98% of farm workers received free housing and less than 1% rented housing.

Quality of life

The Human Development Index (HDI), a measure of people's ability to live long and healthy lives, to communicate and to participate in community life, has been estimated at 0,543 for North West in 1991. This is somewhat lower than the South African average of 0,680.

Spatial inequalities

Finally, although 65% of the population in North West reside in rural areas, most economic activity is concentrated in the southern (Potchefstroom-Klerksdorp) and northeastern (Rustenburg-Brits) regions, where more than 66% of the GGP of the province is produced. Specifically, the Klerksdorp and Rustenburg districts together produce about 40% of the province's GGP while covering only 4% of the surface area. Any development strategy for the province should take into account these spatial dimensions of underdevelopment, and especially the lack of economic opportunities in rural areas. The consequence of the lack of economic

casting model, predicts an increase in unemployment in North West province to 43% by 2001. Even if the targets in the North West government's strategy, North West 2001, are met (i.e. 5% growth on average) then by 2001 the unemployment rate will stand at 30% of the labour force.¹⁷ The decline in employment in commercial agriculture in particular is likely to decline further in light of the new Labour Relations Act (which now also affects farm labour), the Land Tenure Act (which affects residence on farms) and likely further proliferation of mechanisation in the farming industry as commercial farms become more globally focused.

- Second, while discrimination may be declining, inequality is not doing so.¹⁸ The GEAR strategy document¹⁹ itself acknowledges that trade liberalisation will, over the medium term, contribute to greater inequality. According to Moll,²⁰ the Gini-coefficient during the 1980s remained constant at 0,51 – although between races inequality and discrimination declined during the 1980s and with the abolishment of apartheid, within-race inequality

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rose.²¹ Whiteford, Posel and Kelatwang²² (1995) find a Gini-coefficient of 0,68 using 1991 Census data.

- Third, Coetzee, Gwarada, Naudé and Swanepoel²³ have used a CGE model to determine that tariff reduction will be likely to impact more negatively in terms of employment and output on those industries (e.g. textiles, clothing, food processing and metal processing) that are relatively more concentrated in poorer provinces like North West.²⁴ Three sectors dominate North West's manufacturing sector, namely food processing, fabricated metals and non-metallic mineral products. These sectors have been protected in the past and are now contracting. For instance, in the main industrial areas of Brits and Ga-Rankuwa a total of 22 factories have relocated or closed down since April 1997. Over the past five years, about 48 factories in the Babelagi Industrial area have either relocated or closed down. In the industrial areas around Rustenburg that belonged to the previous Bophuthatswana homeland, 62% of the total number of factories have either closed down or have relocated. About 1 500 workers have been retrenched at Sun City and at major factories in the Mogwase area. In Mafikeng, the economic decline of the town is causing serious concern.
- Fourth, owing to the above and the current concentrated structure of manufacturing, the likely impact of manufacturing growth on employment is likely to be small. The maximum effect that could be achieved has been estimated at around R700 million worth of projects if all the possible industrial projects around the Platinum Spatial Development Initiative are developed successfully.
- Fifth, as is well known, prospects in mining are limited and will possibly remain that way. This, coupled with reduced employment prospects in Gauteng, will lead to more unemployed males in rural and farming areas with an increased potential for criminal activities in these areas.
- Sixth, frustration is likely to build up as perceptions increase that progress on GEAR and the Reconstruction and Development Programme (RDP) is slow and that land reform and land restitution is slow to take place.

Rural welfare and safety and security

There is a clear correlation between the



The legacy of the past, whereby African agriculture and economic activity in rural areas was repressed, and many economic freedoms were limited through a wide range of legal measures, needs to be undone.

above trends and the escalation of social instability and crime. Therefore, the remainder of this article attempts to identify possible measures to improve the level of economic development and stability in rural areas and commercial farming areas of the North West province. These measures may be grouped as the following strategic thrusts and are aimed at the disadvantaged sectors of rural areas.

Stimulating economic growth

The North West province underperformed from 1970 to 1994. Its share of 5,7% of the national economy is sub-optimal since 8% of the population, 9,7% of available land and 8,3% of budget transfers are at its disposal. To stimulate the economy and lessen rural destitution, the following are some measures that may be supported:

- stimulating off-farm economic activities and strengthening rural markets
- promoting small-scale farming and the success of black-owned or joint-venture commercial agricultural projects

- stimulating the general business environment in rural areas, particularly through linkages with other sectors and big business
- furthering employment in commercial agriculture through, for instance, employment subsidies
- developing tourism in rural areas to the maximum benefit of rural inhabitants, farm workers and the youth
- improving the social and economic infrastructure in rural areas.

Investing in human capital and entrepreneurship

In North West, labour supply is characterised by a shortage of highly skilled labour. More than 41% of the labour force is estimated to be functionally illiterate, with a further 39% with only primary education as basis. Economic stagnation is contributing to the outflow of skilled labourers from the province. The lack of skills is a serious obstacle to the economic development of rural areas.

By investing in human capital in North

West province, government would also be providing the necessary contribution to lessen inequalities.

Strengthening good governance and partnerships

The new provincial administration inherited three separate government administrations, 26 parastatals and a bloated bureaucracy of about 70 000 people. Inappropriate and insufficient local government structures in the past led to skewed local economic development, and a culture of non-payment for local government utilities.²⁵ The restructuring of appropriate local government structures, and the support of the viability of these structures through local economic development (LED) initiatives, are therefore key components of any rural economic development strategy for North West.

Good governance is particularly important in any attempt to develop rural areas and small-scale agriculture. The legacy of the past, whereby African agriculture and economic activity in rural areas was repressed, and many economic freedoms were limited through a wide range of legal measures, needs to be undone. This requires not only that current legal and other limitations on rural economic activity be reduced, but also that government takes an active part in assisting small African farmers.

Moreover, the requirement of good governance in light of the above may call for a strategic partnership between commercial agriculture and government in North West. This partnership should be based on a contract in terms of which government would,

in conjunction with the National Defence Force (SANDF), provide the required degree of safety and security expected by commercial farmers.

However, commercial farmers should also undertake the economic stimulation of rural areas in North West through:

- raising employment on farms and taking all reasonable measures to improve the living conditions of farm labourers
- stimulating the business environment in rural areas through outsourcing, a purchase policy, SMME-stimulation, and the stimulation of off-farm economic activities
- assisting in the provision of social infrastructure such as medical and educational facilities and insurance to rural inhabitants.

