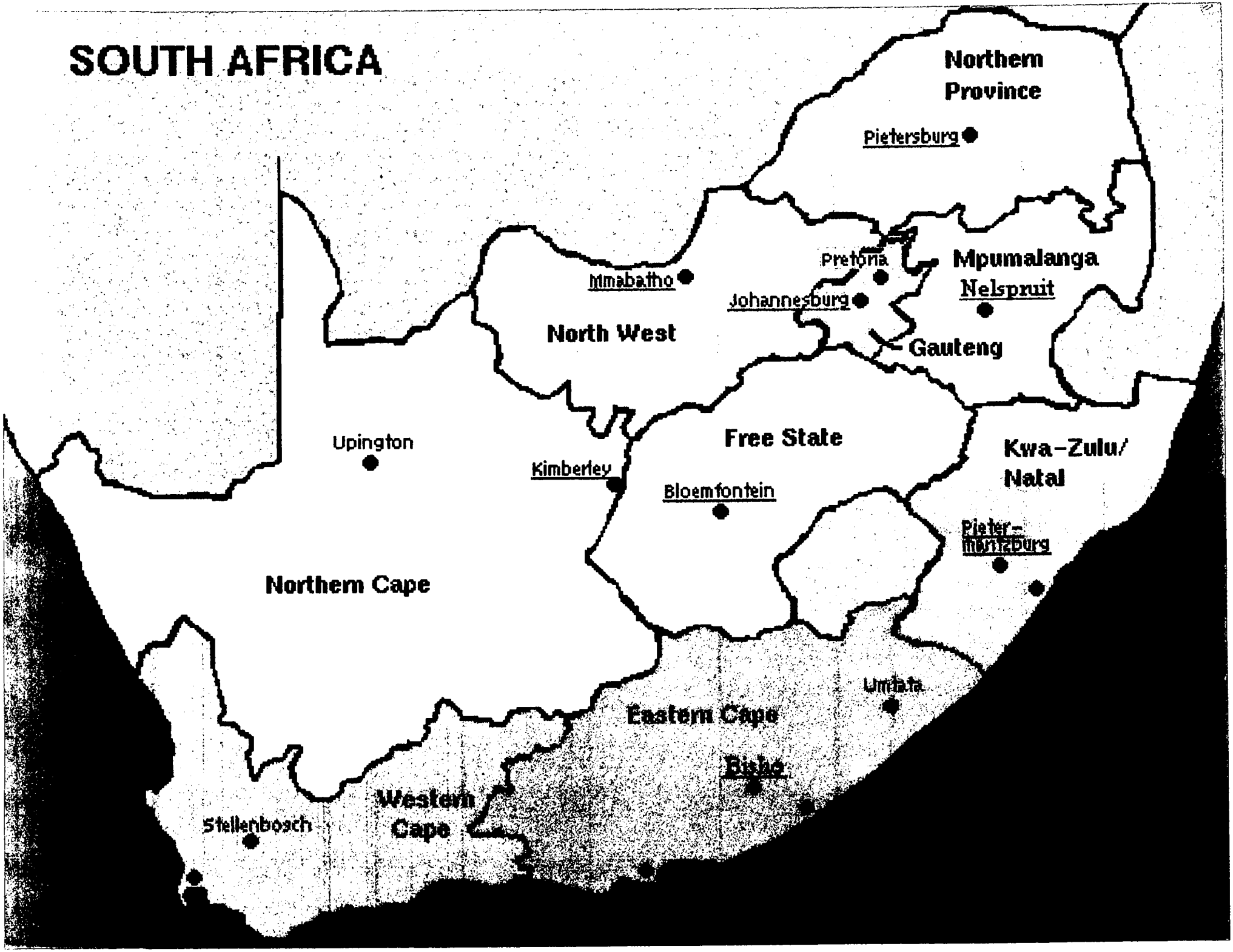
NATIONAL
DEMOCRATIC
INSTITUTE
FOR INTERNATIONAL AFFAIRS

SOUTH AFRICA
BRIEFING PAPER

March 1998

SOUTH AFRICA BRIEFING PAPER
March 15, 1998

Table of Contents


SOUTH AFRICA
Northern Province
Pietersburg
Mmabatho
Pretoria
Johannesburg
Mpumalanga
Nelspruit
North West
Gauteng
Upington
Kimberley
Free State
Bloemfontein
Kwa-Zulu/ Natal
Pieter-maritzburg
Northern Cape
Umtata
Eastern Cape
Bisho
Western Cape
Stellenbosch

INTRODUCTION

The Global Context of South Africa's Democratic Transition

South Africa's transition to democracy represents just one example of a global trend toward democratic governance that began with the fall of the Marcos regime in the Philippines in 1987, and accelerated after the breach of the Berlin Wall and the collapse of the Soviet Union at the beginning of the present decade. For many of the countries that underwent similar transitions, change came with revolutionary speed and sometimes bloodshed. In Central Europe, Poland, Hungary, and the Czech Republic have led the former Soviet-bloc countries in regaining their democratic heritage and revitalizing their inefficient, antiquated economies. Meanwhile, their neighbors in the former Yugoslavia began fighting a ferocious civil war in 1991 that has since killed tens of thousands of people. Between these two extremes lie a few dozen nations, mostly in Latin America and other parts of Africa, where democratic transitions replaced corrupt autocrats and military juntas with fledgling, popularly elected governments. These new regimes have met with varying degrees of success, with the most notable failures occurring in countries such as Nigeria, where democracy supporters failed to develop the institutions necessary for maintaining democracy and ensuring accountability to the people.

South Africa's transition was made all the more difficult because of the legacy of apartheid, which undermined and divided the country's social structure in a way that not even Soviet Communism could rival. By the late 1980s, a seemingly endless stream of news reports featuring tales of mounting bloodshed, political polarization, and chaos led many observers both inside and outside the country to forecast a full-scale civil war in South Africa within a few years' time.

