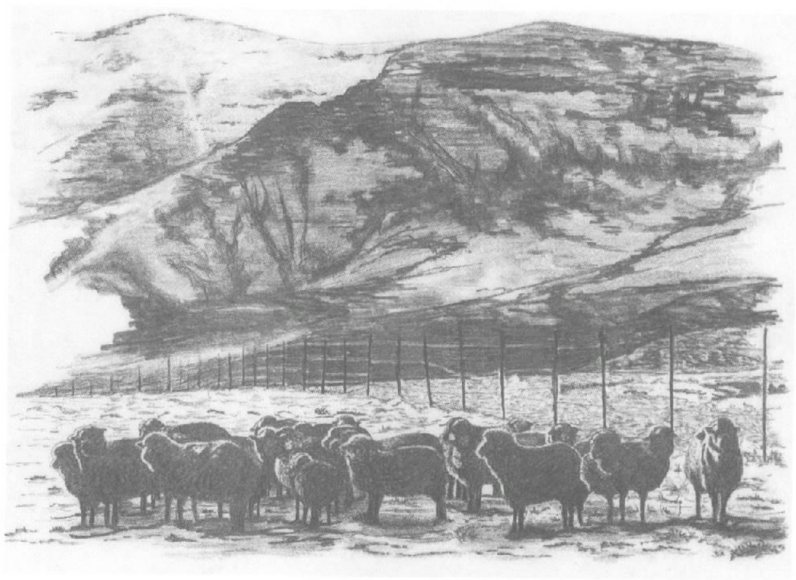
Chapter 3. The Economy



Sheep outnumber people in areas of the Great Karoo.

TRADING ON JOHANNESBURG'S financial markets reached a new all-time high on April 26, 1994, reflecting the buoyant mood of voters of all races who were about to participate in the country's first democratic elections. As South Africa emerged from the economic stagnation and international isolation of the apartheid era, the new government and its theme of economic reconstruction received international acclaim and encouragement. At the same time, however, it faced conflicting pressures to speed economic growth, to strengthen South Africa's standing among international investors and donors, and, at the same time, to improve living conditions for the majority of citizens.

South Africa's economy had been shaped over several centuries by its abundant natural resources and by the attempts of immigrant populations to dominate and to exploit those who had arrived before them. For most of the twentieth century, its mineral wealth had surpassed that of almost any other country in the world, except the Soviet Union. South Africa produced nearly half of the world's gold and ranked among the top ten producers of a dozen other valuable minerals, including diamonds and copper. The mining industries provided the foundation for the strongest economy on the continent, which, by the mid-twentieth century, included a comprehensive transportation system, an extensive electric power grid, and a significant manufacturing sector. South Africa's main resource deficiency is oil, and as a result, many industries rely on coal rather than on imported fuels.

By the mid-1980s, the economy was distorted by government policies designed to bolster the economic and political power of a small minority and to exclude many of South Africa's citizens, selected by race, from significant participation in the nation's wealth. Basic needs were unmet, resulting in hunger, malnutrition, and undereducation, especially in rural areas. Industrial development could not be sustained through domestic resources, and there was stagnation in some areas when foreign capital was reduced in the face of strong international pressures for political reform. Because the mining industry continued to dominate the economy, wide fluctuations—especially in the price of gold—eroded currency values and reduced the country's ability to import goods. At the same time, keeping black wages low, which was crucial to profits in all areas of the economy, perpetuated the discrimination that provoked widespread protests and condemnation.

By the early 1990s, the weaknesses in the economy were increasingly evident despite the country's dazzling mineral wealth. Some segments of the population were poorer, and living in more difficult circumstances, than many people in far less developed African countries. Moreover, a poorly educated, impoverished majority of the population could not provide the skills and the resources that the country's infrastructure and labor market required. The government cast off the constraints of apartheid (see Glossary) in the early 1990s, in part to confront the serious economic problems caused by that system. The new government in the mid-1990s faces the enormous challenges of improving living standards and managing the country's resources profitably.

Historical Development

Before South Africa's vast mineral wealth was discovered in the late nineteenth century, there was a general belief that southern Africa was almost devoid of the riches that had drawn Europeans to the rest of the continent. South Africa had no known gold deposits such as those the Portuguese had sought in West Africa in the fifteenth century. The region did not attract many slave traders, in part because local populations were sparsely settled. Valuable crops such as palm oil, rubber, and cocoa, which were found elsewhere on the continent, were absent. Although the local economy was rich in some areas—based on mixed farming and herding—only ivory was traded to any extent. Most local products were not sought for large-scale consumption in Europe.

Instead, Europeans first settled southern Africa to resupply their trading expeditions bound for other parts of the world (see Origins of Settlement, ch. 1). In 1652 the Dutch East India Company settled a few employees at a small fort at present-day Cape Town and ordered them to provide fresh food for the company's ships that rounded the Cape on their way to East Africa and Asia. This nucleus of European settlement quickly spread outward from the fort, first to trade with the local Khoikhoi hunting populations and later to seize their land for European farmers. Smallpox epidemics swept the area in the late eighteenth century, and Europeans who had come to rely on Khoikhoi labor enslaved many of the survivors of the epidemics.

By the early nineteenth century, when the Cape settlement came under British rule, 26,000 Dutch farmers had settled the area from Stellenbosch to the Great Fish River (see fig. 7). In 1820 the British government sponsored 5,000 more settlers who also established large cattle ranches, relying on African labor. But the European immigrants, like earlier arrivals in the area, engaged primarily in subsistence farming and produced little for export.

The discovery of diamonds in 1869 and of gold in 1886 revolutionized the economy. European investment flowed in; by the end of the nineteenth century, it was equivalent to all European investment in the rest of Africa. International banks and private lenders increased cash and credit available to local farmers, miners, and prospectors, and they, in turn, placed growing demands for land and labor on the local African populations. The Europeans resorted to violence to defend their economic interests, sometimes clashing with those who refused to relinquish their freedom or their land. Eventually, as the best land became scarce, groups of settlers clashed with one another, and rival Dutch and British populations fought for control over the land (see Industrialization and Imperialism, 1870–1910, ch. 1).

South Africa was drawn into the international economy through its exports, primarily diamonds and gold, and through its own increasing demand for a variety of agricultural imports. The cycle of economic growth was stimulated by the continual expansion of the mining industry, and with newfound wealth, consumer demand fueled higher levels of trade.

In the first half of the twentieth century, government economic policies were designed to meet local consumer demand and to reduce the nation's reliance on its mining sector by providing incentives for farming and for establishing manufacturing enterprises. But the government also saw its role as helping to defend white farmers and businessmen from African competition. In 1913 the Natives Land Act reserved most of the land for white ownership, forcing many black farmers to work as wage laborers on land they had previously owned. When the act was amended in 1936, black land ownership was restricted to 13 percent of the country, much of it heavily eroded.

White farmers received other privileges, such as loans from a government Land Bank (created in 1912), labor law protection, and crop subsidies. Marketing boards, which were established to stabilize production of many crops, paid more for produce from white farmers than for produce from black farmers. All farm activity suffered from the cyclical droughts that swept the subcontinent, but white farmers received greater government protection against economic losses.

During the 1920s, to encourage the fledgling manufacturing industries, the government established state corporations to provide inexpensive electricity and steel for industrial use, and it imposed import tariffs to protect local manufacturers. Again black entrepreneurs were discouraged, and new laws limited the rights of black workers, creating a large pool of low-cost industrial labor. By the end of the 1930s, the growing number of state-owned enterprises dominated the manufacturing sector, and black entrepreneurs continued to be pressured to remain outside the formal economy.

Manufacturing experienced new growth during and after World War II. Many of the conditions necessary for economic expansion had been present before the war—cities were growing, agriculture was being consolidated into large farms with greater emphasis on commercial production, and mine owners and shareholders had begun to diversify their investments into other sectors. As the war ended, local consumer demand rose to new highs, and with strong government support—and international competitors at bay—local agriculture and manufacturing began to expand.

The government increased its role in the economy, especially in manufacturing, during the 1950s and the 1960s. It also initiated large-scale programs to promote the commercial cultivation of corn and wheat. Government investments through the state-owned Industrial Development Corporation (IDC) helped to establish local textile and pulp and paper industries, as well as state corporations to produce fertilizers, chemicals, oil, and armaments. Both manufacturing and agricultural production expanded rapidly, and by 1970 manufacturing output exceeded that of mining.

Despite the appearance of self-sustaining economic growth during the postwar period, the country's economy continued to be susceptible to its historical limitations: recurrent drought, overreliance on gold exports, and the costs and consequences of the use of disenfranchised labor. While commercial agriculture developed into an important source of export revenue, production plummeted during two major droughts, from 1960 to 1966 and from 1981 to 1985. Gold continued to be the most important export and revenue earner; yet, as the price of gold fluctuated, especially during the 1980s, South Africa's exchange rate and ability to import goods suffered.

Manufacturing, in particular, was seriously affected by downswings in the price of gold, in part because it relied on imported machinery and capital. Some capital-intensive industries were able to expand, but only with massive foreign loans. As a result, many industries were insulated from the rising labor militancy, especially among black workers, which sparked disputes and slowed productivity in the late 1980s. As black labor increasingly voiced its frustrations, and foreign banks cut short their loans because of mounting instability, even capital-intensive industries felt the impact of apartheid on profits.

The economy was in recession from March 1989 through most of 1993, largely in response to worldwide economic conditions and the long-term effects of apartheid. It registered only negligible, or negative, growth in most quarters. High inflation had become chronic, driving up costs in all sectors. Living standards of the majority of black citizens either fell or remained dangerously low, while those of many whites also began to decline. Economic growth continued to depend on decent world prices for gold and on the availability of foreign loans. Even as some sectors of the economy began to recover in late 1993, intense violence and political uncertainty in the face of reform slowed overall growth through 1994.

Postapartheid Reconstruction

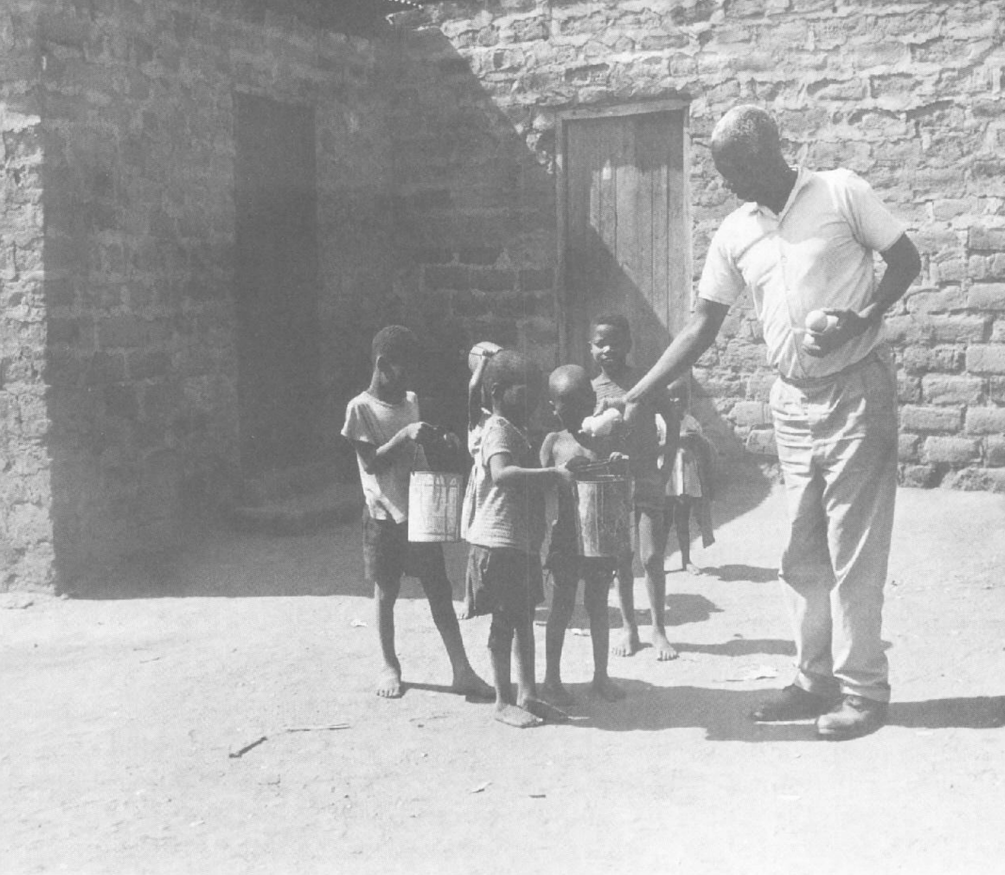
As the African National Congress (ANC) shifted away from its liberation agenda toward a leadership role in government in the early 1990s, ANC economists, together with government and private-sector consultants, developed a blueprint for development in the late 1990s. This Reconstruction and Development Programme (RDP) analyzed nationwide living standards and proposed ways to improve government services and basic living conditions for the poor. The RDP detailed the extreme poverty of at least 17 million citizens who were living below internationally accepted minimum standards. The report estimated that 4.3 million families were without adequate housing, and some 12 million people lacked access to clean drinking water. Most homes, and many schools and hospitals, lacked electricity. An estimated 4.6 million adults were illiterate.

In May 1994, the new government adopted the RDP as the centerpiece of its economic policy, although President Nelson (Rolihlahla) Mandela was quick to reassure potential investors and donors that his government's social programs would be financed largely through cuts in existing government spending. He pledged that his government would avoid both dramatic increases in taxes and large-scale deficit spending to implement the much-needed welfare improvements.

The RDP envisioned sweeping government programs to raise living standards—to build houses and roads, to provide services, to upgrade education, and to create jobs to narrow the gap between rich and poor. By late 1994, the government had begun to implement its highest RDP priorities: a US$135 million school lunch program; a US$14 million program of free medical care for children and pregnant women; providing water and electricity to rural communities; and phasing in free, compulsory primary education for children of all races.

Government officials and ANC economists in the National Institute for Economic Policy estimated that RDP expenditures in fiscal year (FY—see Glossary) 1994–95 would amount to 2.5 billion rands (R; for value of the rand—see Glossary), or about 7 percent of government spending. They also estimated that RDP expenditures would double in FY 1995–96 and would increase by about R2.5 billion each year after that, to R12.5 billion—probably more than 25 percent of government spending—in FY 1998–99. The Development Bank of Southern Africa estimated costs approaching US$30 billion—US$19 billion in capital expenditures and US$11 billion in recurrent expenditures—by 1999. Government officials insisted that they would rely on increased trade and overall economic growth, as well as on international assistance and private-sector donations, for most of the additional revenue, and that reconstruction would be aided by a one-time, 5 percent levy on individuals and companies with taxable incomes of more than R50,000. They also predicted that the government would save money by increasing efficiency (in particular by eliminating the redundancy that had been necessary to provide services to separate racial groups under apartheid) and by reducing military expenditures.

To help finance the RDP, the government also undertook negotiations to sell some national assets to private citizens, despite the ANC's earlier opposition to privatization. Senior government officials, including the president, accepted salary



Shopkeeper in a Lebowa township rewards his young assistants with oranges.
Courtesy R. T. K. Scully

cuts of between 10 percent and 20 percent to contribute to social reconstruction. President Mandela also asked for concrete proposals and contributions from the business community—such as on-the-job training and employer subsidies of housing, transportation, and education—to meet the urgent needs defined in the RDP.

The new government launched worldwide appeals for new trade and investment packages for South Africa, as it tried to overcome more than a decade of international isolation. South Africa began reentering world financial markets, establishing new trading partners, and expanding formerly clandestine trade ties that had long existed with many countries. International donors and investors responded cautiously at first, in part because of the continuing high levels of urban and township violence.

After mid-1994 immigrants from other African countries arrived in large numbers—a total of perhaps a million in that year alone, according to some estimates—seeking jobs in postapartheid South Africa. Poorer neighboring states also intensified their requests for assistance from Pretoria, hoping South Africa's economic revival would increase output and trade throughout the region and that South Africa would become the region's new "engine of development."

Structure of the Economy

Gross Domestic Product

Historically, mining and agriculture contributed the most to national output. With government assistance during and after World War II, manufacturing grew to become the greatest contributor to overall gross domestic product (GDP—see Glossary), and overall economic growth in the 1960s rivaled that of Japan—averaging 5.9 percent per year in real terms (compared with the 4 percent annual average growth of the 1950s). During the 1970s, however, growth in both manufacturing and agriculture stagnated, and the services sector—especially the insurance industry, financial facilities, and transport services—became the fastest-growing economic sector (see table 5, Appendix).

The price of gold was allowed to float (relative to the rand) in the early 1970s, and by the end of the decade, high prices for gold and other export commodities sparked a brief economic recovery. Mining continued to be vital to the nation's economic future, because minerals, especially gold, dominated exports and influenced the growth of other major economic sectors, which relied on gold exports to bring in much-needed foreign exchange. Thus, even as the importance of gold in the GDP declined, it continued to affect the country's balance of payments. When gold prices (and export revenues) declined, local industries often were unable to obtain imports, such as machinery and other inputs necessary to maintain production; as a result, other exports also declined.

Economic growth slowed in the late 1970s and the early 1980s, not only because of declining gold revenues, but also because of rising prices for oil imports and increased international competition in other traditional export commodities. The first recession of this period occurred in 1976, following dramatic oil price hikes. Strong export growth based on higher gold prices helped the recovery from this recession, but the country was hit by a series of droughts in the 1980s, which seriously affected agricultural output. Further erratic changes in gold prices led to a series of booms and busts, reducing average annual GDP growth for the 1980s to only 1.5 percent.

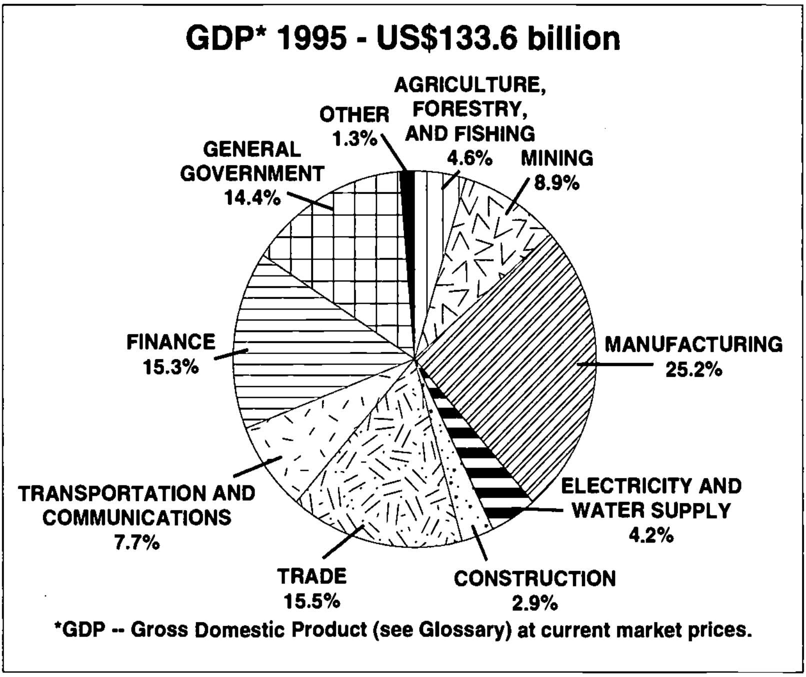
Negligible growth in the 1980s led to an overall decline in living standards, as population growth far outpaced economic expansion. Per capita GDP declined by more than 10 percent during the decade, and for the average individual, real wealth in 1990 was no higher than it had been in 1970.

National economic stagnation continued in the early 1990s. GDP declined in 1991 and 1992, and registered only weak positive growth in 1993, according to the government's Central Statistical Service. Private consumption accounted for 57 percent of GDP in 1993, representing a minimal (0.4 percent) increase over 1992. Private consumption was constrained by high consumer indebtedness, however, and by concerns over violence and job security.

The recovery strengthened in 1994. In that year, GDP amounted to R432.8 billion (US$121.9 billion) representing 2.6 percent real growth over 1993 (see table 6, Appendix). Per capita GDP averaged about US$3,010, placing South Africa among the World Bank's (see Glossary) upper-middle-income developing countries. The recovery continued in 1995, and officials predicted GDP growth would exceed 4 percent in 1996 (see fig. 13; fig. 14).

National accounting procedures were adjusted in 1994 to incorporate the economies of the four former "independent" African homelands—Bophuthatswana, Ciskei, Transkei, and Venda. In addition, GDP measurements were adjusted upward by 5.6 percent to include a modest estimate of output in the informal sector, which had been omitted from national accounts until 1994. The informal sector constitutes a "parallel" economy, consisting primarily of unrecorded and untaxed wages, barter trade, and other unofficial receipts. For many rural families in South Africa, as in the rest of Africa, informal economic activity accounts for most of the household income.

South Africa's advanced industrial sector made it the twenty-fifth largest economy in the world, a giant among African countries in the 1990s. Per capita GDP, in 1994, compared with the rest of Africa, was topped only by the Seychelles, Réunion, and Gabon. With only about 7 percent of the population and 4 percent of the total land area of Africa, South Africa produced



Source: Based on information from Economist Intelligence Unit, *Country Report: South Africa*, No. 2, London, 1996, 3.

Figure 13. Origins of Gross Domestic Product, 1995

more than one-third of Africa's goods and services, and nearly 40 percent of its manufacturing output.

External Debt

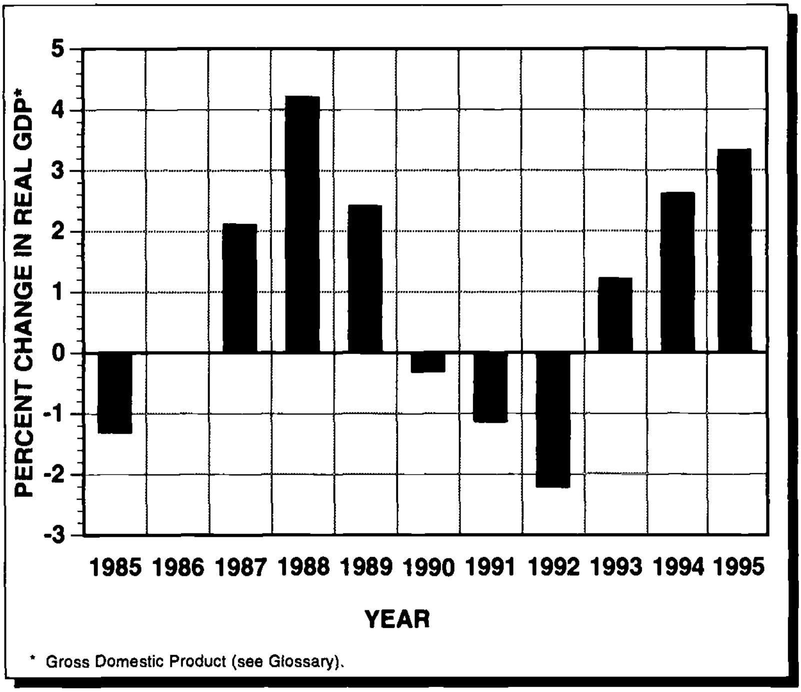
Loan capital was readily available during the 1970s, and both the public and the private sectors borrowed heavily, often in the form of trade credits. Then in the early 1980s, foreign investments declined relative to the value of foreign loans needed to finance economic growth. As a result, equity capital dropped as a percentage of foreign debt from 60 percent in 1970 to less than 30 percent in 1984, while South Africa's loans grew from 40 percent to 70 percent of foreign debt. The government encouraged this trend by stepping in whenever foreign bankers hesitated to increase lending and stabilized indebtedness through gold swaps or by borrowing from the International Monetary Fund (IMF—see Glossary). As a result of these policies, South Africa's net indebtedness to the international banks increased sharply, and about two-thirds of its outstanding loans in 1984 had a maturity of one year or less. The banking sector was responsible for 44 percent of South Africa's foreign liabilities, and a further 16 percent had been incurred by the public sector. Only about 40 percent were private liabilities. Britain dominated foreign capital loans and investments, accounting for about 40 percent of foreign investment in 1985.

South Africa was hit with a major foreign debt crisis in 1985, when a group of banks, led by Chase Manhattan, withdrew substantial credit lines. The banks refused to roll over existing loans and called in many of the short-term loans. As a result, the value of the rand dropped precipitously, and the government temporarily closed its financial and foreign-exchange markets. Unable to meet debt obligations so suddenly, the government declared a standstill on repayments of approximately US$14 billion of South Africa's US$24 billion total external debt. Liabilities not included in the standstill were trade credits, loans from the IMF and central banks, and credits guaranteed by Paris Club (see Glossary) member governments. Publicly quoted issues of South African parastatals (state corporations) were also left out.

During the standstill, government officials met with representatives of creditor banks and drew up a rescheduling plan, which proposed extending the 1985 debt freeze until June 1987 and repaying 5 percent of the total outstanding by April 1987. An initial payment of US$420 million was made in mid-April 1986, but additional rescheduling agreements in 1987 and 1989 extended many of these loans. The 1989 agreement stipulated that the amount of debt remaining in those categories affected by the standstill, originally amounting to US$14 billion, would be reduced to roughly US$6 billion in four years.

A key problem in repaying its loans was the large, but undisclosed, portion of South Africa's debt that was denominated in hard nondollar currencies, but appreciated in dollar terms as the dollar weakened. South Africa nonetheless repaid between US$1.7 billion and US$1.9 billion of debt by 1990, and some foreign bankers were increasingly willing to refinance maturing South African credits. For example, US$300 million of US$900 million bearer bonds in deutsche marks and Swiss francs were rolled over or replaced in 1990.

There was almost no external borrowing by South Africa from 1985 to 1990, so even its slowed schedule of debt repayment made South Africa a net capital exporter during the late



Source: Based on information from Nedcor Economic Unit, *South Africa's Statistical Profile, 1994*, Johannesburg, 1994, 3; and Economist Intelligence Unit, *Country Report: South Africa*, No. 1, London, 1996, 3.

Figure 14. Economic Growth, 1985–95

1980s. South Africa reduced its total disclosed foreign debt to less than US$20 billion in early 1992, down from nearly US$24 billion in 1985, according to the South African Reserve Bank. Currency fluctuations brought South Africa's international debt back to US$25.8 billion at the end of 1993, including rand-denominated foreign debt, and that figure continued to increase in 1994.

The government repaid about US$500 million in foreign debt in February 1994. At that time, South Africa was considered an under-borrower by conventional financial criteria, with a foreign debt/export ratio of about 60 percent and a foreign debt/GDP ratio of 15.1 percent, according to South African Reserve Bank figures. Overall, South Africa posted a net capital inflow of more than R8 billion in the second half of 1994. Foreign borrowing increased in 1995, when gross foreign debt rose to nearly 22 percent of GDP.

Inflation

Historically, South Africa's inflation rate was tied closely to that of its major trading partners. In the 1960s, annual inflation averaged about 3 percent. In line with world trends, it rose above 10 percent in 1974 and fluctuated between 11 and 14 percent through the early 1980s. During the late 1980s, however, South Africa's inflation rates did not decline along with those of its Western trading partners. Inflation reached a high of 18.6 percent in 1986, forcing a depreciation of the rand, and it continued in double-digit amounts after that. The erratic price of oil—a crucial import bought on the black market because of Organization of the Petroleum Exporting Countries (OPEC) sanctions—provided a consistent inflationary pressure.

Inflation continued to erode economic strength in the early 1990s, but declined to 9.1 percent in 1994. Inflation increased in early 1995 under pressure from new social spending, but declined to 8.7 percent by the end of the year. The lower rate of inflation resulted in part from a decline in food prices, the relative stability of the rand, and the lowering of import tariffs. Inflationary pressures persisted in the increase in credit purchases and strong labor demands.

Economic Distortions and Apartheid

National accounts in 1994 showed a sharp break with the past, as economic and legal data were reorganized to include citizens of all races and all jurisdictions, including former homelands. The interim constitution implemented in 1994 ended the use of racial categories to determine social and economic opportunity, but the economic system of the mid-1990s nonetheless continued to reflect some of the economic patterns that had developed during more than forty years of apartheid.

Creating the homelands and resettling people in them had drastically changed the country's population distribution and regional economic patterns in the 1970s and 1980s. Accounting for these anomalies caused confusion and obfuscation in economic data and analyses. Many homeland residents were barely able to support themselves, owing in part to the homelands' arid land, inferior roads and transportation, and overcrowding; some were therefore forced to travel great distances to work in "white" South Africa. Many of these workers were excluded from national accounts because they were not legal residents of South Africa.

It became increasingly clear in the 1980s that apartheid could not be implemented as decreed by law, and eventually many official and unofficial policies allowed some flexibility in its application. In 1986 the government called for "orderly urbanization," under which a limited numbers of blacks could live in officially "white" urban areas, as long as housing was available. Few black workers could afford to take advantage of this policy, however, and demographic trends did not change noticeably.

By the late 1980s, black poverty was so serious that the government began to take steps to alleviate some of the most dire impacts of apartheid. Government statistics then indicated that more than 16 million people were living below internationally determined minimum-subsistence levels. Using nutritional standards as an alternative measure, an estimated 2.3 million people were at severe risk from hunger and malnutrition. In 1988 the minister of national health and population development characterized the crisis as "worse than the Great Depression," and in response, the government initiated food programs and other social welfare initiatives (see Health and Welfare, ch. 2).

Role of the Government

South African economists in the 1980s described the national economy as a free-enterprise system in which the market, not the government, set most wages and prices. The reality was that the government played a major role in almost every facet of the economy, including production, consumption, and regulation. In fact, Soviet economists in the late 1980s noted that the state-owned portion of South Africa's industrial sector was greater than that in any country outside the communist bloc. The South African government owned and managed almost 40 percent of all wealth-producing assets, including iron and steel works, weapons manufacturing facilities, and energy-producing resources. Government-owned corporations and parastatals were also vital to the services sector. Marketing boards and tariff regulations intervened to influence consumer prices. Finally, a wide variety of laws governed economic activities at all levels based on race.

The government's main concern since the discovery of gold in 1886 had been balancing the growth of the mining industry against the need to diversify, in order to create sustained development and self-sufficiency. Successive governments had tried to encourage and to support local industries that could reduce imports, provide jobs, and create a multiplier effect by encouraging further industrial growth. Paul Kruger, who had led the Transvaal in the late nineteenth century, had granted monopoly concessions to industrialists; the 1920s governments of Jan C. Smuts and J.B.M. Hertzog had initiated state corporations, and the post-1948 National Party government had tried industrial decentralization (see Industrialization and Imperialism, 1870–1910; Segregation, 1910–48; and Apartheid, 1948–76, ch. 1).

Even after decades of policy shifts designed to spur development and diversification, however, South Africa's export economy in the 1980s still relied primarily on the gold-mining industry, and the government still protected import-substitution industries in order to keep them in operation. Furthermore, agriculture continued to be an uneven producer and therefore received substantial subsidies and other forms of government assistance. In the late 1980s, the government presented a blueprint for economic policy consistent with this history of economic struggle. Its central economic strategy advocated a shift toward strongly market-oriented policies, but left room for government intervention in response to social and political demands. The strategy increased the emphasis on local industrialization in order to cut imports and to create jobs. The only component of the central economic strategy that was really new was the effort to strengthen export industries, especially to increase value added through local processing of raw materials for export.

In 1994 the new Government of National Unity continued the economic policies of its predecessors, emphasizing a market orientation overall, but allowing government intervention when necessary, and maintaining import-substitution industries while trying to spur industrial development toward exports. International markets increasingly opened to South Africa, and trade flourished, especially with the new industrial giants of Asia. Senior government officials tried to downplay the ANC's longstanding commitment to nationalization of key industries in order to gain much-needed foreign investment. It was nonetheless clear that the debate over privatization would continue at least through the rest of the decade.

Legal Restrictions

Two legislative pillars of apartheid—the Natives Land Act (No. 27) of 1913 (and its amendment in 1936) and the Group Areas Act (No. 41) of 1950—limited African economic and business activities in both rural and urban areas (see The Legislative Implementation of Apartheid, ch. 1). These acts were repealed in 1991, but few blacks could yet afford to move into formerly white areas without financial assistance. Numerous other laws and regulations had restricted black economic activities and employment, especially the Mines and Works Act (No. 12) of 1911, the Native Labour Regulation Act (No. 15) of 1911, the Industrial Conciliation Act of 1924 and its amendments in 1937 and 1956, the Mines and Works Amendment Act of 1926, the Factories, Machinery, and Building Works Act (No. 22) of 1941, and the Bantu Labour Act (No. 67) of 1964. Public services and education opportunities were limited by the Bantu Education Act (No. 47) of 1953, the Reservation of Separate Amenities Act (No. 49) of 1953, and the National Policy for General Affairs Act (No. 76) of 1984.

In contrast to the government's control over domestic economic activity of South Africans, few legal restrictions were imposed on the economic activities of foreign nationals in South Africa, aside from stringent exchange controls on the repatriation of capital funds. Foreigners were welcome, even encouraged, to establish businesses in South Africa, and they could qualify for numerous government concessions and subsidies. During most of the apartheid era, those who wished to sell their South African assets, however, could do so only in financial rands (a currency control device), rather than the more commonly used commercial rands (see Currency, this ch.).

Financial rands could be sold only to a foreign buyer for capital investment inside the country, and the financial rand traded at a discount (15 percent in late 1994) compared with the commercial rand. Exchange restrictions did not apply to current earnings, however, and investors could transfer those funds, subject to taxation. In March 1995, as the financial rand strengthened, and under strong pressure from the business community, the government abolished the financial rand.

The new government in 1994 began to implement legislation intended to compensate some of the roughly 3.5 million black citizens who had been dispossessed of their land under apartheid. The Restitution of Land Act (No. 22) of 1994 provided for the creation of a Land Claims Court and a Commission on Restitution of Land Rights to arbitrate demands for restitution. Petitioners under the law were given three years to lodge their claims. White landowners who feared the loss of their land lobbied hard through the South African Agricultural Union, which represented 60,000 white farmers, and succeeded in weakening provisions in the new law that would have given land rights to many sharecroppers and labor tenants. The white landowners also won the right to appeal land-claim decisions and to receive legal aid services under the new legislation. By mid-1996, only a small number of land claims had been adjudicated.

Parastatals

The government's strong role in shaping the economy was especially evident in the large number of parastatals, or state corporations, that it established beginning in the 1920s. Its primary goal was to strengthen import-substitution industries, which had started to grow during World War I, by providing infrastructure improvements and basic materials. Among the first such enterprises were the Electricity Supply Commission (Eskom) and the South African Iron and Steel Corporation (Iscor), both founded in the 1920s, and the Industrial Development Corporation (IDC), established in 1940 to support other new industries. The IDC helped to establish many other state corporations, including the Phosphate Development Corporation (Foskor); the South African Coal, Oil, and Gas Corporation (SASOL); and the Southern Oil Exploration Corporation (Soekor). In addition, many state corporations also founded subsidiary companies in partnership with private firms, and many held controlling shares of stock in private firms.

Private individuals were allowed to purchase shares in many state-owned corporations. The government generally appointed a majority of corporate directors, but senior management made most personnel decisions independent of government control. The government's primary avenue of control over state corporations was by granting or withholding loans of state money. The electricity parastatal, Eskom, was always allowed to raise money publicly, but most other state corporations relied on government funds for capital financing.

The anticipated private-sector participation in these parastatals did not materialize, however. Investors showed little interest in purchasing parastatals' stock. Iscor suffered the embarrassment of an almost total public refusal of its stocks when they were offered for sale in 1929. In fact, most state corporation ventures were viewed as unprofitable and were funded by the government because of a lack of private interest. In 1979, however, after oil sales from Iran had been cut off, the synthetic fuel corporation, SASOL, offered shares to the public; investors eagerly bought all that were available and fully supported two more such issues.

In February 1988, President P. W. Botha announced plans to privatize several state-controlled industries, including Eskom, Foskor, and Iscor, as well as state-operated transport, postal, and telecommunications services. The reasons given for the privatization effort were that it would reduce public criticism of the government role in these enterprises and that these parastatals themselves were no longer profitable for the government. State corporations had been the major recipients of large foreign loans that were called in and cut off in 1985, leaving them with serious capital shortages. Sale of the corporations' assets could both ease the debt burden and provide the government with new revenue for much-needed social programs for the poor.