For such a partnership to be effective, one must realise that a potential co-ordination problem may exist on the side of commercial agriculture, which may leave the door open for corruption – i.e. all farmers would benefit from the increased security but not all would deem it necessary to make sacrifices. Therefore, it is important for such a partnership that commercial agriculture stand undivided.

Conclusion

This article shows, with reference to the North West province of South Africa, that rural areas in South Africa have a narrow, exposed economic base in the form of a dependence on agriculture and mining. The former, covering vast distances in sparsely populated arid areas, is difficult to police. It is also characterised by huge

inequalities, rising unemployment and an increasing number of destitute, disillusioned and unemployable young men.

The social conflict which almost invariably arises when such conditions exist (particularly when a country is also in the process of social and political transformation) is extremely likely to result in the escalation of crime in rural areas. This crime can be predicted to be directed especially against

- commercial farmers – i.e. an escalation in farm attacks
- tourists and the tourism sector, including game farms
- rural infrastructure and government property
- mining property, facilities and products.

Declining employment in mining, manufacturing and commercial agriculture, declining employment in urban areas, demobilisation in the SANDF, and the simultaneous opening up of the South African economy to global forces, create a strong incentive for crime syndicates to recruit members in rural areas. The situation cannot be addressed by focusing exclusively on stimulating rural economies, since the current crime rate has already raised the transaction costs in rural areas. Therefore, a joint initiative is required in the form of a strategic alliance or partnership between provincial government and commercial farmers. Unity within the commercial farming community, and trust between commercial farmers and government is of the utmost priority and urgency. ☉

Notes & references

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The landscapes of globalisation

Democracy between the local and the global

Thomas A Koelble, visiting Professor and Researcher in the Department of International Relations at the University of the Witwatersrand, uses Appadurai's landscapes to illustrate the constraints facing as well as the opportunities open to... Third World governments in their attempts to democratise.

DEBATES ABOUT DEMOCRACY REVOLVE AROUND QUESTIONS OF institutional practice or normative principles of behaviour, rights, obligations and citizenship duties. These debates range from how the principles of democratic action are to be defined to how they are to be translated into action.¹ The literature in political science on the issue of 'what is more democratic – presidentialism or parliamentarism; unitary government or federalism; consociational or majoritarian systems?' is truly impressive in size and scope.²

The debate about what exactly constitutes democracy is similarly extensive.³ Should democracy be extended from the political to the economic, social, even familial realm?⁴ Or should it remain a question of political decision-making, of elections and governmental institutions? Central to these debates is a tension between proponents of radical transformation and those who argue that the democratic should be limited to institutional settings.⁵

A similar set of debates revolves around the conditions allowing a democratic form of governance to emerge and flourish.⁶ What are the factors conducive to democratic theory and praxis? And what factors hinder the emergence of democracy?⁷ One school of thought argues that democracy is essentially home-grown and arises from favourable local conditions. A fierce argument has raged among these scholars over which factors are most important.⁸ If, for instance, there is no established or emerging middle class, as Barrington



Democracy is part of both a local and global discourse, argues Koelble: it has universal features or principles that make democratic regimes recognisable across cultural and linguistic contexts; it features certain institutional practices that provide comparable norms and political practices; and it entails broad expectations of certain freedoms denied in authoritarian and totalitarian systems of rule.

Moore Jr argues, there will be no democracy.⁹ In contrast, many Marxists argue that a democratic transformation can only occur if progressive, working class-based forces take over the state apparatus.¹⁰ Others disagree and suggest that, instead, certain cultural dispositions are a pre-requisite for democratic norms and values to take hold.¹¹

While domestic analysts squabble over which factor brings about democracy, those who view democracy as essentially a global phenomenon contradict their entire approach.¹² Samuel Huntington stresses the role of the West and particularly the US in the current, and, what he terms, third wave of democratisation.¹³ While there are several regions in which Western style democracy is not likely to take hold, especially where Islam and Confucian principles rule the day, Huntington writes of the 'democratic bargain' in much of the Third World.¹⁴ Encouragement, some might term it pressures, emanate from the global financial institutions, from Western gov-

ernments, and international agencies to make democracy safe for capitalism and vice versa. In a similar vein, Francis Fukuyama holds that ideological conflicts over political, social, and economic systems have come to an end with the triumph of neo-liberalism.¹⁵ To Fukuyama there are simply no viable alternatives to neo-liberal economic and political systems.

I argue that democracy is part of both a local and global discourse. It has universal features or principles that make democratic regimes recognisable across cultural and linguistic contexts; it features certain institutional practices that provide comparable norms and political practices: and it entails broad expectations of certain freedoms denied in authoritarian and totalitarian systems of rule.

The discourse on democracy represents a coping mechanism with enormous international and local dislocations. It is a response to expectations as to what kind of political conditions allow for economic development and therefore investment,

trade, and acceptance into the international community. While such international expectations shape the definition of democracy, it is also subject to local contributions as to what democracy might look like. These local variations arise from the specific contexts within which the form of governance emerges.

Democracy is distinct from the post-modern conception that 'only locals give democracy content and it is whatever these locals think it is'. Democracies are, however, embedded in divergent social, political, cultural, economic environments and therefore subject to contextual variations.¹⁶ These local deviations ensure that democracy is more than purely a universal set of principles and practices.

The South African case of democratisation will help to illustrate these propositions concerning the interaction between local and global forces. While there are analysts who would deny the importance of global factors in bringing to an end the apartheid regime, I argue that such an

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interpretation of events is likely to mislead and falsify predictions about the future development of democratic rule. In some senses, the new dispensation faces international challenges just as the old order did and similar sets of limits/constraints on action, particularly economic action.

The very concept of 'isolation', of cutting off the apartheid regime from the fruits of being within the global system suggests the fundamental importance of global factors in the struggle for a just and equitable political order. Isolation meant making South Africa separate, to distinguish the acceptable from the unacceptable, to punish it for its segregationist policies by denying it travel opportunities, economic growth, technologies, finance, even rugby. The re-entry of South Africa into the international order is based on the country's adoption of a supposedly non-racial democratic system. But what does democracy in South Africa actually mean? What is the relationship between global and local factors in the shaping of South Africa's democratic experiment?

In order to probe these questions, Arjun Appadurai's work on globalisation provides a useful heuristic device.¹⁷ Appadurai likens globalisation to a set of landscapes within which each state, government, all groups and individuals find themselves in. He writes of five different landscapes – finance-scape, ethno-scape, techno-scape, media-scape and ideo-scape. This article uses these landscapes to illustrate the constraints facing as well as the opportunities open to Third World governments in their attempts to democratise. I will pick up on three of these landscapes – the financial, ethnic/racial, and ideological ones – to probe the relationship between the local and the global in the making of South African democracy.