Those grisly predictions have not come to pass. Instead, contemporary historians speak of the "South African miracle," a political transformation whose success continues to resonate across the country, despite the serious economic and social dilemmas that remain to be solved. Significant characteristics of this transition include the following:

- A negotiated settlement among the white-led government and the main anti-apartheid political groups, which brought about a peaceful transition from the apartheid system to majority rule;
- Agreement on a set of constitutional principles, partially based on international human rights standards, to guide the new regime in its first few years and form the basis of a new constitution;
- Decentralization of power through the creation of nine new provinces and approximately 850 local government authorities;
- Free and fair elections on the national, provincial, and local levels of government;

- Power-sharing arrangements among parties in the national and provincial governments, which successfully reduced the political risks involved in the transition process;
- The establishment of a Truth and Reconciliation Commission, to investigate apartheid-era human rights violations, allow victims to share their experiences, provide perpetrators an opportunity for amnesty, and begin the process of healing the nation's wounds;
- The creation of a Constitutional Court, to act as the final arbiter on all constitutional questions, including the validity of the constitution itself; and
- The completion of work on a new, permanent national Constitution.

Most of these political accomplishments have occurred in the brief period since the country's historic elections in April 1994. Taken together, they represent a concerted effort by South Africa's leaders to establish a political framework capable of supporting further democratic development, a goal that is essential to the success of democracy in a nation with such a tense a political history.

I. POLITICAL BACKGROUND: FROM APARTHEID TO MAJORITY RULE

Through South Africa's modern history until the April 1994 elections, the white minority, which makes up about 13 percent of the country's population, ruled over a disenfranchised black majority. The leadership of the National Party (NP) introduced the system of apartheid in 1948 and maintained it over the years, allowing fewer than 5 million whites to control nearly all of the country's material wealth and political power. Despite the existence of domestic anti-apartheid forces, armed conflicts with exiled paramilitary forces, and pressure from the international community in the form of economic sanctions and boycotts, the South African National Party Government managed to preserve the system of *de jure* apartheid in a *de facto* one-party state for over forty years.

The international agreements leading up to the independence of Namibia in 1990 ushered in a new political era in Southern Africa. Revolutionary changes in Eastern Europe and the former Soviet Union had a direct influence on the region. With the fall of communism, the Government lost its rationale for a "total onslaught" against its formerly Marxist neighbors. The withdrawal of Cuban troops from Angola at the end of the Cold War paved the way for negotiations aimed at ending the military conflicts in Angola and Mozambique. Also, as Soviet-bloc funding to the African National Congress (ANC) evaporated, the liberation movement saw its operational capacity shrink significantly during its last few years in exile.

The dramatic changes in the region and in the world provided a window of opportunity for enlightened leadership. The South African economy was caught in the vise-like grip of a severe recession brought about by international sanctions, declining gold prices, and the combined effects of four decades of state-directed growth. The governing NP began losing the support of both liberal and conservative elements within the white population, while internal dissent among the nation's black majority took an increasingly violent turn. Large parts of the country were becoming ungovernable. The government knew it could suppress the mass resistance, yet it could not defeat it.

The NP Government of F.W. de Klerk, which came to power in August 1989, concluded that expeditious political changes were essential for economic survival. In February 1990, de Klerk agreed to legalize the entire spectrum of anti-apartheid forces -- including the ANC, the South African Communist Party (SACP), and the Pan-Africanist Congress (PAC) -- and to release Nelson Mandela and other political prisoners. In addition, de Klerk committed the Government to begin negotiating to repeal apartheid legislation and establish constitutionally guaranteed, full rights of citizenship for all South Africans.

CODESA

Beginning in May 1990, the Government and the ANC began a series of informal discussions on the future of South Africa, which were later expanded to include other

interested political groups. In all, 19 political organizations participated in the Convention for a Democratic South Africa (CODESA) negotiations, which began on December 20, 1991. The Conservative Party (CP) and other right-wing forces challenged the CODESA framework from the start, maintaining that the NP's 1989 electoral victory did not establish a mandate for legitimizing the views of former "outlaws." However, de Klerk's call for a referendum among white South Africans in early 1992 resulted in an overwhelming show of support for continuing the reform process. Unfortunately, a stalemate in the negotiations on the mechanisms for drafting a new constitution and a series of politically-motivated massacres brought an end to the CODESA arrangement in June 1992, with the ANC and its partners pulling out of the negotiations and threatening to take their demands to the streets, a tactic commonly referred to as "mass action."

Over the course of the next few months, the Government and the ANC undertook a series of closed-door meetings that resulted in a joint "Record of Understanding." This agreement established guidelines for the coming transition and signaled the two sides' endorsement of a "government of national unity" (GNU) to rule the country for the five critical years after the first national elections. The GNU was a power-sharing arrangement that allowed parties attaining 5% or more of the national vote to take part in the executive cabinet on a proportional basis, in addition to their seats in the legislature. While sharply criticized by the ANC's more militant leaders -- including Mandela's wife, Winnie -- the GNU model would in fact prove to be an effective formula for governing the country following Mandela's inauguration as president on May 9, 1994. (However, the National Party withdrew from the GNU two years later.)

Multi-Party Negotiating Forum

Following agreement on the GNU, the NP and the ANC worked together with other political groups to hammer out an interim constitution to guide the country during the coming transition to majority rule. A Multi-Party Negotiating Forum met from May to November 1993 to craft the interim document. Their work proceeded despite numerous threats, including a secession movement among right-wing Afrikaners led by Eugene Terreblanche, and ongoing, violent clashes between supporters of the ANC and followers of the Zulu nationalist Inkatha Freedom Party (IFP) leader, Chief Mangosuthu Buthelezi.

The Forum set an election date -- April 1994 -- and adopted an interim constitution on November 18, 1993. The constitution contained a series of "constitutional principles" to guide the new democracy in its early days. These principles included an enumeration of personal, political, and cultural rights, to be guaranteed by an independent judiciary and protected by a federal system of checks and balances. A Constitutional Assembly -- consisting of the members of both houses of parliament, would then have two years to draft a permanent constitution based on the principles outlined in the interim document.

1994 Elections: The Dawn of a New Era

The Multi-Party Negotiating Forum set up two independent bodies to oversee preparations for the country's first universal national elections, held in April 1994. The Transitional Executive Council (TEC) was a multi-racial body established to work in conjunction with the NP Government to handle administrative tasks. All the parties represented at the Forum were encouraged to send delegates to the TEC. However, a number of political groups, including the IFP, CP, and delegations from the independent "homelands," boycotted the Council to protest the interim constitution's new provincial structure, which reincorporated the "homelands" into a unitary South Africa, and made no provision for an independent Afrikaner state.