Iscor was the first major parastatal to be sold, in November 1989. Its sale raised R3 billion for the treasury. The government then scaled down its plans, and in the early 1990s the future of privatization was unclear. Officials estimated that the roughly R250 billion needed to finance the purchase of the largest state corporations probably could not be found inside the country. The argument for privatization was also weakened by the worsening investment climate as political negotiations stalled and violence increased. Government opponents, especially the ANC, vigorously opposed privatization—viewing it as a ploy to maintain white control in preparation for majority rule.

In 1995 the Government of National Unity began to develop its own privatization program. Late that year, Deputy President Thabo Mbeki announced that the government would seek equity partners in Telkom and in South African Airways and that it would sell several smaller parastatals outright. The announcement provoked strong protests from labor unions over the threat of job losses and over labor's exclusion from the policy decision-making process.

Budgets

The government enjoyed surplus budgets in most years during the 1970s and the early 1980s, until chronic high inflation and gold price fluctuations combined to diminish the business tax base in the mid-1980s. The severe decline in real gold prices reduced tax revenues to less than 2 percent of total revenues in FY 1990–91, compared with 25 percent of total revenues in the boom year a decade earlier (see table 7, Appendix).

The personal tax base had always been relatively narrow because of the limited income of the large black population (about 76 percent of the total population) and the relative affluence of most whites (about 13 percent of the population). Searching for additional revenue during the late 1980s, the government tried to avoid higher taxes on businesses and instead relied on deficit financing. For example, in FY 1987–88, the deficit was 5.8 percent of GDP as part of a deliberate fiscal stimulation of the economy. This pattern of spending continued, and the budget deficit rose to 9 percent of GDP in 1993.

The erratic price of gold during the 1980s led to other budget problems, fueling the cycle of reduced industrial revenue, currency devaluation, and high inflation. The government attempted to encourage business development through lenient tax policies, but average incomes continued to be low so this strategy failed to bring in the needed government revenues. The government tried to increase its revenues by "widening the net" of goods and services taxed in 1991, when it introduced a 10 percent value-added tax (VAT) to replace the former 13 percent general sales tax. Then, in an effort to encourage capital spending, businesses were exempted from paying the VAT on capital inputs. And to encourage investment, other forms of tax, such as corporate taxes, taxes on gold mines and gold companies, and import surcharges on capital goods, were reduced. By 1995 the VAT had been increased to 14 percent.

The FY 1994–95 budget projected revenues of R105.8 billion and expenditures of R135.1 billion, leaving a deficit of R29.3 billion, or about 6.2 percent of projected GDP (see table 8, Appendix). To raise revenues, the government planned to sell domestic stocks, increase foreign borrowing, and increase excise taxes on alcohol and tobacco products—expected to bring in an estimated R525 million. The government also levied a one-time, 5 percent "transition levy" on individuals and businesses with taxable incomes of more than R50,000, expecting to enhance its revenues by about R2.25 billion through this measure.

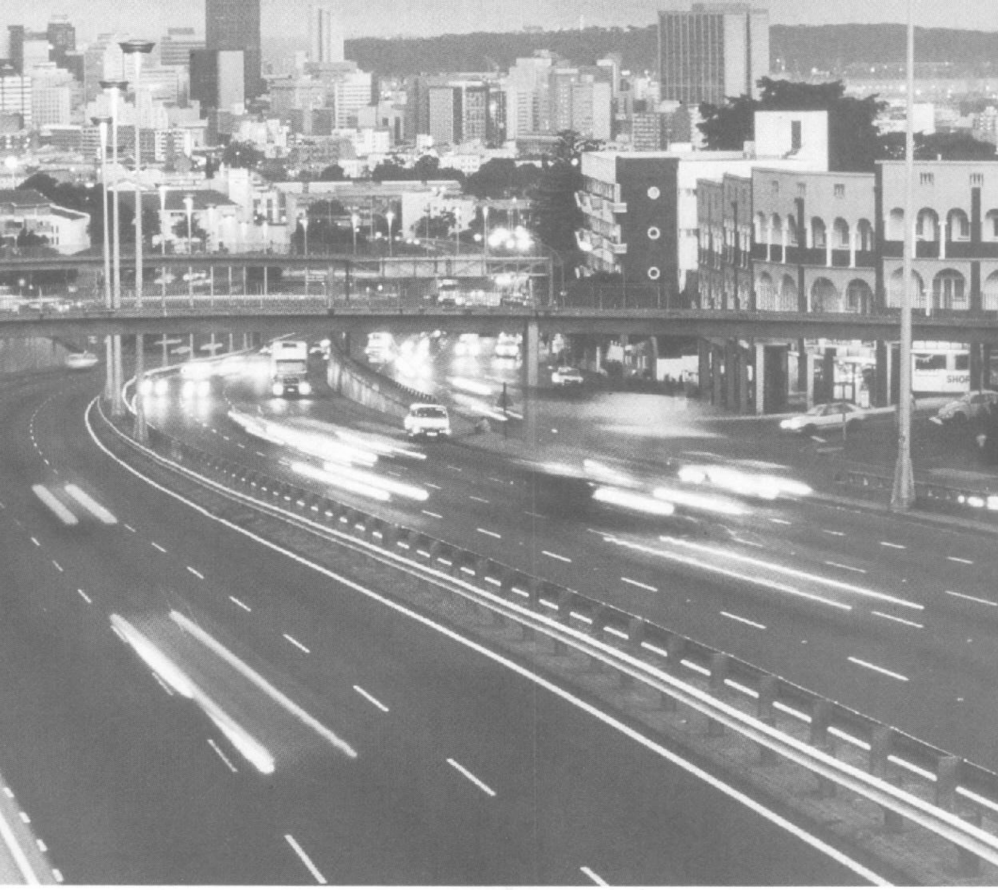
In March 1995, the ANC-led government's budget for FY 1995–96 estimated total revenues at roughly R123 billion and expenditures at R153.3 billion, with a budget deficit of R29.7 billion and a gross borrowing requirement (including interest on previous debt) of R38 billion. Government revenues were to be enhanced by higher taxes on alcohol, tobacco, and gasoline (and a higher, 43 percent maximum rate on individual incomes). The budget was well received overall, and the Johannesburg Stock Exchange generally held steady after it was presented.

The proposed government budget for FY 1996–97 projected revenues of roughly R145 billion and expenditures of R174 billion, with a projected deficit equivalent to 5.1 percent of GDP. Principal projected new revenues included taxes on monthly retirement income, while revenues from import tariffs would be reduced or eliminated. Proposed budget allocations included roughly R7.5 billion for salary increases and pay adjustments for government workers, intended to reduce the inequities of the apartheid era. The budget also envisioned expenditures of roughly R5.5 billion for education, R10.2 billion for military spending, and R9.8 billion for the police.

Foreign Trade and Investment

South Africa's foreign trade and investment were affected by sanctions and boycotts, especially during the 1980s and early 1990s. These measures included a voluntary arms embargo instituted by the United Nations (UN) in 1963, which was declared mandatory in 1977; the 1978 prohibition of loans from the United States Export-Import Bank; an oil embargo first instituted by OPEC in 1973 and strengthened in a similar move by Iran in 1979; a 1983 prohibition on IMF loans; a 1985 cutoff of most foreign loans by private banks; the United States 1986 Comprehensive Antiapartheid Act, which limited trade and discouraged United States investors; and the 1986 European Economic Community (EEC) ban on trade and investment. The Organization of African Unity (OAU) also discouraged trade with South Africa, although observers estimated that Africa's officially unreported trade with South Africa exceeded R10 billion per year in the late 1980s.

The most effective sanctions measure was the withdrawal of short-term credits in 1985 by a group of international banks. Immediate loan repayments took a heavy toll on the economy (see External Debt, this ch.). More than 350 foreign corpora-



Durban, historic port and multicultural city
Courtesy Embassy of South Africa, Washington

tions, at least 200 of which were United States owned, sold off their South African investments. In 1991 both the EEC and the United States lifted many official sanctions in view of measures taken by Pretoria to begin dismantling apartheid. Foreign investors were slow to return to South Africa, however; most banking institutions considered the country too unstable, and foreign corporations faced high labor costs and unrest if they tried to operate there.

In 1994 and 1995, many of the United States companies that had sold off shares or operations in South Africa in the past decade returned to do business there. By early 1996, at least 225 United States companies employed more than 45,000 South African workers.

Foreign Trade

Throughout the twentieth century, South Africa's economy has depended heavily on foreign trade—a trend that continued even under pressure from international sanctions and recession. Gold dominated its exports to the point that the government occasionally intervened to promote nongold exports. During the 1970s and the 1980s, the price of gold directly affected the value of the rand and, therefore, the prices at which exports were sold overseas. As the gold price fluctuated, the exchange rate of the rand rose and fell, and export revenues responded accordingly. Under these uncertain conditions, few manufacturers were willing to risk large investments to increase their export capacity.

One of the 1970s programs that promoted nongold mineral exports was the development of new harbor facilities, railway lines, and mines, which helped to increase revenues from the export of metal ores at the impressive rate of nearly 18 percent per year, on average, during the 1980s. Also during the 1980s, the Board of Trade and Industry implemented structural adjustment programs for various industries and a General Export Incentive Scheme, which reduced import tariffs on raw materials to be used to manufacture goods for export, in proportion to their value and local content. One effect of these programs was to reduce the importance of gold in South African exports from 56 percent of revenues in 1980 to 36 percent in 1992, according to government statistics. Gold exports increased slightly in 1993 and 1994, as a fraction of export revenues, but remained below 40 percent of the total.

The government also took direct action to limit imports, in part to protect local industries. The government has the power to do so through tariffs, surcharges, and import licenses. Import tariffs provided some protection against dumping by foreign manufacturers. Import surcharges helped reduce import demand and raise government revenues. In August 1988, the surcharge on some items was raised as high as 60 percent in a bid to hold down imports, but in May 1989 the surcharge on capital goods was eased from 20 percent to 15 percent, and most import tariffs were being phased out in the 1990s.

Government pressures in the 1970s and the 1980s succeeded in reducing South Africa's import levels but did not succeed in changing the pattern of imports. By 1987, when total imports were down about 30 percent from their peak 1974 volume, industrial inputs continued to dominate imports. Machinery was the most important among these, followed by vehicles and transportation equipment, a variety of chemicals, and oil. After the OPEC boycott of 1973 and Iran's cutoff of oil to South Africa in 1979, however, official figures on oil trade were not available. Observers estimated that 1987 oil import costs reached US$1.75 billion.

The pattern of trade dominated by gold exports and industrial imports continued in the early 1990s (see table 9; table 10, Appendix). The government continued to promote exports and to limit imports in an effort to create the trade surplus (and foreign exchange reserve surplus) necessary for debt repayment. In 1993 exports were valued at roughly R79.5 billion (almost 35 percent of GDP) according to official estimates, and imports were valued at approximately R59 billion. In 1994 exports were valued at an estimated R89.1 billion, and imports, at R75.9 billion. In early 1995, imports began to outstrip exports, and South Africa's trade surplus declined at an uneven pace for the rest of the year. South African Reserve Bank estimates in early 1996 placed the value of exports in the previous year at R81 billion in merchandise and R20.2 billion in gold. Merchandise imports were about R98.5 billion, leading officials to predict that the trade balance could lapse into deficit. In early 1996, however, exporters took advantage of the sharp depreciation of the rand, and the trade surplus rose sharply. In dollar values, however, the trade balance remained almost flat as the benefits of the lower rand were offset by lower commodity prices

Foreign trade delegations began arriving in South Africa as international sanctions were being lifted in the early 1990s. Among its most dramatic turnabouts, South Africa sent a delegation to Moscow in mid-1991 to discuss strengthening trade ties, and for the first time, South African companies participated in a trade fair there.

South Africa's main trading partners in the mid-1990s are West European countries, the United States, and Japan. Members of the European Union (EU—see Glossary) receive roughly 40 percent of South African exports and provide one-third of South Africa's imports. In 1994 Switzerland, an important destination of South African diamonds, purchased the largest share of South African exports. Other markets for South African goods are the United Kingdom, the United States, Japan, and Germany, in that order. Leading sources of South African imports are Germany, the United States, the United Kingdom, Japan, and Italy.

The EU accorded South Africa duty-free entry on most of its industrial exports in early 1995, and the two were negotiating terms for the purchase of South Africa's agricultural products. In 1996 the EU granted South Africa a qualified membership in the Lomé Convention, to take effect in 1997. The Lomé Convention gives African, Pacific, and Caribbean countries preferential access to European markets.

South Africa's trade with the United States increased rapidly after 1994. In 1995 South Africa imported roughly US$2.75 billion worth of United States exports, mostly manufactured goods. This represented more than half of all United States exports to Africa. South Africa exported roughly US$2.21 billion worth of metals, alloys, and precious stones to the United States in that year, representing the only significant source of African products other than petroleum.

South Africa's trade with the rest of Africa, the natural market for its manufactured goods and agricultural products, was carried on both openly and clandestinely until the early 1990s, because of the OAU's long-standing trade ban. As commercial ties expanded in the 1990s, African countries purchased about 10 percent of South Africa's exports; Zimbabwe, Zambia, and Mozambique were the largest African markets. Only Zimbabwe supplied significant exports (primarily tobacco) to South Africa.

Official South African trade statistics include all members of the Southern African Customs Union (SACU). SACU arose out of a customs agreement between South Africa and the territories that became Botswana, Lesotho, and Swaziland, dating back even before the Union of South Africa was formed in 1910. SACU was formally established when the agreement was renegotiated in 1969, and Namibia joined the customs union when it became independent in 1990. Goods move freely among SACU member states, which share a common accounting procedure and impose a common tariff structure. Each country contributes to a shared fund and receives a fixed portion of revenues based on its approximate share of production and consumption. In the mid-1990s, South Africa was considering either dismantling SACU or restructuring its participation in the alliance.

Investment

During the 1960s, foreign investment in mining and manufacturing grew steadily, reaching over 60 percent of total foreign investment by 1970. After that, foreign investment in South Africa stagnated and in some cases declined, increasing the government's reliance on loans rather than on equity capital to finance development. In 1984 loans constituted over 70 percent of South Africa's foreign liabilities, as compared with only 27 percent from direct investments. As a result, when most loans were cut off in 1985, available investment capital dropped sharply, and the economy suffered. In 1989 a substantial proportion of gross investment—R39 billion out of R49 billion—represented depreciation.

Although international opposition to South Africa eased in the early 1990s and bans on investment were lifted, investment as registered on the Johannesburg Stock Exchange (JSE) continued to decline and South African share prices on the JSE and on the London Stock Exchange were low. Industrial shares fared better than other sectors, but even the industrial index showed only sluggish growth through 1991. The overall JSE index improved slightly in 1992, and this trend continued after that. In 1993 the index rose by nearly 50 percent, although the volume of trade continued to be low by international standards. By late 1995, foreign purchases on the JSE had risen to more than R4.5 billion.

Foreign purchases were primarily in portfolio investment rather than direct investment through the mid-1990s. Most foreign direct investment was in the form of joint ventures or buying into existing enterprises. There was very little foreign direct investment in new enterprises, a trend that hit hardest in the struggling black business sector in South Africa. United States direct investment in South Africa rose during this time, from about US$871 million in 1992 to more than US$1.34 billion in 1995.

South Africans invested heavily in other African countries, even during the years of declining investments in South Africa. Tourist facilities were a favorite target for South African investments during the sanctions era. South Africans invested in tourist parks in Madagascar, for example, and in hotel development in the Comoro Islands and in Mozambique in the early 1990s. South African tourists, banned from many other tourist locales at the time, then shared in the benefits of these developments.

Balance of Payments

Before the debt crisis of 1985, South Africa's current-account position traditionally mirrored its business cycle, showing alternate surpluses and deficits. Whenever the economy grew faster than about 3 percent a year, local demand for imports increased, and when the economy slowed, imports decreased. In times of growth, when current-account deficits became too large, the government implemented restrictive monetary and fiscal policies in order to slow demand. After the 1985 debt crisis, however, South Africa had no choice but to run continuous current-account surpluses to meet repayment commitments. By the early 1990s, South Africa had become a capital-exporting nation because creditors wanted repayment on loans, and almost no new capital inflows other than replacement or roll-over trade credits were available.

South Africa's current-account surplus, which had averaged about 3 percent of GDP in the late 1980s, increased sharply to exceed R6 billion in 1991, before declining slightly in 1993, according to the Central Statistical Service. In 1994 and 1995, import growth forced the current account into a deficit for the first time in more than a decade and officials estimated that the current-account deficit could reach R10 billion by 1997.

South Africa's gold and foreign currency reserves were hit hard by the need to repay the nation's loans in 1985 and 1986. At that time, gold holdings were sufficient to cover only about ten weeks of imports, and by the end of 1988 the reserve position had deteriorated to little more than six weeks of import cover. Although the capital account started to improve in 1990, and total gold and other foreign reserves rose to US$2.39 billion, this amount was still equivalent to the cost of only about six weeks of imports of goods and services. Net foreign currency reserves were still very low in the mid-1990s, at about R15.7 billion (about two months of import cover) in late 1995, and R10 billion (only about one month's import cover) in mid-1996.

Employment and Labor

Labor Force

Agricultural employment in the formal economy declined beginning in the 1970s, reflecting the trends toward mechanization in agriculture and increasing urbanization. During that time, the government also changed its definition of agricultural employment to exclude many farmers who owned small plots of land and produced primarily for subsistence or for local markets. Impressive growth in the services sector—including trade, finance, insurance, restaurants, hotels, and other business and social services—accounted for most of the jobs created during the 1980s and the early 1990s. The services sector also included the country's large domestic work force, estimated at more than 800,000 in the early 1990s.

The distribution of labor continued to change in the 1990s, in response to global and regional market factors and political change in South Africa. For example, despite the importance of mining revenues throughout the twentieth century, the mining industry employed a dwindling share of the work force—only about 7 percent in 1995, down from nearly 10 percent a decade earlier. More than 200,000 mineworkers had been laid off between 1987 and 1993, according to the industrial umbrella organization, the South African Chamber of Mines (see table 11, Appendix).

In 1994 and 1995, officials revised employment statistics to incorporate into national accounts employment in the former black homelands—which were home to almost one-half of the black South African population. With these revisions, the government estimated the national work force in mid-1995 at 14.3 million people. Unemployment statistics also were being revised to incorporate workers outside the formal economy. In 1995 the government estimated unemployment at 32.6 percent. Unofficial estimates ranged to 40 percent or higher, and officials acknowledged that the rate was as high as 47 percent in some rural areas.

Labor and Politics

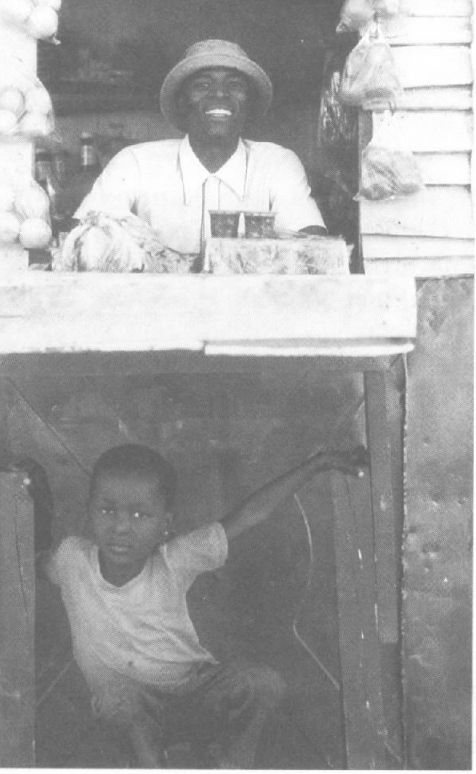
Even before apartheid restrictions were imposed during the 1950s, government policies, rather than market principles, determined many aspects of labor-management relations. From the 1950s until the early 1990s, black workers suffered systematic discrimination. Apartheid legislation authorized the "reservation" of many skilled jobs and managerial positions for whites; qualified blacks were legally excluded from most senior-level jobs, but black education standards were so inferior to those for whites that few blacks were qualified for well-paid jobs. Even in equivalent job categories, blacks received lower wages than whites. Although white workers were divided in their racial attitudes throughout the apartheid era, they often opposed benefits for black workers that could threaten their own economic standing.

Throughout South Africa's industrial history, workers of all races organized to demand better wages and working conditions, but through the early 1980s, almost all union leaders were white. This was true in part because some employers refused to negotiate with black representatives and because of legal restrictions on black labor organizations. The Industrial Conciliation Act of 1924, which governed many aspects of labor relations, redefined the term, *employee*, to exclude most blacks; the definition was amended by the Native Labour (Settlement of Disputes) Act (No. 48) of 1953 to exclude all blacks, thereby depriving them of any labor law protection.

A century of South African industrial development had relied on an abundance of low-wage labor in order to ensure profits. But as the economic and social problems associated with implementing apartheid emerged, and as new technologies were developed during the 1960s and the 1970s, many industries chose to increase their capital stock—investing in sophisticated machinery and employing a few skilled technicians—rather than adopt labor-intensive methods that would require training and managing a large work force. This trend toward capital-intensive operations probably resulted in lower labor costs and increased productivity. At the same time, it contributed to the country's soaring unemployment and spreading poverty, which fueled resentment and raised the costs to the government of preserving apartheid.

Increasing poverty among blacks, along with entrenched workplace discrimination and the marginalization of blacks from national politics, caused black workers' organizations to become increasingly politicized in the 1960s and the 1970s. They provided a legal arena in which political grievances could be aired. By the early 1970s, there were twenty-four African workers' organizations with a combined membership of nearly 60,000. Their increasing militance and a series of strikes that began in Durban in 1973 finally persuaded the government to begin reassessing its restrictions on black labor.

The government-appointed Commission of Inquiry into Labour Legislation (Wiehahn Commission) recommended the legal recognition of these fledgling unions, in part to exercise stronger control over black workers. As a result, Parliament enacted the Industrial Conciliation Amendment Act of 1979, recognizing black unions and extending labor law protection to them for the first time.



Adult labor often includes child-care responsibilities: street vendor's child plays beneath urban kiosk.
Courtesy Embassy of South Africa, Washington

A weaver's child accompanies her to work.
Courtesy Sheila Ross

Under this legislation, many black workers had the legal right to bargain collectively with their employers in the 1980s, and, when legally required mediation procedures failed, they had the right to strike. They exercised these rights aggressively, using both legal and illegal labor actions to press their workplace demands and to protest against apartheid. Black union membership of about 500,000 in 1980 grew to more than 2.5 million in 1990. By the early 1990s, almost 70 percent of all union members in South Africa were black, and more than one-third of all employees in mining, industry, and commerce were union members.

The largest organizing effort among black workers resulted in the establishment of the Congress of South African Trade Unions (COSATU) in 1985. An umbrella organization of more than a dozen unions, COSATU had a total of 1.3 million members by 1990. COSATU affiliated with the African National Congress (ANC) and the South African Communist Party (SACP), both of which were banned. In addition to winning major financial concessions for its members, COSATU became the effective mobilizing arm of the ANC and the SACP. COSATU's two largest labor rivals were the National Council of Trade Unions (Nactu), a blacks-only confederation that rejected multiracial membership, and the United Workers' Union of South Africa (UWUSA), which was affiliated with the Zulu-based Inkatha Freedom Party (IFP).

Union militancy contributed to labor successes. Real wages for black manufacturing workers rose an average of 29 percent between 1985 and 1990. Overall wage increases, outside agriculture, rose by 11 percent during 1985 alone, and this annual rate of increase accelerated to 17 percent in 1990.

By the early 1990s, however, both labor and government leaders were alarmed over the violence that had erupted during some labor actions. Violence had been part of labor's history of confrontation; some employers used force to suppress labor militancy, and strikers often used violence against nonstriking workers. But the scale of labor violence increased sharply, and the often-repressive police response also contributed to the destruction. In one of South Africa's most violent strikes—at a gold mine near Welkom, in the Orange Free State—more than eighty miners died in clashes between strikers and nonstrikers in 1991. Like many other violent strikes, this clash initially concerned economic issues, but it escalated because of political, ethnic, and racial grievances.

In the early 1990s, COSATU's largest and most militant unions were the National Union of Metalworkers of South Africa (NUMSA) and the National Union of Mineworkers (NUM), each with more than 300,000 members. NUMSA's actions cost automobile manufacturers and related industries more workdays than any other union in 1993 and 1994. NUMSA threatened even more costly labor actions in the future if auto workers' wage increases did not accelerate.

Three other large unions led the labor movement in the number of strikes called during the early 1990s. These were the National Education, Health, and Allied Workers' Union; the Transport and General Workers' Union; and the Food and Allied Workers' Union. Even workers in small companies were becoming more militant; during the early 1990s, more than 40 percent of all strikes involved 200 or fewer employees.

In 1994, with 194 legally recognized labor unions in the country, the government extended labor law protection to domestic workers for the first time. Initially, this meant recognizing their 70,000-member domestic workers' organization as a union and granting its members rights such as sick leave and on-the-job lunch breaks for the first time. Several COSATU-affiliated unions launched membership drives among domestic workers in 1995 and 1996, and they promised to work for the introduction of a legal minimum wage and access to literacy classes and other forms of vocational training for the large domestic work force.

Business and labor leaders agreed that confrontations with labor contributed to rising business costs during the 1980s and the early 1990s. The number of workdays lost to work stoppages rose from 175,000 in 1980 to 5.8 million in 1987. Lost workdays per year declined in the late 1980s, but labor actions still extracted high costs from business by slowing operations, by intimidating investors, and by destroying property. Among the most costly actions were those by transport workers, whose services were vital to all sectors of the economy. South Africa's ability to compete globally was also affected by labor militancy, in part because, officials estimated, a worker's cost to employers in 1994—including wages and benefits—averaged US$5 an hour in South Africa, or double the average labor costs in Mexico or Brazil and more than five times the average labor cost in China.

Education and Employment

The Bantu Education Act (No. 47) of 1953 helped pave the way for labor strife in the 1980s and the 1990s by institutionalizing a plan to restrict black workers to low-paid jobs through deliberately inferior education (see Education, ch. 2). During the 1960s and 1970s, per capita spending on white pupils was about ten times greater than educational spending on black pupils. By the early 1990s, the gap had been reduced by half, but in general, standards for teacher qualifications and facilities in black schools continued to be inferior to those in white schools.

The economic costs of implementing and enforcing apartheid sky-rocketed in the 1980s. Black poverty deprived South African businesses and manufacturers of a sizable domestic market. Even more ominous for the future, it became clear that South Africa lacked the necessary skilled personnel to maintain growth in its manufacturing enterprises, and millions of South African workers were unqualified for anything but the lowest-paid jobs.

South Africa's Education Foundation, a respected private research organization, estimated in 1991 that unemployment among unskilled and uneducated workers would increase during the 1990s, and that at least 500,000 skilled jobs and managerial positions were likely to remain unfilled, unless foreign workers were hired to fill them. The government's National Manpower Commission confirmed these bleak estimates in 1992, adding to the political pressure to end apartheid, especially in education.

The interlinked challenges of economic recovery and educational reorganization presented the new government with an intractable dilemma in 1994. Educational reform would require significant increased spending in an expanding economy, but, at the same time, economic growth would require a more highly skilled work force and educational reforms. The government approach to these challenges was deliberate and careful, and attempted with foreign donor assistance to convince those who were uneducated and unemployed that some of the benefits of ending apartheid would be seen during their lifetime. Officials sought international assistance in providing on-the-job training for workers in many industries and in speeding the pace of reforms, but by late 1995, only a few new programs were being implemented.

Women constituted only about 36 percent of the labor force in the formal economy in the mid-1990s, according to official estimates. Women of all races generally held lower-paid jobs than men, and they were paid less in comparable jobs. During the apartheid era, white women most often worked in service industries and clerical positions; a few white women held supervisory jobs or government offices. Black women dominated the large domestic work force; some worked in clerical positions or in temporary jobs, often in agriculture. Women managed most agricultural production in the former homelands and rural areas where men frequently left home to work in cities or in the mines.

Foreign workers have been an important segment of the industrial work force. In 1994 the government estimated that between 1 million and 1.2 million workers from Botswana, Lesotho, Malawi, Mozambique, and Swaziland were legally employed in South Africa—most on temporary contracts in the mines or urban industries. In addition, as many as 2 million foreign workers were believed to be self-employed or working illegally in South Africa in 1995, according to minister of home affairs Gatsha Buthelezi. Foreign workers were sometimes subject to immediate layoffs or discriminatory treatment at the hands of management or fellow employees, and in 1996, they faced the threat of new restrictions on their being hired.

Extractive Industries

South Africa's modern history has often been dated from the first commercial mining of diamonds and gold in the 1870s and the 1880s, when the region became a magnet for European investment. Mining in the region predated European arrivals by several centuries, however, as the new government recalled in its minerals policy statements in 1994 and 1995. Iron mining and smelting sites in the northeast were used as much as 1,700 years ago; copper was mined south of the Limpopo River more than 1,000 years ago; and historians describe early mining activities in the Witwatersrand (literally, "Ridge of White Waters" in Afrikaans, commonly shortened to Rand) area, which attracted miners from elsewhere in Africa as early as the thirteenth century.

Soon after the European rush for gold and diamonds in the late nineteenth century, mining operations expanded to include more than two dozen other minerals. By the mid-twentieth century, South Africa was the world's largest producer or second largest producer of gold, diamonds, platinum, chromium, manganese, and vanadium; and it ranked high among producers of coal, iron ore, uranium, copper, silver, fluorspar, asbestos, and limestone (see table 12, Appendix).

Clusters of minerals occur in five major mineral complexes—the Bushveld, Transvaal, Witwatersrand, Northern Cape, and Western Cape complexes (see fig. 15). Whereas most mines were originally funded and managed from European centers, by the 1970s most were managed by South Africa's large diversified corporations, which controlled assets around the world.

Despite its importance in export revenues, the mining industry contributes only about 9.6 percent of GDP in the mid-1990s, down from an average of nearly 15 percent during the 1980s. The mining sector had been gradually surpassed by manufacturing and financial services both in terms of national output and labor force participation. The mines still account

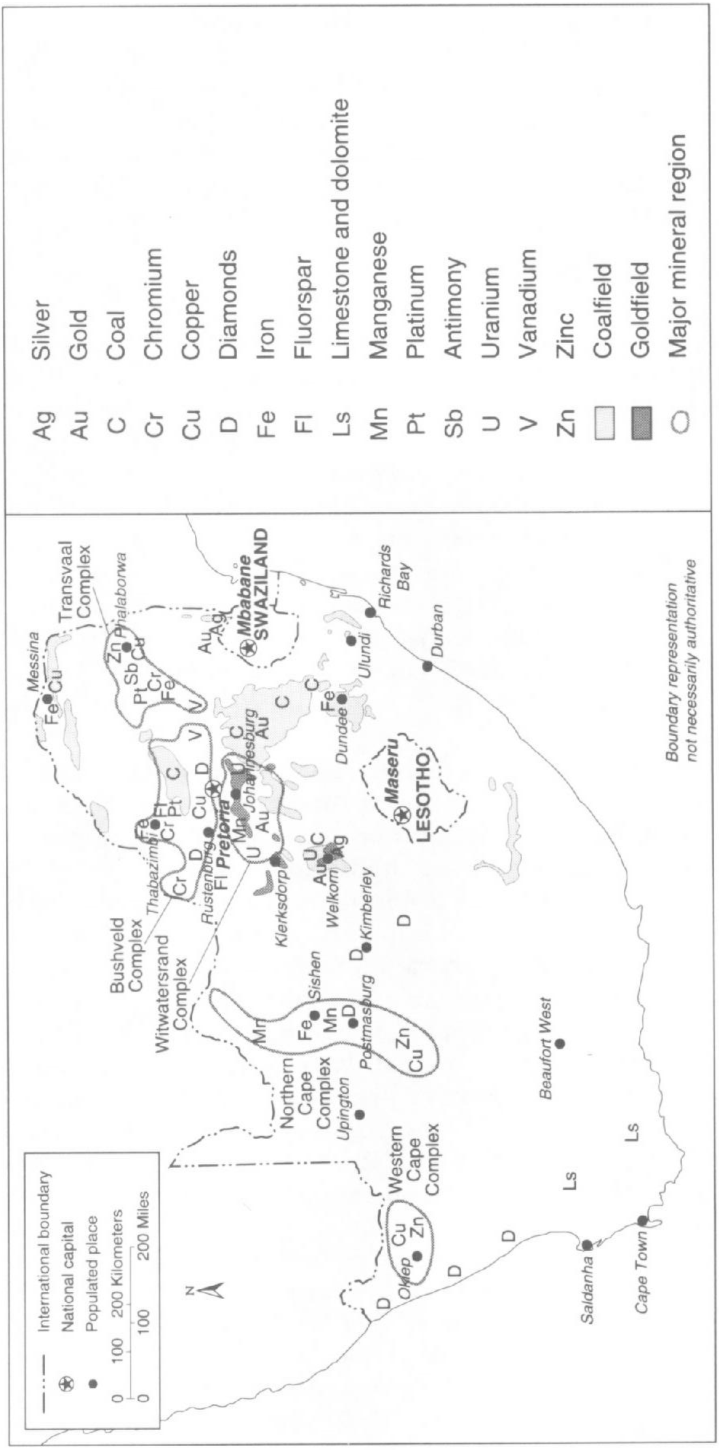


Figure 15. Minerals and Mining Activity, 1996

for a greater share of export revenues than any other single economic activity in the 1990s.

The mineowners' association, the South African Chamber of Mines, was formed in 1889 to represent the industry in dealings with the government. In the 1990s, the Chamber of Mines includes six major mining finance houses, with thirty-six gold mines, twenty-two coal mines, and sixteen diamond, platinum, antimony, asbestos, manganese, lead, and copper mines. Together they account for 85 percent of South Africa's mineral output. The Chamber of Mines negotiates labor concerns on behalf of mineowners, administers training programs for mineworkers, trains mineworkers in rescue and safety procedures, oversees pension and benefit funds, coordinates research programs, and refines and processes some minerals before sale.

Gold

Gold, first mined by Europeans in 1886 near Johannesburg, soon became the most important sector in the mining industry. South Africa has almost one-half of the world's known gold reserves, located primarily in the Rand in what was once a prehistoric lake. Gold is also mined in the Free State. Industry analysts estimated in the early 1990s that South Africa had produced more than 43,000 tons of gold in the past century, and that at least that amount remained in reserves.

Gold occurs in seams embedded in rock strata, sometimes more than a mile below the surface. Deep shafts must be sunk, large amounts of rock must be blasted and brought to the surface, and the rock must be crushed and chemically separated from the gold. Some gold mines then pump processed mine tailings underground to serve as backfill. Mining and processing are costly, especially in deposits where the gold seam is extremely thin compared with the surrounding rock. For example, in the early 1990s industry analysts estimated that only 5.6 grams of gold were extracted from each ton of ore excavated. Nevertheless, the industry has consistently earned high profits and has accounted for one-third to one-half of the world's gold production in the 1980s and 1990s. The country's fifty-seven operating gold mines produce between 600 and 620 tons of gold per year, representing almost 30 percent of the world production. Gold production in 1994 and 1995 fell below 600 tons for the first time since the 1960s.

Gold mining companies traditionally kept expenses to a minimum by paying low wages. Gold mines became known for their often exploitative labor policies, including the use of migrant workers on limited contracts, strict worker control in company compounds, and difficult working conditions. Labor costs were especially important in determining profits, because the price of gold was set at US$35 per ounce through the 1960s. After the price of gold was allowed to float in 1968, it gradually rose in response to market demand, and companies could afford to produce less and still earn even greater profits. They then began to expand operations into so-called low-grade-ore mines. The volume of South African gold production fell, and gold prices skyrocketed to an all-time high of US$613 per ounce in 1980.