Without taking into account both the

regime is to run into serious global and local resistance from domestic and international capital. Precisely the inability to introduce emancipatory structures, however, lies at the root of possible instabilities of the new democratic order.

Second, given the racial and ethnic composition of South African society and its historical pathologies, a power-sharing system of governance might have contributed to the nation-building exercise in a far more effective manner than the current majoritarian system.

And, last, democratic survival depends to a large extent on a favourable interaction between both local and global factors.¹⁸ Creating favourable conditions for economic growth and international investment while at the same time fostering socio-economic, redistributive reforms necessitates a fine balancing act that can easily be upset by local political conditions.

Finance-scape

Finance-scape refers to the relationships between the international/global and domestic political economies. Of particular interest are the tensions between international banking and financial institutions, norms and practices, and local economic interests. Finance-scape refers to the possible impact institutions such as the World Bank or the International Monetary Fund might have on local economic policy-making and vice versa. It deals with the relationship between multi-national firms and their domestic/local settings and generally with the free movement of goods, capital and labour.

A fierce debate rages between those who suggest that globalisation has diminished the capacities of the state to control its domestic economy and those who suggest that globalisation is largely a fiction.

of the Soviet Empire. There are no meaningful alternatives to neo-liberalism and with that comes an Americanisation of business practices, business ethics, and regulation. Paul Krugman, in contrast, argues that globalisation is largely fictitious. The major flow of finance is not between Third and First World countries but largely within and among a few First World places. Investment levels in Third World settings are so low as to be virtually meaningless in global terms.²⁰

Judging by the South African case of regime change, Sassen's argument appears to be by far the more convincing. Finance-scape imposed sanctions on South Africa's apartheid regime just as it imposes constraints upon the new dispensation in terms of its aim to redistribute wealth and reduce poverty. While the anti-apartheid movement interpreted the withdrawal of credit facilities and loans from the government in the 1980s as a result of its disinvestment campaigns in Europe and the US, another interpretation is possible.²¹

South Africa suffered a fate similar to that suffered by various other African and Latin American cases that had borrowed more than they could possibly repay under the conditions imposed by the international financial community. Isolation of South Africa came as a result of its poor economic performance and management and not only because of the pressure exerted by the anti-apartheid movement. Yet, similar kinds of pressures are being exerted on the current government and put it into a precarious situation.

The new South African dispensation faces an electorate in which democracy is squarely associated with socio-economic change. The work done on public opinion by IDASA and other public opinion/market research groups indicates that the issue of jobs, economic growth, and personal

Creating favourable conditions for economic growth and international investment while at the same time fostering socio-economic, redistributive reforms needs a fine balancing act that can easily be upset by local political conditions.

global and local factors working on the political scene in this country, it is not possible to reach an understanding of democracy, its strengths and weaknesses, as it emerges in this particular context. I wish to argue three related points: first, the more emancipatory an interpretation of democracy a regime adopts, the more likely that

Saskia Sassen, for instance, argues that globalisation implies the setting of a neo-liberal global economic framework to which all countries or political economies have to bow to some extent in order to be accepted as participants.¹⁹

Neo-liberal orthodoxy on economic policy has won the day since the collapse

'life' improvements are very high on the list of the majority of voters.²²

The extent of poverty and deprivation in SA can hardly be ignored and the ANC has promised redress, primarily through the Reconstruction and Development Programme (RDP). Yet, the rules of neo-liberal orthodoxy reduce room for

manoeuvres. South Africa's economy has been starved of foreign investment as a result of the boycotts of the past and the name of the game today is to attract potential investors. This need automatically makes a policy of appropriation impossible since any redistributive land or capital policy will scare off potential foreign investors. Less drastic forms of redistributive economic policy are likely to bear fruit only gradually and slowly.²³

The social democratic approach to redistribution and development contained in the RDP soon gave way to a commitment by the new government to economic growth in the Growth, Employment and Redistribution programme (GEAR).²⁴ GEAR primarily aims at the reduction of the state's budget deficit, privatisation, greater government efficiency, and low inflation at the expense of government expenditures or redistributive efforts.²⁵ It reflects a commitment to neo-liberal orthodoxy and rejects the Keynesian approach to economic policy, which provides the basis for a social democratic attempt at redistribution.²⁶ Moreover, it was surely no

Republic, Thabo Mbeki. Here is a politician at home in both the global and local arena, in a way superior to the rather blunt President Mandela. Mbeki has managed to combine an Africanist philosophy to appeal to internal ANC constituencies while at the same time espousing neo-liberal economic theory designed to attract the foreign investor and pacify critics of the efforts to provide an infrastructure to the townships and squatter camps.

Ethno-scape

Ethno-scape refers to the politics of territoriality, of identity, and of inclusion or exclusion from the benefits of citizenship and entitlement. Again, there is a local landscape and a global one in which states, groups, and individuals find themselves. And, again, there are major disagreements over appropriate global and local rules.

How should governments treat their citizens, foreigners within their territory, migrants and refugees? Should there be internationally accepted rules of conduct? And should international organisations intervene if these rules are ignored? What

Community where, for instance, Germany and France have quite different perspectives – legal and social – on the issue of exclusion and inclusion. The French notion of citizenship is based on cultural affinity and integration into French society; the German notion is one of ancestry.²⁸ In sum, the question facing both the global community and individual states is how to turn a set of human rights principles and notions of justice and fairness into practical policies in a consistent manner? How to reach a common denominator on identity politics in a world in which there is, apparently, none?

Apartheid South Africa provided a fabulously clear-cut case of violation of liberal principles – here was a country with a system of overt racial and ethnic discrimination unacceptable in the eyes of the liberal and much of the global community. Its policy clearly violated international principles of fairness and justice as expressed in the UN charters on human rights.

Citizenship and therefore entitlements to the benefits of citizenship – passports, welfare provision, right of movement, resi-

How should governments treat their citizens, foreigners within their territory, migrants and refugees? Should there be internationally accepted rules of conduct? And should international organisations intervene if these rules are ignored?

coincidence that GEAR replaced the RDP (or, as some government defenders claim, provided the RDP with new parameters) shortly after the rand lost 25% of its value against the dollar in early 1996.

International speculation about the stability and effectiveness of the ANC government caused the rand's devaluation and added a billion rand debt to South Africa's international debts in a few weeks of exchange rate volatility.²⁷ No wonder President Clinton's proposals to encourage trade and reduce aid to the African continent were received in rather cool fashion in South Africa.