The Forum also set up an Independent Election Commission (IEC) to oversee virtually every aspect of the election. The IEC included 11 South African Commissioners and five non-voting International Commissioners, whose responsibilities fell into three categories: administration, monitoring, and adjudication. The Commission successfully averted a number of election-related crises, including a last-minute decision by Buthelezi to allow the IFP to appear on the ballot -- a decision that necessitated adding an IFP sticker to nearly 30 million ballots just a week before the voting occurred. In the end, approximately 90% of South Africa's eligible voters cast a ballot -- most for the very first time -- on April 26-28, 1994. The elections were remarkable for their orderly, non-violent nature, capturing the attention and admiration of the world for three historic days. On May 6, 1994, Judge Johan Kriegler, Chairman of the IEC, issued what now stand as the final results of the national polling (see below).

Nelson Mandela of the ANC was elected President of the Republic of South Africa, and became the head of the Government of National Unity under the terms of the interim constitution. The ANC also won a sizeable majority of the delegates elected to the national parliament, and gained control of seven of the nine provincial legislatures. A summary of the election results appears below.

1994 NATIONAL ELECTION RESULTS		
PARTY	% VOTE	NATIONAL ASSEMBLY SEATS
African National Congress (ANC)	62.5	252
National Party (NP)	20.39	82
Inkatha Freedom Party (IFP)	10.54	43
Freedom Front (FF)	2.17	9
Democratic Party (DP)	1.73	7
Pan-Africanist Congress (PAC)	1.25	5
African Christian Democratic Party (ACDP)	.45	2
OTHERS	.97	0
TOTAL	100	400

For details on any of the political parties mentioned above, please see Appendix I: South African Political Parties and Movements.

II. THE STRUCTURE OF GOVERNMENT IN THE NEW SOUTH AFRICA

President Mandela's inauguration represented more than just the transfer of power from the white minority to the citizenry as a whole. It also marked the beginning of an entirely new governmental system for South Africa. The country's new constitution, adopted on December 11, 1996, completed the political transformation, sweeping aside the remnants of the apartheid state and providing a framework for governing the country under majority rule.

This section describes the constitutional development process and explains some of the power-sharing arrangements implemented as part of South Africa's negotiated transition. The following pages provide a brief summary of the structures, powers and functions of the various branches and levels of the South African government, as well as highlighting some of the intergovernmental bodies that have been developed to coordinate policy making and the delivery of services under the new constitution.

The Constitutional Development Process

Following President Mandela's inauguration, a temporary Constitutional Assembly (CA), comprised of the combined membership of the National Assembly and the Senate, was given two years to develop and approve a final version of the document. The CA based its work on the Constitutional Principles adopted by the Multiparty Negotiating Forum at Kempton Park in late 1993, which the parties had subsequently embellished into an interim constitution to govern the country for two years.

As part of its mandate, the CA was required to work in an open, transparent, and participatory manner. The CA established a Participation Program to encourage public input and ensure steady media coverage of the group's proceedings. By late 1995, the CA had received over two million submissions from citizens interested in contributing to what CA Chairman Cyril Ramaphosa called the "birth certificate of the rainbow nation."

Nevertheless, problems developed. In April 1995, Chief Buthelezi led the IFP out of the CA because of a dispute with the ANC related to local government elections. The party remained on the sidelines for the rest of the constitutional development process, although it continued to participate in Parliament and the Government of National Unity (GNU -- see below).

On May 8, 1996, following days of intense, last-minute negotiations and compromises, the Assembly passed the Constitution by a margin of 421 to two. Representatives of the ANC, NP, DP, and PAC voted in favor of the document. The ten members of the FF abstained from voting, leaving the two ACDP members alone to vote against it, citing their opposition to a clause protecting the right to abortion. The IFP continued its boycott to the end.

The Constitution then faced a thorough review by the Constitutional Court to determine if the draft document compromised any of the original Constitutional Principles.

After several months of public hearings and legal deliberations, the Court announced on September 5 that the Constitution could not be certified in its present form, citing several provisions that abrogated the Principles. In October, the CA reconsidered the text and adopted an amended version, which was sent back to the Constitutional Court for a final evaluation. On December 4, 1996, the Court agreed to certify the amended document, and the Constitution went to President Mandela for ratification.

The Constitution

On December 11, at the site of the infamous Sharpeville Massacre of 1960, President Mandela signed the new South African Constitution into law. The completed document includes one of the most comprehensive and progressive bills of rights of any nation on earth. Its equality clause covers, among other things, race, gender, pregnancy, sexual orientation, disability, culture, religion, and language. In addition to the freedoms of expression, property rights, and juridical prerogatives found in many Western constitutions, the South African Constitution also defends the right to a healthy environment; the right of access to basic education, health services, food, water, housing, and information held by the state; as well as the right to join a labor union, and to strike.

The main body of the Constitution describes the structures, powers, functions, and limits of South Africa's political system. It also introduces the concept of "cooperative government," a non-hierarchical framework for intergovernmental relations that stresses information sharing and policy coordination among national, provincial, and local "spheres" of government. The Constitution mandates that the three spheres must work "in mutual trust and good faith" to "preserve the peace, national unity and the indivisibility of the Republic," and to "provide effective, transparent, accountable, and coherent government for the Republic as a whole." To accomplish these goals, the Constitution directs Parliament to create "structures and institutions to encourage and facilitate intergovernmental relations." Several of these structures have become operational and are described briefly at the end of this section, following an overview of the national, provincial, and local spheres of government.

A. NATIONAL GOVERNMENT

Executive Branch: The Government of National Unity (GNU)

The structure of the executive branch continues to reflect the "Record of Understanding" signed by the leaders of the NP and ANC in 1993. According to this power-sharing arrangement, a Government of National Unity (GNU) was formed after the 1994 elections to ensure the participation of the main opposition parties in the executive cabinet. Under the GNU agreement, the president and first deputy president were to be

chosen by the majority party in the National Assembly; a second deputy president was to represent the second-largest party; and all parties winning 5% or more of the popular vote were entitled to select cabinet ministers and deputy ministers based on their standings in the polls.

In practice, the three eligible parties -- the ANC, NP, and IFP -- took part in the GNU during the two years following the 1994 elections. However, the NP withdrew from the GNU on June 30, 1996, to assume the role of the main opposition party following the passage of the South African Constitution.

Thabo Mbeki of the ANC continues to serve as the nation's first deputy president. Before the NP's withdrawal, F.W. de Klerk served as second deputy president; the post has since been vacant.