During the 1980s, the dollar price of gold fluctuated widely, but because of devaluations of the rand, the rand price of gold generally advanced. When gold prices fell in 1989, the industry found that many of the low-grade-ore mines were no longer profitable. As the average value of the rand increased against the dollar, overall industry profits declined, and nearly half of the gold mines in operation were running at a loss. At least 40,000 gold mine workers were laid off in 1990, according to government estimates, and layoffs continued through 1993.

During 1994 all major gold mining houses except Johannesburg Consolidated Investments (JCI) were reporting lower profits as output fell in response to labor unrest and other factors. Randgold closed its Durban gold mine in mid-1994, owing primarily to poor grades of available ore, and other mines were threatening to close within the next few years unless profits improved.

In 1994 JCI began to "unbundle" its corporate structure by dividing into three separate companies. Anglo American, JCI's largest shareholder (with 48 percent), retained its platinum and some diamond interests in one company, Anglo American Platinum. JCI's gold mining and other industrial interests were separated into two companies, JCI Limited and Johnnies Industrial Corporation. Shares for these companies are being offered to the public, primarily as a vehicle for black investment and broadening participation in this sector of the economy.

Diamonds and Platinum

South Africa's diamond mining industry dates back to 1867, when diamonds were discovered near Kimberley, now in the Northern Cape. The Kimberley diamond fields, and later discoveries in Gauteng, the Free State, and along the Atlantic coast, emerged as major sources of gem-quality diamonds, securing South Africa's position as the world's leading producer in the mid-twentieth century. (Rough diamonds were produced in larger quantities in Australia, Zaire, Botswana, and Russia.) Through 1991 most of South Africa's diamonds were mined at only five locations, but a sixth mine, Venetia—in the Northern Cape—opened in 1992 and was expected to become a major diamond producer later in the decade.

The De Beers Consolidated Mines Company controlled most diamond mining in South Africa and influenced international trade through a diamond-producers' alliance, or cartel—the Central Selling Organisation. The cartel enabled diamond producers to control the number of gems put on the market and thereby to maintain high prices for gem-quality diamonds. The cartel was able to react to marketing efforts outside its control by temporarily flooding the market, and thereby driving down the price paid for an outsider's product.

Diamond prices fluctuated in the early 1980s, but the industry continued to expand even in the face of international recession and the discovery of the diamond-like cubic zirconia. Dollar prices for diamonds improved in 1985 but dropped again in 1987, requiring De Beers to support the market by withholding diamonds from dealers. Thus, annual production of more than 10 million carats in 1985 and in 1986 dropped to 9.1 million in the late 1980s. Gem and industrial diamond output in 1994 was 10.8 million carats, or roughly 11 percent of world production.

In 1990 the Soviet Union signed and openly acknowledged a contract to sell its diamonds (estimated at a value of about R13 billion over a five-year period) exclusively through De Beers. The action marked the first time in nearly thirty years that the Soviet Union had openly associated itself in commodity dealings with South Africa. Later that year, De Beers announced a loan of R2.63 million to the Soviet Union, against the security of an equivalent amount in diamonds.

Platinum group metals (platinum, palladium, ruthenium, rhodium, iridium, and osmium), which occur together in ore seams and are mined in one operation, were discovered in South Africa in 1924. Most of the estimated 59,000 tons of reserves are in the Bushveld complex of minerals; some concentrations are also found in the Transvaal and the Witwatersrand complexes. Platinum is used in automobile catalytic converters to reduce fuel emissions, as a catalyst in industrial processes, and in making jewelry.

South Africa is the world's leading producer of platinum. Its output of about ninety tons in 1993 accounted for almost 49 percent of world production. South Africa's platinum mines have profited, in particular, from the sale of rhodium, which sold for almost US$6,000 an ounce in the early 1990s, but world market prices fell after that.

Ferrous and Nonferrous Metals

South Africa has the world's largest known deposits of chromium, manganese, and vanadium, as well as significant deposits of iron ore, antimony, copper, nickel, lead, titanium, fluorspar, zinc, and zirconium. Most of these metals are exported unprocessed, with the exception of iron ore, which is also used in the local steel industry.

South Africa's chromium deposits contain about 72 percent of the world's reserves, most of it in the Bushveld complex of minerals. In 1993 its mines produced 2.8 million tons of chromium, or about 32 percent of world output—down from 4 million tons in 1989; production recovered, to roughly 3.6 million tons in 1994. Used primarily to produce stainless steel, chromium was one of South Africa's export successes in the 1980s; prices reached US$0.70 per pound but dropped sharply when producers tried to undercut each other in 1990. The government used various incentives, including export subsidies and power rebates to those who produced alloys for export, to encourage production. About one-third of chromium produced in 1993 was exported, much of it to the United States and Japan.

South Africa contains the largest known deposits of manganese ore in the world. Its reserves of at least 12.5 billion tons, mostly in the Northern Cape mineral complex, constitute 75 percent of the world total. Manganese is essential in the manufacture of iron and steel, and more than 90 percent of South Africa's manganese is used for this purpose. During the late 1980s, production fluctuated slightly, but it remained between 3 and 4 million tons per year, while prices generally rose, nearly doubling in 1989. By the end of 1991, however, South African producers were forced to reduce prices in response to a weak international market. In 1994 more than 2.8 million tons of manganese ore were produced, roughly 17 percent of world output.

South Africa produced between 25,000 tons and 30,000 tons of vanadium a year in the early 1990s, almost 45 percent of the world's supply. Its estimated 5.4 million tons constitute one-third of world reserves. The world's largest producer is a South African firm, Highveld Steel and Vanadium. The year 1989 set a record in terms of both production and exports for South Africa, but when world steel production declined, demand for vanadium dropped and prices plummeted, forcing one vanadium producer in South Africa to close down. Prices again surged in early 1995, and Highveld Steel and Vanadium expected earnings to more than double in 1995, compared with 1994. Vanadium is used in manufacturing steel, to provide tensile and torsional strength and resistance to abrasion.

South Africa is the largest producer of iron ore on the continent, with reserves estimated at more than 9.4 billion tons. Iron is mined in the Northern Cape, the Bushveld, and the Transvaal complexes, and in KwaZulu-Natal. More than 29.3 million tons of iron ore, roughly 3 percent of world output, were produced in 1993. Almost half of that amount was used in the steel industry. A record 19.6 million tons were exported in 1994, much of it to Japan.

Although small by world standards, South Africa's steel manufacturing industry is the largest on the continent (see Heavy Industry, this ch.). Steel production increased dramatically in the 1970s following the development of port facilities at Saldanha Bay and the associated rail line connecting it to the high-grade Sishen ore deposits in the Northern Cape. Projections for the use of steel in local construction were increasing as the government began to implement its Reconstruction and Development Programme in 1994. Government plans to implement stricter automobile emission standards promised another boost to the steel manufacturers, who produce stainless steel for use in catalytic converters.

South Africa has only about 2 percent of the world's known copper reserves, with the largest deposits in the Transvaal complex in the northeast. Copper is also mined in the Northern Cape and the Western Cape. Mining costs are high, because of the high concentration of other minerals in copper ore. At the country's largest copper mine, at Phalaborwa, production decreased in early 1993, in part because of flooding that brought work in the mine to a standstill. Later that year, the mine owners received government permission to institute a seven-day workweek, and the mine increased its work force to extend operations. Nationwide copper production, nonetheless, fell from more than 176,000 tons in 1992 to about 165,000 tons in 1994, and copper exports decreased steadily, to roughly 82,000 tons in 1994.

Energy Minerals and Petroleum

Fortunately for South Africa, it is well endowed with coal and uranium for energy production, because the country apparently has no significant petroleum reserves and was officially cut off from oil imports from 1979 to 1993. Oil accounted for about 20 percent of primary energy until the early 1970s, and the government had stockpiled an estimated 18 million tons of imported oil by 1979. Although unreported oil shipments continued during the sanctions era, many industries switched to the use of coal to power generators.

Imported crude oil is processed at four refineries—two in Durban, one near Cape Town, and one in Sasolburg, southwest of Johannesburg—with a combined distillation capacity of about 401,000 barrels per day, or 21.5 million tons per year. In 1994 the government invited international investment in oil and gas exploration for the first time since the 1960s. Minister of Mines and Energy Roelof "Pik" Botha announced the plan, saying that the government needed domestic energy sources for reconstruction and development. The state-owned Southern Oil Exploration Corporation (Soekor) also needed the investment capital to develop nine recently discovered small oilfields off the western Cape coast, and several other small wells near Mossel Bay.

South Africa's coal reserves, most located in the Witwatersrand and in northern KwaZulu-Natal, were estimated to be between 60 billion and 100 billion tons, enough to maintain early-1990s levels of domestic use and exports through much of the twenty-first century, according to industry analysts. The coal occurs in seams, often less than one hundred meters below the surface, and hence it is relatively easy and inexpensive to mine. Most coal used locally is burned in generators at electricity plants; it is also used for coking in the steel industry.

During the 1980s, Eskom, the government's electric power utility, was the coal industry's major customer. Eskom purchased about two-thirds of coal output, which fluctuated between 159 million and 176 million tons from 1984 to 1989. In the early 1990s, the coal industry produced more than 180 million tons of coal each year, of which at least 47 million tons

SASOL II oil-from-coal facility south of Johannesburg
Courtesy Embassy of South Africa, Washington

were exported. The industry employed more than 76,000 people. Eskom helped to finance coal mining operations and guaranteed coal prices to ensure the mining companies' return on investment.

International sanctions in the 1980s affected the coal industry in two ways. United States and European importers reduced their demand for South African coal exports, and South African homes and industries increased their use of coal in place of oil and other imported fuels. But in 1991 and 1992, as most sanctions were being lifted, the South African coal industry found itself facing stiff competition from emerging low-cost producers, such as Indonesia, Colombia, and Venezuela.

South Africa is ranked fifth in world uranium reserves in the 1990s with recoverable reserves estimated at nearly 180,000 tons. Uranium is produced as a by-product of gold in some mines of the Witwatersrand, and as a by-product of copper in the Phalaborwa mines of the far northeast of the country. Since 1968 all uranium produced in South Africa has been processed and marketed by the Nuclear Fuels Corporation of South Africa, a private company owned by the gold mines that produce uranium. Output declined in the late 1980s, as operating costs increased and uranium prices hit a thirteen-year low. Uranium output averaged nearly 2,000 tons a year in the early 1990s. Exports of uranium declined from roughly 1.3 percent of total export revenues in the 1980s to roughly 0.2 percent in the early 1990s.

South Africa produced substantial, but undisclosed, amounts of highly enriched uranium (HEU) in its nuclear weapons program, until that program was dismantled in the early 1990s. In 1994 the government, although a signatory to the Nuclear Nonproliferation Treaty (NPT), maintained stockpiles of HEU to produce industrial and medical isotopes, or to downgrade for use in power reactors.

The government has sponsored extensive research and development in the production of synthetic fuels, and South Africa became a pioneer in extracting oil and gas from coal in the 1960s and the 1970s. The South African Coal, Oil, and Gas Corporation (SASOL) established three facilities between 1950 and 1982 and is considering building a fourth plant in the late 1990s. After 1979, when SASOL shares were offered to the public, most of the corporation was run as a private company, with government assistance in constructing new facilities. Officials did not release production figures to the public, but the SASOL plants were believed to be supplying about 40 percent of South Africa's liquid fuel needs in the early 1990s. The corporation received tariff protection when the price of oil dropped below US$23 per barrel and paid into a fuel equalization fund when prices exceeded US$28.70 per barrel. In addition to liquid fuels, the company produces chemicals, fertilizers, and explosives.

Agriculture, Forestry, and Fishing

South Africa has a broad and well-developed agricultural sector and is a net food exporter in most years. Agricultural production, reflecting the sector's increased mechanization and commercialization, increased throughout the twentieth century. As mining and manufacturing industries expanded at a faster rate, however, agriculture's share of GDP declined from about 20 percent in the 1930s to about 12 percent in the 1960s and to less than 7 percent in the 1990s. The impressive range of crops—including almost every kind of food crop, as well as fibers, medicinal herbs, and components of cosmetic fragrances—reflects the country's diverse terrain, climate, and ecology. The agriculture sector provides for most domestic needs, and South Africa exports corn (maize), wool, sugar, peanuts (groundnuts), tobacco, and other farm products (see table 13, Appendix).

About 15 million hectares, or 12 percent of the land area, is under cultivation, and about 10 percent of this is under intensive irrigation. Agricultural production has suffered from cyclical droughts since the seventeenth century, and probably even earlier. Generally, the best rainfall is in the Western Cape and along the coast of KwaZulu-Natal. The rest of the country is relatively dry, and much of the arid Northern Cape is suitable only for grazing sheep (see fig. 16).

Under apartheid-era legislation until 1994, white farmers, who owned only 2 percent of the farms, controlled more than 80 percent of the arable land. White-owned farms averaged 1,300 hectares in size, whereas black farms averaged 5.2 hectares. Because nearly 80 percent of the population was restricted to less than 20 percent of the land, most black farmland was severely overused, leading to soil erosion and low productivity. As a result, many black farm families were supported by at least one person engaged in nonagricultural employment. The need for agrarian reform—broadening land ownership and increasing overall productivity—was one of the most serious issues facing the government in the mid-1990s as the inequities of apartheid were being reduced.

The government regulated both the production and the marketing phases of commercial agriculture through the early 1990s. Government-appointed marketing boards purchased important consumer crops—such as milk, corn, and most cereals—at fixed prices and sometimes subsidized consumer prices as well. Crops destined for further commercial processing—such as tobacco, wool, oilseeds, and dried fruit for export—also had to be sold through a marketing board, although producers generally received market value for these crops after the board sold the pooled national output. The only crops freely traded were fruits and vegetables sold at local markets. The government began to reduce the role of the marketing boards in the mid-1990s, and officials hoped to eliminate them entirely by the end of the decade.

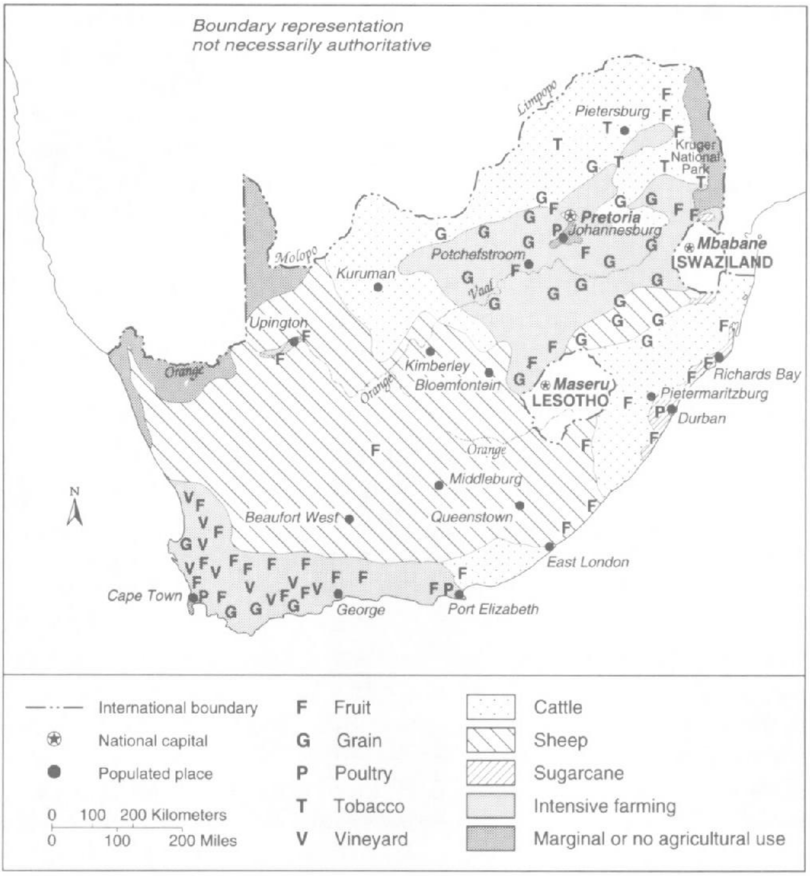


Figure 16. Major Agricultural Activity, 1996

Agriculture suffered serious effects from the chronic high inflation and debt that eroded other sectors of the economy in the early 1990s. Input costs (fertilizers, machinery, etc.) rose by 10 to 20 percent in some years; farm debt had reached R17 billion in 1992, more than four times the amount owed in 1980. Farmers also had witnessed deterioration in the terms of trade in farm products; for example, the amount of corn that had to be sold to buy a farm tractor increased from about 191 tons in 1984 to 347 tons in 1990. Moreover, South Africa faced reduced harvests as a result of severe drought in the early 1990s, forcing the government to spend vital foreign exchange on food imports.

Crops

Cereals and grains are South Africa's most important crops, occupying more than 60 percent of hectarage under cultivation in the 1990s. Corn, the country's most important crop, is a dietary staple, a source of livestock feed, and an export crop. Government programs, including generous loans and extension services, have been crucial to the country's self-sufficiency in this enterprise. Corn is grown commercially on large farms, and on more than 12,000 small farms, primarily in North-West, Mpumalanga (formerly, Eastern Transvaal), Free State (formerly, the Orange Free State), and KwaZulu-Natal provinces. Corn production generates at least 150,000 jobs in years with good rainfall and uses almost one-half of the inputs of the modern agricultural sector.

Corn production exceeds 10 million tons in good years; owing to regional drought in the early 1990s, however, production fell to just over 3 million tons in 1992, and roughly 5 million tons of corn were imported, at a cost of at least US$700 million. Both domestic and imported corn was shipped to neighboring countries to help ease the regional impacts of the drought. The drought eased in 1993, and officials estimated the 1994 harvest at approximately 12 million tons. Below-average rainfall in late 1994 again threatened to reduce corn output in 1995, and officials expected to import some 600,000 tons of corn in that year. Plentiful rain in late 1995 provided for a bumper crop in 1996.

Wheat production, which is concentrated in large, highly mechanized farms, also increased after World War II. Wheat cultivation spread from the western Cape where rainfall is fairly reliable, to the Orange Free State and the eastern Transvaal, primarily in response to rising consumer demand. But wheat harvest volumes vary widely; for example, roughly 2.1 million tons were produced in 1991 and only 1.3 million tons in 1992. Production in the early 1990s failed to meet local demand for about 2.2 million tons per year. Wheat imports in 1992, for example, cost more than US$5 million.

Other small grains are grown in localized areas of South Africa. For example, sorghum—which is native to southern Africa—is grown in parts of the Free State, as well as in the North-West and the Northern provinces, with yields often exceeding 200,000 tons. Sorghum has been used since prehistoric times for food and brewing purposes. Barley is also grown, primarily in the Western Cape. Nearly 300,000 tons of barley were produced in 1995.

South Africa produces peanuts, sunflower seeds, beans, and soybeans. Annual production of these crops varies significantly from year to year, although South Africa is usually able to meet domestic vegetable-oil needs and generate some exports. Plentiful rains in late 1995 meant increased harvests of these crops in 1996, compared to 1994 and 1995.

Fruits, including grapes for wine, earn as much as 40 percent of agricultural export earnings in some years. (Fresh fruit finds a good market in Europe because it matures during the northern hemisphere's winter.) Deciduous fruits, including apples, pears, and peaches, are grown primarily in areas of the Western Cape and the Eastern Cape, where cold winters and dry summers provide ideal conditions for these crops. Almost 1 million tons of deciduous fruits were sold fresh locally or were exported each year in the early 1990s.

Pineapples are grown, primarily in the Eastern Cape and KwaZulu-Natal. Tropical fruits—especially bananas, avocados, and mangoes—are also grown, especially in the northeast and some coastal areas. More than half of citrus production is exported in most years. South Africa exported 40 million cartons of citrus fruit in 1994, earning roughly R1.34 billion, according to industry sources.

More than 1.5 million tons of grapes are used domestically in South Africa's renowned wine industry, which dates back to the seventeenth-century vineyards introduced by French Huguenot immigrants. More than 100,000 hectares of land are planted in vineyards, centered primarily in the Western Cape. Smaller vineyards are also found in the Northern Cape, Free State, and Northern Province. One of the noticeable signs of the end of international sanctions against South Africa was a dramatic increase in worldwide demand for South African wines in 1994 and 1995.

Sugarcane is also an important export crop, and South Africa is the world's tenth largest sugar producer. Sugarcane was first cultivated in mid-nineteenth-century Natal. Production is still centered there, but sugar is also grown in Mpumalanga, where irrigation is used when rainfall is inadequate. Land under sugar cultivation has steadily increased, and the industry estimated that it produced more than 16 million tons of sugarcane in 1994.

Livestock

From the earliest times, livestock raising has been the backbone of South African agriculture. The large sheep herds of the Khoikhoi peoples on the Cape peninsula were admired and later appropriated by European settlers in the seventeenth century. The early Xhosa and Zulu societies were well known for the value they placed on cattle even before Europeans began cattle farming in the region in the seventeenth and the eighteenth centuries. The Europeans brought new breeds of sheep and cattle to southern Africa, and from these various stocks emerged a thriving commercial livestock sector. Cattle, estimated at more than 8 million head, are found in areas throughout the country; sheep (nearly 26 million) graze primarily in pastures stretching across the Northern Cape, Eastern Cape, western Free State, and Mpumalanga.

The livestock sector produces an estimated 900,000 tons of red meat each year. For example, the industry reported that nearly 2 million head of cattle were slaughtered in 1994. Poultry and pig farms are also found across the country, although most large commercial farms are near metropolitan areas. The industry estimates that farmers own roughly 1.2 million pigs. The poultry industry, with at least 11 million chickens, reportedly produced more than 500,000 tons of meat in 1994. In addition, a small but growing ostrich-raising industry produces plumes, skins, and meat.

Wool is an important agricultural export. South Africa became the world's fourth-largest exporter of wool by the late 1940s, and is consistently among the world's top ten wool producers, with an output of about 100,000 tons in most years. Approximately 60 percent of South African sheep are Merino, which produce high yields of fine wool. The newer, locally developed Afrino breed is a wool-mutton breed adapted to arid conditions. Most wool is exported, but the domestic wool-processing industry includes wool washing, combing, spinning, and weaving.

Dairy farming is found throughout the country, especially in the eastern half, and is sufficient to meet domestic needs, barring periods of extreme drought. The predominant dairy breeds are Holstein, Friesian, and Jersey cows. The milk price was deregulated in 1983, resulting in lower prices, but industry regulations continued to enforce strict health precautions. In a system dating to 1930, all wholesale milk buyers pay a compulsory levy to the National Milk Board. This money is pooled in a stabilization fund and used to subsidize dairies manufacturing butter, skim milk powder, and cheese when a surplus exists. Fresh-milk dairies objected in the early 1990s, however, and several of them were involved in litigation to have the levy lifted.

Forestry

South Africa's forests cover only about 1 percent of the country's total land area. The country never was heavily forested, and by the early twentieth century, humans had destroyed much of its natural wood resources. After World War I, the government began to establish forest plantations to grow trees for commercial use. Located primarily in the northeast and in KwaZulu-Natal, most timber plantations produce pine and eucalyptus trees. Although most wood is used for fuel, industrial uses include construction and mine props, paper products, and a variety of agricultural applications.

The country's pulp and paper industries expanded operations for export during the 1980s. About half of all commercial South African sawlogs came from state-owned plantations for use in the pulp and paper industries and in the mines. The two major paper manufacturers, Mondi (owned by Anglo American) and Sappi (owned by Gencor), spent approximately R3 billion to expand their operations during the 1980s, and in 1991 Sappi expanded even further by purchasing five specialty paper mills in Britain. Sappi was then ranked as the eleventh largest company in South Africa.

South Africa's forests produce more than 14.5 million cubic meters of unseasoned timber annually. Several hundred thousand people are employed on timber farms and in more than 240 wood-processing factories. Although South Africa could supply most of its own needs for wood and wood products, the timber industry faced problems on the export market in the early 1990s. The industry had relied on exports of pulp and paper, but falling world prices threatened profitability. In the mid-1990s, the government's Reconstruction and Development Programme calls for more than 1 million housing starts during the decade, and the timber industry is promoting the use of timber-frame houses to increase its domestic market share under this program.

Fishing

South Africa has a large commercial fishing industry. More than 4,500 commercial fishing vessels licensed by the Depart-

Tea plantation workers near Tzaneen, Northern Province
Courtesy Embassy of South Africa, Washington

ment of Environment Affairs work its nearly 3,000-kilometer coastline from Mozambique to Namibia. The industry employs more than 22,000 people. The principal species of shoal fish caught by coastal trawlers are anchovy, pilchard, and herring. Deep-sea trawlers bring in hake, barracuda, mackerel, monkfish, sole, and squid. The most important species caught by handline are tuna, cod, barracuda, silverfish, salmon, and yellowtail. Cape rock lobsters are harvested along the west coast, and several hundred other species, along the east and the south coastline. The total catch in the early 1990s was between 500,000 and 700,000 tons each year.

South Africa exports about 80 percent of its fish in most years. Much of the rest is consumed domestically or processed into fish meal and fish oil. The industry hit a peak in the 1960s, with a catch of more than 1 million tons in 1968, but declined after that, in part because local waters had been overfished and marine resources were severely depleted. Recorded fish harvests also declined in the early 1990s after South Africa relinquished control over its former fishing territory off the coast of Namibia.

The government enforces strict conservation measures, including fishing quotas and closed seasons, to prevent overfishing and to protect the fishing industry. Since 1977 it has enforced an exclusive South African fisheries zone of 200 nautical miles. In 1983 the government reduced foreign fishing quotas, and in the early 1990s it began scaling down the rights of five foreign countries still fishing in South African waters—Japan, Israel, Spain, Portugal, and the Republic of China (Taiwan).

Much of the fishing near large ports, such as Cape Town, Durban, Mossel Bay, and Port Elizabeth, is controlled by Portnet, the national port authority, in the mid-1990s. The provincial governments supervise some harbor facilities and provide marine conservation inspectors at official fishing harbors, including Saldanha Bay, Hout Bay, and at least ten others.

Manufacturing

Although agriculture and, later, mining historically have dominated South Africa's economy, manufacturing became the most productive sector in the early twentieth century. Until then, manufacturing industries—wine making, tanning, and tallow production—were entirely derived from agriculture and were intended primarily for the domestic market. Then as the mining sector expanded, new industries arose to meet growing urban demands for processed foods, clothing, and footwear. Until the 1920s, the country still depended heavily on imports, ranging from mining equipment to textiles and clothing. The government encouraged local manufacturing through the establishment of state corporations to produce electricity (in 1922) and steel (in 1928) for manufacturers' use and through tariffs designed to protect local industry.

From 1936 to 1946, manufacturing output grew by 6 percent per year, and growth jumped even more dramatically after 1948, when the government tightened its control over imports. Annual manufacturing output increased an average of 13.3 percent in the early 1950s. Since then, most growth in manufacturing has been in heavy industry, led by the local iron and steel industry, but by the early 1990s, the manufacturing sector as a whole was relatively diverse (see table 14, Appendix).

As manufacturing activity expanded, the sector became increasingly capital intensive despite the availability of a large labor pool in South Africa. The government encouraged capitalization through tax incentives and led such investment through the state corporations. During the 1970s, manufacturing enterprises steadily increased their fixed-capital stock, leading to surplus capacity by the mid-1980s. In particular, massive extensions at the government's power utility, Eskom, as well as the establishment of SASOL synthetic fuel plants and the Koeberg nuclear power station, represented significant capital intensification but only a minimum labor requirement. Furthermore, most private manufacturers moved toward machinery and technology to cut labor costs, both to keep up with foreign producers and to avoid confronting an increasingly militant, organized labor force. Nevertheless, by the mid-1980s the government recognized that much of the responsibility for creating jobs for new entrants to the labor market would necessarily rest on the manufacturing industries, and for this reason, government programs in the 1990s were beginning to encourage more labor-intensive manufacturing enterprises.

Because of the general economic downturn of the 1980s, chronic high inflation, and the debt crisis—which hit capital-intensive manufacturing especially hard—manufacturing output slumped during the decade from an overall annual increase of 3 percent in 1981 to a decline of 2.5 percent in 1991. The biggest decreases were in textiles, footwear, industrial chemicals, and nonferrous base-metal industries. The poor performance in these industries reflected a weakness in local demand and the drawing down of inventories because of higher interest rates. Furthermore, average labor productivity in nonagricultural sectors was only about 2 percent higher in 1990 than in 1980, despite a major increase in capital per worker during the decade. Manufacturing sales increased after 1990, largely the result of improved business and investor confidence, increased domestic and export sales, and a decline in stocks of finished goods. In the early 1990s, manufacturing contributed more than 22 percent of total economic output.

Manufacturing industries are heavily concentrated in urban areas—especially in the industrial region around Johannesburg, which accounted for more than 50 percent of industrial output in the early and mid-1990s. Other major industrial centers are Cape Town, Port Elizabeth, East London, and Durban. Smaller, but nonetheless important, industrial concentrations are at Kimberley, Bloemfontein, Queenstown, and Mossel Bay. Government incentives for manufacturers to move to rural areas and the black homelands during the 1980s were generally unsuccessful, in part because of logistical and transportation difficulties. The government then tried regional development projects, intended to bring manufacturing jobs to undeveloped areas by providing performance-based incentives and improving infrastructure, although these projects were difficult and costly to initiate.

Manufacturing industries registered sharp increases in capacity utilization in 1994 and 1995, exceeding 90 percent of capacity in the coal and nonferrous metal industries, as well as in furniture and footwear manufacturing. Investors judged South Africa's manufacturing competitiveness in the international arena to be fairly weak, however, largely because of the outdated facilities and physical plant in many industries.

Electric Power

The country's first electric power plants were developed to support the turn-of-the-century mining industry. Most mines used on-site electrical generators until 1909, when the Victoria Falls Power Company was established. In 1923 the electricity parastatal, Eskom, began providing electricity for the country's railroads and nonmining industries. Eskom bought out the Victoria Falls Power Company in 1948 and has been the country's major power producer since then. Eskom's sales increased faster than GDP growth after World War II, and the utility expanded steadily. From 1950 to 1982, sales grew at an average rate of 8 percent per year.

Despite Eskom's strong sales record, officials became increasingly concerned over the government's capital investments in Eskom's expansion efforts, which were estimated at R27 billion between 1983 and 1987. Eskom was one of the enterprises hit hardest by the cutoff in foreign loans in 1985. After that, it scaled down plans for further expansion. Eskom supplied more than 97 percent of the electricity used nationwide in the early 1990s, but a few mines and industries had power generators of their own. Only about 40 percent of the population had electricity in their homes, but the new government in 1994 placed a high priority on supplying power to rural areas.

Eskom derives nearly 90 percent of its power from coal-fired electric power stations, 8 percent from nuclear power plants, and the remainder from hydroelectric plants. Some energy analysts predict that the country's coal reserves (estimated to be between 60 billion and 100 billion tons) will begin to run out by the middle of the twenty-first century. Eskom officials estimate that the last coal-fired station will be commissioned before the year 2045. With about 14 percent of the world's uranium reserves in South Africa, Eskom then plans to switch to the use of nuclear power to produce electricity.

The Koeberg nuclear power station, commissioned in 1976 but subsequently damaged through sabotage, began operations using uranium as an energy source in 1984. In the mid-1990s, it is the only nuclear power plant in operation, but sites have been selected for at least two additional plants to be built early in the twenty-first century.

South Africa imported electricity from the Cahora Bassa hydroelectric facility in Mozambique during the early 1980s, but that source was cut off in 1983 as a result of sabotage by Mozambican rebels. South Africa, Mozambique, and Portugal agreed on reconstruction plans, begun in 1995, that were expected to reestablish power to South Africa by 1997.

Heavy Industry

Iron and steel production dominates South Africa's heavy industry, providing material for manufacturing structural goods, transport equipment, and machinery, and for the engineering industry. Large-scale production of iron and steel was begun in 1934 by the state-owned South African Iron and Steel Corporation (Iscor). Iscor began selling shares to the public in 1989. It operate plants at Pretoria, Vanderbijlpark (Gauteng), and Newcastle (KwaZulu-Natal) and owns numerous coal, iron ore, and other mines throughout the country. Most major companies in this sector, including Union Steel (Usco), African Metals (Amcor), and Vanderbijl Engineering (Vecor), were established with help from Iscor or are operated as subsidiaries of Iscor. Highveld Steel and Vanadium is owned by the Anglo American Corporation.

South Africa produced about 9 million tons of steel, on average, each year in the early 1990s, only about 1 percent of world production. This output was more than enough to meet domestic demand and to provide some steel for export. The industry plans to increase production in the late 1990s to meet domestic construction needs and to increase steel exports.

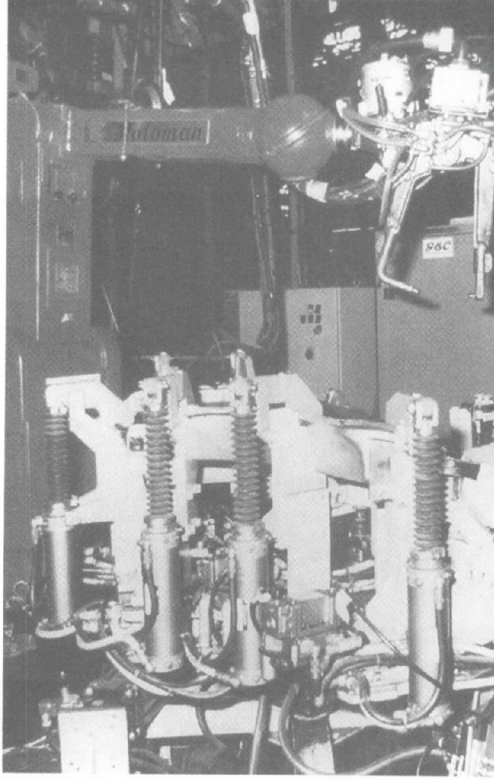
The first vehicle assembly plant was established by Ford in Port Elizabeth, and in 1960 the government began to promote the increased use of local parts in vehicle assembly. Phase One through Phase Five of the local-content encouragement program were based on the weight rather than the value of local components and tended to make South African vehicles relatively heavy and expensive. In 1989 the government introduced Phase Six, which shifted the determination of content to value rather than weight. The result was a reduction in the cost of vehicles as manufacturers turned to low-cost imported parts in order to increase the percentage of value represented by local products. The lowered cost of assembly was evidenced in June 1991 when the South African Motor Corporation (Samcor) announced that it had started exporting locally assembled Mazdas to Britain.

Vehicles are manufactured primarily in the industrial area around Johannesburg, in Mpumalanga, and in the Eastern and Western Cape provinces, using parts manufactured locally at more than 150 plants and some imported parts. In 1994 South African automakers assembled more than 225,000 passenger cars and more than 97,000 commercial vehicles, employing more than 91,000 workers. At that time, almost 6 million vehicles, including more than 3.5 million passenger cars, were licensed to operate in South Africa.

South Africa also has a significant heavy-engineering industry that meets many of the country's industrial and construction requirements. Many of the firms connected to Iscor produce structural steel, for use in construction, as well as machinery and mining equipment. Most advanced machinery, such as Eskom's generators or SASOL's plant, was still being imported in the 1990s. Nevertheless, when the production of all categories of heavy industry is combined—including steel and metal products, machinery, and vehicles—this subsector accounts for about one-fourth of manufacturing output by value.

Chemicals Industry

South Africa has a well-developed chemicals industry that dates back to the use of explosives in the late nineteenth-century mining industry. Miners imported dynamite from France and Germany until 1896, when the De Beers company succeeded in establishing a dynamite factory at Modderfontein in partnership with a British chemical manufacturer. In addition



Robots on Nissan assembly line, Rosslyn (Pretoria)
Courtesy Embassy of South Africa, Washington

to explosives, the African Explosives and Chemical Industries (AECI) plant produced a wide variety of industrial chemicals including insecticides, paints, varnishes, nitrogen compounds, sulfuric acid, and cyanide.

The government controls a significant segment of the chemical industry. Its largest investment is the SASOL operation, in which synthetic oil and gas are extracted from coal through a gasification process that also produces ammonia, pitch, alcohol, and paraffin. The government established the Phosphate Development Corporation (Foskor) in 1950 to produce phosphate concentrates for use in chemical fertilizers, and Foskor also produces zirconium and copper. Government involvement in the industry increased in 1967, when the IDC created a holding company to merge several small chemical companies in an effort to achieve greater economies of scale.