Walking through finance-scape, the new democracy and its government faces a stiff challenge – how to placate a deprived and expectant electorate while at the same time convincing international donors that its economic policies are designed to please international investors, the IMF and the World Bank. The ANC is forced to act in a Janus-like fashion and has an excellent politician to perform just such a delicate balancing act – the President of the

does it mean that a state has the right of inclusion or exclusion from the benefits of citizenship? What is the relationship between identity – ethnic or otherwise – and the state? And what ought it to be?

There are various United Nations charters as well as resolutions addressing this vast set of questions. There are many resolutions on what states in a specific situation ought to do. And there are, of course, numerous cases that call for action from time to time. The vast majority of wars in the 20th century have been fought not between nations but between groups within states and the international community has been called upon to adjudicate in many of these unfortunate scenarios – Yugoslavia, Israel, Burundi, Uganda, Indonesia, Turkey, Iraq, China, Guatemala – the list is long.

Moreover, should states with different notions of citizenship be forced to adopt a more universal set of principles in their treatment of foreigners who would like to become citizens? The issue is an important one in the deliberations of the European

dence and so forth – were simply denied to the vast majority of people living in the territory, on the basis of skin colour. Moreover, the apartheid regime practised systematic civil and human rights abuses on a rather vast scale.

One can debate whether South Africa was the only country worthy of the international attention it got for the treatment it meted out to its citizens, but clearly it violated most international standards of behaviour and conduct. The uncommonly blunt admission of racial discrimination by the National Party government made it an easy target in contrast to many other places where race played just as divisive a role but in which legal codes did not actively pursue separation.

In contrast to the apartheid regime, the current constitution accepts the human rights positions prevalent at the UN, Western Europe and North America.²⁹ It does not only accept them, it has become a model Third World case in terms of defending these positions and enshrining them in its constitution. The bill of rights

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more than meets the high standards set by organisations such as Amnesty International and surely qualifies as one of the longest lists of rights encompassed by any constitution. It reflects a commitment to liberal ideology in its guarantee of individual human rights. It is surely no accident that South Africa has been asked to chair the Commission on Human Rights at the United Nations.

In order to show how fundamentally different the old and new regimes are, the ANC has taken the unpopular stand that the death penalty is immoral and abolished it despite opposition from much of South African society.

In practical terms, however, the government faces various problems in translating these principles into political action. How should the government go about integrating all groups into a new South African identity? How does one go about a nation-building exercise in a historically segregated society such as this one? How does one deal with the issue of xenophobia against migrants from outside South Africa's borders? How does one introduce an affirma-

excluded or be made to feel excluded.³¹

But feelings of exclusion arise from perceptions, whether real or imagined, that the community is under siege. And there are definitely indications that parts of Afrikanerdom find themselves under siege. Whether it is because farmers are being murdered in the Free State or Mpumalanga or because former President P W Botha has been asked to testify before the Truth and Reconciliation Commission, parts of this community feel that they have no place in the new South Africa.³² The rather tendentious reporting of the schooling issue in places such as Vryburg or Potgietersrus enhances feelings of exclusion and scape-goating. The local educational crisis became a national and international issue with a certain anti-white, anti-settler, anti-Afrikaner slant to it.³³

Given the precarious nature of South Africa's 'ethno-scape', it might have been a more fruitful strategy to adopt a political system, rather than a constitution that provides access to political power for minority groups.³⁴ The nature of minority government under apartheid, the exclusion of the

concept of 'Africanism' is another battleground for definition, for ideological positioning, and for indicators of what the future might hold for South Africa's multi-racial, multi-ethnic, multi-cultural society and polity.³⁶ While Thabo Mbeki's office has been at pains to point to the inclusive nature of Mbeki's enunciated 'Africanist' position, the truth of the matter is that Africanism represents a rejection of European dominance over African conceptions of the good life, of good community relations, and citizenship.³⁷ And this brings me to the third and, for the purposes of this article, last of Appadurai's categories – ideoscape.

Ideo-scape

Ideo-scape refers to the interaction between competing notions of what a good society, polity or economy, what a proper community, what a virtuous individual might be. Appadurai refers mainly to the impact that largely Western notions emanating from the Enlightenment have on other cultures and communities. In his discussion of ideo-scape, there are references

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tive action programme without diminishing the rights of some citizens or creating the perception that 'black is in' and 'white (and everyone else as well) is out'?³⁰ How to deal with the issue of coloured identity and their feelings of discrimination?

The constitution guarantees the right to freedom of religion, language, and culture and even calls into existence a watchdog institution to protect such rights. The practicalities, however, of balancing the many competing emotions of 'having been done in' by various groups is a stark reminder of the ethnic and racial pluralism of the country.

So far, the ANC government has been remarkably sensitive to such issues in terms of its constitutional commitments to liberal principles of self-determination, particularly to the Afrikaner community. Efforts by the ANC's executive committee to remind its constituencies that the Afrikaner community has as much of a place in South African society as any other ethnic group indicate a concern that this section of the population should not be

majority of citizens from voting, made a non-majoritarian form of government suspect to the vast majority of citizens and their political representatives. Yet, rather than give concessions in a constitution to the various groups of minorities it might have been advantageous, if odious to ANC or PAC supporters, for the ANC to share governmental power in a strict power-sharing system.³⁵

As much as it may rankle, the inclusion of Constand Viljoen or Marthinus van Schalkwijk in the cabinet might have done more for nation-building than an underfunded Commission for Human Rights or the protection of minorities will ever be able to achieve.

South Africa's ethnic and racial landscape, the history of race and ethnic relationships, pose major problems to the new regime. The response by elements of the ANC's organisation and constituency to a history of discrimination and racism reflects a historical path dependence that does not bode well for race relations or the democratic system in the future either. The

to power in the sense that these Western notions promote concepts such as individual rights, proper representation, democracy, and individualism over concepts prevalent in non-Westernised settings.

If we limit our discussion only to the topic of democracy, several questions immediately surface as to the meaning of the term. The social scientific literature revolves around two intellectual nodes. One is concerned with the organisational structure and institutions of government and the other with the aims of a democratic system.

While institutionalists worry about various forms of governance, those concerned with the aims of democracy worry about emancipation, liberation and notions of equality, justice and fairness. It would be unfair to argue that institutionalists do not worry about these concepts as well and that structure plays no role in deliberations on the aims of democracy, but in general, the two sides do not interact greatly. In the West, discussions of democracy are largely concentrated on issues of structure and



Half of South Africa's population – those who speak little or no English, who hold animist or African separatist Christian beliefs, who conform to customary law, and who hold down no fixed employment in the formal economy – reveal more parochial identities and act within more particularistic institutions than those needed for a liberal-democratic political culture.

function. Not so in many Third World contexts and especially not in the South African context where democracy is very much associated with the creation of a better, equitable, just society and polity.