Prior to abandoning the GNU, the NP controlled five ministerial portfolios and three deputy minister posts, out of a total of 28 ministers and 19 deputy ministers. IFP members held three ministerial positions and two deputy minister posts. The finance minister, Christo Liebenberg, was an independent. The remaining 19 ministers and 14 deputy ministers were ANC members.

Under the current remnant of the GNU, which is slated to last until the next presidential inauguration in May 1999, the IFP controls three ministry and two deputy ministry portfolios, while the remaining 22 ministers and 12 deputy ministers are ANC members. Some political analysts believe that the IFP will withdraw from the GNU prior to the 1999 elections, while others have speculated that the two parties might merge.

Legislative Branch: The National Parliament

The National Parliament consists of two bodies, the National Assembly and the National Council of Provinces (NCOP). In February 1997, Parliament reconvened in Cape Town for its first session under the new Constitution. In 1994, a total of 400 Assembly members were elected by proportional representation, with 200 chosen from national party lists, and 200 chosen from provincial party lists. The members of the Assembly are to serve five year terms, with the next election scheduled for 1999. Dr. Frene Ginwala (ANC) serves as Speaker of the Assembly.

The opening of Parliament in February 1997 marked the inauguration of the NCOP as the second legislative chamber. Replacing the old Senate, the NCOP is a unique body that was created to facilitate provincial and local government participation in the national legislative process. The NCOP is viewed as a concrete expression of the principle of "cooperative governance" set out in the Constitution.

Each of the nine provinces sends a ten-person delegation to represent it in the NCOP, for a total of 90 voting members. The party affiliation of each delegation is proportional to the number of seats each party holds in the respective provincial legislature. Each delegation is made up of six permanent members directly appointed by provincial legislatures, and four "special" or rotating members from the province -- usually

provincial cabinet members. The head of each delegation is the Premier from the province, or his or her representative. On issues affecting the provinces, each delegation casts a single vote, and five provinces must support a bill for it to be passed. For all other legislation, the individual delegates may vote according to their party preference.

According to the Constitution, the NCOP's powers are significantly greater with regard to legislation that directly affects the provinces. In such cases, if there is disagreement between the National Assembly and the NCOP, the bill in question must be sent to a joint mediation committee. If the committee resolves the issue, both Houses must vote to accept the bill for it to pass. If it does not, the National Assembly can override the NCOP only by a two-thirds margin. Bills that do not affect the provinces require only a simple majority to override.

In addition to the provincial delegations, ten non-voting local government representatives also participate in the NCOP. These delegates are chosen by the South African Local Government Association (SALGA – see below under Local Government).

B. PROVINCIAL GOVERNMENT

With Mandela's inauguration, South Africa's political geography was literally transformed overnight, as nine new provinces replaced the former "homelands" and historically-based provinces that had previously divided the country (see map). Prior to the elections, provinces had no independent executive or legislative authority. Policy decisions were made by the central government and implemented in each of the four former provinces by appointed administrative bodies.

Under the terms of the interim constitution, each of the nine new provinces established its own elected institutions, including a single-chamber provincial legislature and an executive administration headed by a provincial premier. South Africans voted for their provincial legislators on a second ballot in 1994.

The outcome of the provincial elections indirectly determined each province's premier, who was chosen by the majority party in each legislature (denoted with a "✔" symbol in the accompanying table). However, as with the GNU on the national level, the provincial governments also took the form of power-sharing arrangements, known as the Governments of Provincial Unity (GPUs), through 1999. When the NP withdrew from the GNU in June 1996, they simultaneously pulled out of the GPUs across the country.

The new Constitution gives the provincial governments exclusive authority over several areas of policy and public services, including health care, housing, transportation, safety and security, cultural affairs and language policy, environmental planning, regional trade and industrial promotion, and indigenous law. In some other areas, such as education and land use planning, the provinces share legislative authority with the national and/or local spheres of government. However, the provinces have only minuscule revenue generating powers; about 95% of their budgets consist of transfers from the national treasury.

1994 PROVINCIAL LEGISLATIVE ELECTION RESULTS									
Province	**Total Seats**	**ANC**	**NP**	**IFP**	**FF**	**DP**	**PAC**	**ACDP**	**MF**
Eastern Cape	56	**48 ✔**	6			1	1		
Free State	30	**24 ✔**	4		2				
Gauteng	86	**50 ✔**	21	3	5	5	1	1	
KwaZulu-Natal	81	26	9	**41 ✔**		2	1	1	1
Mpumalanga	30	**25 ✔**	3		2				
Northern Cape	30	**15 ✔**	12		2	1			
Northern Province	40	**38 ✔**	1		1				
North West	30	**26 ✔**	3		1				
Western Cape	42	14	**23 ✔**		1	3		1	
TOTAL	**425**	**266**	**82**	**44**	**14**	**12**	**3**	**3**	**1**

For details on any of the political parties mentioned above, please see Appendix I: South African Political Parties and Movements.

The provinces collectively participate in the national legislative process by means of the National Council of Provinces, as described above. They are also represented in various intergovernmental structures, such as the Budget Council and the Fiscal and Financial Commission (see below).

C. LOCAL GOVERNMENT

One of the distinct features of the South African governmental system is the constitutional status bestowed upon local governments. In most countries, including the United States, local authorities are the creation of state or provincial governments and have only an indirect relationship with the national government. In contrast, the South African Constitution establishes that local government have a co-equal relationship with the national and provincial spheres, and mandates participation by local authorities in most major government activities, from determining the budget to reviewing legislation in Parliament.

Local Government Elections

From November 1, 1995, to June 26, 1996, South Africans took part in a second round of elections to choose local government authorities. The elections were conducted according to agreements reached during the multiparty negotiations in 1993, whereby transitional local councils (TLCs) were established with a percentage of seats reserved for white minority representatives until the 1999 local government elections. Of the more than 8,000 local councillors elected in 1995-96, some 53% were ANC members, with the NP and IFP winning about 16% and 2% respectively. About 6% of the new councillors were independents.

Unlike the provinces, local governments have substantial revenue generating powers, including property taxes and user fees for most utilities. However, for many TLCs, collecting taxes has been a daunting challenge. Years of rent boycotts staged to fight apartheid have led to a culture of non-payment that prevents local governments from raising the funds needed to deliver vital services -- such as clean water, sewers, and electricity.

South African Local Government Association

In November 1997, Parliament passed the Organized Local Government Act, which established the South African Local Government Association (SALGA) as the sole representative of organized local government in the country. The members of SALGA include the nine provincial local government associations, each of which represent the majority of municipalities in each province.