Many other chemicals are produced in South Africa, including plastics, resins, dyes, solvents, acids, alkalis, hydrogen peroxide, iodine, nitrates, and chemical materials for atomic reactors. Pharmaceutical products are also produced, primarily by subsidiaries of large international firms.

Consumer Goods

The single most productive subsector in manufacturing is the food-processing industry, which produces canned fruits and vegetables, dried fruit, dairy products, baked goods, sugar, and meat and fish products. Dairy products and baked goods are sold exclusively on the local market, but dried fruit, canned foods, sugar, meat, and fish products are exported. In the early 1990s, South Africa produced about 400,000 tons of canned fruits and vegetables each year.

Clothing manufacturing and textile weaving are important consumer industries. The clothing industry predated local textile manufacturing; even at the end of the nineteenth century, clothing manufacturers relied on imported textiles to produce a variety of apparel. By the 1990s, the clothing industry not only met the country's needs but also exported its goods, aided in part by the government's elimination of import duties on cloth. It maintained a 30 to 35 percent import duty on most apparel through the early 1990s. Then, because clothing manufacturers increasingly relied on imported cloth, the domestic textile industry suffered from the increased competition, and as all import tariffs were being lifted in 1995 and 1996, both clothing and textile manufacturers were laying off workers.

The bread industry was subsidized by the government for decades in order to avoid high prices for basic foodstuffs; the government eliminated the bread subsidy in 1991 in an effort to encourage competition. A few large institutions then dominated the bread industry; six of them, representing about 85 percent of the local market, reached a marketing agreement, allocating sales by producer quotas and by regional distributor. The government in the mid-1990s decided to allow the companies to continue market-sharing but was debating whether to discourage such agreements in the future.

Transportation and Telecommunications

South Africa has a well-developed transportation system, the product of more than a century of government investment. The Ministry of Transport, formerly part of the Ministry of Transport, Posts, and Telecommunications, handles national transportation policy. The South African Railways and Harbours Administration, established in 1910, managed the operations of most of the nation's transportation network; in 1985 it became the South African Transport Services (SATS). In 1990 SATS reorganized as the public commercial company, Transnet.

Transnet has six business divisions—Spoornet to operate the railroads; Portnet to manage the country's extensive port system; Autonet, a comprehensive road transport service; South African Airways (SAA); Petronet to manage petroleum pipelines; and a parcel delivery service, known as "PX." With assets of nearly R35 billion, Transnet is one of the country's largest business enterprises, employing roughly 120,000 people in 1995. The government is the sole shareholder in Transnet but is considering the privatization of some sectors of transportation management by the end of the decade.

Railroads

When the Union of South Africa was formed in 1910, railroad authorities had to unify and to coordinate the operations of the four separate provincial railroad systems. Rail transport was already a critical element in economic development because it linked mining, agricultural, and urban areas and moved unprocessed raw materials (primarily minerals) to the coast for transport between South African ports and for export. The major axis of railroad transportation at the beginning of the twentieth century—linking Cape Town, Durban, and present-day Maputo in Mozambique, and running inland to the mining centers of Kimberley and Johannesburg—still forms the major axis of railroad transportation almost a century later (see fig. 17).

The national rail authority, Spoornet, manages a network of 21,303 kilometers of 1.067-meter, narrow-gauge (regional standard) rail lines throughout the country. An additional 314 kilometers of track are .610-meter gauge. In addition to hauling freight (roughly 164 million tons in 1993–94), intercity passenger trains carry more than 600 million passengers per year.

Rail transportation relied on steam power or steam-generated electricity as a result of the country's easy access to coal and its lack of petroleum resources. Some of the rail lines were electrified as early as 1926. In the 1970s, the railroads began phasing out the use of steam locomotives in favor of electricity in order to increase the carrying capacity and the speed of trains, especially those used to haul heavy mineral ores and coal for export. By the early 1990s, more than half of the rail network was electrified, and most rail traffic—both passenger and freight—was carried by electric locomotives.

Suburban commuter trains are important to many industrial and urban workers who live in the formerly segregated town-

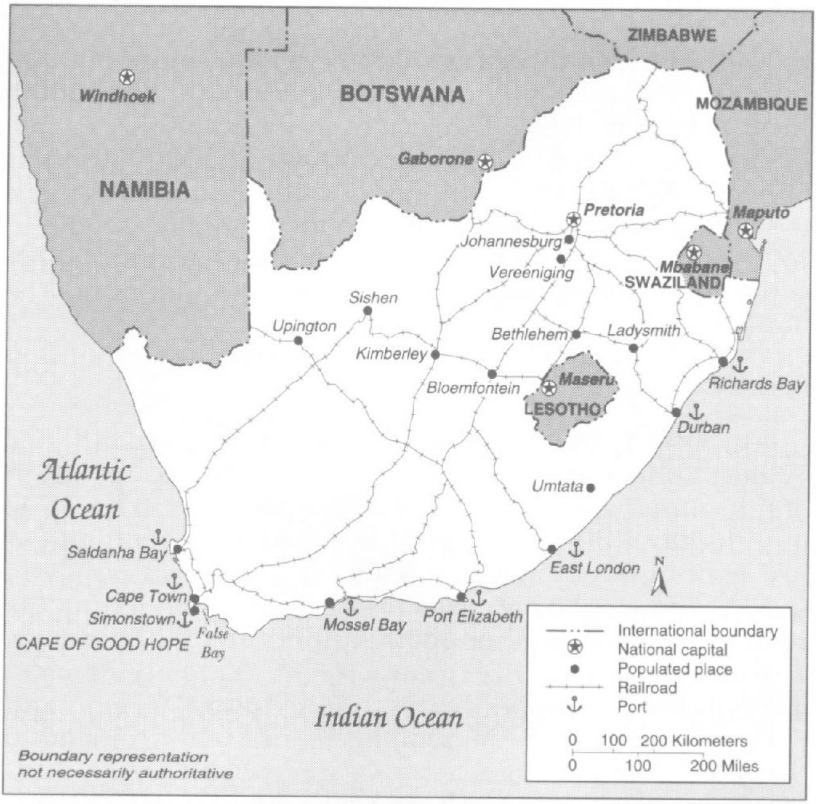


Figure 17. Transportation: Major Railroads and Ports, 1996

ships or rural areas, but the commuter lines are the least cost-effective rail service. The South African Rail Commuter Corporation (SARCC), relying on government subsidies of more than R600 million a year, manages these trains. Many trains are in poor condition, in part the result of the serious urban violence of the early 1990s, which often centered on the commuter rail lines as symbols of apartheid. The SARCC began refurbishing and modernizing rail coaches in 1994, at a cost of some US$180,000 per vehicle. Several private railroads also operate suburban commuter train service in several large cities.

Fast freight trains operate on eighteen routes nationwide, sometimes approaching speeds of 120 kilometers per hour, although the more common speed of rail travel is about sixty kilometers per hour. Railroad officials claimed a world record in 1989 when a 71,600-ton train ran at speeds of up to eighty kilometers per hour on the 861-kilometer Sishen-Saldanha ore line. Spoornet implemented a computerized operating information system in the early 1990s to manage high levels of rail traffic. In 1994 this system reported on more than 3,000 trains daily, often involving as many as 5,500 locomotives and 100,000 rail cars.

South Africa's luxury line, the Blue Train, travels the 1,600-kilometer route between Pretoria and Cape Town and is an important tourist attraction. Other well-known trains are the Trans-Oranj, which runs 2,088 kilometers between Durban and Cape Town; the Trans-Natal, which runs 721 kilometers between Johannesburg and Durban; the Diamond Express, which runs 563 kilometers between Pretoria and Kimberley; and the Limpopo, which runs 1,376 kilometers between Johannesburg and Harare, Zimbabwe. The Blue Train and the Trans-Karoo (between Johannesburg and Cape Town) have facilities for carrying passenger cars.

South Africa's railroads are also vital to the economies of several neighboring countries, especially landlocked Lesotho and Botswana, and Mozambique, where existing railroads have been sabotaged and destroyed through warfare. In 1990 the general managers from eight national railroads (South Africa, Botswana, Mozambique, Namibia, Swaziland, Zambia, Zimbabwe, and Zaire) formed a joint operations working group to integrate rail service in the region. In 1994 they began to coordinate timetables for scheduled freight service in order to speed transit of export commodities and perishables between countries. They also streamlined customs inspections and allowed trains to leave border stations with only partial loads of freight. As a result, during 1995, freight carried from Johannesburg to southern Zaire sometimes arrived in seven days, down from as much as forty days for the same journey in the past.

Ports and Shipping

South Africa has no commercially navigable rivers, but ocean shipping has long been a feature of its transportation network, capitalizing on the country's two-ocean frontage. The earliest nineteenth-century shipping firms began as coastal carriers for local commerce, traveling between southern African ports. After World War II, private investors initiated an international shipping service, and in 1946 the state corporation, South African Marine Corporation (Safmarine), assumed control over the private company. Safmarine operates container ships, general cargo vessels, and bulk carriers for mineral exports, and, since the 1980s, has offered expanded service to Europe, North America, South America, and Asia (South Korea, Hong Kong, and Taiwan). In 1992 it purchased the newest of its five container ships, *Oranje*, from Croatia at a cost of R100 million.

South Africa has six major commercial ports: Durban, Richards Bay, Cape Town, Saldanha Bay, Port Elizabeth, and East London. Portnet manages their facilities, including cargo-handling equipment, wharves, and container terminals, and provides services such as tugs, berthing, and cargo handling. Portnet also sets the standards for such services offered by private businesses. (In addition, Portnet manages forty-six lighthouses—eighteen operated by keepers and twenty-eight that are automatic.) Relying on containerization and automation to speed up service, Portnet handled more than 127 million tons of cargo on more than 12,900 seagoing vessels in 1994.

Each major port has traditionally played an important, specialized role in South Africa's export sector. For example, Durban handles general cargo, especially cereal exports; Cape Town specializes in exports of deciduous fruit, wine, and vegetables; and Saldanha Bay was built specifically to export mineral ores from the Northern Cape.

Durban's port encompasses 893 hectares of bay area. The port entrance channel is 12.7 meters deep at low tide. Durban has five deep-sea and two coastal container berths, and provides 15,195 meters of quayage for commercial ships. Durban also has repair facilities, including a floating dry dock. Through the 1980s, Durban was South Africa's busiest general cargo port, handling as much as 25 percent of the country's imports and exports in some years, but it was being surpassed by Richards Bay in the 1990s.

Richards Bay, a deep-water port 193 kilometers northeast of Durban, was commissioned in 1976 primarily to export coal from the eastern Transvaal, but by the early 1990s it was handling almost one-half of all cargo passing through South African ports. Port facilities can accommodate bulk carriers of up to 250,000 tons, with five berths for general and bulk cargo, and a coal berth.

Cape Town has one of the largest dry docks in the southern hemisphere, including five berths for container vessels and general cargo carriers, a pier for coastal traffic, and extensive ship repair facilities. The port at Cape Town has a water area of 112.7 hectares.

Port Elizabeth's enclosed water area of about 115 hectares has more than 3,400 meters of quayage for commercial shipping and a container terminal that has two berths. Vessels with a draught of up to twelve meters can use the harbor, and offshore anchorage is available for vessels of any draught. Facilities at Port Elizabeth include a mechanical ore-handling plant, which can process up to 1,500 tons per hour, and a precooling storage area with a capacity of 7,500 cubic meters.

Saldanha Bay, 110 kilometers northwest of Cape Town, is the largest port on the west coast of Africa and one of the best natural ports in the world. The facilities at Saldanha Bay provide anchorage in the lee of a breakwater where the minimum water depth is 14.6 meters. With a port area of about 5,000 hectares, Saldanha Bay is larger than the combined areas of the ports of Durban, Cape Town, Port Elizabeth, and East London. The ore-loading jetty can handle carriers of 350,000 tons.

South Africa's only river port, East London, is situated at the estuary of the Buffalo River in Eastern Cape province. Although East London is the smallest of the six major ports, it has a 75,000-ton capacity grain elevator—the largest in South Africa. East London handles agricultural exports and is the main outlet for copper exports from other African countries, such as Zambia and Zaire.

Two other coastal cities—Simonstown, south of Cape Town, and Mossel Bay, between Cape Town and Port Elizabeth—have substantial port facilities. Mossel Bay is a commercial fishing harbor between Cape Town and Port Elizabeth, and Simonstown is a naval base and training center (see Navy, ch. 5).

Road System and Transport

South Africa has an extensive national, provincial, and municipal road system covering the entire country (see fig. 18). As of 1996, the national routes include nearly 2,500 kilometers of limited-access freeways and 3,600 kilometers of highways with unlimited access. Roughly 60,000 kilometers of all-weather, paved roads and more than 100,000 kilometers of unpaved roads are maintained by the national and provincial governments.

More than 6 million vehicles are in operation nationwide, including about 3.5 million passenger vehicles, in 1996. Buses and private van services are also used by many workers who commute from townships and rural areas to urban workplaces. Several private bus companies run commuter lines, and municipal bus services operate within several cities.

South Africa has one of the highest road fatality rates in the world—more than 10,000 people, almost one-half of them pedestrians and bicyclists, were killed in more than 400,000 road accidents in 1992. The number of deaths was reduced slightly, to about 9,400, in 1993. The government has taken numerous measures to reduce accidents—for example, by implementing seat-belt laws and lowering speed limits. Nevertheless, in the mid-1990s, the government estimates that barely half of all automobile passengers wear seat belts, and traffic accidents continue to take a heavy toll.

Civil Aviation

The Chief Directorate of Civil Aviation, Ministry of Transport, is responsible for providing air traffic services at about twenty airports throughout the country and for issuing licenses to airline pilots, navigators, and flight engineers. This directorate also certifies the airworthiness of all registered craft, and approves maintenance schedules and flight manuals. In early 1996, more than 6,100 registered civil aviation aircraft operate in South Africa.

The Chief Directorate of Civil Aviation operates nine major airports. They are located at Bloemfontein, Cape Town, Durban, East London, Johannesburg, Kimberley, Port Elizabeth, George, and Upington. In the mid-1990s, the government changed the names of these and several other large airports from the Afrikaner heroes they had commemorated in the past, to the cities in which they are located. The airports at Johannesburg, Cape Town, and Durban are international airports and receive direct overseas flights. In addition, at least 300 landing strips throughout the country are used by private and commercial pilots.

South African Airways (SAA), the country's only national air carrier until the early 1990s, was established in 1934 by the South African Railways and Harbours Administration. After 1990 SAA was operated by the public company, Transnet. SAA has provided international service between Johannesburg and London since 1945 and has used jet passenger aircraft since 1953. In the mid-1990s, SAA operates a fleet of forty-eight aircraft, primarily Boeing 747s, Boeing 737s, and Airbus 300s, providing air service among all major cities in South Africa, with at least 687 domestic flights a week.

SAA was denied landing rights in most European and African countries and the United States in the 1980s and the early 1990s. A few African and Middle Eastern countries, such as Sudan, Congo, Saudi Arabia, Libya, and Morocco, also denied SAA overflight rights, forcing SAA pilots to fly longer routes to avoid prohibited air space. The airline nonetheless continued to operate flights to several European and African capitals throughout the sanctions era; then, as sanctions eased in the early 1990s, SAA reestablished and expanded its international flight routes to the rest of Africa, the United States, Europe, South America, the Middle East, and Asia.

After the government began deregulating airlines in 1990—legalizing competition with SAA on domestic and international routes—several new private airlines were established in South Africa, and the number of foreign air carriers flying to South Africa increased to more than fifty. Transnet assumed control of at least one former homeland airline and established Alliance Airlines as a joint venture between SAA and the national carriers of Tanzania and Uganda. In addition, at least fifteen independent feeder airlines operate more than 200 routes linking smaller towns to cities served by international air carriers.

Pipelines

Although South Africa has no significant petroleum reserves, it uses a nationwide network of pipelines to transport imported crude oil to refineries and to transport other petroleum products to industrial areas. At least 931 kilometers of crude-oil pipelines, 322 kilometers of natural gas pipelines, and 1,748 kilometers of pipelines for other petroleum products make up this network in the mid-1990s.

Telecommunications and Postal Service

Until 1990 the Department of Posts and Telecommunications regulated all nationwide communications networks. In 1991, in anticipation of possible privatization, the government formed two state-owned companies, the telecommunications corporation, Telkom, and the South African Post Office to deliver the mail. Telkom is the largest telecommunications system in Africa. It earned at least US$2.3 billion in 1993, providing telegraph, telex, telephone, radio, television, and data and facsimile transmissions. Telkom also holds a majority stake in

Figure 18. Transportation: Major Highways and Airports, 1996

one of the nation's two cellular phone networks that began operation in 1995.

The telephone system, which links all major cities and many small towns, encompasses roughly 5 million telephones in the mid-1990s, roughly 9.7 per 100 inhabitants. They are connected through more than 1,200 automatic exchanges. The telephone system includes a network of coaxial and fiber optic cable and radio-relay, three ground stations that communicate with satellites over the Atlantic Ocean and the Indian Ocean, and an undersea coaxial cable between South Africa and the Canary Islands that joins other cables linking Europe and South America.

Telephone service became a symbol of the racial disparities under apartheid, especially during the 1980s, when per capita access to telephone service in black communities was less than one-tenth that in white areas. For this reason, early-1990s plans for a cellular telephone network in rural and township areas assumed symbolic as well as economic importance as a means of black empowerment. In 1994 and 1995, this system extended telephone service into many rural areas for the first time and was assisting local entrepreneurs for whom communication had often been a major obstacle. Industry officials predicted that by the late 1990s, the cellular phone industry would create at least 4,500 jobs directly, and would contribute to the creation of perhaps 40,000 or more jobs in related industries.

The government began allowing the private sector to provide data transmission services in 1994. The plan was to allow companies to use Telkom facilities to provide customers with value-added services, such as the electronic transfer of funds and messages, management of corporate data networks, and the remote processing of corporate information. Telkom retained control over the independent telecommunications services, to continue the company's statutory monopoly overall and to regulate competition in the field. Private companies are able to lease facilities, such as data lines, from Telkom and charge customers only for value added to these services.

The South African Broadcasting Corporation (SABC) had a near-monopoly in television service in most of South Africa until the independent television company, M-Net, inaugurated service in January 1991. In 1993 the government placed SABC broadcasts under the supervision of the Independent Broadcasting Authority, as a step toward greater media independence from political control. Television service, which had been initiated in 1976, consisted of four channels broadcasting in English, Afrikaans, and five African languages. One of the English-Afrikaans stations was a subscription service, similar to cable television, owned by a syndicate of newspaper publishers. Until 1994 residents of some of the former black homelands, and those near the border with Swaziland, had received separate broadcasts from those areas. After that, television service in the former homelands was incorporated into the nationwide system. A reorganization of SABC was implemented in the mid-1990s to allow greater diversity in its broadcasts.

The SABC operates 300 frequency modulation (FM) and fourteen amplitude modulation (AM) radio stations. Programs were primarily in English and Afrikaans through the early 1990s, but several low-power FM stations broadcast in at least a dozen African languages, and the use of African languages was increasing. One short-wave external service, Radio RSA, broadcasts worldwide.

The South African Post Office provides postal and money-transfer services, as well as postal savings accounts. Its 1,580 post offices and other facilities handled more than 7 million items each workday in 1994, delivering mail to some 5 million addresses. In its first year in power (1994–95), the new Government of National Unity opened at least seventy new post offices and upgraded many others in previously ill-served areas. It also installed an estimated 700,000 new mail boxes at private addresses and in post-office box locations. Postal savings accounts are available to individuals with as little as R10 to deposit; interest payments in 1995 were reportedly as high as 5 percent on savings deposits and 11 percent on savings certificates. South Africa was readmitted to the Universal Postal Union in 1994, enabling it to participate in international technical assistance programs and accounting facilities within the union.

Environmental Protection and Tourism

Environmental Protection

South Africa has signed at least twenty-four major international agreements concerning environmental preservation, including the 1973 Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the 1987 Protocol on Substances that Deplete the Ozone Layer, or Montreal Protocol. During the 1980s, the government enforced environmental legislation only weakly, however, and the Environment Conservation Act (No. 73) of 1989 further weakened existing practices. Based on this legislation, the government's Council on the Environment proposed a new approach, called Integrated Environmental Management, aimed at accommodating development concerns. As in other countries, many business and community leaders place infrastructure development far ahead of environmental issues, and many voters place a higher priority on alleviating poverty than preserving the environment.

The 1989 legislation and subsequent amendments set out the official objectives in environmental conservation—to preserve species and ecosystems, to maintain ecological processes, and to protect against land degradation and environmental deterioration resulting from human activities. The government requires environmental impact assessments for major development and construction projects, and it imposes fines on industrial polluters. Demographic researchers concluded in 1993, however, that the implications of rapid population growth are potentially devastating to the environmentalists' concerns—they estimate that the population is likely to double by the year 2025, and one-half of the population may then be living in "grinding poverty." As a result of these pronouncements, land preservation and population control became interlinked social causes in the 1990s.

Environmentalists argue that the country's advanced soil erosion and land degradation threaten future generations and will be worsened by overpopulation and overcultivation. Little more than one-tenth of the total land area is fit for cultivation; as much as 500 million tons of topsoil are lost each year through erosion caused by wind and water, and the problem is worsened by deforestation through uncontrolled tree harvesting. Environmentalists also note that industrial pollutants and raw sewage are allowed to seep into streams and lakes, and even into wells used for drinking water in some communities.

As the April 1994 elections approached, environmental activists persuaded ANC leaders to include a chapter on the environment in the Reconstruction and Development Programme (RDP), the blueprint for development in the 1990s. The ANC also commissioned an environmental study by the Canadian International Development Research Centre, and the new government gave strong lip service to environmental priorities when it assumed office in 1994.

Later that year, however, as some officials tried to maintain the priority on long-term environmental concerns, they faced strong opposition within the new, financially strapped government and from the business community. The government's Department of Environmental Affairs (formerly Department of Environment Affairs and Tourism) is in charge of coordinating environmental policy, but critics have argued that it is not pursuing this task very aggressively and that nongovernmental organizations lack the financial and political support to effect significant change.

South Africa has sought an exception to the 1973 CITES convention, which governs global trade in animals threatened with extinction. The convention aims to protect the dwindling African elephant population; it first banned trade in ivory products among signatory states and was amended in 1989 to outlaw commercial trade in all elephant parts. South Africa's request was based on local game officials' reports that elephants were not threatened with extinction in South Africa, and that animals being culled offered lucrative trade in hides and meat. By 1995 this petition, unlike earlier petitions from Pretoria, was being given serious consideration among CITES signatories, partly in recognition of the new government's post-apartheid needs.

Tourism

In the mid-1990s, control of the tourism industry was transferred from the Department of Environmental Affairs to the Department of Industry and Trade, partly to give a higher priority to tourist-industry development concerns. Through the new Department of Industry, Trade, and Tourism, the government operates National Tourist Bureaus throughout the country as well as the South African Tourism Board (Satour). Satour, established in 1983 to promote tourism from abroad, has been recognized internationally for its high-quality services.

Among South Africa's many tourist attractions are sixteen national parks and numerous provincial and local game parks, nature reserves, and wilderness areas. The National Parks Board employs more than 4,000 South Africans. Kruger National Park in Mpumalanga and Northern provinces is one of the most popular with visitors and is home to more than 140 species of mammals and 450 species of birds. The rare mountain zebra, which is unique to South Africa, is protected in the Mountain Zebra National Park in the Eastern Cape. The Augrabies Falls National Park, site of the fifty-six-meter- high Augrabies Falls on the Orange River near Upington, preserves plants and animals that have adapted to semi-desert conditions. The Kalahari Gemsbok National Park, in the Northern Cape bordering Namibia and Botswana, is known for its free-roaming gemsbok and springbok. In addition to game parks, nature reserves, and big-game hunting between May and July, the wine region of the Western Cape is a consistent tourist attraction.

South African tourism figures have risen since the late 1980s and exceeded 3.8 million in 1994 (see table 15, Appendix). More than half of the tourists in South Africa are from other African countries; most of the remainder are from the United Kingdom or Germany. South Africa is a member of the World

Tourism Organization and a participant in the Africa Travel Association, which promotes tourist attractions in Africa to the North American travel industry.

Banking and Currency

Banking

The heart of the banking system is the South African Reserve Bank, which is the primary monetary authority and custodian of the country's gold and foreign exchange reserves. The Reserve Bank is managed by a board of fourteen directors, seven representing major commercial and financial institutions, industry, and agriculture, and seven appointed by the government. Of the latter, one serves as governor, and three serve as deputy governors of the Reserve Bank.

The Reserve Bank's primary functions are to protect the value of the rand and to control inflation. The Reserve Bank regulates the money supply by influencing its cost—i.e., interest charged on loans to other institutions. It is technically independent of government control, but in practice it works closely with the Treasury and helps to formulate and to implement macroeconomic policy. The Reserve Bank issues banknotes and is responsible for the sale and purchase of foreign exchange for the government, as well as for the administration of the treasury-bill tender system. Its major customers are government agencies, private banks, and discount houses, although it also performs clearinghouse functions for private banks and assists banks that experience liquidity problems. Finally, the Reserve Bank is the authorized buyer of gold bullion, thereby acting as agent for the gold-mining industry in effecting sales on their behalf in the private market.

The Reserve Bank uses monetary policy to control inflation, primarily by adjusting the liquid-asset requirements of private banking institutions and by restricting bank credit in order to control consumer demand. Until 1975 the bank enforced fixed interest rates on long-term government securities, but thereafter it allowed transactions at market-related prices. Direct control over deposit interest rates quoted by banking institutions was abolished in 1980; nevertheless, the Reserve Bank still exercises considerable indirect control through its own bank rate.

The private banking sector was controlled by commercial banks until the 1950s when banking services began to diversify. Until then, commercial banks had avoided services such as personal loans, property leasing, and credit-card facilities. New institutions—including discount houses, merchant banks, and general banks—emerged to meet this demand, and in reaction to these changes in the banking sector, commercial banks increasingly entered into medium-term credit arrangements with commerce and industry and acquired interests in hire-purchase firms and leasing activities. In addition, they expanded their operations into insurance and even invested in manufacturing and commercial enterprises.

During the late 1980s, the "big five" commercial banks—First National Bank (formerly Barclays), Standard Bank of South Africa, Nedbank, Volkskas, and Trust Bank—were increasingly challenged by building societies, which had listed holding companies on the Johannesburg Stock Exchange (JSE) and had set up commercial and/or general banking arms. The Deposit Taking Institutions Act of 1991 formalized the overlapping of functions between the banks and the building societies that had existed for more than a decade. The act brought South Africa into line with internationally recognized standards for capital requirements.

In February 1991, four of the country's leading financial institutions—Allied Bank, United Bank, Volkskas, and Sage Banks—merged to create the largest banking group in the country, the Amalgamated Banks of South Africa (ABSA), with assets of R56 billion. ABSA, which merged with a fifth bank in 1992, is jointly controlled by the Rembrandt tobacco group and the South African National Life Assurance Company (Sanlam), the country's second-largest insurance group. The banking industry is undergoing further reorganization in the mid-1990s, in part to establish banking services in poor communities that were neglected under apartheid.

Currency

Until the late 1960s, South Africa had a fixed exchange rate for its currency; thereafter, the rand was pegged to major foreign currencies. In 1979 the government switched to a system that formally expressed parity against the dollar. The value of the rand followed changes in the balance of payments and moved roughly with sterling and other weaker currencies until 1985. The foreign-debt crisis of that year caused the rand to depreciate at an unprecedented rate, and it fell to an all-time low of less than US$0.40. The rand recovered somewhat in 1987, reaching US$0.43, but it declined steadily, with minor

The South African Reserve Bank (Pretoria) regulates money supply and monetary policy.
Embassy of South Africa, Washington

adjustments, after that, dipping to about US$0.26 in late 1995. Between February 1 and May 1, 1996, the rand lost roughly 16 percent of its value, falling from R3.7 to R4.33 = US$1, or a value of about US$0.23.

A parallel currency, the financial rand, was used exclusively for the movement of nonresident capital during the 1980s and the early 1990s. Financial rands developed out of currency-exchange controls instituted in the early 1960s, known as the "blocked rand." The financial rand was available only to foreigners for investment in South Africa and was created by the sale of nonresidents' assets in the country. This two-tiered currency system insulated the country's foreign reserves from politically motivated capital flight, because all divestment by nonresidents was automatically met by new investment, and the price of the financial rand varied independently of the commercial rand. Financial rands invariably stood at a discount to commercial rands, but the size of the discount depended on South Africa's relative attraction as an investment destination. The discount stood at almost 40 percent during most of 1992, for example, but declined to about 20 percent in late 1993.

Reserve Bank governor Chris Stals, under pressure from the banking and business communities, said that the government would phase out the financial rand in 1994 or 1995, assuming that South Africa's foreign currency reserves reached at least R20 billion and that the discount between the financial and the commercial rands narrowed to about 10 percent. Foreign currency reserves were precariously low in early 1994 but, in a dramatic reversal of the capital outflow of 1993, increased steadily throughout 1994 and early 1995. In March 1995, with foreign reserves of only about R12 billion, the government abolished the financial rand. The newly unified currency traded well on international currency markets, marking a vote of confidence in South Africa's business potential.

Growth Trends and Potential

One sign of hope for South Africa's economic future in the mid-1990s is the black business sector, which struggled to survive during the 1980s but began to thrive in the postapartheid era. In 1994 the first major black-owned investment company to be listed on the Johannesburg Stock Exchange, New Africa Investment, Ltd., had 8,500 black shareholders. It holds a controlling stake in a major newspaper, a large life insurance company, and a cellular telephone company. These and other black-owned businesses plan to target rural communities and the poor for a substantial portion of their expansion. But they, like other enterprises in South Africa, must depend on a growing economy to finance new investment.

South Africa's businesses have been disappointed in the relatively slow increase in foreign investment since 1994, but they still hope that outside assistance will help ease the political and the economic transition of the 1990s. South Africa joined the African Development Bank (ADB) in 1995, in part because ADB membership offered the possibility of at least US$200 million in development aid by 1997, and because South African companies could bid for contracts on ADB-sponsored projects in other African countries. The value of these projects was estimated at US$3.5 billion in 1995.

South Africa's economic growth has always depended on increasing gold profits and foreign investments. In the mid-1990s, these continued to be important to the country's future, and both were directly linked to the ongoing dismantling of apartheid and political reconstruction. Yet profits were certain to drop if the government agreed to raise wages for industrial workers, as most labor leaders insisted. National earnings also would be reduced if the mining companies were to cut back on production. Thus, there were strong economic incentives for the government both to limit wages and to avoid serious outbreaks of labor unrest in order to attract much-needed foreign investment. But rising tensions in late 1994 and 1995 signaled the difficulty it faced in balancing these two goals. Neither manufacturing, which depended on foreign capital, nor agriculture, which produced erratically as a result of weather conditions, could provide sufficient independent growth to break this cycle. Furthermore, both of these sectors had long depended on low wage scales for labor and would experience the same difficulties as the mining sector in the 1990s.

In the long term, it appears doubtful that South Africa's economy can continue the same spectacular growth it experienced earlier in the twentieth century. But under a stable multiracial government, South Africa can gain access to many new export markets for manufactured goods throughout Africa and elsewhere, and, with labor's cooperation and barring serious unrest, it can attract the investments necessary to service those markets. The country is nonetheless likely to remain dependent on foreign capital and to suffer from erratic agricultural production into the twenty-first century.

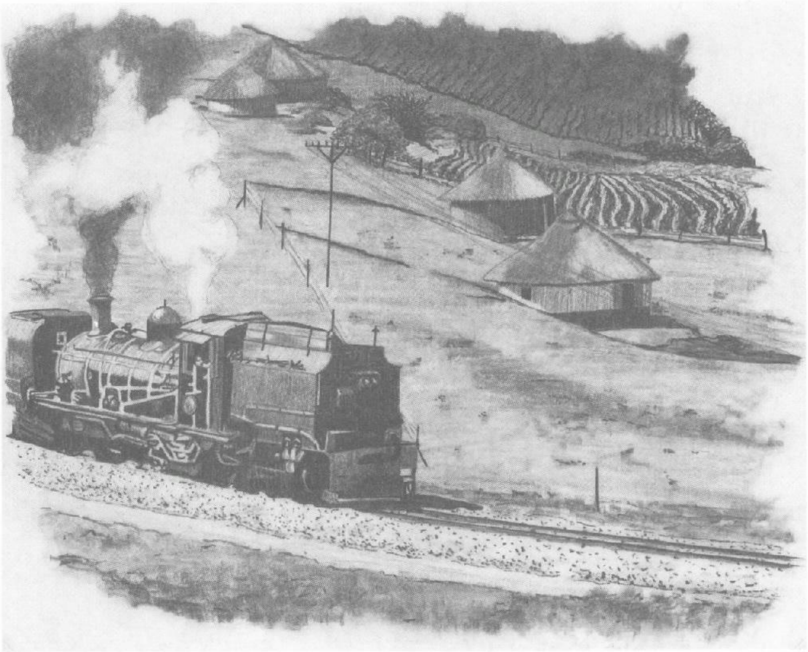
*   *   *

There is a wealth of information available on South Africa's economy and its historical development. The South African government itself publishes the most useful information, and citations for numerous reports and other publications may be found in the annual *South Africa Yearbook,* formerly published as the *South Africa Official Yearbook. Source Material on the South African Economy: 1860–1970* by D. Hobart Houghton and Jenifer Dagut is a definitive guide to primary and secondary sources for the historical period.

Secondary sources on historical economic development are divided both on ideological grounds and by topic. The following are some of the best known: Colin Bundy, *The Rise and Fall of the South African Peasantry;* D. Hobart Houghton, *The South African Economy;* Frederick A. Johnstone, *Class, Race, and Gold: A Study of Class Relations and Racial Discrimination in South Africa;* Shula Marks and Anthony Atmore, eds., *Economy and Society in Pre-Industrial South Africa;* Shula Marks and Richard Rathbone, eds., *Industrialisation and Social Change in South Africa;* and Shula Marks and Stanley Trapido, eds., *The Politics of Race, Class, and Nationalism in Twentieth-Century South Africa.*

Initial analyses of economic change in the 1980s and the early 1990s are found in Merle Lipton and Charles Simkins's *State and Market in Post-Apartheid South Africa.* Excellent sources of current information are the South African Reserve Bank *Quarterly Bulletin; Financial Mail; Financial Times; Africa Economic Digest; Africa Research Bulletin: Economic, Financial, and Technical Series;* and the various publications of the Economist Intelligence Unit, in particular the quarterly *Country Report: South Africa* and the annual *Country Profile: South Africa.* (For further information and complete citations, see Bibliography.)

Chapter 4. Government and Politics



Steam engine wends its way past fields and homestead in hilly KwaZulu-Natal.

SOUTH AFRICA IN 1994 underwent the most radical and far-reaching political and constitutional transformation since the racially divisive South Africa Act provided the legal basis for the Union of South Africa in 1910. The latest sweeping transformation officially began with the April 26–29, 1994, national and provincial elections, and with the triumph of the previously banned African National Congress (ANC).

The country's main political antagonists, the ANC and the former ruling National Party (NP), had agreed in November 1993 on the composition of a multiparty Transitional Executive Council (TEC) to govern jointly until elections were held. They also agreed that, after the elections, a transitional Government of National Unity would be in power and that a transitional bicameral parliament would form a constitutional assembly to draft a final constitution. In addition, they agreed on an interim constitution that would guide the transition between the April 1994 elections and the adoption of the final constitution.

Domestic, regional, and international developments over the past decade had served to alter radically both Afrikaner (see Glossary) and black politics from the politics of repression and armed resistance to the politics of negotiation and participation. Since 1960 the banned ANC, ANC-allied South African Communist Party (SACP), and Pan-Africanist Congress (PAC) had waged an armed struggle from their bases in neighboring countries. The armed struggle intensified during the 1980s and expanded into a "people's war" involving mass demonstrations against the apartheid (see Glossary) state. International pressure in the form of economic and political sanctions, including diplomatic pressure by the United States, helped force the Afrikaner establishment—faced with a threat to its own economic well-being—to embark on a process that would ultimately result in sharing power, authority, and resources with the disenfranchised black majority.