The notion of emancipatory democracy resonates well with liberation movements for obvious reasons.³⁸ Democracy is defined as a means to the fulfilment of a majority of people, ethnic, racial, or gender. The majority should rule over powerful minorities who have in the past held the reins of power. Democracy is interpreted as a means of transforming not just political power but social and economic even psychological aspects of power to create a truly equitable order. Yet, precisely this interpretation of democracy runs into all sorts of obstacles on an international level and not only because of its emancipatory rhetoric.

Ian Shapiro put the case against an over-estimation of the transformative

capacities of democratic structures in these words:

Democracy operates best when it sets the terms for our civil interactions without determining their course. Our lives require much else as well to be satisfactory, and it is wrongheaded to expect democracy to deliver those other things ... Aspects of what democratic justice might reasonably be thought to require may change over time and vary across the domain of civil society and from culture to culture.³⁹

In the above section the reasons why emancipatory notions of democracy run into global obstacles have been enunciated. The international banking and financial community uneasily supports a regime whose philosophic attachments are to economic doctrines that run counter to the neo-liberal orthodoxy guiding much of the global economy at present.

A mistake made by many liberation movements is an over-reliance on orthodox Marxist notions that capitalist hegemony can be overcome by taking over state structures and replacing them with new, more emancipatory ones.⁴⁰ First, there are limits to the scope of internal transformation. But secondly, there is a vast over-estimation of what can be done once the state has been captured. Capitalist principles do not operate only at the state level but a global, universal level and the ANC has found that out rather quickly.⁴¹ But emancipatory notions of democracy have attractiveness in terms of morality. As a Dutch friend of mine puts the matter: such notions are very civilised.⁴² And to aspire to another level of civil interaction is what liberation and emancipation is supposed to be about.

The apartheid state attempted to appropriate for itself the mantle of Western civilisation and culture. Arguing that it represented the last bastion in Africa of Western values and a

bulwark against communism, the government found some support among Western nations, particularly those ruled by conservative, anti-communist political parties.⁴³ Most leftists and liberals, however, interpreted South Africa's apartheid as a tired, 19th century invocation of white supremacist theories. In that sense, apartheid was rejected as being closely associated with Nazism and certainly not notions of enlightenment. Western governments generally exhibited ambivalence towards apartheid and found South Africa an uneasy bedfellow and fellow traveller in the struggle against communism.

The West has embraced the ANC government and the new dispensation as a true incarnation of progressive Western values and virtues. But, indeed, this government and the new democratic regime also find themselves in an uncomfortable position in the global ideo-scape. On the one hand, the constitution and the new dispensation reflect European and liberal values. Many parts of the constitution have been copied from Western European and North American constitutions almost verbatim. Chapter Three, for instance, on cooperative government has been lifted from the German Basic Law (Grundgesetz).



Globalisation or Semi-Globalisation?

A Communications View

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SINCE THE WORLD WIDE WEB STARTED TO TAKE OFF IN EARNEST IN 1992, millions of people have taken to the much-acclaimed information highway. Marshall McLuhan's 'global village' has become a reality and 'globalisation' has become the focus of economists and politicians alike. However, the discourse around the new information age is in danger of exacerbating the already dangerous cleavage between the haves of the North and the have-nots of the South.

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In 1992, the 38 economies of the developed countries generated 80% of the world's combined GNP, but comprised only 15.2% of the planet's population. In contrast, the 169 developing economies comprised 84.8% of the world population and accounted for 20% of the global economic output. The poorest 57 economies (with 60% of the globe's inhabitants) averaged \$350 per capita GNP (with Mozambique's at \$60), while the average GNP of the developed states of the North was \$5 443 (with the USA at \$23 120 and Switzerland at \$36 230).¹

Increasingly, information and communication technologies are becoming the mainstay of the economies of the rich nations and it cannot be doubted that an ability to compete in these sectors will dictate the level of success in the world market. Obviously, these options will be more readily accessible to the nations of the North because they have the necessary capital and know-how.

It is possible that the developing states which are experiencing sustained high economic growth and are receiving a constant flow of developmental aid from the North

This conclusion is even more plausible when one remembers that, in 1992, shares in the World Gross Economic Product (WGEP) amounted to 48.9% for Western civilisation, with an added 8.3% and 6.2% for its close cousins, the Latin American and Orthodox civilisations, and 8% for the West's ally, Japan. Thus with 71.4% of the WGEP, the West musters more economic power than all other civilisations put together. They have a smaller share of the total world military work force – a mere 42.7% - but this is offset by their technological advantage.³ What is more, the remaining civilisations do not form a cohesive bloc that facilitates cooperation. For example, the potential economic and demographic juggernauts of the Sinic and Hindu civilisations have been at loggerheads since the late 1940s. The latter has also increasingly clashed with the Islamic civilisation over the issue of building an Indian nationalism based solely on Hinduism; and the former with the Buddhist civilisation over the question of Tibet. Few scholars of the civilisational concept recognise a distinct African civilisation because of the highly diversified

tempted to think.

This paradigm of organising economic and political life assumes a certain supercession, or subjugation, of oracy (the ability to speak and listen) to popular literacy (ability to read and write) and numeracy (ability to operate numbers). The rise of nation-states, nations and the economy, as they are understood today, would not have been possible without popular literacy and numeracy which, since the mid-19th century have been widely ensured in Europe and Northern America by popular and free elementary education. However, this has become the standard only in the North, where literacy and numeracy is close to 100%.

The situation is quite different in the South. In sub-Saharan Africa, the index of adult literacy amounted to only 50% in 1990⁶ (with a mere 15% in Sierra Leone and 20% in The Gambia). A similar situation prevails in South Asia and in the region of the South Pacific (29% in Bangladesh and 15% in Vanuatu in 1982-85). In 1990, more than a quarter of the population of the globe was illiterate in the range of 40% or more, and another quarter

Many of the four-fifths of the six billion members of the human race living in the South reside in insulated communities cut off by insufficiencies in infrastructure and education ... not only from the mainstream of political, economic, social and cultural life of the world, but also from their own respective states

will be able to bridge the divide between the South and the North. The most likely to succeed in this category are perhaps most of the states of Central Europe, as well as some states of Latin America, South-East Asia, Southern Africa and the Middle East. However, this will not eradicate the gap between the rich nations and the poor, but merely redefine it.²

Furthermore, any acceleration in the development and application of the new information and communications technologies is likely to exacerbate the civilisational barrier between the North and the South. By 'civilisational', I mean that the divergence may become so great that two increasingly different social, economic, political and cultural 'civilisations' would face each other with less and less understanding and empathy for the 'barbaric' customs of the Other.

tenets of the Bantu culture and the influence of Western imperialism.⁴

In what way will ICTs increase the gap between the North and the South?