In constitutional terms, SALGA serves as the national representative and consultative body for all issues related to local government. It sends ten non-voting representatives to the National Council of Provinces, names local government representatives to the major intergovernmental coordination bodies, and has recently played an active role in the development of a new local government framework to replace the TLC system. This new framework will be in place prior to the next local government elections in late 1999.

D. INTERGOVERNMENTAL COORDINATION

Since the Constitution came into effect in February 1997, South Africa's policy makers have created a number of government bodies to encourage intergovernmental coordination. One of these bodies, the National Council of Provinces, participates directly in the legislative process as a house of Parliament (as described above). Most of the other intergovernmental bodies are independent commissions or forums for elected officials involved in the annual budget process. Among the most significant of these bodies are the following:

Fiscal and Financial Commission (FFC): The Constitution entitles each sphere of government to an "equitable share" of the national budget to spend. The FFC is an independent commission created by an Act of Parliament to determine the allocation for each sphere, as well as the amount specified for each of the nine provinces. The FFC submits its recommendations for this breakdown to the finance minister and provincial in May, ten months before the budget is announced the following March. The FFC comprises 22 persons serving for five year terms, including one member nominated by each of the nine provinces, two chosen by SALGA, and the remaining 11 appointed by the President.

MINMECs: MINMECs refer to regular meetings attended by the national minister and nine provincial MECs (Members of the Executive Committee, or provincial cabinet) of each of the various government portfolios, such as transportation, health, housing, etc. As of early 1998, SALGA has begun sending ten local government representatives to MINMEC meetings to ensure representation by all three spheres of government.

Budget Council: The Budget Council is basically the MINMEC for the finance minister and provincial finance MECs. Under the Intergovernmental Relations Act of 1997, the finance minister is required by law to convene the Budget Council at least twice in each financial year to discuss the budget allocation process among the spheres and provinces.

Local Government Budget Forum: The Budget Forum consists of the Budget Council, the chairman of the FFC, and 14 local government representatives appointed by SALGA. The finance minister is required by law to convene the Budget Forum at least once in each financial year to discuss the budget allocation to local government.

Intergovernmental Forum: The Intergovernmental Forum meets four times per year to discuss "macro-policy issues" related to cooperative governance. The Forum is chaired by the deputy president and includes all ministers of government, three delegates appointed by each of the nine provincial premiers, and 23 local government representatives chosen by SALGA.

III. POST-ELECTION CONSOLIDATION

Mandela's inauguration in May 1994 marked the beginning of what is and will be South Africa's greatest ongoing challenge for years to come: transcending the myriad injustices of apartheid to build a peaceful, democratic nation based on equality and the rule of law. The Government of National Unity pulled together the disparate political forces in the country to marshal their combined strength for the enormous tasks ahead of them. Despite the warnings of skeptics too numerous to count, the GNU under Mandela has so

far succeeded in ruling the country during its crucial mandate, rather than watching South Africa dissolve into the chaos and violence of a horrific civil war. Many observers have credited Mandela himself with the nation's relative political stability. The President's commitment to reconciliation and coalition-building have routinely been cited as reasons for his consistently high public approval ratings, even among his former enemies.

Beyond stability, however, several other dilemmas related to the societal and economic legacy of apartheid remain to be solved: How should crimes of apartheid be exposed and the victims compensated? How should the army and police forces be restructured? What can be done to minimize the astronomical urban crime rate? How can political transformations take place in an atmosphere of public accountability, to ensure against waste, fraud, and corruption? What steps can be taken to build confidence in the economy, attract foreign investment, and encourage international trade? In what ways should the resources of the state be harnessed to create jobs and provide a more equal income distribution among all South Africans? How should the government address the vast needs of the majority of the population, while assuring the white minority that their position in society will not be threatened?

The GNU under Mandela has initiated a series of programs aimed at resolving some of the dilemmas related to apartheid's legacy. The national government is continuously adjusting these programs to adequately respond to South Africa's challenges and changing needs. The following sections contain a review of current social and economic programs; their successes and failures. Recent political developments, made in anticipation of the upcoming 1999 elections, are also highlighted.

A. SOCIAL AND POLITICAL ISSUES

Truth and Reconciliation Commission (TRC)

During South Africa's apartheid era, an estimated 15,000 died in factional violence, 200 political leaders were assassinated, and dozens of prisoners were tortured and killed in prison. The sheer number of deaths, and the commonplace nature of brutality and violence in recent years, left most victims' families to grieve silently, with neither acknowledgment made of their losses, nor any apology.

Recognizing that these psychological scars might undermine the promise of a democratic South Africa, the country's new leaders created the Truth and Reconciliation Commission (TRC) as a means of revealing the secrets of the nation's past. The Commission, which is headed by Archbishop Desmond Tutu, has spent more than two years hearing both the testimony of victims and the confessions of perpetrators who choose to come forward. Proceedings of the TRC have been described as a combined courtroom, psychiatric session, and church service.

The TRC has four stated objectives. First, the Commission hopes to establish a clear picture of the "causes, nature, and extent of the gross violations of human rights"

committed between March 1, 1960, and May 9, 1994. Secondly, the Commission may grant amnesty to people who fully disclose the facts relating to a violent political movement or activity in which they were involved. The third objective is to establish and make known "the fate or whereabouts of the victims" and to restore "the human and civil dignity of such victims by granting them an opportunity to relate their own accounts of the violations of which they are victims." Finally, the Commission will compile the most comprehensive report possible regarding its findings, including recommendations to prevent future human rights abuses.

Despite its focus on healing and reconciliation, the TRC does have its critics. Some South Africans have argued that to reopen old wounds and identify those who inflicted them will only re-ignite the hatred, distrust, and violence that swept the country during the apartheid era. However, the thousands of applicants interested in voluntarily testifying before the Commission indicate that the majority believe differently. In their view, an "official history" of apartheid's victims must be acknowledged and recorded, both to honor the sacrifices made in the name of freedom, and to ensure a better future for the new nation. Indeed, President Mandela has said that "the central purpose of the Truth and Reconciliation Commission is not to seek out and punish, but to promote a human rights culture and norms -- to say loudly, 'never again'."