A multiparty conference, the Convention for a Democratic South Africa (Codesa), met to formulate a new constitution on December 20, 1991, and, after talks foundered in 1992, resumed in March 1993 to plan the political transition. In April 1994, the nation's first nonracial provincial legislatures and the transitional National Assembly were democratically elected by universal suffrage. The 1994 elections were the culmination of a spectacular series of bilateral talks in which NP and ANC leaders agreed on a set of compromises concerning the interim period while formulating preliminary constitutional guidelines for a multiracial and majoritarian democratic society, based on the principle of "one person-one vote." Finally, the political conflict between the ANC and several recalcitrant parties that had boycotted the negotiations process—including the Inkatha Freedom Party (IFP, known as Inkatha), which demanded greater regional autonomy for its Zulu constituency, and the Freedom Front, a group committed to Afrikaner self-determination—was resolved only days before the April 1994 elections.

In the early 1990s, the right-wing Afrikaner parties, including neo-Nazi elements, had provided the main resistance to the transition to multiracial democracy. Their resistance took the form of legal political parties, extra-legal movements, and paramilitary organizations. Most of these groups were fragmented, particularly over ideology, and demoralized by their realization that accommodationist currents were running against them. Some of them splintered as they were being pushed to the margin of events by the pragmatism of President Frederik W. (F.W.) de Klerk.

Establishing a national consensus over the new nonracial, democratic political system was, therefore, the main task of the leaders of the NP and the ANC. Only a consensus could overcome the pressures of extremists on both sides, whose violence and racial antagonisms had been fueled by the authoritarianism, coercion, and distortions implicit in the apartheid system. The task facing the moderate leaders was complicated by the sharp increase in violent criminal activity throughout the country, as law and order broke down in many regions, even areas in which crime rates had been low in the past. Although officials estimated that at least 80 percent of all murders committed in the early 1990s were not politically motivated, political violence by extremist groups continuously threatened to undermine the country's fragile political stability as the elections approached.

The revolutionary changes sweeping South Africa in 1993 and 1994 were remarkable. It was almost unprecedented for a ruling group in a society that it so completely dominated, although it constituted an ethnic minority, to hand over power in a peaceful manner to the country's longstanding oppressed and banned opposition. South Africa's ruling party leaders did

Nelson Mandela addresses opening session of the Convention for a Democratic South Africa (Codesa), December 1991. Courtesy Embassy of South Africa, Washington

so with the realization that the once-banned organizations represented the political will of the majority of citizens.

Many political leaders helped to shape the new political system. The two most instrumental in bridging the gap between the two sides were State President F.W. de Klerk, leader of the NP, which had ruled the country without effective electoral challenge since 1948, and Nelson (Rolihlahla) Mandela, president of the ANC, the foremost political leader among the black majority. A third player, Chief Mangosuthu (Gatsha) Buthelezi, leader of the Zulu-based IFP, also gave expression to black aspirations, particularly in the IFP stronghold of Natal Province's KwaZulu homeland (see Glossary). Other important players included supporters of the new regime, such as leaders of the coloured (mixed race—see Glossary) and the Indian communities, the largely English-speaking liberal white parties, and newly emerging leaders in the black homelands. In contrast were the virulent opponents of the postapartheid system, such as the Afrikaner extremists, who had split from the NP into several groups seeking to brake the slide toward political and social transformation in order to preserve a state based on the principles of apartheid.

As the country prepared to embark on full-scale democracy in the early 1990s, new challenges confronted the ANC. First, as a newly legalized party, the ANC had to demonstrate that it was no longer merely an extraparliamentary liberation movement, but a serious contender for the task of governing the country. It also had to balance the need to provide expression to a younger generation of black South Africans who had been radicalized by years of boycotts, jailings, suppression, and ethnic violence, against the need to attract new supporters not only from its black constituency, but from the white, the coloured, and the Indian communities as well.

Mandela, in order to succeed in the new political arena, had to gain the support of the more conservative, yet antiapartheid, ethnic leaders in the countryside and in the black homelands, while retaining the support of younger leaders and activists and while mobilizing the violence-prone majority in the townships. He also had to distance the party from the political and economic program of its longstanding ally, the SACP, even though a number of SACP leaders remained on the ANC's executive and working committees. To present a cohesive front, the ANC also had to join forces in one form or another with Inkatha Chief Buthelezi, although the tensions between the two black movements often erupted into violence over political turf, particularly in Natal and KwaZulu. Finally, the ANC had to fill the vacuum left by the loss of political and military support of previous state sponsors such as the former Soviet Union, which no longer provided material support to Third World liberation movements.

Similarly, NP leader de Klerk had to retain the party's traditional bases of support among Afrikaners while working to gain or to retain the support of coloured, Indian, and liberal white votes. Finally, de Klerk had to reach out to previously hostile black communities, a move that would invariably provoke white right-wing extremists, who had resorted to violence in the past and who were threatening antigovernment insurgency.

System of Government

The new political system was established by the interim constitution voted into law in late 1993 and officially implemented on April 27, 1994. The interim constitution provides for a Government of National Unity and for a five-year transition, during which the final constitution would be drafted by the Constitutional Assembly, consisting of the combined Senate and

National Assembly. To understand fully the revolutionary nature of the new government and the direction that the political transition is likely to take in the long term, it is necessary to examine the evolution of the political system that was based on the principles and practices of apartheid.

Historical Background

The Union of South Africa became a self-governing dominion within the British Commonwealth on May 31, 1910, when four British dependencies were merged under the South Africa Act passed by the British Parliament in 1909. Unification was interpreted differently by British and by Afrikaner leaders, however. To the British, uniting the four dependencies was central to their imperialist philosophy of consolidating the empire; to many Afrikaners, unity represented a step toward weakening British imperial influence. Ironically, however, this act failed to unite South Africa in a real sense because by excluding the black majority from political participation, it fueled the discontent and the conflict that characterized the country's politics throughout the twentieth century.

The South Africa Act served as the Union of South Africa's constitution until 1961. Although the country was formally ruled by a governor general representing the Crown, its government was granted almost total independence in internal affairs. Britain's 1931 Statute of Westminster removed many constitutional limitations on all British dominions, and South Africa's corresponding legislation, the Status of Union Act of 1934, declared that no act of the British parliament could apply to South Africa unless accepted by the Union parliament.

South Africa officially became the Republic of South Africa on May 31, 1961, following a national referendum among the country's white voters on October 5, 1960. The constitution of 1961 was based largely on the South Africa Act, but it severed ties with the British Commonwealth of Nations, replacing the words "king," "queen," and "crown" with "state." The state president replaced the British monarch and governor general.

The 1961 constitution provided for a president, a prime minister, and an executive council (cabinet) with offices at Pretoria (where most of the administrative bureaucracy was located). A bicameral legislature was situated at Cape Town. The independent judiciary was headquartered at Bloemfontein.

The 1961 constitution maintained white political domination through an electoral system that denied blacks, coloureds, and Asians the right to vote for national office holders. Coloureds and Asians, but not blacks, won limited participation in ethnic affairs through, respectively, a Coloured Persons' Representative Council established in 1964 and a South African Indian Council established in 1968. Since 1951 the Bantu Authorities Act had restricted black political participation to homelands (also referred to as Bantustans) set aside for Africans. During the 1970s and the 1980s, four of the ten homelands were declared "independent" black states, while the remaining six were known as "self-governing" territories.

Following intense debate and a series of legislative revisions in the early 1980s, the new Constitution of the Republic of South Africa Act (No. 110) of 1983 went into effect on September 22, 1984. It outlined a government led by a president, who served as head of state and chief executive, and a parliamentary system with increased coloured and Indian representation. The new, tricameral Parliament encompassed a (white) House of Assembly, a (coloured) House of Representatives, and an (Indian) House of Delegates. The president was selected by an eighty-eight-member electoral college consisting of fifty whites, twenty-five coloureds, and thirteen Indians, chosen by a majority vote in their respective houses of parliament. The president served for the duration of the parliament that selected him, normally a five-year term. The president could dissolve the parliament, or could extend it by up to six months beyond its five-year term.

The president shared executive authority with a cabinet, which he appointed from the tricameral parliament, and with a Ministers Council chosen by him from the majority in each house of parliament. In addition, the president relied on a sixty-member President's Council for advice on urgent matters and for resolution of differences among houses of parliament. The President's Council comprised twenty members from the House of Assembly, ten from the House of Representatives, five from the House of Delegates, fifteen nominated by the president, and ten nominated by opposition party leaders. The NP dominated the President's Council throughout the ten-year duration of the 1983 constitution.

The three-chambered parliament was based on a fundamental premise of the 1983 constitution, the distinction between a racial community's "own" affairs (encompassing education, health, housing, social welfare, local government, and some aspects of agriculture), and "general" affairs (encompassing defense, finance, foreign policy, justice, law and order, transport, commerce and industry, manpower, internal affairs, and overall agricultural policy). Thus, legislation "affecting the interests" of one community was deliberated upon by the appropriate house, but legislation on "general affairs" of importance to all races was handled by all three houses of parliament. Disagreements among houses of parliament on specific legislation could be resolved by the President's Council, giving the NP-dominated House of Assembly substantial weight in determining the outcome of all legislative debates. The president signed all legislation, and he also exercised administrative responsibility for black affairs.

The country was divided into four provinces—Cape of Good Hope Province (later, the Cape Province), Natal Province, the Transvaal, and the Orange Free State. The president appointed a provincial administrator for each province. Until the mid-1980s, the provincial administrator acted in consultation with a provincial council, which was elected by whites only. In July 1987, the provincial councils were replaced by eight multiracial regional services councils (RSCs)—four in the Transvaal, three in the Cape Province, and one in the Orange Free State. The RSCs were empowered to administer government regulations and to coordinate the provision of services to local communities.

Constitutional Change

The constitutional reforms of the early 1980s led to four phases of political change that, ultimately, irrevocably transformed the South African political system. First, the 1983 constitution's new political representation for coloureds and Indians made the glaring lack of participation by the country's black majority even more obvious. Even early discussions of the new constitution triggered widespread violent protests by anti-apartheid activists. The escalating violence prompted the government to impose a series of states of emergency and forced both the government and many citizens to realize that promising future political reform regarding black political participation would no longer suffice; sweeping political reforms would be necessary, and the need for such reforms was becoming increasingly urgent.

The second phase of change was a series of secret meetings between NP officials and imprisoned ANC leaders. These began in July 1984, after Minister of Justice Hendrik "Kobie" Coetsee (representing President P.W. Botha) paid several unpublicized visits to ANC leader Nelson Mandela, who was then serving the twenty-first year of a life prison sentence. The government formalized these visits in May 1988 by establishing a committee to handle government contacts with Mandela and with other imprisoned or exiled ANC leaders. On July 5, 1989, in response to Mandela's request for high-level discussions of a possible negotiated settlement to the ANC's armed struggle, Botha and Mandela held their first face-to-face talks.

Botha resigned from office, owing to ill health, in August 1989, and in December, Mandela suggested a "road map" for future negotiations to the new president, F.W. de Klerk. Mandela's proposal outlined a power-sharing plan for the NP and its political rivals and embraced the spirit of compromise that would be needed to weather the political turbulence that lay ahead.

These talks led to the third, and most transforming, phase in recent politics, beginning with de Klerk's historic speech of February 2, 1990, in which he legalized more than thirty anti-apartheid organizations; ordered the release of eight long-term political prisoners, including Mandela and ANC deputy president Walter Sisulu; removed many emergency regulations concerning the media and political detainees; and announced his intention to negotiate a new democratic constitution with his political opponents. In October of that year, the parliament took a symbolic step toward reform by repealing the Separate Amenities Act, an important legislative pillar of apartheid.

The fourth phase in the political transformation occurred as the NP government and the ANC leadership began to recognize their mutual dependence and the need for cooperation and compromise in embarking on constitutional negotiations. In this phase, their previously adversarial relationship was transformed through their discussions and their agreement on three accords—the Groote Schuur Minute (May 1990), the Pretoria Minute (August 1990), and the D.F. Malan Accord (February 1991). In these accords, ANC leaders pledged to suspend the armed struggle, the government agreed to release all political prisoners, and both sides agreed to pursue political reform through negotiation. On September 14, 1991, representatives of twenty-seven political parties, interest groups, and the national and homeland governments signed the National Peace Accord, agreeing to form a multiracial council, later called the Transitional Executive Council (TEC), to serve as temporary executive authority until democratic elections could be held.

Nearly three months after the signing of the historic peace accord, preliminary negotiations to agree on procedural rules began at the World Trade Center outside Johannesburg, as the Convention for a Democratic South Africa (Codesa). In September 1992, Mandela and de Klerk reached a Record of Understanding, formally committing both sides to accept a democratically elected, five-year interim Government of National Unity led by a political coalition. They also agreed that the center of government would remain in Pretoria and that the new state president would be chosen from the party winning the largest plurality of votes in nationwide nonracial elections. Any party that won at least 5 percent of the seats in parliament would be entitled to a place in the cabinet. The transitional, bicameral parliament was to be charged with drafting and adopting a new constitution. The ANC accepted the idea of sharing power with the NP during the transition. Assuming the ANC would win the elections, it would, as the majority party, exercise its prerogative on most matters, and the NP would serve as a junior partner in running the country.

These agreements on the transitional government represented important compromises by both the government and the ANC, and they helped to set new precedents for future negotiations. The NP won agreement on its refusal to give the new state president broad and extensive powers during the transition period. (Under the previous system, the president could override the views of minority parties.) At the same time, de Klerk compromised on his demand for a permanent consensus-style arrangement to be enshrined in any new constitution by agreeing to a five-year transitional government. The arrangement satisfied the NP demand for legally binding checks and balances to protect the country's white minority. The ANC, for its part, compromised on its earlier insistence on full and immediate majority rule, by agreeing to participate in a powersharing arrangement for at least five years. At the same time, many ANC leaders hoped that their party, as the dominant party in the transitional government, would win a sufficiently large majority to enable it to enact most of its policies, even without the consent of other parties.

Supporters on both sides viewed the Government of National Unity as the country's best hope for achieving long-term political and economic stability, for attracting much-needed foreign investment, and for limiting violence by both white and black extremists. One of the main criticisms of the proposed coalition government was that with the two major political rivals entering into a governing alliance, their small-party opponents would have little political maneuverability and would be forced into extraparliamentary protest.

By early 1994, a number of problems remained unresolved. The most crucial was the need to establish a broad consensus among the political parties over the basic principles to be embodied in a new constitution. The negotiators had yet to reach agreement on the powers and the functions of the three commissions responsible for overseeing the transition—the TEC, the Independent Electoral Commission (IEC), and the Independent Media Commission that would be charged with ensuring media fairness. Other problems concerned the operations of the interim government—such as joint ANC-NP control over the country's security forces and the integration of the ANC's and PAC's paramilitary wings into the new national army.

The ANC and Inkatha still had to resolve their civil war in Natal and KwaZulu, where more than 10,000 people had been killed in a decade of ethnic and political violence. The large Zulu population (of about 8 million) was split between supporters of the ANC and Inkatha, and Inkatha itself was split between the conflicting interests of IFP leader Buthelezi and the traditional Zulu monarch, King Goodwill Zwelithini.

The Interim Constitution

The interim constitution—The Constitution of the Republic of South Africa, 1993 (Act No. 200)—was ratified on December 22, 1993, and implemented on April 27, 1994. It provides a framework for governing for five years, while a new constitution, to be implemented by 1999, was drafted by the Constitutional Assembly. The final constitution had to comply with the principles embodied in the interim constitution, including a commitment to a multiparty democracy based on universal adult franchise, individual rights without discrimination, and separation of the powers of government.

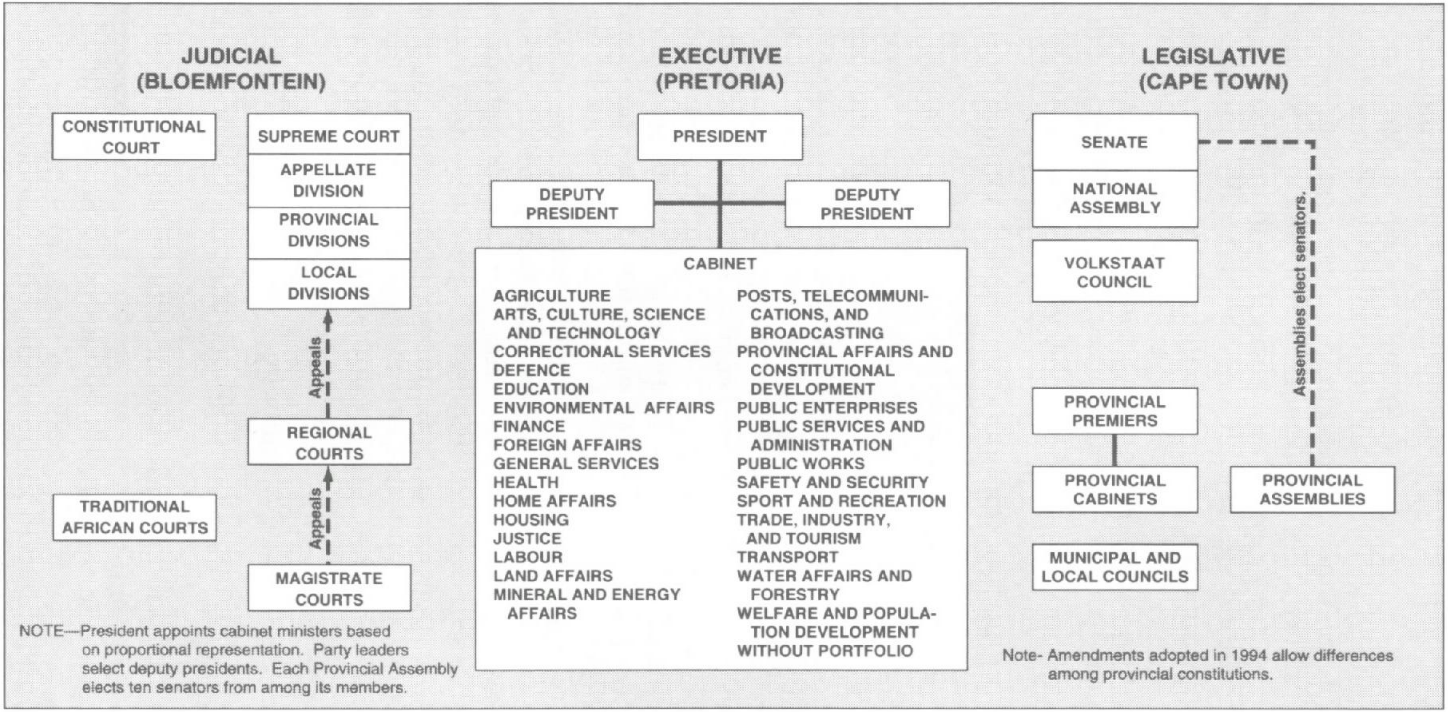
The interim constitution consists of a preamble, fifteen chapters containing 251 sections, and seven attachments. It contains a chapter on fundamental rights, and it requires a constitutional court to invalidate any new law or government action that might unreasonably restrict these basic human freedoms. The guaranteed freedoms include the right to life and human dignity, freedom of religion, freedom of expression, the right of free association, language and cultural rights, and other internationally accepted human rights. Key provisions are proportional party representation in the legislature with representatives to be selected from lists of party delegates; a bicameral parliament comprising a 400-seat National Assembly and a Senate consisting of ten members chosen by each of the nine provinces; and a Constitutional Assembly made up of both houses of parliament. The interim constitution requires that the draft of the final constitution be prepared within two years and that the draft be approved by two-thirds of the legislators and by the Constitutional Court.

The interim constitution also defines the government's authority; reaffirms its sovereignty, the supremacy of the constitution, and existing national symbols; and defines the national executive (a president, at least two deputy presidents, and the cabinet), the judicial system (the Constitutional Court, the Supreme Court, and lower-level courts), the Office of the Public Protector, the Human Rights Commission, the Commission on Gender Equality, the Commission on Restitution of Land Rights, and the Public Service Commission. Further provisions relate to the police and security establishment; the continuation or repeal of existing laws and international agreements; and arrangements for legislative, executive, public service, legal, financial, and other administrative bodies. Schedules attached to the interim constitution describe the nation's nine new provinces, including areas still under contention; the electoral system; oaths and affirmations of office; the procedure for electing the president; and the authority of provincial legislatures.

Executive and Legislative Authority

The President

Under the interim constitution, executive authority is vested in the president, deputy presidents, and a cabinet chosen by the president in consultation with party leaders (see fig. 19). The executive offices are based in the administrative capital, Pretoria. The directly elected National Assembly elects the



Source: Based on information from South Africa, South African Communication Service, *South Africa Yearbook, 1995*, Pretoria, 1996, 42–43.

Figure 19. Structure of Government, 1996

president from among its members and can remove the president from office by a vote of no-confidence or by impeachment. The president's primary responsibilities are to uphold, to defend, and to respect the constitution; to appoint cabinet members; to convene cabinet meetings; to refer bills back to the legislators or forward them to the Constitutional Court when constitutionality is in question; to summon the National Assembly for urgent matters; to appoint commissions of inquiry; to appoint ambassadors; and to accredit foreign diplomats.

According to the interim constitution, any party winning more than 20 percent of the popular vote is entitled to name a deputy president. If only one party or no party wins that percentage of votes, each of the two parties with the largest numbers of votes selects a deputy president. The deputy presidents' primary responsibilities are to assist the president in the duties of the executive and to succeed the president in the event of absence, incapacitation, or vacancy in that office. In 1994 the NP named outgoing president F. W. de Klerk and the ANC named Thabo Mbeki to serve as deputy presidents.

The Cabinet

The cabinet shares executive authority with the president and his deputies, and its members are appointed by the president in consultation with party leaders. Under the interim constitution, cabinet appointments reflect the relative strength of political parties; each party winning more than 5 percent of the popular vote is entitled to a proportional number of cabinet portfolios. In May 1994, the ANC was allocated seventeen cabinet portfolios, and a minister without portfolio was from the ANC. The NP was allocated six cabinet portfolios, and the IFP, three. After NP Minister of Finance Derek Keys resigned in July 1994, that post was designated "nonpartisan," and a new portfolio, General Services, was allocated to the NP in December 1994.

The president, in consultation with national party leaders, appoints a minister and deputy minister to manage each cabinet portfolio. In most ministries, a department staffed by government employees assists the ministry in the implementation of national policy. For example, the Department of Education, within the Ministry of Education, assists in implementing national educational policy. Each department is headed by a director general, who is generally a career government employee.

The cabinet customarily travels between the administrative capital, Pretoria, and the legislative capital, Cape Town, while the parliament is in session. The transitional cabinet's first session on May 23, 1994, took place in Cape Town. The president is required to consult with the cabinet and to gain the approval of two-thirds of the cabinet on issues of fundamental importance, but most cabinet decisions are reached by consensus.

The diversity represented in the new cabinet in 1994 was a major departure from earlier administrations (see table 16, Appendix). The ANC held key portfolios, such as foreign affairs, defense, safety and security, justice, and land affairs, and had strong deputy ministers in finance, home affairs, provincial affairs, and agriculture. The ANC appointees included older contemporaries of President Mandela, middle-aged former exiles, and younger antiapartheid activists of the 1980s. There were three women in the senior executive ranks—two women cabinet ministers and one woman deputy minister.

Other sharp breaks with the past were the reorganization and the renaming of several ministries. For example, in 1994 the Ministry of Law and Order became the Ministry of Safety and Security, and the Ministry of Information was subsumed under the Ministry of Posts, Telecommunications, and Broadcasting. In addition, the apartheid-based distinction between a racial community's "own" affairs and "general" affairs was abolished.

One of the new government's most controversial cabinet appointments was the minister of foreign affairs, Alfred Nzo, a veteran of the antiapartheid struggle who had little foreign affairs background. Nzo's deputy, Aziz Pahad, had been considered effective in managing the ANC foreign affairs department during the preelection period, and new Deputy President Mbeki planned to maintain close oversight of the foreign affairs portfolio. Another controversial ANC appointment was that of Winnie Mandela, President Mandela's estranged wife, as deputy minister of arts, culture, science, and technology. In March 1995, the president removed Mrs. Mandela from her post as deputy minister, citing insubordination as the cause for her dismissal. (After a legal challenge of his action, Mrs. Mandela resigned from the post.)

Cabinet ministers from the NP included some of the previous government's most experienced members. Important portfolios were assigned to Keys, who retained the finance portfolio until his resignation, and to constitutional negotiators Roelf Meyer (Ministry of Provincial Affairs and Constitutional Development) and Dawie de Villiers (Ministry of Environmental Affairs and Tourism). Veteran minister Roelof "Pik" Botha was appointed Minister of Mineral and Energy Affairs.

To appease and to accommodate Mandela's rival, the IFP leader, Zulu Chief Buthelezi, he was appointed minister of home affairs. His duties include managing elections and internal issues, several of which affect his IFP stronghold in KwaZulu-Natal. Buthelezi also shares responsibility for resolving the country's growing problem of illegal immigration from neighboring states.

Parliament

Under the interim constitution of 1993, legislative authority is vested in a bicameral parliament consisting of the National Assembly (lower house) and the Senate (upper house), based in the country's legislative capital, Cape Town. Members of the National Assembly are chosen by proportional representation: constitutionally, 200 of the 400 assembly delegates are chosen from party lists of national candidates, and 200 are chosen from lists of candidates representing specific provinces. The 200 selected from provincial party lists are allocated in the following proportions: Eastern Cape 28, Free State 14, Gauteng 44, KwaZulu-Natal 42, Mpumalanga 11, Northern Cape 4, Northern Province 25, North-West Province 12, and Western Cape 20.

In 1994 individual delegates could choose to run as national or provincial party delegates. Provincial party leaders submitted lists of delegates after elections or party caucuses in each province. A candidate nominated on a provincial list had to be a resident of that province, although exceptions were made for parties that listed only one nonresident candidate, or for cases in which fewer than 10 percent of the party's nominees lived outside the province. The assembly delegates elected a speaker and deputy speaker to preside over their deliberations. The speaker and the deputy speaker retained their parliamentary seats but could not vote, except in the case of a tie.

The Senate consists of ten members from each of the nine provinces, selected by the provincial legislature on the basis of proportional representation, to reflect party strength in each province. The president and the two deputy presidents preside over the Senate and are also members of the Senate. Although not granted a deliberative vote, they can vote in case of a tie.

The bicameral parliament is empowered not only to pass laws, but, in its additional role as the Constitutional Assembly, to draft and to adopt the final constitution, which had to be completed in 1996. Although intended to serve as the interim legislature for five years, parliament may be dissolved at any time by presidential decree, followed by new parliamentary elections.

The interim constitution requires ordinary bills introduced in either house of parliament to be voted on by both houses. If one house passes a bill and the other rejects it, the bill is referred to a joint committee from both houses. Both houses approve bills affecting the powers and the boundaries of provinces; the appropriate provincial legislature also must approve any bill affecting the powers and the boundaries of that province. Both houses deal with bills appropriating revenue or imposing taxes, and in case of a conflict between houses on any bill, the decision of the National Assembly prevails.

In accordance with the interim constitution, parliament generally convenes from January to June each year in Cape Town, although a briefer session may be called later in the year if needed. All members of the government plus many of the departmental secretaries and heads of other executive agencies reside in Cape Town when parliament is in session.

Reflecting the far-reaching changes in the new political system, the new parliament in 1994, unlike its predecessor, adopted an informal dress code—many new members dispensed with the conventional Western suit and instead wore kaftans or safari suits. For the first time as well, some speeches in parliament were delivered in African languages, with a bevy of translators assembled to render them in English or Afrikaans.

Volkstaat Council

In November 1994, the Volkstaat Council Act (No. 30) of 1994 established a Volkstaat Council within the legislative branch of the government to investigate the possibility of establishing an Afrikaner state within South Africa. The twenty members of the council were elected by a joint session of the National Assembly and the Senate. The functions of the council are to gather information concerning possible powers, boundaries, and structures of such a state; to study the feasibility of these; and to submit recommendations to the joint National Assembly and Senate. The Volkstaat Council began deliberations in early 1995. Its formal proposals had not been presented as of mid-1996.

Provincial and Local Government

Until 1994 South Africa was divided administratively into four provinces, the Cape Province, Natal Province, the Transvaal, and the Orange Free State; six "self-governing" homelands, Gazankulu, KaNgwane, KwaNdebele, KwaZulu, Lebowa, and QwaQwa; and four "independent" homelands or "sovereign independent states," Transkei, Bophuthatswana, Venda, and Ciskei (see fig. 11). The government estimated in the early 1990s that 44 percent of the country's total population resided in the ten homelands, which formed less than 14 percent of the total land area. A 1992 study by the Urban Foundation, a South African research organization, concluded that this high population density—several hundred persons per square kilometer in some areas—greatly exacerbated socioeconomic and political problems in the homelands.

To resolve these problems, government and ANC negotiators redrew the country's internal boundaries, dissolving the homeland boundaries and forming nine new provinces (see fig. 1). The demarcation process began in May 1993, when the Multiparty Negotiating Council appointed a 150-member Commission on the Demarcation of States/Provinces/Regions, with instructions to hold a public hearing and to submit recommendations to the council. After receiving 304 written reports and hearing eighty oral witnesses, the commission recommended the formation of nine provinces, with a few disputed borders to be reconsidered at a later date. These recommendations were incorporated into the interim constitution, and the homelands were officially dissolved on April 27, 1994.

The interim constitution assigns authority in each of the nine provinces to a provincial executive, or premier, and a legislative assembly. The premier, elected by the legislators, selects a council, or cabinet, based on proportional representation of political parties (see table 17, Appendix). Provincial legislatures have between thirty and 100 members, although within those limits, the size of the legislature is proportional to the number of votes cast in the province—i.e., the total is divided by 50,000, and that number is added to the base of thirty delegates (see table 18, Appendix). Thus, at both the provincial and the national levels, voters select a political party they wish to have represent them rather than a specific individual to serve as legislator. The legislators are chosen on the basis of proportional representation from lists of party representatives.

The capitals of the new provinces are Cape Town (Western Cape), Kimberley (Northern Cape), Bisho (Eastern Cape), Bloemfontein (Free State), Nelspruit (Mpumalanga), Pietersburg (Northern Province), Johannesburg (Gauteng), and Mmabatho (North-West Province). The capital of KwaZulu-Natal was not yet decided, between Ulundi and Pietermaritzburg, as of 1996.

As the 1994 elections approached, the government amended the interim constitution to strengthen the power of the provincial governments, largely in an attempt to appease Zulu and Afrikaner separatists. These new measures uphold the general principle of "self-determination," to the extent that people of a common culture are allowed to establish a "territorial homeland" where their language and traditions can be maintained. They also stipulate that the resulting homeland must have broad popular support within its boundaries and its policies may not be racially or ethnically discriminatory. The amendments also assign to the provincial authorities the power to levy taxes and to formulate a provincial constitution, as long as they do not violate constitutional provisions concerning fundamental rights. Furthermore, to satisfy Zulu aspirations, the negotiators adopted the name KwaZulu-Natal for the former Natal Province and agreed to allow the Zulu king to retain his honorary crown and to continue to receive his salary from the central government.

Although the new provincial administrations assumed power immediately after the April 1994 elections, many of them were unable to deliver government services to their constituents in the months following the elections. Provincial authority had not yet been fully defined, and many provincial and local-level offices and procedures continued to be under the control of apartheid-era civil servants. Throughout 1995, several provincial administrators demanded more autonomy and more financial support from the central government, and this issue delayed agreement on a draft of the final constitution in 1996.

One of the last steps in the creation of the new political system was the establishment of new local government institutions below the provincial level. The government planned for elections in 1995 to replace the existing all-white city councils with

Town meeting at chief's kraal *in Makushane location, Northern Province*
Courtesy R. T. K. Scully

nonracial, democratically chosen municipal governments and to establish multiracial local councils in rural districts. The Local Government Transition Act (No. 209) of 1993 required 40 percent of local government members to be elected by a system of proportional representation using a party list system, and 60 percent to represent individual localities. The interim constitution specified that the existing local governments in 1994 would continue in place until the new elections were held.

On November 1, 1995, local government elections were held in all areas of the country except KwaZulu-Natal and some parts of the Western Cape. The elections put in place municipal and rural councils, replacing the bureaucratic infrastructure that had existed since the apartheid era. The elections were successfully held in 686 constituencies, although only about 52 percent of the registered electorate turned out to vote. The ANC won seats on all 686 councils, and it won a majority of the seats on 387 councils. The NP won a majority of seats on forty-five councils. The Freedom Front won control over one local council. Independent or nonpartisan candidates won a majority of seats on at least forty-two councils. A few elections were finally decided in byelections held in early 1996. In KwaZulu-Natal and areas of the Western Cape, the local government elections were postponed until mid-1996.

Drafting a Final Constitution

On May 8, 1996, the Constitutional Assembly completed two years of work on a draft of a final constitution, intended to replace the interim constitution of 1993 by the year 1999. The draft embodied many of the provisions contained in the interim constitution, but some of the differences between them were controversial. In the final constitution, the Government of National Unity is replaced by a majoritarian government—an arrangement referred to by its critics as "winner-take-all" in national elections. Instead of requiring political parties to share executive power, the final constitution would enable the majority party to appoint cabinet members and other officials without necessarily consulting the minority parties that would be represented in the National Assembly.

The draft final constitution in 1996 also proposes changes in the country's legislative structure. The National Assembly would continue to be the country's only directly elected house of parliament, but the Senate would be replaced by a National Council of Provinces. Like its predecessor, the new council would consist of legislators chosen to represent each of the country's nine provinces. The new council would include some temporary delegates from each province, however, so some legislators would rotate between the National Council of Provinces and the provincial legislatures from which they were chosen.

Negotiators in the early 1990s had agreed that the 1996 draft constitution would be submitted to the Constitutional Court to ensure that it conformed to agreed-upon constitutional principles, such as the commitment to a multiparty democracy, based on universal franchise without discrimination. In May 1996, however, the Constitutional Court did not immediately approve the draft as received; instead, it referred the document back to the Constitutional Assembly for revision and clarification of specific provisions. Chief among its concerns were the need to clarify references to the powers that would devolve to the provincial legislatures and the rights of organized labor and management in an industrial dispute. The Constitutional Assembly was revising the draft constitution as of mid-1996.

Even before it was approved or implemented, the draft constitution had an immediate impact on the structure of government in 1996. Just one day after the draft had been completed by the Constitutional Assembly, the National Party declared its intention to resign from the Government of National Unity, effective June 30, 1996. In the weeks leading up to the NP's formal departure from the executive branch, NP leaders repeatedly tried to assure voters that the party would play a constructive role in politics as a loyal critic of the ANC-led government. President Mandela, too, accepted the NP departure as a sign of a "maturing democracy." NP legislators continued to serve in the National Assembly and in the Senate.

The Legal System

South Africa's legal system, like the rest of the political system, was radically transformed as the apartheid-based constitutional system was restructured during the early 1990s. Nevertheless, many laws unrelated to apartheid continued to be rooted in the old legal system. Thus, the justice system after 1994 reflected elements of both the apartheid-era system and nondiscriminatory reforms.

The Apartheid-Era Legal System

The principles embodied in the legal system were adapted from Roman-Dutch law with an admixture of English law introduced after 1806. The influence of English law is most pronounced in criminal legal procedures, in constitutional or statutory law, and in corporate and mercantile law. Roman-Dutch law predominates in private law—for example, the law of persons, of property, of succession, and the law of sale and lease. Despite the influence of these universally accepted laws, however, a prominent feature of the former legal system was the pervasive role of discriminatory apartheid-based laws, regulations, and codes (see The Legislative Implementation of Apartheid, ch. 1), and the extensive judicial apparatus required to enforce them.