Almost all states have as their goal economic and social development, measured in terms of economic growth, the level of consumption and manufacturing output, the extent of infrastructure and the index of GDP per capita. When it comes to political organisation, almost every state has fashioned or is fashioning itself as a nation-state with the aim of achieving internal and social cohesion.⁵ From the point of view of economic and political practice the world is thus quite homogeneous (i.e. Westernised). Paradoxically, however, this does not translate into globalisation – in contrast to what one may be

in the range of 20%-39%.⁷ There seems to be little hope for any swift amelioration of this situation, as enrolment in elementary and secondary schools generally remains woefully low in the South so that the mean years of schooling, in 1990, amounted to just 1.6 in Sub-Saharan Africa as compared to 10 in the North and 12 in the USA (Anon., 1987: 46-47; Esterhuysen, 1994: 24).

Moreover, few teachers and professionals are educated in the South. For instance, in Africa the university enrolment of secondary-school-leavers is 2.5% as compared to 77.3% in North America (Escotet, 1998: 25). And to add to the stress on the limited resources of the South, many (if not most) graduates from the poor states tend to leave for the North after not being able to find, in their own countries, careers that would allow them to earn a living that

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would meet their expectations (cf. Anbarasan, 1998).

Even assuming against all the odds that literacy and numeracy have become the norm in most states in the South, their per-head GDPs are still low in absolute terms, and would therefore not allow them to purchase or produce adequate numbers of computers, or to construct the appropriate telecommunications infrastructure for the Internet. Many of the four-fifths of the six billion members of the human race living in the South still reside in insulated communities cut off by insufficiencies in the fields of infrastructure and education, not only from the mainstream of political, economic, social and cultural life of the world, but also from their own respective states (Roskin, 1997: 181).

Kapuscinski estimates that 90% of the villages and small towns of Africa suffer this fate, and that the communities thus isolated from the market economy have no access to money and have to live in a pre-modern manner conducting economic transactions through barter (1998: 238). This is a crucial drawback when transforming communities (*Gemeinschaften*) into societies/nations (*Gesellschaften*). Without such a transformation, decolonised polities have no chance to become nation-states as postulated in their independence programs. And failure in this field will put a severe constraint on these states if not making their modernization utterly impossible (cf. Gellner, 1983: 9-11).

Nowadays the generic skills of literacy and numeracy are being supplemented by computer literacy in the North, and this new skill is predicted to be mastered by almost all of the adult population of the rich states within two to three generations. The skills encompassed by the term 'computer literacy' are emerging as the basis of a 'weightless economy' made possible by popular access to global-wide telecommunications and transportation technologies, as well as by saturation of the human habitat with ICT devices and various new kinds of economy and politics which transcend the confines of the nation-state in the parallel processes of globalisation and regionalisation.⁸

This puts the South at an even greater disadvantage than before because these states will continue struggling with the problems of illiteracy, innumeracy, hunger, and lack of spatial and social cohesion, let alone being able to consider the introduction of computer literacy. Should the trend of introducing computer literacy as another basic generic skill besides literacy and numeracy be maintained, one can only expect a deepening of the technological



There is little space for advancing computer literacy in the South, where the average Internet connection costs amount to around \$65 a month in Africa (half a teacher's salary). The same connection costs only \$20 in rich states where the per-head GDPs are many times higher.

and cultural differences between the societies of the South and the North, leading to a further limitation of the already constrained understanding between the two halves of the world.

To illustrate the increasing ICT gap it suffices to mention that, in 1997, for every person that logged onto the Internet in the South, there were 149 people logging on in the North (Anon., 1997a: 28). The map of the world depicting those states with 10 or more Internet hosts per 1,000 persons closely coincides with the North, which, from the geographical point of view, seems to be constituted of North America, Western and Central Europe, Australia, New Zealand, Japan, South Korea, Taiwan, Singapore, Hong Kong, Israel, Chile, Costa Rica and French Guiana.

The Internet is growing at a large speed in Latin America and China, but elsewhere progress is slow or even negative in relative terms. For example, on a world scale, Africa's share of net users (outside South Africa) fell from 0.025% in 1997 to 0.022% in 1998. The race to full computer

literacy divides even the North, where it is predicted that in 2001 40% of Americans will be connected to the Internet in contrast to only 13% of Europeans.

However, there is little space for advance in the South, where average connection costs amount to around \$65 a month in Africa (half a teacher's salary) while they are only \$20 in the rich states where the per-head GDPs are many times higher (Boukhari, 1998). Considering other telecommunications indexes, there is an average of one fax machine for every 30 people in the North, while in the South, one fax machine may serve an average of more than 1 000 people. In the USA, there are four TV sets for every five people, compared to one for every 50 people in the least-developed states. The Swiss average four hours of international phone calls each year whereas the Russians average only 90 seconds, the Chinese 60 seconds, and the Ethiopians a mere 12 seconds (Anon., 1997a: 28).

Qualitatively different technologies and a different spread of generic skills are

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mutually reinforcing and to a certain degree interdependent. What is more, they produce starkly different societies.

This increasing civilisational barrier will serve to exclude the South from the 'global economy'. De facto, such an economy is already limited to the rich countries that can participate in it on a more or less equal footing as well as influencing the rules of the game. The poor states may become simply a subservient appendage providing a pool of cheap labour, a source of raw materials or a market for unsophisticated products.

If these underdeveloped countries become of any interest to the North, it is only due to political and social concerns, i.e. worldwide geopolitical instabilities caused by warfare or economic collapse, a surge in the inflow of refugees/migrants or of drugs from the South, or dangers to the regular supply of oil to the North.

From this sketch, it is clear that the current distribution of generic skills in the world is quite uneven and largely corresponds to the level of technological development enjoyed by respective populations. In this sphere, the South is much more diversified than the rather homogeneous North.

The societies of the latter are largely literate and numerate, and are likely to become similarly computer-literate within two to four decades. On the other hand, the South comprises variegated societies which are literate and numerate to a widely varying degree: while large groups of populations still have not been given a chance to acquire any skills in addition to the 'biologically-given' oracy, groups of narrow elites and rich individuals have become computer-literate.