The TRC is expected to have received a total of 7,000 applicants for amnesty before its mandate expires in June 1998. One major setback experienced by the TRC has been the refusal of key NP political figures, such as former President PW Botha, to cooperate. In addition, the National Party has challenged the commission in court for being biased toward the ANC by providing a "blanket amnesty" for senior ANC leaders. The TRC is reconsidering its decision in the light of the NP's lawsuit.

Violence and Crime

The vast majority of South Africans have grown up with scant respect for the rule of law. During decades of living under an openly discriminatory legal system, many of the country's inhabitants regarded political violence against the apartheid regime and its beneficiaries as a legitimate form of resistance, especially in the townships. Crime flourished, as youths without formal educations or any foreseeable job opportunities turned to drug trafficking, theft, and gangsterism as means of making a living.

With the transition to majority rule and the signing of a truce between the IFP and ANC in KwaZulu-Natal, political violence has largely ceased. Nevertheless, South Africa is still the most violent peacetime society on earth. Each day, 52 murders occur across the nation, which equates to about 54 killings per year per 100,000 people (ten times the global average). Each year, 100 people are raped per 100,000, giving South Africa the highest rate of reported rapes in the world. Johannesburg and its environs are the locus of violent crime, one car jacking occurs every hour. Assaults, robberies, and other felonies are also at record levels in most of the country's major cities.

The current crime wave has in turn spawned violent vigilante groups, such as People Against Gangsterism and Drugs (PAGAD), which became active in August 1996 in the townships surrounding Cape Town. PAGAD's leader and several of its members are fundamentalist Muslims who took to the streets to protest the townships' druglords and their alleged collusion with police. The subsequent clashes between PAGAD supporters, security forces, and alleged criminals led to several deaths, including one drug dealer who was burned alive before television cameras.

Less dramatically, recent polls have shown that 46% of South Africans believe that crime is the most significant problem facing the country. The sense of crisis surrounding the current crime wave has been exacerbated by news reports of collusion between police forces and criminals in some areas of the country.

The government's response to crime has focused around rooting out corruption, quelling the vigilante movements, and strategically deploying the country's security forces in crime-ridden areas. Police anti-corruption units have been in place in most major cities since 1995. Some observers believe that recent press reports about corruption in the security forces stems from the effectiveness of these units in uncovering cases of wrongdoing. As for PAGAD, the movement's leaders were arrested in late August 1996 for sedition, while the government imposed restrictions on displaying firearms, as well as tougher prison sentences for violent criminals. Finally, the national security forces announced that 1,000 more policemen would be deployed in Gauteng province. Police roadblocks began to appear with greater frequency around Johannesburg, leading to the recovery of several stolen vehicles during the weeks that followed.

The latest strategy aims at transforming the police force. Instead of fighting the high crime rate in South Africa's urban areas, police often contribute to the violence. Many also continue to commit human rights violations. George Fivaz, Commissioner of the South African Police Services (SAPS), admits that the police force is largely untrained and unskilled and acknowledges the need for reform. Efforts are underway to establish training programs for existing police and hire as many as 5,000 new law enforcement officials. However, most analysts expect crime to remain a serious problem in the foreseeable future.

Political Scandals & Ethics Legislation

As in all democracies, South Africa has seen its share of high-profile political scandals in the past two years. For example, the ongoing saga of President Mandela's controversial ex-wife Winnie continues to attract attention. Speculation about secret donations made to cover the cost of an AIDS awareness play, Sarafina II, have dogged the ANC-controlled Ministry of Health. More recently, General Bantu Holomisa, the former military leader of the Transkei homeland, was thrown out of the ANC for revealing that President Mandela had accepted a two-million-rand contribution from hotel and casino

magnate Sol Kerzner. (Holomisa has since joined NP *émigré* Roelf Meyer as co-leader of a new political party, the United Democratic Movement.)

International experts concede that the hype surrounding these stories is a normal part of the give-and-take between politicians and the media in any democracy. In South Africa's case, the popularity of President Mandela has served to counter the media's enthusiasm for scandals and the ANC's occasional media relations gaffes. More importantly, political leaders across the spectrum have begun to build a legislative framework to address and counter grand-scale corruption. In August 1996, the National Parliament adopted an ethics code for its members and all senior government officials. The provincial legislatures, notably in Gauteng, have begun deliberating ethics legislation that may broaden the scope of officials covered by disclosure regulations. In addition, political parties participating in the 1999 elections will be eligible for public funding, so long as they adhere to strict reporting requirements that will limit the possibility of illicit contributions. In all these instances, the various parties have shown the political will necessary to construct an accountable system of government. Some observers regard this developing system as a remarkable achievement for the young democracy.

Land Reform

At the end of the apartheid era, whites owned almost all of the nation's most valuable property, including 86% of the nation's arable agricultural land. Many South Africans have advocated comprehensive land redistribution as the key to long-term economic growth and equity among the country's inhabitants. However, white farmers and their political representatives have been successful in convincing the government that the economic and social stability of the country depends upon the preservation of property rights inherited from under the old regime – in fact, the right to retain property is enshrined in the bill of rights of the new Constitution. Consequently, the government has carried out its land redistribution activities under the rubric of "willing-buyer, willing-seller."

Transforming the South African Security Forces

South Africa's security establishment has faced two enormous, simultaneous challenges in recent years, both of which relate to the new realities of majority rule and the end of apartheid. First of all, the military's most compelling *raison d'être* -- resisting the "total onslaught" of its once-hostile African neighbors -- has evaporated, now that the Cold War and the country's own racist policies are history. Second, the ANC's armed wing, known as the MK, has been integrated into the defense forces to form the newly expanded, multi-racial South African National Defense Force (SANDF).

These events represent contradictory pressures that may be difficult for the new SANDF to reconcile in the near future, especially given the country's tight budget

constraints. The lack of a realistic external threat leaves no clear strategic rationale for maintaining a large national army, yet the integration of the MK will swell, rather than reduce, the ranks of the military. As the process of recasting a unified South Africa continues, the SANDF will likely remain a microcosm of the tensions and contradictions affecting society as a whole.

B. ECONOMIC OVERVIEW OF THE NEW SOUTH AFRICA

Alongside the challenge of establishing a strong democracy, South Africa faces the equally difficult task of reshaping its economy. In spite of ongoing GDP growth and increasing international investment, the new South Africa still must overcome the unenviable economic legacy of apartheid, including one of the most unequal distributions of income in the world and an estimated unemployment rate of up to 32%. Consensus holds that for South Africa to achieve a stable, sustainable, and inclusive democracy, it must also have a stable, sustainable, and inclusive economy.