Judicial authority is vested in the state, and the minister of justice is responsible for administering the justice system. The president appoints the attorneys general, who order public prosecutions on behalf of the state, and whose authority in the lower courts is delegated to public prosecutors. Similarly, the president also appoints judges from among members of the bar. Until the 1990s, all judges were white. The legal profession is divided broadly, as in Britain, into advocates (barristers) and attorneys (solicitors); only the former can plead a case in a higher court.

The judicial system is headed by the Supreme Court, the decisions and interpretations of which are considered an important source of the law. The Supreme Court comprises an Appellate Division and six provincial divisions. Each provincial division encompasses a judge president, three local divisions presided over by judges, and magisterial divisions presided over by magistrates. Separate traditional courts administer African traditional law and custom; they are presided over by traditional leaders, often chiefs or respected elders.

The Appellate Division of the Supreme Court is the highest court in the country and is seated in Bloemfontein, the country's judicial capital. The Appellate Division is composed of the chief justice and the judges of appeal, whose number varies, as determined by the president. Supreme Court members can be removed only on grounds of misbehavior or incapacity. The Appellate Division's decisions are binding on all lower courts, as are the decisions—within their areas of jurisdiction—of the provincial and the local divisions. Lower courts, which are presided over by civil service magistrates, have limited jurisdiction in civil and criminal cases. In 1995, there were 309 district magistrates' offices, presided over by 1,014 magistrates, 1,196 prosecutors, and 3,717 officers.

The Legal Aid Society, an independent statutory body, provides advice and assistance to indigent persons. Other programs offer aid or rehabilitation to prisoners. Until the mid-1990s, a few private voluntary organizations, such as Black Sash, offered legal assistance to people who faced legal problems arising out of the pass laws or other apartheid-era legislation.

The New Legal System

The postapartheid legal system introduced by the interim constitution of 1993 embodies the supreme law of the land and is binding on all judicial organs of the state. It establishes an independent judiciary, including a Constitutional Court with

Supreme Court in Bloemfontein
Courtesy Embassy of South Africa, Washington

the power to review and to abolish legislation inconsistent with the constitution. It includes provisions not found in apartheid-era laws, such as a prohibition on all forms of discrimination and an emphasis on individual rights. These rights include "equality before the law and equal protection of the law"; freedom of expression, assembly, demonstration, petition, and association; the right to "choose a place of residence anywhere in the national territory"; the right not to be deprived of citizenship without justification; full political rights; full access to the courts; and fair and lawful administrative justice mechanisms, including rights concerning detention, arrest, and accusation. Other provisions provide for specific rights in areas such as economic activity, labor relations, property, environment, children, language and culture, education, and conditions under which a state of emergency can be declared.

In 1994 the government established the new Constitutional Court, a Human Rights Commission, and a Judicial Services Commission that forwarded to the president its ten nominees to the Constitutional Court. Legislation in 1994 also set forth operating procedures for these bodies and established the Office of the Public Protector (public defender).

The new legal system also deals with the consequences of apartheid-related abuses and crimes, although it aims primarily to promote a spirit of national reconciliation and a new "culture of human rights," rather than to resolve long-standing grievances. In June 1994, the government announced that a Truth and Reconciliation Commission would investigate accusations of human rights abuses and political crimes by both supporters and opponents of apartheid, and that it would consider related issues such as amnesty and reparation to survivors and their dependents. The government established guidelines for the commission's operations in 1994 and 1995, and the Truth and Reconciliation Commission began hearing testimony by both victims and perpetrators of apartheid-era violence in early 1996 (see Human Rights and National Reconciliation, ch. 5).

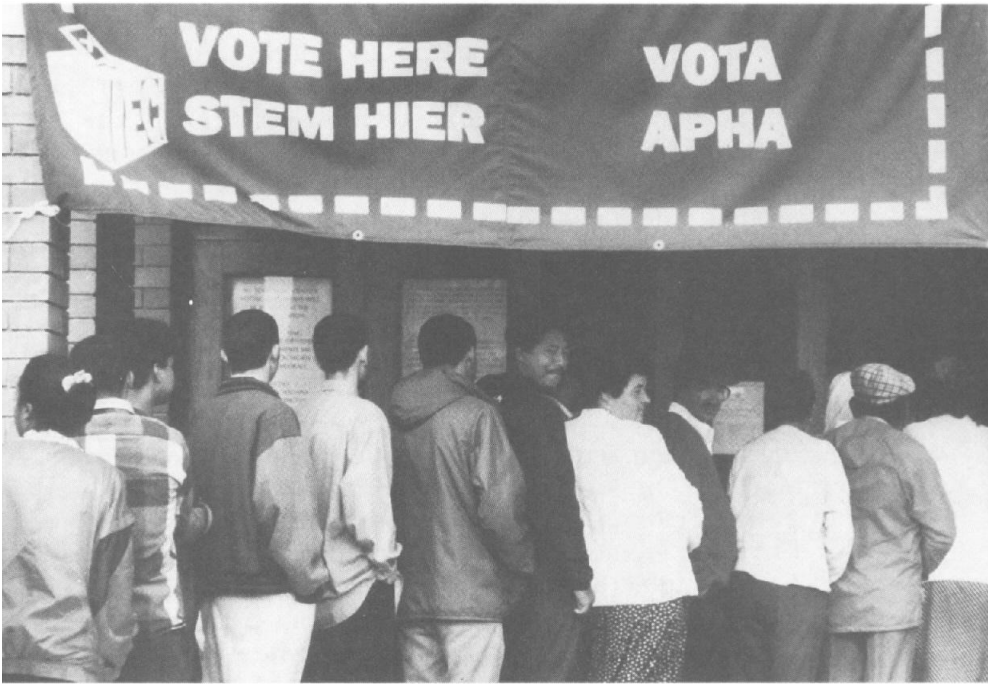
Political Participation

The abolition of apartheid radically transformed political participation in South Africa in the 1990s. This change, in turn, had a major impact on the nature of the country's electoral system, political parties, and political elites.

The 1994 Elections

Until the nonracial elections in April 1994, the laws of apartheid governed elections. An elections administrator, or chief electoral officer, prepared a list based on the population registry of people who were qualified to register as voters. They had to be more than eighteen years of age and, under the 1983 constitution, to belong to one of the constituencies of the three racially based houses of parliament—white, coloured, and Indian (see Limited Reforms, ch. 1). In the 1989 parliamentary election, for example, only 2,176,481 votes were cast, out of 3,170,667 registered voters and a total population of almost 28 million.

In the April 1994 national and provincial elections, nineteen political parties, representing the country's diverse constituen-



Voters in Cape Town (above) and Durban (below)
in historic elections of April 1994
Courtesy James B. Parks

cies, participated in the electoral process. Each voter received two ballots and cast two votes (enabling each voter to choose different parties at the national and the provincial levels). Voters selected a political party, not an individual candidate, to represent them in the National Assembly and in the provincial legislature. Each party had prepared ranked lists of delegates for the national and the provincial legislatures. Political parties gained seats in each body proportionally, according to the number of votes each party received, and party delegates became legislators based on their ranking on the appropriate list.

The number of eligible voters in 1994 was estimated at 21.7 million—about 16 million of whom had never voted before. In a radical departure from previous electoral practice, no formal voter register was prepared; instead, voters were asked to present identity books as proof of citizenship, and even this requirement was enforced with flexibility. Officials had determined before the elections that about 2.5 million people—mostly blacks—lacked identity books, and most of these were given temporary identity papers. For most residents of the homelands, valid travel documents were accepted as legal identification.

The Independent Electoral Commission (IEC) created a state electoral fund with an estimated 22 million rands (for value of the rand—see Glossary) to finance the April 1994 elections. Half of that amount was distributed among participating political parties before the election, and the balance afterward. The first payment was made in late March 1994 to nine parties that had submitted documentation of popular support.

During the campaign, political parties were hampered by several factors. One of the major challenges was the need to educate the electorate, particularly those who had never voted before, in basic elements of democracy and electoral procedures. For example, there was a great deal of skepticism about democratic practices—such as the secret ballot—particularly in rural areas where literacy rates are low, and where traditional leaders and white employers had often manipulated political participation in the past. In addition, the political violence leading up to the elections threatened to keep many potential first-time voters away from the polls. ANC voters felt especially vulnerable in KwaZulu, Bophuthatswana, and Ciskei, where the apartheid-era homeland leaders and security forces had harassed and intimidated ANC supporters. Similarly, in ANC-controlled areas, some of that party's activists intimidated IFP, NP, and even liberal Democratic Party (DP) organizers and disrupted their campaign rallies, despite ANC leaders' pleas for tolerance. Finally, the election posed a logistical nightmare for the IEC, which had to accommodate the IFP's last-minute decision to participate in the elections and add the party's name to the ballots. The IEC helped monitor the more-than-9,000 polling stations and was responsible for verifying the vote count before it was announced.

The IEC reported that it had counted 19,726,579 ballots and rejected 193,081 as invalid. The voting was declared generally free and fair. Observer missions from the United Nations (UN), British Commonwealth, European Union (EU—see Glossary), and Organization of African Unity (OAU) issued this statement: "South Africans' confidence in the secrecy of the ballot was manifest and they were able to participate freely in the elections. The outcome of the elections reflects the will of the people of South Africa."

Seven political parties won seats in the National Assembly, the ANC, 252 seats (representing 62.6 percent of the popular vote); the NP, 82 seats (20.4 percent); the IFP, 43 seats (10.5 percent); the Freedom Front (FF), 9 seats (2.2 percent); the DP, 7 seats (1.7 percent); the PAC, 5 seats (1.2 percent); and the African Christian Democratic Party (ACDP), 2 seats (0.5 percent). Twelve other parties received too few votes to be represented in the National Assembly. Each of the seven major parties also won representation in at least one of the nine provincial legislatures. The ANC won a majority in seven provincial legislatures. The NP won a majority in the Western Cape; and the IFP did so in KwaZulu-Natal (see table 18, Appendix).

Political Parties

South Africa's political party system underwent radical transformation in the early 1990s when previously illegal parties were unbanned and participated in the April 1994 elections. In what international observers called a "developing multiparty system," parties were challenged to become all-inclusive and not to limit their appeal to their traditional constituent groups. They also had to reorient themselves to participate in the bicameral multiracial legislature rather than the previous tricameral apartheid-based parliament. The most successful of the parties in the April 1994 elections (and the South African

Communist Party) are described below, in order of decreasing parliamentary strength.

African National Congress

The African National Congress (ANC) was founded in 1912 as the South African Native National Congress, under the leadership of Dr. Pixley Ka Isaka Seme, a Durban attorney. It was renamed the African National Congress in 1923. Although the ANC cooperated to some degree with the Communist Party of South Africa (CPSA—later, in 1953, the South African Communist Party, or SACP) in the early 1920s, cooperation ceased in 1927 when some traditional African leaders opposed white-led communist involvement in the black nationalist movement. In the 1930s, the ANC's influence declined, primarily because it was unsuccessful in representing black grievances and was weakened by factionalism and leadership disarray. The ANC's revival in the 1940s was largely the result of a dynamic group of young leaders—including Nelson Mandela, Walter Sisulu, Oliver Tambo, and Anton Lembede—who were influenced by a pan-African version of black nationalism. In 1943 they established the ANC Youth League to mobilize mass protest against racial discrimination. Following the rise to power of the NP in 1948 and its implementation of strict apartheid laws, the ANC, with many of the Youth League founders then in leadership positions, responded by launching a series of countrywide defiance campaigns. This activism invigorated the ANC and resulted in the movement's growth from 7,000 to some 100,000 dues-paying members in 1952.

In the mid-1950s, the ANC formed the Congress Alliance with other antiapartheid organizations to oppose the white state. On June 26, 1955, alliance members adopted the Freedom Charter, which advocated the creation of a nonsocialist multiracial society, but the debate over the charter widened an ideological rift in the ANC between Charterists and Africanists, concerning the question of multiracialism. A few activists opposed the ANC's inclusive policies and established the Pan-Africanist Congress (PAC) in 1959 to press for black political control.

The government declared the ANC an illegal organization on April 8, 1960, as part of a government crackdown and state of emergency following violent antiapartheid incidents at Sharpeville and Langa. The ANC went underground, many of its cadres left South Africa for exile in neighboring states, and its leaders adopted armed struggle as a means of achieving their goals. In 1961 ANC and SACP leaders created a joint military wing, Umkhonto we Sizwe ("Spear of the Nation," also known as Umkhonto, MK). The principle of armed struggle through guerrilla warfare to overthrow the South African regime superseded the goal of gaining political rights for all citizens. ANC sabotage and attacks between 1960 and 1962 led to the arrest of many party leaders. At the 1963 trial that became renowned as "the Rivonia trial," Mandela, Sisulu, Govan Mbeki, and others were convicted of treason and were sentenced to life terms in prison. Most ANC leaders fled the country, established ANC headquarters in Lusaka, Zambia, and continued their struggle against the Pretoria regime.

Over the years, the ANC built up a strong support network in many Western and Eastern-bloc states, in cooperation with overseas antiapartheid groups. Although certain Western states, particularly Scandinavian countries, provided financial support, the ANC's logistical support, including the supply of weapons, came from the Soviet Union and the German Democratic Republic (East Germany). The ANC also attained observer status at the UN and during the 1980s broadened its diplomatic ties with Western states.

The ANC's leadership structure consists of the president, deputy president, secretary general, deputy secretary general, and treasurer general. A ninety-member National Executive Committee (NEC) consults with senior officers and influences decisions on important issues. A twenty-six-member National Working Committee (NWC), chosen from the NEC, oversees day-to-day decision making and administration and manages the party's functional departments. The seven appointed members of the President's Committee serve as presidential advisers and assistants.

The ANC's annual national conference brings together more than 1,300 representatives, whose functions are to elect the NEC and to nominate delegates to the party's National Assembly, which meets every five years. At a working level, the party has nine national departments—Information and Research, Manpower and Development, Foreign Affairs, Youth, Political Education, Information and Publicity, Finance, Religious Affairs, and Women—as well as branches in each of the provinces.

In the early 1990s, the ANC took a number of steps to broaden its political base. It reactivated the ANC Youth League in order to bridge the generational gap between its older leaders and young members. In addition, propelled by the many politically active women in the organization, the ANC reactivated its Women's League in order to promote women's rights nationwide. The ANC Youth League and the ANC Women's League work in cooperation with the corresponding departments within the ANC.

Although the ANC primarily represents the interests of the majority black population, its membership is open to whites, coloureds, and Asians, as well. It had appealed to all races to join in 1969, and a substantial number of white liberals did join during the 1970s and the 1980s. In April 1991, five white members of parliament representing the Democratic Party left that party to join the ANC, giving the ANC official parliamentary representation for the first time in the all-white House of Assembly.

Until the ANC and the NP-led government entered into negotiations over the country's political future in 1991, the ANC's ideological platform for opposing apartheid ranged from Mohandas (Mahatma) Gandhi's strategy of passive resistance (in the early 1900s), to pan-Africanism (in the 1940s), to the Freedom Charter in 1955. In 1969 the ANC adopted an official policy advocating armed struggle to gain political control of the state, and in 1988 it promulgated the Constitutional Guidelines for a Democratic South Africa, derived from the Freedom Charter of the 1950s. These guidelines called for a nonracial democratic state based on universal franchise. In August 1989, the ANC adopted the Harare Declaration, advocating multiparty negotiations to arrive at a new form of government, giving strong emphasis to the concept of individual rights.

The ANC's major political partner throughout most of the apartheid era was the SACP. SACP leaders helped the ANC to secure the support of communist and socialist governments during its period of exile, played important roles in ANC policy formulation, and helped to consolidate support for the ANC in the labor movement. The SACP at times played a moderating role in the ANC, too; for example, in early 1993 SACP chair Joe Slovo drafted the ANC's proposals, couched in a "sunset clause," to compromise and to share power with the NP. Slovo's position was that compromise was necessary because the party was "not dealing with a defeated enemy," but with the NP as a minority party.

Although the ANC became the country's dominant political party in 1994, it still faced a number of long-term problems. The issue of political succession had yet to be resolved. President Mandela and other senior party leaders were members of the older generation, whose active leadership years were drawing to a close. Mandela had pledged he would not seek reelection in 1999. His most likely successors—Thabo Mbeki, the former ANC secretary for international affairs, and Cyril Ramaphosa, ANC secretary general since 1991—had not demonstrated the decades of practiced leadership of their seniors.

As the dominant party in the national unity government, the ANC had to balance the need to co-manage (along with the NP) the country's finances to facilitate economic growth against its long-standing affiliation with the Congress of South African Trade Unions (COSATU), the labor confederation known for vigorously defending workers' interests against those of the previous government. The ANC also had to overcome its image as a violator of human rights after its leaders acknowledged there had been instances of torture, execution, and abuse of dissidents in its exile camps and in some black townships during the antiapartheid struggle. In 1993 the party apologized for past abuses, but it refused to punish its human rights violators or to pay compensation to the victims or their families.

In 1994 the ANC proposed a number of controversial cabinet appointments, adding to the difficulties inherent in transforming itself from a former liberation movement into a broad-based political party. A notable case was that of Winnie Mandela, who had earlier been regarded as South Africa's "first lady of liberation." She had staged a political comeback after being stripped of her official posts in the ANC and after being shunned by many black leaders because of her 1991 conviction for her part in a kidnapping that had resulted in a death. Her five-year jail sentence was set aside for a fine, but she was subsequently removed from the ANC's NEC and as head of its Welfare Department.

Mrs. Mandela went on to organize an independent power base in the restive and impoverished squatter camps, where she was respected for her activism on behalf of the poor. In some communities, Mrs. Mandela was able to capitalize on the widespread distrust of government that extended even to black leaders like Nelson Mandela. During the preelection negotiations, she had criticized power-sharing proposals as a deal between "the elite of the oppressed and the oppressors" and had charged ANC leaders with "the distortion of a noble goal in favor of a short-cut route to parliament by a handful of individuals." But while she chided ANC leaders for their new-found "embourgeoisement," Mrs. Mandela continued to live in relative luxury in the Johannesburg township of Soweto. Even after she fell out of favor with the government led by her husband in 1994, she remained popular, especially among the poor and unemployed. Her defiance of the government led to her removal from office in March 1995.

South African Communist Party

In 1994 the South African Communist Party (SACP) was not an independent political entity, but a strong faction within the ANC, where its members held important leadership positions. Former party leaders, Joe Slovo and Chris Hani, for example, had both served as chief of staff of the ANC's military wing and on its most important committees. The SACP won strong representation in the National Assembly in 1994, not by participating openly in the April 1994 elections, but by having SACP members well represented among delegates from the ANC.

The SACP was originally founded as the Communist Party of South Africa (CPSA) in July 1921 in Cape Town. The CPSA was formed out of the merger of several leftist organizations, including the International Socialist League (ISL), the Social Democratic Federation, the Durban Marxist Club, the Cape Communist Party, and the Jewish Socialist Society. The CPSA affiliated with the Communist International (Comintern), headquartered in Moscow, which provided it with political direction, although some party factions opposed Moscow's intervention in South African affairs.

Although whites dominated the party in the 1920s, some CPSA leaders attempted to strengthen its reputation as an indigenous communist organization by increasing its African membership and orientation. David Ivon Jones and Sidney Percival Bunting, formerly of the ISL, translated the concept of social revolution into a struggle for a "black republic" and a "democratic native republic, with equal rights for all races." The major stumbling block they encountered was the belief, inherent in Marxist dogma, that all workers fundamentally share the same interests. In South Africa, white workers generally felt they had little in common with their black counterparts and feared that any improvements for black workers would reduce their own status and income.

Despite efforts at Africanization, the CPSA failed to establish strong ties with black political organizations, many of which were dominated by traditional tribal leaders. In 1928, for example, the ANC denounced the "fraternization" between the ANC and the CPSA. ANC President James T. Gumede was removed from office in 1930, after trying to educate ANC members about Marxism. Even as the CPSA gradually succeeded in recruiting more black members, its leadership continued to be white. For this reason, two ANC Youth League leaders in the 1940s—Nelson Mandela and Walter Sisulu—opposed any alliance between the ANC and the CPSA at that time.

CPSA members were divided over the increasing Comintern intervention in local affairs. Moscow urged the CPSA and all communist parties to continue to be small, revolutionary elite organizations, and to rid the party of alleged "rightist" elements. In 1931 a new Stalinist faction, led by Douglas Wolton, Molly Wolton, and Lazar Bach, assumed leadership roles in the CPSA and proceeded to purge the party of many white leaders. In the internal upheaval that followed, the party lost black support, too, and weakened its ties to labor. As its leadership ranks were "Stalinized" and leading party activists fled the country, CPSA membership dropped from an estimated 1,750 members in 1928 to about 150 in 1933. Racial divisions continued to exist between the predominantly white leadership and the largely black membership ranks.

At the outset of World War II, the CPSA opposed efforts to counter the Nazi threat, primarily because of the 1939 Nazi-Soviet Nonaggression Pact, which led to Soviet neutrality. Party members campaigned against military recruitment of blacks (and Indians) in South Africa, arguing that the "natives" should not be sacrificed to perpetuate their own exploitation. When Germany invaded the Soviet Union in 1941, the CPSA echoed Moscow's shift to support the anti-Nazi campaign, and the South African government responded by releasing some CPSA activists from detention and permitting political activities in support of the war effort.

By the mid-1940s, CPSA membership was increasing, and the party had gained influence after a few CPSA members (all white) won political office. After the 1948 NP election victory, however, the government quickly restricted black political activity and in 1950 banned the CPSA. The party went underground temporarily but also strengthened its ties to local nationalist organizations, such as the ANC. During the years it was banned, while the ANC continued to operate legally, the CPSA viewed the ANC as the primary expression of black aspirations for a multiracial socialist state under eventual communist leadership. The Comintern's Sixth Congress declared that "the CPSA could now play an active role in the ANC." The party re-emerged in 1953 under the leadership of Joe Slovo and his wife, Ruth First, and changed its name to the SACP.

The SACP and the ANC in the 1950s held similar views about policy and tactics as embodied in the ANC's Freedom Charter; in addition, they both advocated the use of guerrilla warfare against the apartheid regime in order to bring about the dual-phase revolution of political liberation followed by economic transformation. Party members reportedly persuaded the ANC to abandon African nationalism in favor of nonracialism, however, although the SACP, unlike the ANC, viewed the primary objective of the revolution as the creation of a socialist state. After many leaders of both organizations were arrested in 1963, both the SACP and the ANC shifted their political and military bases of operations to neighboring African states.

The close ties between the SACP and the ANC, particularly the predominance of SACP members in the ANC, have always been controversial, and in 1959 prompted a split by black nationalists from the ANC to form the militant Africanist, anticommunist PAC. The SACP-ANC relationship evolved into a symbiosis, derived in part from their dual memberships and overlapping leadership ranks. Throughout the 1980s, for example, the SACP was well represented on the ANC's NEC and in other key ANC positions, and in ANC-affiliated labor organizations, such as COSATU.

When the SACP was unbanned in February 1990, its strength was difficult to estimate because many party members had been underground for years. In July 1990, a party spokesman publicized the names of twenty-two SACP members who were prominent in national politics but said that the names of others would remain secret. In 1991 SACP leaders estimated that the party had 10,000 dues-paying members, but refused to publish the party's membership rolls.

SACP chairman Joe Slovo was the most prominent party member in government in 1994. Slovo was a trained lawyer and advocate, a member of the Johannesburg Bar, and one of the original members of MK, the ANC military wing. He served on the ANC's revolutionary council from 1969 until it was disbanded in 1983, became the first white member of the ANC's NEC in 1985, and served as MK chief of staff until April 1987. He was appointed SACP general secretary in 1986, following the death of Moses Madhiba, and continued in that post until 1991, when he became party chairman. Slovo was appointed minister of housing in the Government of National Unity in May 1994 and served in that post until his death in January 1995.

Slovo had been a hard-line communist, a Stalinist, when he joined the party in the 1940s, but along with others in the SACP had followed Moscow's 1980s reforms. By 1987 Slovo and his associates espoused the creation of a multiparty state with a mixed economy, and sought to broaden the party's membership base. This liberal philosophy might have explained the SACP's large representation among ANC leaders in the 1990s. The collapse of the Soviet system in the late 1980s had weakened the SACP's outside support and appeared to have weakened the appeal of the socialist ideals the party espoused for South Africa. Party activists believed, nonetheless, that the remaining economic disparities among racial groups provided fertile ground for SACP recruitment in the 1990s.

SACP leaders, considerably weakened by the murder of Chris Hani in 1993, debated the possibility that the party no longer represented a political asset to the ANC, as they prepared for the April 1994 elections. They realized that the SACP could do little to help the ANC broaden its popular support beyond its liberation allies, and public opinion polls gave the SACP, alone, strong support among only about 5 percent of voters. By including a large number of SACP members among the electoral delegates representing the ANC in the April 1994 elections, however, the SACP was able to gain significantly more representation in the national and provincial legislatures and more key posts in the government than it would have, had it run independently.

National Party

In the early 1990s, the National Party (NP), led by President de Klerk, led the white community in radically transforming the apartheid system and ushering in nonracial democracy. This process also served to transform the NP into a modern democratic party, while at the same time depriving it of the uninterrupted political dominance it had enjoyed for some forty-five years.

The present-day NP emerged out of Afrikaner organizations of the early 1900s. Founded by General J.B.M. Hertzog in January 1914 as an expression of Afrikaner ideology and ethnic nationalism, the NP sought to strengthen racial separation and to oppose British rule in South Africa. The NP, in alliance with the Labour Party—a white organization led by Colonel F.H.P. Creswell—defeated General Jan C. Smuts's ruling South African Party (SAP) in parliamentary elections in 1924. In 1933 the NP formed an alliance with the SAP, and the alliance was formalized in 1934 as the United South Africa National Party, or the United Party (UP). The merger prompted staunch segregationists from Cape Town to establish the Purified National Party under the leadership of Daniel F. (D.F.) Malan, to counteract the UP's relatively moderate positions on race. The UP ruled until it was unexpectedly defeated by Malan's party (then known as the Reunited National Party, owing to a reconciliation with a conservative faction of the UP) in parliamentary elections in May 1948. After the 1948 elections, the victorious alliance—again under the banner of the NP—ruled without interruption until April 1994.

The NP's dominance over political and security organizations gave it a vast patronage pool for its mostly Afrikaner constituency. Numerous cultural, social, economic, and religious organizations also furthered Afrikaner interests, including the Afrikaner Broederbond (later Broederbond, or Brotherhood), Nasionale Pers (National Press), South African National Life Assurance Company (Sanlam), the Voortrekkers (a scouting organization), the Federation of Afrikaner Cultural Organisations (Federasie van Afrikaanse Kultuurvereniginge—FAK), Helpmekaar (an Afrikaner social service organization, roughly translated "mutual aid"), and Volkskas (People's Bank).

Although the party did not publish membership figures, much was known about its organization—a federal structure divided into four provincial parties, linked through a Federal Council. At the lowest level were the party's local branches, consisting of 500 or fewer members. Local branches in rural areas reported to a District Council, which comprised a leader, a deputy leader, a secretary, and elected representatives from each local branch in the district. In addition, local branches elected Constituency Divisional Councils. Above each divisional council were a Head Council, a Provincial Congress that met annually, and a provincial leader. At the apex of the NP was the thirty-seven-member Federal Council that met at least once a year. The national leader of the NP, who until 1994 was also the state president, was elected by the party's parliamentary delegates in caucus.

Under P.W. Botha's leadership in the 1980s, the NP began to change directions, first to reform, and then to dismantle, apartheid. Although these reform initiatives led to a number of splits within the NP, the reformist wing (referred to in party parlance as *verligte,* or "enlightened") was sufficiently strong, its parliamentary delegation sufficiently disciplined, and its national leadership sufficiently cohesive to enable the party to remain in power as its members vigorously debated the question of reform. The NP quickly recovered after its conservative faction, led by Transvaal NP leader Andries Treurnicht, abandoned the party in February 1982 in protest against the proposed "power-sharing" constitution that established the tricameral parliament. Treurnicht launched the Conservative Party (CP), which gained immediate parliamentary representation through the conversion of seventeen NP members of parliament. The NP nonetheless retained its majority in the next elections in 1987.

The most dramatic changes in the NP began in 1989, when President Botha relinquished his party leadership following a stroke and was replaced by then Minister of Education F.W. de Klerk. De Klerk committed himself to establishing a new postapartheid South Africa, over the objections of Botha, who had retained his position as president. The NP's Federal Council in June 1989 went on to pass a five-year plan to reform apartheid. As de Klerk and Foreign Minister Roelof ("Pik") Botha prepared to discuss their planned political reforms with Zambian president Kenneth Kaunda later that year, President Botha objected to the pace of the proposed reforms, and he opposed any plan to hold discussions with Kaunda. In August 1989, his intransigence finally prompted the cabinet to ask him to resign. He did so in a televised broadcast, and de Klerk succeeded him as president. In national elections in September 1989, the NP under de Klerk's leadership remained in power both in the national House of Assembly and in the provincial legislatures, and de Klerk was confirmed as president for another five-year term.

The NP then spearheaded the reform process that paved the way for the postapartheid political system (see Constitutional

Change, this ch.). The NP also sought to project a new party image. In 1990 it launched a nationwide recruitment drive for new members of all races, appointed a new management council and new regional secretaries to oversee its reforms, and established new training programs for party leaders, to emphasize racial tolerance. These changes broadened the party's parliamentary support. In May 1991, five MPs deserted the Labour Party, which since 1965 had represented the interests of the coloured community, to join the NP delegation. Their view that the new NP best represented the interests of their community was rejected by most of the Labour Party, but the NP continued to seek the support of the roughly 1.6 million voters in the coloured community.

As the April 1994 elections approached, the party tried new approaches to win support among the country's black majority. One of its campaign tactics was to emphasize its active role in dismantling apartheid and to portray itself as the liberator of the country's black population. The NP also portrayed the ANC as intolerant of political dissent.

The NP failed to gain many black votes in the April 1994 elections but nonetheless won the second-largest vote—20.4 percent of the total, gaining eighty-two seats in the National Assembly. The NP won a majority in the Western Cape, garnered the second-largest vote in seven provinces, and ranked third in KwaZulu-Natal. Despite its second-place performance in the elections, the NP—by virtue of its long-term political dominance—still exerts strong influence in the state bureaucracy and the country's security forces.

Inkatha Freedom Party

The Inkatha Freedom Party (IFP, also Inkatha) is a Zulu-based political party, based in its ethnic stronghold, KwaZulu-Natal. It is the ANC's main rival in the black community. Between 1970 and 1990, Inkatha portrayed itself as a moderate and democratic organization, contrasting its views with extremist positions within the ANC. But in the early 1990s, the IFP became increasingly intransigent in its efforts to preserve its traditional power base in KwaZulu, while the rest of the country was moving closer to nonracial democracy under the now moderate NP and ANC leadership.

Inkatha was originally established in 1922 as a cultural movement to promote the Zulu heritage. It was rejuvenated in 1928 by the Zulu king, Solomon ka Dinuzulu, as Inkatha ya kwa Zulu

(Organization of the Zulu). During this phase, controversy arose over the party's activities. For example, critics claimed that funds collected from Natal's impoverished black population were misused to pay for King Solomon's lavish life-style. Others suggested that the organization's 1928 constitution, written by a white lawyer from Durban at the urging of white businessmen in Natal, was intended to ensure that the party would express the interests of the traditional tribal elites, the conservative black petite bourgeoisie, and a few white power brokers. After a period of relative inactivity, and following an unsuccessful attempt to revive it in 1959, Inkatha ya kwa Zulu was reestablished as a political organization in March 1975 by KwaZulu's chief minister, Mangosuthu (Gatsha) Buthelezi. Buthelezi renamed the organization Inkatha Yenkululeko Yesizwe (National Cultural Liberation Movement). In August 1990, following the unbanning of antiapartheid organizations, Inkatha proclaimed itself a political party, the IFP, with membership open to all races.

From its primarily Zulu political base, Inkatha has played an important role in national politics. In 1977 it was the largest legal black movement in the country, having an estimated 120,000 members; by the late 1980s, its leaders estimated their membership at 1.5 million (considered highly inflated by the inclusion of the party's 600,000-member Youth Brigade and 500,000-member Women's Brigade). It has never managed to recruit many members outside the Zulu community, however.

The IFP in the 1990s is a tightly knit and authoritarian organization, dominated by Buthelezi. Its political structure consists of local branches organized into regions and provinces. The IFP's four provincial councils are led by the IFP National Council. Provincial delegates elect representatives to the annual general conference, where delegates to the National Council are elected each year. The IFP's power base is rooted in three sources—the former KwaZulu homeland bureaucracy, which the party controlled by virtue of its dominance over the local legislature and provincial government; the Zulu traditional leaders—i.e., chiefs and headmen; and the Zulu population, including the inhabitants of large squatter settlements near several cities, especially Johannesburg and Durban.

Although Inkatha and the ANC had close ties in the early 1970s, their relationship deteriorated after that. Inkatha became especially threatened by ANC organizing efforts among educated and urban Zulus. The ANC criticized

Buthelezi for becoming the leader of the KwaZulu homeland, and thereby accepting the government's demographic manipulation for apartheid purposes. The ANC pressed for a more militant antiapartheid campaign and waged a propaganda war against Buthelezi, demonizing him as a "stooge" of apartheid. In the late 1980s and early 1990s, this rivalry degenerated into violent conflict, spilling over into townships and rural areas, and claiming the lives of thousands of black South Africans.

Some Western observers and South African political leaders hoped that the IFP, rooted in Zulu tradition and Western in its outlook in support of a federalist democracy and free enterprise, would attract moderate South African blacks to its ranks. That prospect dimmed in the climate of escalating violence leading up to the 1994 elections. Buthelezi protested against his being sidelined by what he considered "ANC-NP collusion" in the negotiating process, and in early 1994 he announced that the IFP would boycott the country's first free elections.

The IFP ultimately participated in the elections, after the ANC and the NP agreed to consider international mediation on the issue of provincial autonomy and agreed to reinforce the status of Zulu King Goodwill Zwelithini and the Zulu homeland. The party's late entry cost it popular support at the polls, however. The IFP managed to win barely one-half of the vote in Natal and only 10.5 percent of the nationwide vote, with most of its support in KwaZulu and the area around Johannesburg.

The IFP's commitment to Zulu autonomy remained strong after the elections. In May 1994, at a caucus of the KwaZulu legislative assembly, Inkatha formed a new society called Iso Lesizwe, or Eye of the Nation, with Chief Buthelezi as its president. The new organization dedicated itself to pursuing Zulu autonomy "within the parameters of democratic and pluralistic forms of government and along with all the other peoples living in the ancestral territory of the Zulu nation." Debate over this issue intensified in 1995 and 1996.

Freedom Front

The Freedom Front (FF) is a right-wing Afrikaner political party established in March 1994, following a split among extremist organizations, to ensure a proapartheid presence in the April elections. It is a successor to the Afrikaner Volksfront (AVF), which was founded by General Constand Viljoen, who had also served as chief of the South African Defence Force (SADF) until November 1985. Viljoen emerged from retirement in 1991 to lead a group of right-wing former generals in forming an alliance of Afrikaner parties. As the AVF, the alliance included the White Protection Movement (Blanke Bevrydingsbeweging—BBB), the Boerestaat Party (Boer State Party, the military wing of which was known as the the Boer Resistance Movement, or the Boere Weerstandsbeweging—BWB), the Conservative Party of South Africa (CP), the Reconstituted National Party (Herstigte Nasionale Party—HNP), the Oranjewerkers (Orange Workers), and the Republic Unity Movement. The AVF's objective was to unify the extreme right and to advocate the formation of a *volkstaat*, an autonomous Afrikaner nation-state, in a postapartheid South Africa. However, even some AVF leaders were troubled by the violent racism and political extremism of some members of the front. Their refusal to participate in the nation's first nonracial elections weakened the movement, and in March 1994 General Viljoen and his allies broke away to form the FF.

Much of the support for the FF comes from farmers' organizations in the former Transvaal and the Free State. Among the FF's leaders are several former Conservative Party members of parliament, former high-ranking military officers, and a former chairman of the Broederbond.