From the viewpoint of technological 'civilisation', the North is homogeneously industrialized and, at present, is rushing toward weightless economy as a largely uniform bloc, whereas the South is largely agricultural with significant industrialized areas, pockets of foragers and tiny enclaves which correspond to the weightless economy.

Therefore, my thesis is that the terms 'globalisation' and 'global village' are misnomers⁹ conveniently excluding from their fields of view almost five billion of the six million humans populating the Earth nowadays. The processes which are bringing about the emergence of the weightless economy make it theoretically and virtually possible for every inhabitant of the North to travel around the globe and obtain information from every corner of the world in very little time.

The same options are unavailable to the

overwhelming majority of the populace residing in the South. In consequence, the fruits of the conceived 'globalisation' are earmarked for the exclusive consumption of only one billion humans. This cannot even be termed 'semi-globalisation' as I tentatively dubbed this phenomenon in this article's title, but rather a 'one-fifth-globalisation'.

But is it then a form of globalisation at all? Should it not be replaced with a term which more aptly describes the actual situation from the perspective of equality of opportunity to participate in the weightless economy, since it is obviously not an exemplar of globalisation? However, the influence of the rich one-fifth of the planet's population is world-wide.

In an age when information equals control, and control equals power, the touchstone of this phenomenon is the existence of global surveillance systems. UKUSA, which came into being in 1948 as a joint initiative between the USA, the UK, Canada, Australia and New Zealand, is a global electronic spy system developed during the Cold War to intercept military information relayed via telephone, telexes, faxes, e-mail and the Internet. At the beginning of the 1990s, it was appended by the ECHELON sub-system which was designed for primarily non-military targets: governments, organisations and businesses in virtually every state of the world.

At the 1995 EU-US summit in Madrid, it was decided to build a co-operative EU-FBI global telecommunications surveillance system. At present, this is under construction, and as such will grant the EU and UKUSA members, together with

any state's sovereignty thoroughly maintained, the South may soon find itself in no position to oppose the North's new instrument of political hegemony.

The resultant gap between the increasingly unified North and the highly diversified South may deepen at an ever quicker pace, thus creating two completely different technological and social 'civilisations'. The difference may translate itself into a continual intensification of tension between the poor and rich states if not into the outbreak of conflicts between them.

Taking into account the technological superiority, and political, military and economic supremacy of the latter over the former, such conflicts would rarely take the shape of overt hostilities. They would rather express themselves in a growing immigratory pressure on the North and in restrictions introduced by the rich states to curb this inflow of migrants from the South.

This 'clandestine war' would be waged at the limits of the North, and is in fact already taking place at some of them. For instance, at the South African border with Mozambique a fence of razor-blade wire with triple entanglements was installed during the apartheid years. Due to the heavy inflow of migrants from Mozambique, the democratic authorities of post apartheid South Africa are considering the option of electrifying it again. Washington strives to stop prospective immigrants from entering the USA by intercepting boat people before they reach the Florida shores, and by building high steel walls at the ever more intensively patrolled border with Mexico.¹¹

It is now possible for every inhabitant of the North to travel around the globe and obtain information from every corner of the world ... the fruits of the conceived 'globalisation' are earmarked for the exclusive consumption of only one billion humans

Norway, an information hegemony over the globe (Anon., 1998b; Farrell, 1998).

Because these states constitute most of the North, only the North will be able to set the rules of the game and to control the weightless economy, and by extension, the world.¹⁰

This method may prove less perceptible and more effective an instrument of domination over the South than straightforward colonialism or cultural imperialism. Moreover, with the pretences of complying with international law, and of not breaching

In the EU, Spain and Italy in particular have problems with tightening their long maritime borders from the inflow of migrants from North Africa. In 1997, an Italian border patrolling ship crashed and, in effect, sank a hardly seaworthy boat filled to the brim with Albanian refugees causing many deaths and only a lukewarm outcry on the part of the world (i.e. of the North) and public opinion (cf. Anon. 1998c).

But the rich states, faced with negative demographic growth due to the fast aging

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of their societies, will in spite of their wishes have to accept ever-increasing numbers of immigrants in order to man their economies and to ensure financial security and health services for their soaring stratum of pensioners with increasingly longer life expectancies.

On the other hand, the growing cultural, economic and technological gap between the South and the North, will continue to make it still more difficult to integrate the immigrants, thus intensifying social frictions within the rich states themselves where the internal South-North cleavage is already visible in many of the urban areas of the UK, France, Germany or the USA (cf. Papademetriou, 1998; Telöken, 1998).

Eventually, the promise of a brave new

post-industrial, postmodernist world of globalised opportunities brought about by the ICTs may remain unfulfilled unless the advantages offered by the weightless economy do not also become equally accessible to the inhabitants of the South.

However, the proverbial greed and selfishness of the rich coupled with political, economic, infrastructural and educational constraints in the South where modernisation has not yet become the fare of the day, and with the North's common misunderstanding of the South's needs and realities, and consequent frequently high-handed approach to the South, may postpone the realisation of the dream to some distant future if it ever becomes true at all (cf. Dauderstädt, 1994: 11-15).

Unfortunately, this somewhat cautious conclusion is supported by Kapuscinski's reflection which pertains to hundreds of millions of the inhabitants of the South: 'This bundle, this bowl are their treasure, all that they have, the wealth with which they enter the 21st century' (1998: 270).

At the same time, the entry into the 21st century is marked, in the North, with millenarian hopes of sky-rocketing worldwide progress and interstellar voyages in 'hyperspace' at futuristic speeds faster than that of light, and also with the all too typical disregard of the inhabitant of the rich states for the South which appears to him to be of an altogether different planet, but is not (cf. Roskin, 1997: 181). ☉

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- Bank, *op cit*; and Pieter Esterhuysen et al, *South Africa in Subequatorial Africa: economic interaction*, Pretoria: Africa Institute of South Africa, 1994, p 24.
- 8 Toffler convincingly explained the mechanisms of these changes from one kind of society into another under the code name of the 'three waves'. The first (i.e. agricultural revolution) caused the emergence of the agricultural civilisation; the second (i.e. modernisation) of the industrial-cum-scientific civilisation, and the last (which does not yet have a popularly accepted name) is spawning the 'post-industrial, postmodernist, globalised civilisation of the weightless economy' (1980).
- 9 Some authors claim that an indication of globalisation is, for example, the use of Western products in the South, and the import of local music from the South to the North. However, Western goods do not westernise the South in themselves, let alone make it possible for the poor states to become rich, while music from the South is used in the North for different ends complying with the Western tradition of listening to music. The development of new traditions/qualities resulting from such cultural cross-pollination is more appropriately described as 'creolisation' or 'hybridisation' (cf. Eriksen, 1995: 284).
- 10 The UKUSA surveillance system is serviced in the US by the NSA (National Security Agency) with a staff of about 60 000, and in the UK by GCHQ with a staff of 9 000. The EU-FBI surveillance system is bound to pool an even larger number of human resources and equipment. The whole of the South would not be able to muster a system of even remotely comparable magnitude.
- 11 Ironically, in 1990, the USA - which has been established and built by immigrants - had only 7.88% of immigrants (foreign-born persons) in its population, i.e. less than France with 10.43% and comparable to Germany with 6.36%. Actually, the EU (including Switzerland) now have a foreign-born population whose size is comparable to that of the USA and Canada. The only traditionally immigrant state still with a high percentage of foreign-born citizens is Australia at 23.36% (Papademetriou, 1998: 19, 22).