ECONOMIC LEGACIES

South Africa's economic system reflects and relies upon the abundance of the nation's natural resources. Mining and mineral processing have been the cornerstones of the national economy since the discovery of diamonds in Kimberley (now in the Northern Cape province) in 1869, and gold, in what is now Gauteng, in 1886. Control of South Africa's enormous mineral wealth has also been a source of tension among the country's various ethnic groups since their discovery -- including factions within the white minority. In the 1880s, British colonial forces in the Cape Colony and Natal forcibly annexed the Boer Republics of Transvaal and the Orange Free State in an attempt to control gold and diamond production. The ensuing struggles, known as the First and Second Boer Wars, ultimately resulted in a British victory and the formation of the Union of South Africa in 1910. The victory also ensured that British colonists such as Cecil Rhodes, rather than the Afrikaners, would dominate the mining industry for decades.

Economic Apartheid

Gradually, as Afrikaners began to regain some of their political influence, hostility between the mining interests and Afrikaner political bosses was replaced by a cooperative alliance that allowed both sides to exploit the country's riches with maximum efficiency. The NP's rise to power in 1948, and the establishment of apartheid, left the African majority impoverished and dependent upon the mines for employment. As a result, the mining industry enjoyed a nearly limitless supply of cheap labor for decades. It produced enough of a profit to make up for the enormous inefficiencies inherent in the apartheid system, at least until a combination of labor strikes, international sanctions, and a drop in

the price of gold brought the economy to its knees by the late 1980s. Analysts often cite this economic debilitation as the main reason for de Klerk's willingness to engage the ANC and other parties shortly after his inauguration in 1989.

Throughout the 1980s, the South African government had racked up large fiscal deficits, and, in conjunction with the powerful South African Reserve Bank (SARB, the central bank), reaped the wrath of critics for its "inappropriate" mix of loose fiscal and tight monetary policy. In the early 1990s, a businessman named Derek Keys assumed the post of finance minister, bringing with him a "supply-side" economic philosophy. Keys worked with the SARB and leading international financial institutions to develop a policy package that was geared to reduce government spending, curb inflation, and build a stable business environment. According to this approach, government incentives, low labor costs, and deregulation would promote investment and stimulate economic growth to the extent that wealth and opportunity would eventually "trickle-down" to the population at large. Not surprisingly, a number of independent economists and trade unionists disagreed with Keys. They stressed the importance of government programs as a means of injecting capital into the most economically depressed areas of the country, and thereby lifting living standards from the bottom-up.

In fact, the old South Africa's apartheid policies and economic isolationism had served to keep the nation's wealth tightly concentrated in the hands of the white minority and, more specifically, under the control of six families or investor organizations: Anglo American/De Beers, Rembrandt, South Africa Mutual, Sanlam, Liberty Life and Anglovaal. As recently as 1995, these six groups controlled an estimated 87% of the $250 billion dollar Johannesburg Stock Exchange (JSE) via complex, pyramidal structures comprised of holding companies and individual businesses. Meanwhile, the apartheid system had severely limited opportunities for the black majority to own property, let alone build businesses. With the lifting of property restrictions in 1991, majority entrepreneurs slowly began to make their mark on the markets. By early 1997, black-owned firms constituted 9% of the Johannesburg stock market, from which they were entirely excluded until just seven years ago.

Education and Unemployment

Under apartheid, the quality and organization of the black school system was far inferior to the one maintained for whites. Furthermore, the political troubles occupying the country's youth during the latter years of apartheid contributed to a low matriculation rate among students, particularly those in the townships. Of the 900,000 African students who entered the first grade in 1976, the year of the Soweto uprising, only 10% completed the 12th grade and only 3% were admitted to college. Not surprisingly, the new regime has made education a top priority under the framework of the Reconstruction and Development Program (RDP – see below). In addition to expanding resources and

improving standards, the government now requires African students who entered the system after 1994 to attend until reaching the 7th grade or age 15.

Nonetheless, serious problems remain. The dearth of skilled and formally educated black citizens has contributed to high unemployment and remains one of the leading obstacles to advancement for a vast majority of the population. The official unemployment rate hovers around 30%, with some unofficial assessments stating that at least 50% of the black labor force lacks formal wage employment. Ironically, another of the major causes of joblessness is the relatively high cost of labor in many of the long-established sectors of the South African economy. Thanks to the well-organized labor movement headed by COSATU, the mining and manufacturing sectors have seen wages of unionized workers gradually rise, making capital improvements and technical innovations seem like bargains in comparison, especially as sanctions have been lifted. Other analysts suggest that migrant laborers from the country's poorer neighbors, particularly Mozambique, Swaziland, and Lesotho, contribute to the unemployment problem by taking low-wage jobs away from South Africans in sectors where unions' attempts to organize have been less successful, such as commercial agriculture.

Regionalization of the Economy

In many ways, the distribution of South Africa's economy can be divided by region, as well as along racial lines. Gauteng Province is the nation's commercial, industrial, and mining center and, although the province contains only 1.5% of total land and 17% of total population, it contributes roughly 65% of GDP of South Africa, and by some estimates, more than 25% of the economic output of sub-Saharan Africa. Within the province, most economic activity takes place in and around the financial center of Johannesburg, which lies just 25 miles south of the national capital, Pretoria. In southern Gauteng, the cities of Vereeniging, Sasolburg, and Vanderbiljpark comprise the so-called Vaal Triangle, which is also a significant industrial region.

Outside of Gauteng, the Western Cape and KwaZulu-Natal provinces are also important to the national economy, though for quite different reasons. The Western Cape is the nation's hub for tourism and agriculture, including a thriving wine industry based not far from Cape Town. Meanwhile, the comparatively poor, heavily populated, and politically volatile KwaZulu-Natal province is watched closely by analysts and foreign investors as a meter of the nation's stability.

Like KwaZulu-Natal, many of the other, poorer provinces contain areas that once comprised the apartheid-era "homelands," including Transkei and Ciskei (now part of the Eastern Cape), Bophuthatswana (mostly in North-West), and Venda (in the Northern Province). As a result, large sections of these provinces remain isolated from foreign investors and seemingly condemned to suffer under the yoke of rural poverty. Provincial leaders have jostled amongst themselves and with the central government about the allocation and control of RDP and other national economic programs. In particular,

premiers of several of the poorer provinces have grumbled that Gauteng currently enjoys a disproportionate share of the national government's efforts to attract investment and expand the economy.