In the 1994 elections, the FF received only 2.2 percent of the vote, gaining nine National Assembly seats. The party performed best in Gauteng, where some 40 percent of its votes were cast. Its participation in the elections helped to legitimize the electoral process and thus to neutralize the violent threat that the extremist right-wing extraparliamentary forces could have posed to the new political system. In doing so, it bolstered the standing of Viljoen and others who sought to preserve Afrikaner cultural autonomy through nonviolent means.

Other Political Parties

The Democratic Party (DP) was established in April 1989 as a liberal, centrist party. It was formed as an amalgamation of four liberal political groupings, the most important of which was the recently disbanded Progressive Federal Party (PFP), led by Zach de Beer. The coalition also included the Independent Party (IP), led by Dennis Worrall; the National Democratic Movement (NDM), led by Wynand Malan; and a group of reform-minded Afrikaners dubbed the "fourth force." The DP then became the primary left-of-center parliamentary opposition to the NP. It won 20 percent of white support in the 1989 general election, giving it thirty-three parliamentary seats.

The DP advocated the abolition of apartheid and the creation of a nonracial social democratic state through the protection of human rights, a government based on proportional party representation and universal suffrage, an independent judiciary, collective bargaining in industrial relations, and economic growth through individual entrepreneurship. Ironically, the NP adopted some of the DP's notions about reforming the apartheid state in 1989 and 1990, thus depriving the DP of some of its political base. A few DP leaders advocated an alliance with the ANC; others favored joining the NP; and the embattled center—led by the party's leader de Beer—sought to develop a distinctive, liberal, centrist image that would serve to mediate between the ANC and the NP. At the same time, the DP sought, without much success, to expand its support among all racial groups.

In preparation for the April 1994 elections, the DP's economic program gave top priority to creating jobs in a "free market economy with a social conscience," while rejecting the "nationalization of privately owned businesses and the expropriation of property for political purposes." The DP also opposed "economic populism," socialism, and the "politicization of education, housing, and social services." Its political program criticized the interim constitution for failing to eliminate laws that allowed detention without trial, and for failing to ensure the political independence of the media. The DP also opposed the antidefection clauses in the interim constitution, which made it difficult for members of parliament to break ranks and vote against the dictates of their party leaders. The DP called, instead, for a constitution based on individual rights, property rights, press freedom, women's rights, proportional representation within constituencies, federalism, devolution of federal powers to the provinces, and the direct election of senators by the provincial electorates.

In the 1994 elections, the DP's performance was considered disastrous, as it won only 1.7 percent of the vote and gained only seven seats in the National Assembly. The voting results revealed that it had failed to broaden its urban, middle-class, and English-speaking white base. It had won only about 3 percent of the coloured vote in the Western Cape, a comparable percentage of the Indian vote in KwaZulu-Natal, and no significant black support.

The Pan-Africanist Congress (PAC) was established in April 1959 by ANC dissidents who opposed that group's multiracial orientation and advocated black liberation within an exclusively black nationalist context. The party was founded in the black townships of Orlando and Soweto, outside Johannesburg, where it has received most of its support. The government declared the PAC an "unlawful" organization in 1960, because it advocated violent rebellion against the government. Like the ANC, the PAC was recognized by the United Nations (UN) and by the Organization of African Unity (OAU) as an official South African liberation movement. It was unbanned on February 2, 1990.

As advocates of the black liberation struggle, the PAC's founders criticized the ANC for diluting black nationalism by accepting white members (and Asians and coloureds). The PAC also opposed the ANC's alliance with the SACP because most PAC leaders rejected Marxist economic dogma (although the PAC had advocated some Maoist tenets in the late 1960s). Instead, the PAC advocated an indigenous form of African "communalism." It rejected the ANC's Freedom Charter because the charter sought to guarantee minority rights in a future postapartheid state, and issued instead the Azanian Manifesto in 1959. The manifesto promoted armed struggle by black South Africans as the only means of seizing power, overthrowing capitalism, and restoring their birthright of African landownership. Finally, unlike the ANC, which engaged in extensive political organizing through formal party structures, the PAC believed in the inevitability of national liberation through the spontaneous revolt of the masses.

From 1960 to 1990, the PAC's activities ranged from mass action campaigns, such as a campaign in 1960 to overcome what it termed "black psychological subservience to whites," to protests against the hated pass laws that required black South Africans to carry identity documents. One such demonstration in March 1960 led to at least sixty-seven deaths at police hands and more than 11,000 arrests in subsequent disturbances. The PAC's military wing, the Azanian People's Liberation Army (APLA)—then known by the name "Poqo" (loosely translated "blacks only")—also engaged in an underground armed struggle against white-dominated political and cultural institutions (see Consolidating Apartheid in the 1960s, ch. 1).

After the PAC was banned in 1960, the organization went underground, with headquarters located in Maseru, Lesotho.

It was led by an executive committee, the members of which had either evaded arrest or been released from prison. The PAC's senior leaders included its charismatic founder, Robert Sobukwe; acting president Potlako Leballo, who resigned under pressure in 1979; Vusumazi Make, who succeeded Leballo; John Pokela, who became leader in 1981; Johnson Mlambo, who succeeded Pokela as chairman in 1985; and Clarence Makwetu, who became president in 1990.

Following the PAC's unbanning in 1990, it reorganized as a legal political party, although its military wing continued to operate underground until 1994. Its internal organization consisted of a thirty-five-member National Executive Committee led by President Makwetu, first deputy president Johnson Mlambo, second deputy president Dikgang Moseneki, and general secretary Benny Alexander.

The PAC has eight working committees and a five-member National Coordinating Committee. Its members are organized into 105 local branches nationwide. Affiliated organizations include the Azanian National Youth Unity (Azanyu), a youth wing; the All African Student Committee (Aasac); the National Council of Trade Unions (Nactu); the African Organisation for Women (AOW); the Black Consciousness Movement (BCM); the Sobukwe Forum, a London-based faction; and the Pan-Africanist Students' Organisation (PASO), which has branches at several South African universities.

Although the PAC played little role in the multiparty negotiations during 1993 and early 1994, it formally suspended its armed struggle in early 1994 and agreed to participate in the April elections. It gained only 1.2 percent of the national vote, receiving five seats in the National Assembly, and it won one seat in each of three provincial legislatures—in Gauteng (then Pretoria-Witwatersrand-Vereeniging—PWV), KwaZulu-Natal, and the Eastern Cape.

Several other political parties participated in the 1994 elections, although, with the exception of the African Christian Democratic Party (which gained two seats in the National Assembly and seats in three of the nine provincial legislatures), none received more than 1 percent of the vote. These parties included the Sports Organisation for Collective Contributions and Equal Rights (SOCCER), the Keep It Straight and Simple Party (KISS), the Women's Rights Peace Party (WRPP), the Worker's List Party (WLP), the Ximoko Progressive Party (XPP), the Africa Muslim Party (AMP), the African Democratic

Movement (ADM), the African Moderates Congress Party (AMCP), the Dikwankwetla Party of South Africa (DPSA), the Federal Party (FP), the Luso-South Africa Party (LUSAP), and the Minority Front (MF).

Interest Groups

Interest groups have played a significant role in South African politics, although until apartheid was abolished the primary criterion for interest articulation was race, more often than economic issues. Interest groups work to achieve the goals of a particular ethnic community (Afrikaner, Xhosa, Zulu), racial group (white, black, coloured, or Indian), or other category of persons sharing a common goal. Leonard Thompson and Andrew Prior, in their book *South African Politics,* describe apartheid-era attempts by groups such as the Afrikaner Broederbond to win political influence in the parliament and the executive branch in order to maintain the status quo, while others, such as trade unions, sought to change labor relations and economic policy. Still other interest groups, such as the South African Media Council, had specific goals, in this case the establishment of a free and independent press. Finally, several organizations that were effectively banned from the political arena, such as the United Democratic Front (UDF) and the Mass Democratic Movement (MDM), continued to function as political interest groups during the apartheid era.

Within this system, the Afrikaner interest groups were the most influential, as they constituted an element in the country's ruling elite. After apartheid was abolished, however, interest-group politics began to change. Many organizations abandoned their ethnically based, secretive, extraparliamentary, or underground characteristics to meet the challenges of the new nonracial, open, and democratic political order.

Afrikaner Broederbond

The Afrikaner Broederbond (later Broederbond, or Brotherhood) was the most important apartheid-era interest group in South Africa. Functioning for almost sixty years as an elite, exclusively Afrikaner, secret society, the Broederbond gradually shifted its perspective on the future and supported the political reform process beginning in the early 1980s.

Founded in 1918, the Broederbond became a secret organization in 1921 and dedicated itself to advancing Afrikaner political, cultural, and economic interests. Membership was restricted to white Afrikaner males who passed a rigorous selection process. One of the group's primary goals was to place Afrikaner nationalists in key political positions and to establish other organizations to further Afrikaner interests. With members of the Broederbond in key leadership positions, the NP government often promoted the interests of the group.

The Broederbond's organizational structure and political strategy were first publicly disclosed in the late 1970s by Hennie Serfontein, an Afrikaner journalist who devoted much of his career to investigating the organization. According to internal Broederbond documents, in 1993 the society reportedly had 20,074 members—one of the highest figures in its history—organized into twelve regions and 1,392 branches, or cells. Branches varied in size from five to twenty members, and central committees in towns and cities coordinated branch activities. Branch cells selected representatives to regional councils, the next higher level of organization. Top policy-making authority was vested in the National Congress (Bondsraad), which met every two years and elected the organization's senior executive authorities, the Broederbond chairman and the Executive Council. The Executive Council served for two years; in 1993 it had eighteen members.

The Broederbond played an important role in transforming apartheid. Major governmental policy shifts in areas such as education and sports were first tested in Broederbond discussions before being aired in parliamentary debate. Then in November 1993, in preparation for the postapartheid political system, the Broederbond adopted a new constitution that radically transformed the previously clandestine organization. The Broederbond changed its name to the Afrikanerbond, removed its cloak of secrecy, and abolished its Afrikaner male exclusivity by permitting women and all racial groups to join. Some membership restrictions remained—new entrants had to speak Afrikaans, had to subscribe to the organization's constitution, and had to be approved by the other members. These restrictions helped to ensure the continued importance of Afrikaner interests and identity.

United Democratic Front

The United Democratic Front (UDF) was an extraparliamentary organization established in 1983, primarily in opposition to the government's constitutional proposals of that year. It served as an umbrella organization of antiapartheid groups.

Membership was open to any organization that endorsed the principles of the ANC's Freedom Charter. Affiliates of the UDF included the Congress of South African Trade Unions (COSATU), the South African National Student Congress (Sansco), the National Union of South African Students (NUSAS), and the Congress of South African Students (COSAS).

Following clashes with the government, the UDF was effectively banned—i.e., its political activities were proscribed—under the terms of the emergency regulations of February 24, 1988, and many of its affiliates were reorganized under the guise of a new political coalition. The UDF disbanded on August 20, 1991, declaring that its major objectives had been fulfilled.

Mass Democratic Movement

The Mass Democratic Movement (MDM) was the name of an informal coalition of antiapartheid groups during the 1970s and early 1980s. As a formal organization, the MDM was established as an antiapartheid successor to the UDF after the 1988 emergency restrictions effectively banned the UDF and several other opposition groups. Even after 1988, the MDM was a temporary loose coalition of antiapartheid activists with no permanent constitution, no official membership rolls, no national or regional governing body, and no officeholders. Like the UDF, the MDM drew much of its support from the black community; a condition for affiliation with the MDM was adherence to the provisions of the ANC's Freedom Charter.

The MDM gained prominence in 1989, when it organized a campaign of civil disobedience in anticipation of national elections scheduled to take place in September of that year. Defying the state-of-emergency regulations in effect at the time, several hundred black protesters entered "whites-only" hospitals and beaches. During that month, people of all races marched peacefully in several cities to protest against police brutality and repressive legislation. When the UDF was unbanned in February 1990, most MDM leaders and many members rejoined their former organizations.

Trade Unions

Labor activism dates back to the 1840s, when the first unions were formed. Most major industrial unions were organized after World War I either to support or to oppose racial privileges claimed by whites. Black and communist organizations formed antiapartheid unions to abolish racist policies in the workplace; most proapartheid unions were formed by government forces to support discriminatory labor practices. During the apartheid era, membership in most trade unions was based on race, and until 1979, the government did not recognize black unions or grant them labor law protection. In 1977, for example, out of 172 registered trade unions that were eligible to bargain collectively, eighty-three were white, forty-eight were coloured, and forty-one were open to whites, coloureds, and Asians. Among the proapartheid and all-white unions were the White Workers' Protection Association (Blankewerkersbeskermingsbond), the Mineworkers' Union, and larger coordinating bodies such as the South African Confederation of Labour.

The South African Congress of Trade Unions (SACTU), formed in the early 1950s, became the leader of the antiapartheid struggle in the labor movement. The government often arrested and harassed its leaders for political agitation. During the 1970s, however, the government recognized the need to exert greater control over labor activities and to improve government-union relations. In 1977 it established the Commission of Inquiry into Labour Legislation, headed by Professor Nicolas Wiehahn. The Wiehahn Commission recommended the legalization of black unions, in part to bring labor militants under government control. The government recognized black unions in 1979 and granted them limited collective bargaining rights. In the same year, the government established a National Manpower Commission, with representatives from labor, business, and government, to advise policy makers on labor issues.

During the 1980s, business owners and management organizations, such as the Afrikaner Trade Institute (Afrikaanse Handelsinstituut—AHI), which had represented Afrikaner commercial interests since the 1940s, were forced to negotiate with black labor leaders for the first time. To adapt to the new labor environment, they established the South African Employers' Consultative Committee on Labour Affairs (SACCOLA) to represent the owners in lobbying and collective bargaining sessions.

Black union membership soared during the 1980s. New labor confederations included the nonracial COSATU, which was affiliated with the ANC and the SACP; the PAC-affiliated National Council of Trade Unions (Nactu); and the IFP-affiliated United Workers Union of South Africa (UWUSA). By

1990 COSATU, the largest of these, had more than thirty union affiliates with more than 1 million members.

Efforts to begin dismantling apartheid during the early 1990s meant that union leaders were pressed to represent workers' interests more vigorously in the changing economic environment. Although the largest unions had been strong ANC supporters in the past—and were vital to ANC efforts to mobilize popular demonstrations against apartheid—they began to clash with ANC party officials and with government leaders in 1994 and 1995. Some union members feared that workers' interests would be overlooked in the effort to implement economic development plans in the postapartheid era.

Political Elites

Although change was evident at all levels of society as South Africa began to dismantle apartheid during the 1990s, particularly dramatic changes were occurring in the country's political and social leadership. Not only were new leaders emerging on the national level, but shifts were also occurring within political organizations, as new political expectations and aspirations arose and as new demands were placed on political leaders at all levels.

Since 1948 the country's governing class, the political elite, had been dominated by Afrikaners. Afrikaners held most high positions in government, including the legislature, the judiciary, the cabinet, and the senior ranks of the military and security services. Afrikaners also came to dominate the larger community of leaders, the power elite, by assuming important roles in the civil service bureaucracy, and to a lesser extent in business, the universities, and the media. Afrikaner dominance was reinforced by the rules of apartheid, in large part because the government's security and intelligence services helped to enforce the rules of apartheid through other institutions.

In general, during the apartheid era, English-speaking whites were less important in the political and power elites. They played only secondary roles in most areas of government. English speakers were, nevertheless, prominent in commerce and industry, where the Afrikaners' success had lagged behind their political achievements, as is explained by Thompson and Prior. By the 1980s, English-speaking whites also held important positions in universities and the media, and in a few areas of government.

In the early 1990s, these political and power elites were evolving, as is demonstrated in the authoritative survey of elites, *Who's Who in South African Politics*, by the South African writer Shelagh Gastrow. Gastrow divided South Africa's dominant political leaders into four major categories: political leaders within the Afrikaner community, most associated with the NP; an older generation of black opposition leaders, most within the ANC; a younger generation of leaders emerging from the Black Consciousness Movement; and a new group of labor leaders who had risen to prominence as the trade union movement strengthened during the 1970s and 1980s. A fifth category might be added—according to South African political scientist Roger Southall, who reviewed Gastrow's book—the small number of white political leaders who attempted to reshape white politics along nonracial, democratic lines.

A subsequent revised edition of Gastrow's book identified 118 individuals—110 men and only eight women—as constituting South Africa's evolving political elite in 1992. Among the obvious changes occurring at that time was the emergence of formerly imprisoned, exiled, or banned opposition leaders, who had been released from prison or had been legally recognized since early 1990. They could then be legally quoted in the country's media, and their ideas were being widely disseminated. In addition, new challengers arose to replace formerly entrenched leaders, especially conservative blacks, coloureds, and Indians who had gained office through various forms of state patronage in the black homelands or in other institutions of government.

Changes were also occurring within the senior ranks of the organizations from which the country's new leaders had emerged. As the ANC, for example, was forced to cooperate with former opponents, especially the NP, in pursuing national goals, new alliances and friendships were formed, shaped in part by a pragmatic appraisal of the political realities of the time. In addition, former opposition groups—especially the ANC—began to revise their rhetoric from that of guerrilla opponents of government, or "states in exile," to adapt to their new positions of responsibility. The ANC's best educated, skilled technocrats, capable of managing governmental and other bureaucracies, were gaining particular prominence.

At the same time, a greater distance was developing between these educated elites and the less educated rank-and-file within their own organizations. In particular, there was a growing dis-

Apartheid-era civil servant leaving location in Lebowa
Courtesy R. T. K. Scully

tance between the ANC and its radical youth wing in late 1994 and 1995. There was also a growing distance between the ANC leadership and their former ally, the South African Communist Party (SACP). Ties between these two organizations had not only been close in the past; their membership and leadership rolls had overlapped.

In some cases, the new elites appeared to have more in common with members of rival political organizations than with their organization's own members. Several new government leaders, for example, were drawn from traditional African elites—royal families, chiefs, and influential clans. President Mandela, while a university-trained lawyer, is also a descendant of a leading family among the Thembu (Tembu), a Xhosa subgroup. Like Mandela, the prominent Zulu leader and minister of home affairs, Mangosuthu (Gatsha) Buthelezi, is university-educated and the product of aristocratic origins. Buthelezi, a member of the Zulu royal family, is also a chief within the Buthelezi sub-group (also, "tribe") of the Zulu.

Other members of South Africa's new government also represent ethnic elites. For example, the minister of public enterprises in 1995, Stella Sigcau, is the daughter of a well-known Pondo paramount chief, Botha Sigcau. Stella Sigcau also had served as chief minister in the Transkei government during the early 1980s.

Many former ANC officials who were in government office in the mid-1990s had worked to overcome factional differences based on ethnicity during the apartheid era. Although the ANC is often stereotyped as "Xhosa-dominated," and a number of its officers are Xhosa, several ethnic groups have been represented in the ANC's senior ranks. Thomas Nkobi, treasurer general from 1973 through the early 1990s, represents a subgroup within the Zimbabwe-based Shona people. Former Secretary General Cyril Ramaphosa and National Working Committee member Sydney Mufamadi are Venda (VaVenda—see Ethnic Groups and Language, ch. 2). Ramaphosa's former deputy, Jacob Zuma, is one of several Zulu leaders who rose to prominence within the ANC. The ANC's former security and intelligence specialist, Patrick "Terror" Lekota, and former MK leader Joe Modise are Sotho (BaSotho). Several popular regional leaders are Tswana (BaTswana). In general, these leaders have rejected arguments that favored the use of ethnicity to define political factions.

Age differences appeared more divisive than ethnicity within the ANC during the early and the mid-1990s. There were heated debates over questions of political succession, as the ANC's aging leaders—many over the age of seventy—faced challenges from the generations below them. Nelson Mandela was seventy-five years old when he was elected president in 1994, and several other ANC leaders were more than seventy years of age. Their most likely successors—especially Mbeki, Ramaphosa, Zuma, and the ANC's former director of intelligence, "Mac" Maharaj—were roughly two decades younger. Some of the ANC's younger militants threatened revolt against senior party figures in the early months of the new government, as their demands for jobs, homes, and improved living standards continued to be unmet. Criticism of the "older generation" was fueled in late 1994 and early 1995, when the president's former wife, Winnie Mandela, clashed with the government and was ousted as a deputy minister, as she championed the grievances of the ANC's militant youth.

As the apartheid system was being dismantled, some members of the Afrikaner elite in government, the civil service, and the security services reacted with impressive flexibility. By adapting quickly to the new environment, many of them not only retained their valued positions in the bureaucracy but also won new respect from former adversaries. As the ANC assumed responsibility for the security establishment, the police, and the intelligence services, ANC leaders were often able to work closely and cooperatively with Afrikaners who had once been so effective in excluding blacks from the political process.

The shift in power and influence among the country's political elites had begun well before the April 1994 elections. An important arena in which this power shift occurred was that of the political negotiations concerning the interim constitution of 1993. During those negotiations, as difficult and unpromising as they sometimes appeared, then-governing whites began, some for the first time, to view their black counterparts as legitimate partners in the decision-making process. At the same time, many black leaders adjusted smoothly to the new climate of political tolerance.

Communications Media

South Africa's communications media were radically transformed by the political reforms sweeping the country in the 1990s. The most fundamental changes were the gradual easing of government censorship and its abolition in the interim constitution. In spite of frequent government censorship under apartheid, however, South Africans had received news reports through numerous publications and broadcasts.

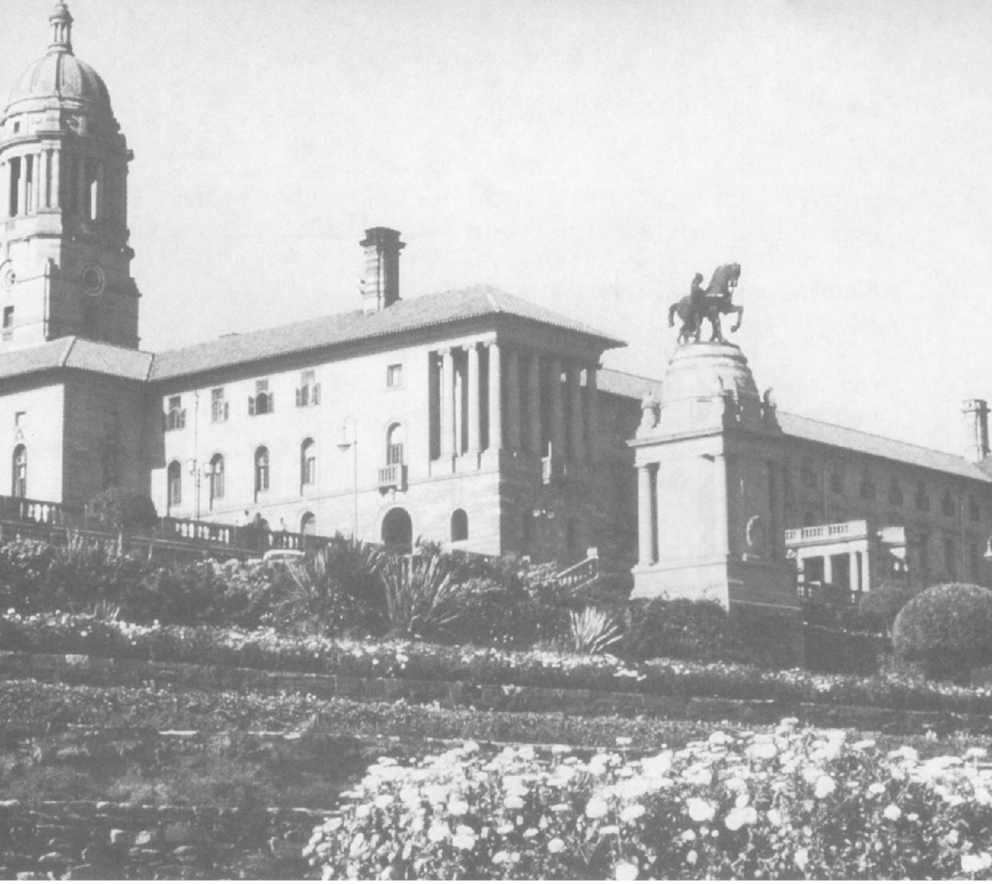
Under apartheid, a vast array of legislation and regulations had imposed limits on the media. The South African Press Council, for example, had the power to fine newspaper editors for defying emergency regulations, which often barred coverage of political events. Under emergency regulations in the 1980s, journalists were forbidden to report on banned organizations and people; the media were prohibited from reporting events relating to "state security," such as protests and demonstrations. The public then had to rely on the government's Bureau of Information for official reports of political events. And for violating emergency regulations, some journalists were detained—even without being charged—and newspapers were temporarily suspended. Some editors and reporters were prosecuted, and foreign journalists were expelled or refused entry visas. Similarly, the Publications Control Board, under the Publications Act (No. 42) of 1974, censored certain books and movies, especially those dealing with race relations.

In the early 1990s as part of the government's pledge to reform apartheid, many of the emergency regulations relating to the media were removed. Thus, the Protection of Information Act of 1982, which imposed penalties on publications that violated national security, was repealed in February 1990 and less stringent guidelines for protecting sensitive information were established. Thereafter, the press, including numerous mainstream and alternative publications, was generally independent, criticizing both the government in power and the various opposition parties involved in the political transformation.

Radio and Television

South Africa has an estimated 12.1 million radio receivers and more than 3.5 million television sets in the mid-1990s. Radio and television broadcasting (with the exception of M-Net, a privately owned, subscriber-based cable television service) is controlled by the South African Broadcasting Corporation (SABC), a statutory body that obtains its revenue from licenses and advertising. It operates twenty-two domestic radio broadcasting services in eleven languages through SABC-Radio, one external radio broadcasting service in seven languages through Channel Africa Radio, and two television channels that broadcast in seven languages through SABC-Television. Although M-Net was the only privately owned television network (with more than 880,000 subscribers), there were at least six privately owned commercial radio stations by 1996.

The most fundamental change in the role of the media in the mid-1990s took place in the SABC, which had been controlled by NP-led governments and had generally expressed government views. In April 1993, a new twenty-five-member SABC board began to prepare the SABC for the postapartheid era as an independent, autonomous, and impartial broadcasting authority. President de Klerk relinquished the right to appoint its board members, and the members of the board were selected publicly for the first time, after an independent judicial panel had screened the nominees to ensure political neutrality. Ironically, however, as a reflection of the new bal-



Union Buildings house government offices and National Archives (Pretoria).
Courtesy Embassy of South Africa, Washington

ance of forces in the country, an estimated nineteen of the twenty-five new board members were ANC members or were generally believed to be ANC supporters, and new complaints of political bias in the media began to emerge.

Another major change in the broadcasting system was the establishment of the Independent Broadcasting Authority in January 1994, as authorized by the Independent Broadcasting Authority Act (No. 153) of 1993. The authority consists of a seven-member panel, appointed by the minister of home affairs after a period of public discussion and nominations. The authority in 1994 required all broadcasters to reapply for operating licenses. It issued temporary licenses to most, and it obtained court orders to close down a few broadcast stations that had not applied for licenses. Permanent licenses were issued in 1995, after five months of public hearings and debate over the rules of broadcasting in South Africa.

Newspapers, Magazines, and Journals

More than 5,000 newspapers, magazines, and journals were registered with the South African Department of Home Affairs by January 1994; sixty-six new ones registered in that year, and registration was no longer required after 1994. As in other nations, newspaper and magazine publishers are organized into corporate groupings. Major corporations include the Argus Printing and Publishing Company, Perskor, and Times Media. Newspapers are printed in English, Afrikaans, and several African languages. The country's two national newspapers, which are printed on Sundays, are the *Sunday Times* and *Rapport.* Both are printed in several cities, simultaneously. The *Sunday Times* had a circulation of about 524,164 in 1995, and *Rapport,* about 396,974. Other major newspapers (and 1995 circulation figures) are *City Press* (262,203), *The Sowetan* (204,219), and *The Star* (199,753) (see table 19, Appendix).

South Africa has more than 300 consumer magazines and 500 trade, technical, and professional publications. *Huisgenoot,* a weekly Afrikaans publication, sold more than 520,000 issues in 1995, while *You,* its English counterpart, sold nearly 300,000 issues. The leading business and political magazine is the weekly *Financial Mail,* with approximately 32,000 subscribers.

The South African Press Association (SAPA) is the country's national news agency. It is a forty-member nonprofit cooperative, engaged in foreign and domestic news-gathering and distribution. Foreign news agencies operating in South Africa include Agence France Presse, Associated Press, Reuters, and United Press International.

Foreign Relations

The Ministry of Foreign Affairs is responsible for South African foreign policy decisions. The Department of Foreign Affairs (DFA) within the Ministry of Foreign Affairs conducts liaison with foreign governments and international organizations on all matters affecting official relations. These relations are conducted through foreign government officials, through diplomats accredited to South Africa, and through South Africa's accredited embassies, consulates, and other missions abroad. Until the early 1990s, the DFA and the diplomatic corps competed against numerous counterestablishment "diplomatic services" run by antiapartheid organizations in exile, especially the ANC. The aim of these parallel communication channels was to isolate the South African government within the international community as a means of pressuring Pretoria to abolish apartheid.

After the abolition of apartheid and the inauguration of the democratically elected Government of National Unity, South Africa's foreign relations were dramatically transformed. The country's diplomatic isolation ended, and existing relations with other countries and with international organizations improved. South Africa reestablished diplomatic and trade relations with many countries, particularly in Africa, and established new relations with some former sanctions "hardliners," such as India, Pakistan, Bahrain, Malaysia, Jordan, Libya, and Cuba. Several regional and international organizations invited South Africa to join, or to reactivate its membership, including the Organization of African Unity (OAU), the Southern African Development Community (SADC), and the United Nations (UN). In addition, South Africa participated in international and bilateral sport, academic, and scientific activities, often for the first time in decades. Relations with the countries of the former Soviet Union, Eastern Europe, and Central Europe improved. South Africa had full diplomatic ties with thirty-nine countries in 1990; that number increased to sixty-nine in 1993, and to at least 147 in 1995.

After the April 1994 elections, President Mandela appointed two ANC members, Alfred Nzo and Aziz Pahad, as minister and deputy minister of foreign affairs. He refused to make immediate sweeping changes in the diplomatic corps. The pillars of South Africa's future foreign policy had been enunciated by Mandela in late 1993, in an article published in *Foreign Affairs.* These principles are the promotion of human rights and democracy; respect for justice and international law in interstate relations; the achievement of peace through "internationally agreed and nonviolent mechanisms, including effective arms-control regimes"; incorporation of African concerns and interests into foreign policy choices; and economic development based on "cooperation in an interdependent world." In southern Africa, Mandela denounced South Africa's earlier economic domination of the region and its deliberate destabilization of neighboring states. Instead, Mandela called for "cooperation in regional construction, infrastructure and resource development projects . . . in virtually every sector and area." Finally, Mandela advocated the full reintegration of South Africa into global trade networks.

These foreign policy principles were being implemented even before Mandela's inauguration. For example, in early 1994 de Klerk and Mandela, along with the presidents of Botswana and Zimbabwe, helped mediate an end to a military revolt in neighboring Lesotho. In mid-1994, South Africa provided its first assistance to a UN peacekeeping operation when it supplied hospital equipment for Rwanda. Also in 1994, President Mandela agreed to help resolve the intractable civil war in Angola, although he cautioned against unrealistically high expectations in this and other deep-rooted political and ethnic conflicts.

Relations with African States

Official delegations from almost every other African state visited Pretoria in 1992 or 1993 to discuss ways to strengthen bilateral ties. South Africa's estimated 100 assistance projects in twenty-two African countries in 1991 more than doubled by 1994 and provided technical aid and training in agriculture, wildlife conservation, education, and health care. The effects of the early-1990s drought in southern Africa would have been even more devastating to the region's agriculture and wildlife if South Africa had not provided transportation and food assistance to its neighbors.

The change in South Africa's regional standing was dramatically marked by its admission to the Southern African Development Community (SADC) in August 1994. The twelve-member organization (also including Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Zambia, and Zimbabwe) aims to promote regional cooperation in economic development and security affairs. The SADC annual meeting of heads of state and government was held in Johannesburg on August 28, 1995. The assembled leaders agreed to create a regional common market with the elimination of all internal trade barriers by the year 2000. They also signed an agreement to share water resources among SADC member nations.

Almost all African countries had depended on South African trade even during the sanctions era, despite their strong rhetorical condemnation of the apartheid regime. In 1991 South Africa's trade with the rest of the continent was at least US$3.5

billion, and this figure increased steadily as apartheid was being dismantled.

For the five landlocked countries of southern Africa (Botswana, Lesotho, Swaziland, Zambia, and Malawi), South Africa's well-developed system of roads, railroads, and port facilities provides a vital trade link. The Southern African Customs Union (SACU), headquartered in South Africa, provides a common customs area, including Botswana, Lesotho, Swaziland, and Namibia (see Foreign Trade, ch. 3).

Botswana

Relations with Botswana were normalized in the early 1990s, after a period of strained ties in the 1980s. The most contentious issue between the two countries had been Botswana's willingness to provide safe haven for the ANC military wing, MK, and, to a lesser extent, for other opposition groups such as the Black Consciousness Movement of Azania (BCMA—the external wing of the Black Consciousness Movement). Although Botswana officially prohibited ANC use of its territory as a base for attacks against South Africa, the ANC violated this policy during the 1980s, provoking several small-scale raids by the South African Defence Forces (SADF) against ANC bases in Botswana. At the same time, although Botswana joined in the international condemnation of apartheid, its geographic and economic vulnerability deterred it from imposing economic sanctions against South Africa, with whom it maintained extensive but unpublicized trade relations.

Relations improved in the early 1990s, as apartheid was gradually dismantled. ANC camps in Botswana were closed in 1991 and 1992, as several hundred political exiles returned to South Africa under a program administered by the United Nations High Commissioner for Refugees (UNHCR).

Lesotho

Until the 1960s, several South African governments pressed for the incorporation of Lesotho, then a British protectorate, into the Union of South Africa. As a landlocked country completely surrounded by South Africa, Lesotho depended heavily on South Africa for its economic well-being. After Lesotho became independent in October 1966, South Africa played a major role in the country's internal affairs—for example, by supporting the new government led by Chief Leabua Jonathan.

Tensions between the two countries rose in the 1970s because of Lesotho's criticism of South Africa at the UN and at the OAU, its support for the ANC, its provision of safe haven to antiapartheid fighters such as MK, and its close ties to a number of socialist countries. Relations became severely strained in April 1983, when the Jonathan government announced that Lesotho was at war with South Africa, and again in 1984, when Lesotho refused to sign a nonaggression pact with South Africa. In response, South Africa impounded shipments of arms to Lesotho, threatened economic sanctions, and suspended talks concerning the Lesotho Highlands Water Project (a thirty-year cooperative engineering venture that would supply water to South Africa and provide electric power and financial compensation to Lesotho). Tensions eased in 1984, as some ANC forces withdrew from Lesotho, but in 1985 new tensions prompted Pretoria to step up security measures along the border between the two countrries.

In early 1986, South Africa backed a military coup in Maseru, bringing into power a government more sympathetic to Pretoria's security interests. Lesotho expelled several ANC members and technicians from the Democratic People's Republic of Korea (North Korea), whom Pretoria considered a menace, and relations between the two nations improved. Work on the Highlands Water Project resumed, and in 1987 they established a joint trade mission. Relations continued to improve after that, and the countries established full diplomatic ties in May 1992. Pretoria recognized the outcome of Lesotho's March 1993 elections, the first in twenty-two years.

In January 1994, Lesotho's democratically elected civilian government sought South African assistance in quelling an army mutiny over pay and conditions of service in the Lesotho Defence Forces. Pretoria refused to intervene directly, but threatened to seal off Lesotho's borders, which would have blocked vital commercial transportation to and from Maseru. De Klerk and Mandela, together with the presidents of Zimbabwe and Botswana, urged both sides to negotiate an end to the crisis, a move that represented the likely pattern of postapartheid diplomacy in southern Africa.