Bookshelf

Compiled by **Elizabeth le Roux**

1999 NOMA AWARD WINNER: *L'interprétation des rêves dans la région Sénégalienne. Suivi de la clef des songes de la Sénégambie, de l'Égypte pharaonique et de la tradition islamique* by Djibril Samb has been named as the 1999 Noma Award Winner (Dakar: Nouvelles Editions Africaines, 1998). 1999 marks the 20th anniversary of the Noma Award and the winning publisher was also the publisher of the first Noma Award winner in 1980 – Mariama Bâ's *Une si longue lettre*.

The book is a study of the structure of ideas and symbolic significance associated with the dream. The Jury described it as 'an original, innovative scholarly study, entirely independent of the culture-bound and narrow Freudian dream analysis.' Focusing on dreams in the author's own Senegambian culture, the study is set in the context of the ideas held by the ancient Egyptians, as well as by writers and thinkers from both the Judeo-Christian and Islamic tradition.

The author argues that ancient Egypt forms part of the African heritage of philosophical thought and religious expression, presenting the dream as a vital presence in the lives of the populations of Senegambia.

The Jury also singled out Antjie Krog's *Country of my skull* (Johannesburg: Random House, 1998) for honourable mention. Through witness reports, interviews with psychologists, the Truth Commissioners and others, the

author offers an understanding of the South African Truth and Reconciliation Commission, and through that the new South Africa.

THE FOLLOWING BOOKS ARE new acquisitions in the Africa Institute's library. Contact Dibuleng Mohlakwana at the Institute for more details.

State building and democratization in Africa: faith, hope and realities / ed by Kidane Mengisteab & Cyril Daddieh – Westport: Praeger, 1999

Why, the authors ask, a book about state building in an era when the relevance of the state is viewed to be declining and when an anti-state ideology that narrows the scope of state intervention in economic activity has risen to prominence? Their answer is two-fold: firstly, that the anti-state posture of the emerging global order underestimates the positive roles of the state, and secondly, that state building remains essential in view of the tragedies that have ensued from state disintegration in countries such as the former Yugoslavia, Somalia, Sierra Leone and Rwanda.

The book deals with democratisation efforts in Africa and how progress or the lack thereof affects the process of state building in the continent. This is achieved both theoretically and through the use of case studies of various countries – Nigeria, Ghana, Côte d'Ivoire, Congo, Chad, Kenya, Tanzania, South Africa, Ethiopia and Somalia.

The politics of economic restructuring and democracy in Africa / Obioma M Iheduru – Westport: Greenwood Press, 1999

This study is concerned with seeking out the often unclear relationships between the decision of Sub-Saharan African countries to undertake the restructuring of their economies and the financial difficulties they experienced in the 1980s. The author argues that political and economic changes ought to proceed concomitantly and must complement each other for development to be achieved in Sub-Saharan Africa. He proposes the use of variables emerging from economic restructuring to design a new framework for measuring political capacity, focusing on the implementation of policies and the realisation of policy goals rather than the extraction of resources. The book calls for a better understanding of the processes of both domestic policy and the social implications of economic decisions in the process of integrating economic and political analyses.

Identity and ethnic relations in Africa / Leonard Bloom – Aldershot: Ashgate, 1998

Leonard Bloom argues that psychology is 'more than skills and techniques. It must also generate insight into the human condition and stimulate sympathy for the pains of living, even though the pains may be caused by socio-economic and political factors.'

Having worked in Nigeria,

Zambia and South Africa, this book brings together some of his thoughts on the role of psychologists in society, the relevance of First World psychological traditions in Africa and vice versa, and the importance of retaining an observer's perspective while being aware of one's own ideologies and cultural stance. The focus is on how individuals respond as individuals to their experiences of power. One of the individual's defences against assaults on his/her sense of being an autonomous self, the author argues, is ethnic identification, and the notion of ethnicity is thus interpreted and discussed from a psychoanalytic point of view.

In conclusion, the author compares the work and relationships of the South African Truth and Reconciliation Commission with those of psychoanalytic psychotherapy, arguing that the TRC has failed to deal decisively with the enduring myths of ethnicity and their effect on freedom and democracy.

Civil Wars in Africa: roots and resolution / ed by Taisier M Ali & Robert O Matthews – Montreal: McGill-Queen's UP, 1999

Dedicated 'to the voiceless victims of civil wars', this book draws together essays comparing civil wars in Africa. The main focus is to understand the underlying reasons behind conflict on the continent, as well as to examine various means of resolution and their effectiveness. Thus,

BOOKSHELF

essays on Uganda, Ethiopia and Rwanda discuss force as the major instrument of resolution, while case studies of Liberia and Mozambique focus on negotiation and resolution. There are also articles on protracted civil wars, such as those in Somalia and Sudan, and civil wars forestalled in Tanzania and Zimbabwe.

The collection concludes with two theoretical essays, 'Redefining "security" after the

Cold War', and 'Conflict, resolution and building peace.' As the title of the final essay shows, the editors conclude the collection with some hope for the future.

South Africa in transition: the misunderstood miracle / Adrian Guelke – London: IB Tauris, 1999

The aim of this book is not to produce another version of South Africa's democratic tran-

sition, but rather to attempt to explain why the transition took place. Through this explanation and exploration, the author illuminates the nature of contemporary South African politics while comparing the transition to the passage from white minority or colonial rule to African majority rule elsewhere in Africa. The author concludes that, for a number of writers, the essence of the South African miracle is to be

found in the disaster that was avoided, but warns that apartheid's legacy of low economic growth and massive inequalities of income and wealth has proved much more difficult to shake off than white minority rule. In addition, racial political polarisation has also persisted in the new South Africa, contrary to the image of the 1994 elections as the birth of non-racial politics in the country. ☉

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