Swaziland

South Africa's relations with the Kingdom of Swaziland, one of Africa's smallest nations—which South Africa surrounds on the north, west, and south—were shaped by the kingdom's complete dependence on its powerful neighbor for its economic and political well-being. During the 1970s and early 1980s, although Swaziland claimed to be neutral in the East-West conflict, it was actually pro-Western and maintained strong relations with South Africa, including clandestine cooperation in economic and security matters. South Africa invested heavily in Swaziland's economy, and Swaziland joined the Pretoria-dominated SACU. During the 1980s, some South African businesses also used Swazi territory as a transshipment point in order to circumvent international sanctions on South Africa. Relying on a secret security agreement with South Africa in 1982, Swazi officials harassed ANC representatives in the capital, Mbabane, and eventually expelled them from Swaziland. South African security forces, operating undercover, also carried out operations against the ANC on Swazi territory. Throughout this time, part of the Swazi royal family quietly sought the reintegration of Swazi-occupied territory in South Africa into their kingdom.

In June 1993, South Africa and Swaziland signed a judicial agreement providing for South African judges, magistrates, and prosecutors to serve in Swaziland's courts. South Africa also agreed to provide training for Swazi court personnel. In August 1995, the two countries signed an agreement to cooperate in anti-crime and anti-smuggling efforts along their common border.

Zimbabwe

Bilateral relations between South Africa and Zimbabwe improved substantially as apartheid legally ended. In December 1993, the foreign ministers of both countries met for the first time to discuss ways to improve bilateral ties. Tensions between the two countries had been high since 1965, when South Africa demonstrated tacit support for the unilateral declaration of independence (UDI) by white-dominated Rhodesia (Southern Rhodesia), a former British colony. South Africa also had assisted the new regime led by Prime Minister Ian Smith for almost fourteen years, until it was brought down by a combination of guerrilla war and international pressure.

After Rhodesia's independence as Zimbabwe, the government in Harare supported mandatory sanctions against South Africa and provided political, diplomatic, and military support to the ANC in its armed struggle. Zimbabwe also provided military assistance, including troops, for Maputo's struggle against

South African-supported insurgents in the Mozambican National Resistance (Resistência Nacional Moçambicana—MNR or RENAMO). SADF troops retaliated against Harare, with two raids on alleged ANC bases in the capital in 1986 and 1987, and bomb explosions in Harare in October 1987 and in Bulawayo in January 1988.

Relations between the two countries began to stabilize in 1990, after Mandela was released from prison and South Africa moved toward constitutional reform. Even before international sanctions against South Africa were lifted, a number of unpublicized ministerial contacts took place to discuss matters of trade and transport. President de Klerk and Zimbabwean President Robert Mugabe met publicly for the first time on January 27, 1994, when de Klerk, Mandela, Mugabe, and Botswana's President Quett Masire joined together in urging a peaceful resolution to a military mutiny in Lesotho.

President Mandela visited Harare in early 1995. The two countries debated trade issues throughout the year, primarily centered around efforts to dismantle apartheid-era tariffs. In November 1995, a ceremony attended by presidents Mandela and Mugabe marked the opening of a new bridge linking the two countries, across the Limpopo River.

Namibia

South Africa's relations with Namibia (formerly South-West Africa) were normalized following the 1988 agreement that paved the way for the solution to the interlinked conflicts in Namibia and Angola. Prior to this agreement, Namibia had been under South Africa's control since 1919, when Pretoria received the League of Nations mandate over the territory then known as South-West Africa. In 1946 the UN refused South Africa's request to annex the territory. In 1964 South Africa introduced apartheid in South-West Africa (Pretoria had granted Europeans living there limited self-governing privileges since 1925).

The United Nations General Assembly in 1966 voted to revoke South Africa's mandate and to place the territory under direct UN administration. South Africa refused to recognize this UN resolution until 1985, when President Botha ceded administrative control to the territory's interim government. South Africa allowed a UN peacekeeping force and an administrator to implement United Nations Security Council Resolution 435 (1978), establishing the United Nations Transitional

Assistance Group (UNTAG) in Namibia. Finally, on December 22, 1988, South Africa signed an agreement linking its withdrawal from the disputed territory to an end to Soviet and Cuban involvement in the long civil war in neighboring Angola. Namibia's new government, led by the South-West Africa People's Organisation (SWAPO), was elected in a landslide victory in November 1989.

After Namibia's independence in March 1990, South Africa and Namibia established diplomatic ties, but relations between the two countries were uneasy, in part because many of Namibia's senior government officials had been leaders in the guerrilla war to oust South Africa from their country. Namibia nonetheless joined the Southern African Customs Union (SACU) and continued to be almost totally dependent on South Africa in trade and investment. In 1992, for example, 90 percent of Namibia's imports came from South Africa, and South Africa purchased 30 percent of Namibia's exports. Relations improved as apartheid was dismantled.

The two countries established a Joint Administrative Authority to manage the port facilities at Walvis Bay, Namibia's only deep-water port, which had remained under South African control after Namibian independence. Under pressure from the ANC, South Africa then agreed to transfer control over the port enclave to Windhoek before the 1994 elections. Namibia finally assumed control over Walvis Bay on March 1, 1994.

The prospects for multiracial democracy in South Africa prompted Namibia to sign a series of bilateral agreements with Pretoria in anticipation of the close ties they hoped to maintain through the rest of the 1990s. One of these, signed in 1992, pledged cooperation in supplying water to arid regions of both countries along their common border. In December 1994, President Mandela announced his government's decision to write off Namibia's debt, an estimated US$190 million owed to South Africa. He also transferred most South African state property in Namibia to Namibian government ownership.

Mozambique

After Mozambique's independence from Portugal in 1975, relations between South Africa and Mozambique were shaped by the rise to power of the revolutionary Front for the Liberation of Mozambique (Frente de Libertação de Moçambique—FRELIMO) government, and in particular, by FRELIMO's commitment to support regional liberation movements. South

Africa provided covert military assistance to the anti-FRELIMO insurgency, RENAMO. In an attempt to curtail South Africa's intervention, Maputo entered into negotiations with Pretoria in late 1983, resulting in a non-aggression pact, the Nkomati Accord, in 1984. This accord committed both countries to end their assistance to each other's opposition movements, and to establish a joint security commission to monitor implementation of the pact. South Africa continued to assist RENAMO, however, and relations between the two countries worsened.

After unsubstantiated allegations of South African involvement in the death (in a plane crash) of Mozambican president Samora Machel in October 1986, demonstrators attacked the South African trade mission in Maputo. Pretoria threatened to retaliate by banning Mozambican migrant laborers from South Africa's mines, but this plan was not implemented. Even after South African security forces raided ANC bases around Maputo in 1987, presidents Botha and Joaquim Chissano met to try to revive the Nkomati Accord. They agreed to establish a joint commission on cooperation and development, whereby South Africa would protect Mozambique's Cahora Bassa power lines, which had been targets of RENAMO sabotage, and would assist in improving Maputo's harbor as well as road and rail links with South Africa.

Relations continued to improve in 1989 following a South African initiative to help resolve Mozambique's civil war. Although both Chissano and RENAMO leader Afonso Dhlakama rejected Pretoria's proposal of United States mediation in Mozambique, Pretoria nonetheless played an important role in persuading the two men to pursue a negotiated peace. South African president de Klerk, Zimbabwe's president Mugabe, and other regional leaders urged Mozambique's warring parties to sign a peace agreement and, after they did so in October 1992, to prepare for democratic elections. In December 1992, the UN began deploying 7,500 troops for the UN Operation in Mozambique (UNOMOZ), and the date for Mozambique's first multiparty elections was finally set for October 1994.

In 1993 South Africa and Mozambique agreed to formalize their trade missions in each other's capitals and to upgrade diplomatic ties. Late that year, the two countries agreed to cooperate in repatriating more than 350,000 Mozambicans who had sought refuge in South Africa—some of the more than 800,000 Mozambican refugees scattered throughout the region. The

UNHCR reported that refugees continued returning to Mozambique throughout 1994 as the elections approached.

After South Africa's April 1994 elections, Deputy President Mbeki opened communication channels with RENAMO leaders, including Dhlakama, in an effort to help preserve the fragile peace in Mozambique. President Mandela made his first official state visit to the country on July 20, 1994, and he emphasized the challenges both countries faced in strengthening democratic institutions. The two governments signed agreements establishing a joint cooperation commission to pursue shared development goals in agriculture, security, transportation, and medicine.

In 1996 the two countries began to implement a South African proposal for a small group of South African farmers to settle and farm land in Mozambique. The proposal had originated in the desire of a few Afrikaner farmers to leave South Africa, and both governments viewed it as a possible means of improving the agricultural infrastructure in Mozambique and of providing jobs for farm laborers there. For Pretoria, the proposal held some promise of reducing the influx of farm workers into South Africa.

Zambia

South African-Zambian relations until 1990 were shaped by Zambia's support for antiapartheid movements inside South Africa, by its agreement to allow anti-South African SWAPO guerrillas to operate from Zambia's territory, and by its anti-RENAMO assistance to government forces in Mozambique. As one of the leaders of the frontline states against South Africa, Zambia provided safe haven for the ANC, which had its headquarters in Lusaka, prompting military reprisals by South Africa in the late 1980s. Relations between the two countries improved as apartheid was being dismantled in the early 1990s, leading to several visits by the two countries' leaders. Then-president Kaunda visited South Africa for the first time in February 1992, and the two countries established diplomatic ties and began to normalize trade relations later that year. (Zambia was already South Africa's second largest African trading partner.) President de Klerk visited Lusaka in mid-1993, the first visit by a South African head of state. In 1994 South Africa continued to be the most important source of Zambian imports—mostly machinery and manufactured goods—and the two countries were exploring new avenues for trade during the rest of the 1990s.

Angola

South Africa has long-standing geographic, commercial, and political ties with Angola, which became independent from Portugal in November 1975. Until the early 1990s, relations between the two countries were strained, however, owing primarily to South Africa's extensive military support for the insurgent movement in Angola. The National Union for the Total Independence of Angola (União Nacional para a Independência Total de Angola—UNITA), led by Jonas Savimbi, had waged a sixteen-year war against the Marxist-led government in Luanda. Pretoria became Savimbi's patron principally because it feared the threat of Soviet and Cuban expansionism, but by the late 1980s, a new geostrategic environment was emerging in the region. The Cold War ended, accompanied by the collapse of Angola's superpower patron, the former Soviet Union; Cuban forces withdrew from Angola as part of the 1988 Angola-Namibia Accord, and the Angolan civil war ended tentatively, with a peace agreement in May 1991.

Angola's first democratic elections in September 1992 failed, after Savimbi refused to accept his electoral defeat and the war resumed. Pretoria then supported a negotiated outcome to the festering civil war, although a few South Africans (said to be operating outside Pretoria's control) continued their support to Savimbi.

Relations between South Africa and Angola deteriorated after Pretoria withdrew its diplomatic representation from Luanda in late 1992. Early in 1993, however, both governments again began working to normalize diplomatic ties, and Pretoria promised to crack down on private channels of assistance from South Africa to Savimbi. Although de Klerk announced that South Africa would grant recognition only after a fully representative government had been installed in Luanda, Pretoria reopened its offices in Luanda and upgraded diplomatic ties in mid-1993. The two countries established full diplomatic relations on May 27, 1994, and Luanda appointed an ambassador to South Africa later that year.

In June 1994, President Mandela agreed to requests by UN Special Envoy to Angola, Alioune Blondin Beye, to attend talks with Angolan President José Eduardo dos Santos and Savimbi in an effort to end the fighting in Angola. Pretoria initially provided the venue for talks between dos Santos and President Mobutu Sese Seko of Zaire, as dos Santos sought an end to Zairian assistance to UNITA. Finally, in November 1994, Mandela witnessed an agreement between dos Santos and Savimbi to end the fighting in Angola and to begin rebuilding the country, and the slow process of disarming rebel fighters began in 1995.

Kenya

South Africa had long maintained relatively cordial relations with Kenya, one of Africa's leading pro-Western governments, although until 1990 these ties were mostly unpublicized and centered around trade. The nature of their relations changed in November 1990 when South Africa's minister of foreign affairs, Pik Botha, visited Kenya in the first publicized ministerial-level contact between the two countries since 1960. Relations were further consolidated when President de Klerk visited Kenya in June 1991, and Kenyan president Daniel Arap Moi visited Cape Town in June 1992—the first visit to South Africa by an African head of state.

In addition to strong trade ties in the mid-1990s, South Africa and Kenya share the desire to promote cooperation among countries of the Indian Ocean Rim (IOR). In March 1995, delegations from both countries, along with representatives of Australia, India, Oman, and Singapore, met in Mauritius to discuss ways to strengthen trade, investment, and economic cooperation among IOR member states.

Nigeria

Nigeria maintained a hostile attitude toward South Africa for more than thirty years until the early 1990s. Then the new political environment led to President de Klerk's visit to Nigeria in April 1992 to discuss bilateral issues, primarily trade. South Africa and Nigeria established diplomatic relations in mid-1994.

President Mandela was among the small number of world leaders who in late 1995 appealed to Nigeria's military head of state, General Sani Abacha, to spare the lives of the writer and environmental activist Ken Sarowiwa and eight others convicted of inciting violence that resulted in several deaths in Nigeria. After Sarowiwa and the others were executed on November 10, 1995, Mandela called for international sanctions against the Abacha government. South African officials later dropped this demand, deferring to the OAU, which was reluctant to impose sanctions against a member state.

Relations with Non-African States

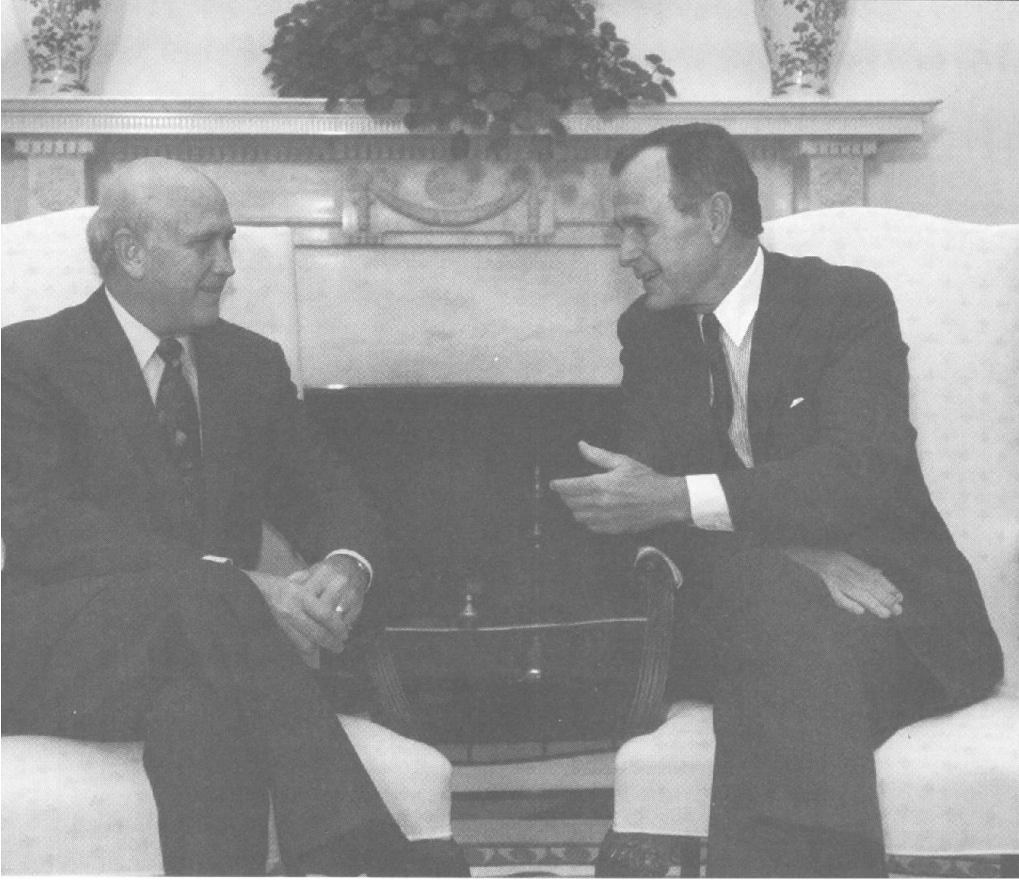
Relations with non-African states focused mainly on the United States, Britain, and Western Europe through the 1980s. Commercial ties, often clandestine and subject to sanctions restrictions, were vital to the survival of many South African industries. As sanctions were lifted, commercial and diplomatic ties were immediately strengthened with the West, and at the same time, new alliances were being formed in the 1990s, especially in Asia and the Middle East.

United States

Although the United States joined the international community in 1986 in imposing economic sanctions against South Africa, earlier United States interests had been driven largely by the aim of reducing Soviet influence in southern Africa. United States officials had viewed South Africa as an important Western geostrategic bulwark in an unstable region. All United States administrations during the 1970s and the 1980s condemned apartheid, but they were generally opposed to broad economic sanctions, often arguing that the most severe impacts of such sanctions would be felt by the same segment of the population that was most disadvantaged by apartheid. The Carter administration (1977–81), however, adopted a tougher line toward Pretoria, viewing African nationalism as a driving force in the region that was compatible with United States interests.

The United States had imposed an arms embargo on Pretoria in 1964 and had joined the international consensus in refusing to recognize the "independence" of four of South Africa's black homelands between 1976 and 1984. The 1983 Gramm Amendment opposed the extension of International Monetary Fund (IMF—see Glossary) credits to "any country practicing apartheid." The 1985 Export Administration Amendment Act barred United States exports to South Africa's military and police, except for humanitarian supplies and medical equipment.

The United States maintained formal diplomatic relations with Pretoria throughout the apartheid era. The United States was still South Africa's second largest trading partner, with exports and imports valued at more than US$1.6 billion per year, during most of the sanctions years.



President Frederik W. de Klerk and President George Bush in Washington, September 1990
Courtesy The White House

United States administrations tried to influence South African governments by working with them discreetly in a strategy called "constructive engagement" during the late 1970s and early 1980s. Guided primarily by Assistant Secretary of State for African Affairs Chester Crocker, the United States emphasized its common strategic interests with South Africa and insisted on unilateral rather than multilateral negotiations over South Africa's future (i.e., negotiations between the government and its opposition, as opposed to negotiations participated in by outside interests). One of the arguments against sweeping sanctions at the time was that United States officials hoped to maintain the small degree of influence they may have had in pressing for political reforms.

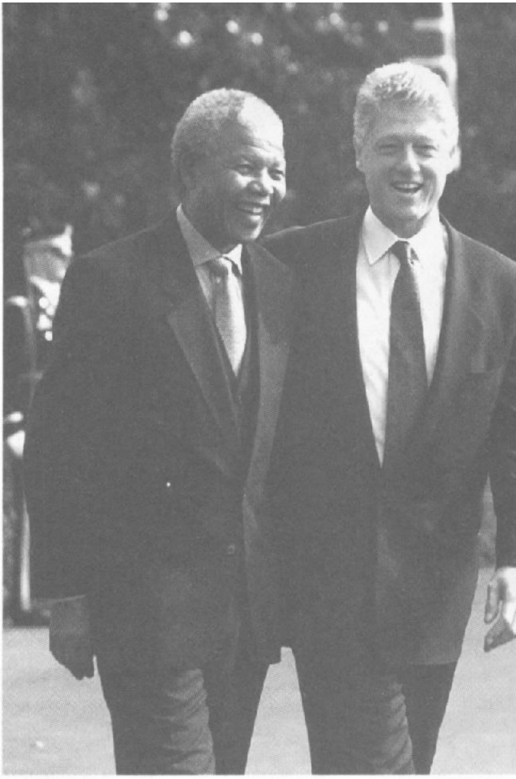
The United States also sought to bring about regional change through peaceful and democratic means and vigorously supported the negotiations for Namibian independence from South Africa. This policy approach ultimately paved the way for the 1988 agreement that linked the withdrawal of South African troops from Namibia with the withdrawal of Cuban troops from Angola, in a process that culminated in Namibia's first democratic elections in 1989 and independence in March 1990.

With the passage of the United States Comprehensive Anti-apartheid Act (CAAA) over a presidential veto in 1986, the United States Congress established an elaborate sanctions structure prohibiting future investments, bank loans, and some forms of trade with South Africa. More than 200 of the 280 United States companies in South Africa sold all, or part of, their operations there, and many of those remaining adhered to business principles intended to ameliorate the effects of apartheid. The CAAA called on the United States president to report to Congress each year on the state of apartheid in South Africa, in order to assess the need for further legislation. In 1987 the Intelligence Authorization Act prohibited intelligence sharing between the two countries. By 1990, twenty-seven state governments, ninety cities, and twenty-four counties had also imposed sanctions against South Africa or divestment measures on their own citizens' South African holdings.

In July 1991, United States President George Bush declared South Africa's progress toward democracy "irreversible," and the United States began to lift sanctions imposed under the 1986 CAAA. Most IMF and military-related bans remained in force until after the 1994 elections. A few city and county-level restrictions on dealings with South Africa remained on the books even after 1994.

In early 1994, Washington contributed US$10 million to assist the electoral process in South Africa, including election observers and technical assistance to parties participating in the elections. After the elections, the administration of President William J. Clinton announced a US$600 million, three-year aid, trade, and investment package for South Africa. The United States also promised to support the participation of international lending institutions, such as the IMF, in reconstructing the South African economy.

Minor strains emerged in South Africa's relations with the United States after the elections, however. President Mandela was critical of the United States on several fronts, including the level of economic assistance offered to help recover from apart-



President Nelson Mandela and President William J. Clinton in Washington, October 1994
Courtesy The White House

heid. Another source of tension arose out of a 1991 indictment by a United States court against South Africa's state-owned Armscor (Armaments Corporation of South Africa). The case concerned apparent violations of United States arms export controls during the 1980s. South African officials in 1994 requested that the indictment be dropped, noting that the target of sanctions—the apartheid regime—had been removed from power. United States officials refused to intervene in the judicial process, however, and the case was finally settled without public clamor in 1996.

Washington placed South Africa on a "trade watch" list in 1996, referring to apparent trademark violations that were being adjudicated in South African courts. These and other relatively minor disagreements might have been resolved fairly amicably, had they not taken place against the backdrop of anti-American rhetoric by South African officials on several occasions. For example, in his determination to maintain his government's sovereignty and freedom from outside interference, President Mandela repeatedly emphasized his loyalty and gratitude to countries that had staunchly opposed apartheid during the 1970s and 1980s. Among these countries were Cuba, Libya, and Iran, which the United States considered international outcasts or state sponsors of terrorism.

Pretoria has championed the cause of ending the thirty-year-old trade embargo against Cuba, in defiance of the United States, and South Africa hosted a conference to promote African-Cuban solidarity in October 1995. Pretoria also forged several new cooperation agreements with Iran in 1995 and 1996, and increased its oil purchases from Iran, over United States objections. President Mandela proclaimed South Africa's solidarity with Libya and welcomed that country's leader on a visit to South Africa in late 1995.

Despite these strains, South Africa and the United States are pursuing closer ties in many areas. More than 500 United States companies have more than US$5 billion in direct investments in South Africa in the mid-1990s, and trade between the two countries is increasing steadily. In March 1995, Washington and Pretoria established a United States-South Africa Binational Commission to improve communication and cooperation. (The United States has similar commissions with Egypt, Russia, and Mexico.) The commission is co-chaired by United States vice president Albert Gore and South African deputy president Thabo Mbeki. It has six committees to investigate avenues for cooperation in agriculture, business, environment and water resources, human resources and education, science and technology, and sustainable energy resources.

European Union

The twelve-member European Union (EU) was South Africa's leading trading partner in the early 1990s, purchasing almost 40 percent of its exports in most years. European (including British) direct investment in South Africa had reached US$17 billion, or 52 percent of all foreign investment in South Africa, by 1992. By the mid-1990s, the EU could promise South Africa one of the world's largest markets for South African exports. The EU also proposed a variety of loans and grants on preferential terms for South Africa in the 1990s, as well as a US$122 million aid program for priority needs such as education, health, job creation, and human rights.

South Africa's closest European ties have been with Britain, particularly with its Conservative Party-led governments. More than 800,000 white South Africans retained the right to live in Britain, although official ties weakened after South Africa left the British Commonwealth in 1961 (see Apartheid, 1948–76, ch. 1). Britain supported the 1977 Commonwealth decision to discourage sporting links with South Africa to register interna-

Deputy President Thabo Mbeki and Vice President Albert Gore
in Washington, March 1995
Courtesy The White House

tional disapproval of apartheid, but Britain's refusal to impose broader sanctions came under attack at subsequent Commonwealth heads of government meetings, especially in 1985, 1987, and 1989. In September 1994, British Prime Minister John Major, on a visit to Pretoria, promised a new investment protection treaty that would further strengthen commercial ties.

France played little role in South Africa before the 1990s. Trade between the two countries was increasing during the decade, however. South Africa imports roughly US$1 billion in French products a year, and at least 125 French companies operate in South Africa. French president François Mitterrand paid his first visit to South Africa on July 5, 1994, when the two nations signed an agreement aimed at strengthening commercial ties through long-term loans, subsidies, and technical assistance programs. Sectoral goals for these programs include strengthening cooperation between the private and public sectors, urban and rural development, financial reconstruction, and environmental protection.

Russian Federation

Pretoria severed diplomatic ties with the Soviet Union in 1956, largely because of Moscow's support for the SACP. In 1964 the Soviet Union began to deliver arms to ANC military training camps in Tanzania, and this support continued through the early 1980s. Then in 1986, Soviet president Mikhail Gorbachev denounced the idea of a revolutionary takeover in South Africa and advocated a negotiated settlement between Pretoria and its opponents. Officials from the two countries then sought improved commercial and diplomatic relations.

In July 1990, the South African mining conglomerate, De Beers Consolidated Mines, advanced a US$1-billion loan to the Soviet Union as part of an agreement for that company to serve as the exclusive exporter of Soviet rough diamonds. In August of that year, South Africa's minister of trade and industry, Kent Durr, visited Moscow to discuss possible South African assistance in the cleanup of the former Soviet nuclear site at Chernobyl. In early 1991, the two countries agreed to open interest sections in the Austrian embassies in each other's capitals, and Pretoria appointed its first trade representative to Russia a year later. Diplomatic ties were established in February 1992, and the first ambassador to South Africa of the new Russian Federation arrived in Pretoria in December 1992. At the time, the two countries hoped to develop trade ties, especially in military hardware, although they were competitors in some areas of international arms trade.

Iran

In early 1994, after a fifteen-year break, the Iranian Ministry of Foreign Affairs began preparing to reestablish formal ties by ending the oil embargo against South Africa. Iran had been South Africa's primary oil supplier until the fall of the shah in 1979, when open economic and political ties were suspended. Limited economic relations continued between the two countries, although at a discreet level. For example, the National Iranian Oil Company (NIOC) continued to maintain its 17.5 percent share in the Sasolburg refinery of the National Petroleum Refiners of South Africa, even after other ties between the two countries were suspended. In 1995 and 1996, South Africa pressed for closer ties to Iran, both to acquire oil imports on favorable terms and to demonstrate Pretoria's willingness and ability to defy United States pressures to shun Iran.

Israel

One of the most hidden but critical of South Africa's strategic relationships during the apartheid era was that with Israel, including both the Labor and the Likud governments. Israel officially opposed the apartheid system, but it also opposed broad international sanctions against Pretoria. For strategic reasons, much of the debate in Israeli government circles stressed coordinating ties to Pretoria within the framework of the tripartite relationship among Jerusalem, the United States (Israel's primary benefactor), and South Africa. Israel was also opposed to international embargoes in general, largely as a consequence of its own vulnerability to UN and other international sanctions.

South Africa and Israel had collaborated on military training, weapons development, and weapons production for years before broad sanctions were imposed in the late 1980s. Military cooperation continued despite the arms embargo and other trade restrictions imposed by the United States and much of Western Europe. Israel and several other countries discreetly traded with, and purchased enriched uranium from, South Africa throughout the 1980s. Romania's former president Nicolae Ceausescu, for example, used Israel as the "middleman" for exports to South Africa. In a few cases, joint ventures between Israel and South Africa helped to reduce the impact of sanctions on South African businesses.

The Israeli interest in South Africa sprang in part from the presence in South Africa of about 110,000 Jews, including at least 15,000 Israeli citizens. Israeli leaders sometimes justified trade with South Africa as support for the South African Jewish community, and South Africa provided a market for some of Israel's military exports. Israel's arms trade with South Africa was estimated at between US$400 million and US$800 million annually (see Arms Trade and the Defense Industry, ch. 5). In 1986 Israel also imported approximately US$181 million in goods, mainly coal, from South Africa, and exported to South Africa nonmilitary products worth about US$58.8 million.

In 1987 Israel took steps to reduce its military ties to South Africa to bring its policies in line with those of the United

States and Western Europe. Then Minister of Foreign Affairs Shimon Peres announced the Israeli plan to ban new military sales contracts with South Africa, to reduce cultural and tourism ties, to appoint a committee to study sanctions proposals, and to condemn apartheid—which Peres characterized as "a policy totally rejected by all human beings." Israel also established educational programs in Israel for black South Africans. Nevertheless, through the early 1990s, several secret treaties remained in force, continuing the military relationship between the two countries and their joint research in missile development and nuclear technology.

Relations with Other Countries

In the early 1990s, South Africa began establishing or reestablishing ties with many other countries. Algeria, Bulgaria, Italy, Libya, Mauritania, Mexico, Morocco, the Netherlands, Singapore, Sweden, Thailand, and Tunisia announced the end of trade sanctions against South Africa in 1991 and 1992, paving the way for full diplomatic relations. Representatives of 169 countries attended President Mandela's inauguration in May 1994; by 1995 South Africa had ties to at least 147 countries.

Among the many countries that were eager for closer ties to South Africa in the mid-1990s were the Republic of China (ROC) on Taiwan and the People's Republic of China (PRC). South Africa and the ROC had maintained ties during the apartheid era, partly because both were virtual outcasts from the international community. The PRC had been strongly critical of apartheid but had been cool toward the ANC (generally supporting the PAC). In the 1990s, President Mandela expressed South Africa's desire to maintain longstanding ties to the ROC and to establish diplomatic relations with the PRC. In response to PRC objections to proposals of dual recognition, Mandela suggested that the question of sovereignty should be decided between Taipei and Beijing, rather than being left to other countries to choose between them.

With one of the strongest economies in the world, the ROC has been an important source of investment, trade, and tourism for South Africa. Taiwanese investments in South Africa, for example, exceeded R1.4 billion in 1994, according to South African reports, and the ROC was then one of South Africa's six largest trading partners. In addition, Taipei made significant contributions to South Africa's Reconstruction and Development Programme and to other areas of development.

The PRC—with lower levels of investment, trade, and development assistance to South Africa—nonetheless represents a population of more than 1.2 billion people in the 1990s. In addition, Beijing holds a permanent seat on the United Nations Security Council and is recognized by most other countries as the legitimate representative of the Chinese people. With the expected transfer of control over Hong Kong to Beijing in 1997, some South African officials argued forcefully for strengthening ties between South Africa and the PRC, even at the expense of ties to the ROC. Opponents argued, in response, that Taiwan's record of commitment to South Africa and Beijing's record of disregard for international norms concerning human rights favored recognition of the ROC over the PRC, at least in the mid-1990s.

International Organizations

The year 1994 marked a watershed in South Africa's international relations, as it was welcomed into regional and international organizations, such as the UN, the Organization of African Unity (OAU), the Nonaligned Movement, and many others. The UN already had played an important role in South Africa's transition to democracy beginning in August 1992, when United Nations Security Council Resolution 772 authorized the United Nations Observer Mission in South Africa (UNOMSA) to help quell political violence. UNOMSA deployed thirty members in November of that year, and increased the number to 1,800 to oversee the April 1994 elections.

On May 25, 1994, the United Nations Security Council lifted the last of its punitive measures, the arms embargo of November 1977, known as Security Council Resolution 418 (strengthened in December 1984 as Security Council Resolution 558). Pretoria then refused to pay roughly US$100 million in dues and annual payments for the years its UN participation had been suspended. In 1995 the UN waived most of this amount, stating the Pretoria was not obliged to make back-payments on behalf of the apartheid regime.

President Mandela addressed the OAU summit in Tunis in June 1994, when South Africa assumed its seat in that organization for the first time. He emphasized his support for other African leaders and South Africa's solidarity with African interests. Also in June 1994, South Africa rejoined the British Commonwealth of Nations, which included fifty-one former British colonies. This action followed a thirty-three-year absence that had begun when South Africa declared itself a republic in 1961.

South Africa became the eleventh member of the Southern African Development Community (SADC) on August 29, 1994, when Deputy President Thabo Mbeki attended a SADC meeting at the organization's headquarters in Gaborone, Botswana. SADC's predecessor, the Southern African Development Coordination Conference (SADCC), had been established in 1979 to attempt to reduce regional economic dependence on South Africa. In 1992 SADCC's ten member states agreed to reorganize as SADC in order to strengthen regional ties and to work toward the formation of a regional common market.

On September 21, 1994, South Africa became the twenty-fourth member of the South Atlantic Peace and Cooperation Zone and attended that organization's meeting in Brasilia. South Africa also signed a declaration affirming the South Atlantic as a nuclear-weapons-free zone as well as agreements on trade and environmental protection in the region.

South African leaders in early 1996 were working to capitalize on the universal goodwill that had greeted their country's establishment of multiracial democracy in 1994 and its emergence from international pariah status. It was evident, at the same time, that some of the ANC's former staunch defenders in Africa were expecting concessions and assistance from the new government in Pretoria, in recognition of the decades of support South Africa's new leaders had received during their struggle to end apartheid.

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Many excellent books, monographs, and articles are available concerning the South African political system. Valuable works include those of Robert M. Price, *The Apartheid State in Crisis: Political Transformation in South Africa, 1975–1990*; Donald L. Horowitz, *A Democratic South Africa? Constitutional Engineering in a Divided Society*; Allister Sparks, *The Mind of South Africa: The Story of the Rise and Fall of Apartheid*; Marina Ottaway, *South Africa: The Struggle for a New Order*; Kenneth W. Grundy, *South Africa: Domestic Crisis and Global Challenge*; Stephen John Stedman, ed. *South Africa: The Political Economy of Transformation*; John D. Brewer, *Restructuring South Africa*; John Kane-Berman, *Political Violence in South Africa*; and Timothy D. Sisk, *Democratization in South Africa: The Elusive Social Contract.*

Informative biographies of political leaders include two works by President Mandela: *The Struggle is My Life*, and *Long Walk to Freedom: The Autobiography of Nelson Mandela*; Willem de Klerk's biography of his brother, *F.W. de Klerk*; Gerhard Maré and Georgina Hamilton's *An Appetite for Power: Buthelezi's Inkatha and South Africa*; and David Ottaway's *Chained Together: Mandela, de Klerk, and the Struggle to Remake South Africa.* Analysis of political organizations is found in works by Edward Roux, *Time Longer than Rope: A History of the Black Man's Struggle for Freedom in South Africa*; Baruch Hirson, *Yours for the Union: Class and Community Struggles in South Africa, 1930–1947*; Anthony Marx, *Lessons of Struggle: South African Internal Opposition, 1960–1990*; Sheridan Johns and R. Hunt Davis, Jr., eds., *Mandela, Tambo, and the African National Congress: The Struggle Against Apartheid, 1948–1990*; Patrick J. Furlong, *Between Crown and Swastika: The Impact of the Radical Right on the Afrikaner Nationalist Movement in the Fascist Era*; and Vernon February, *The Afrikaners of South Africa.*

Outstanding analyses of the country's foreign relations include those of Pauline H. Baker, *The United States and South Africa: The Reagan Years*; Stephen Chan, *Exporting Apartheid: Foreign Policies in Southern Africa, 1978–1988*; George W. Shepherd, Jr., ed., *Effective Sanctions on South Africa: The Cutting Edge of Economic Intervention*; Gavin Maasdorp and Alan Whiteside, eds., *Towards a Post-Apartheid Future: Political and Economic Relations in Southern Africa*; and Chester A. Crocker, *High Noon in Southern Africa: Making Peace in a Rough Neighborhood.* (For further information and complete citations, see Bibliography.)