ECONOMIC POLICIES UNDER PRESIDENT MANDELA

Since coming to power, Mandela and his government have had to balance the desire for macro-economic stability with the pressure for a redistribution of wealth. As a first step, the GNU has charted a pragmatic course that focuses on increasing the efficiency of the business sector, by privatizing inherited parastatals, easing foreign exchange controls, liberalizing the JSE, and establishing new codes of corporate conduct. In June 1996, Finance Minister Trevor Manuel announced a new macroeconomic program, the "Growth, Employment, and Redistribution Strategy" (nicknamed GEAR), which set broad targets for privatization, growth, increased investment, and job creation, forward to the year 2000.

Under the GNU, the country has achieved moderate real growth of about 2.5% per year in GDP. So far, Mandela has been able to resist pressure to start a massive redistribution of resources. Instead, he has placed his hopes for helping the poor under the framework of the Reconstruction and Development Program (RDP). The RDP is an umbrella term for the wide array of ANC-supported socioeconomic initiatives originally announced in the party's election manifesto. It focuses on targeting state resources toward areas and populations that were underprivileged during apartheid.

Many economic observers are skeptical about the Mandela government's ability to support a strategy of rapid, private-sector growth on the one hand, and a state-driven program of resource redistribution on the other. To illustrate the complexity of this dual strategy, the components of the Mandela government's economic program are described below.

The Growth, Employment, and Redistribution Strategy

The strategy embraced by Finance Minister Manuel in June 1996 is a multi-pronged initiative focusing primarily on market forces and a reduced economic role for government. The aims of the GEAR are to facilitate accelerated economic growth and job creation, reduce the country's budget deficit, and contain inflation. Since its inception, the GEAR has had a mixed effect on South Africa's overall economic outlook and has inevitably created tension within the historically close relationship between the ANC government and South Africa's labor unions.

The core goal of the GEAR is to boost the number of jobs created each year, from an estimated 126,000 in 1996, to 409,000 by the year 2000. To accomplish this, the strategy first focuses on increasing the flexibility of the labor market, by providing training for new job-seekers and attempting to keep wages low. All wage agreements and

minimum wage requirements must reflect the conditions of the local labor markets. In areas with high unemployment, for example, the government hopes that unions and employers will agree to moderate wage increases that would allow firms to hire additional personnel, and thus create jobs.

Another major strategy of GEAR deals with liberalizing foreign exchange controls. Under the plan, South African banks and individual residents have better access to foreign currency, while foreign investors are able to borrow more overseas capital against their South Africa-based investments. These measures represent the latest steps in a long process of removing restrictions on South Africa's currency, the rand, in global capital markets. Again, the overall policy is meant to make investing in South Africa more attractive, to foreign firms in particular. However, the downside of such openness has been the rand's weakness against the dollar and other major denominations.

The rand started its plummet in mid-February 1996 and has since been a constant concern. Partly because speculators took advantage of pessimism towards South Africa's short-term prospects, the nominal effective exchange rate of the rand declined by 21.7% in 1996 and is still undervalued (although it stabilized at about 4.5 rand to the dollar through much of 1997).

Another aspect of the GEAR provides tax incentives for businesses, including an accelerated depreciation of capital investments and a six-year tax holiday for new investors. Some economists have criticized these incentives as irresponsible in the face of South Africa's ongoing fiscal deficit. But Finance Minister Trevor Manuel has argued that the enormous amount of investment that will be attracted by the GEAR strategy will ensure that the projected budget deficit will fall in the long run.

An important, and possibly unattainable, long term objective of the GEAR is to achieve real GDP growth of 6% per year by the year 2000. The GEAR strategy calls for tariff reductions, infrastructure improvements, and supply-side industrial support measures to achieve this goal. However, the projected growth for 1997 will more likely be less than 2.5%, mainly because of poor agricultural returns.

Finally, the GEAR strategy pledges the government to privatize state-owned properties and reduce the size of the civil service, to further reduce the fiscal deficit in the near term. Since the 1920's, transportation, telecommunications, and many other basic services in South Africa have been provided by large parastatals. Beginning in December 1995, Deputy President Thabo Mbeki unveiled the government's plans to sell some state-owned companies and obtain "strategic equity partners" for others, emphasizing that all sales would be in line with the goals of the RDP (described below). COSATU has been an especially vocal critic of the privatization policy, since it will likely expose thousands of the trade congress' members to the vagaries of the open market and may lead to massive lay-offs.

Taken as a whole, the Growth, Employment, and Redistribution Strategy represents a radical departure from the ANC's long history as an advocate of socialist economics and its ties to unions and the SACP. By supporting the plan, the Mandela

government has recognized that without job creation and economic growth, an equitable redistribution of wealth among all of South Africa's citizens would be impossible to achieve.

The GEAR plan has encountered intense opposition from labor unions, especially COSATU, which has argued that the GEAR strategy caters to the needs of financial markets at the expense of social programs. Despite efforts by the ANC to accommodate the unions' economic concerns, COSATU's leadership has threatened to drop its support for the ANC in 1999 unless a more concrete socialist agenda is incorporated into the GEAR.

The Reconstruction and Development Program (RDP)

From health to housing, education to electricity, the inequities of the apartheid era draw a sharp distinction between the well-off urban Whites and subsidized Afrikaner farmers on the one hand, and the township-dwellers and smallholder farmers in the dirt-poor former "homelands" on the other. To help alleviate the massive needs of the African majority, the Government proposed its Reconstruction and Development Program (RDP) in September 1994. The RDP and related policies attempt to target state resources toward the areas and populations most in need of development, even as large-scale economic growth remains a priority for the nation as a whole.

The RDP follows directly from the ANC's 1994 election manifesto, combining a massive public works campaign with a nationwide human capacity development initiative over a period of five years. Program outcomes were to include more than a million new housing units by 1999, the expansion of clean water and electricity networks to 12 million people, and construction of thousands of schools and primary health clinics in townships and isolated rural areas. In all, the Program's designers estimated the RDP's price tag at R37.5 million ($10.6 billion) to 1999. The Government allocated about R2.5 billion ($700 million) to the Program in 1994/95, upping the figure to R6 billion ($1.7 billion) in 1995/96. By 1997, RDP programs had largely been integrated into the budgets of various government departments, obscuring the total amount allocated for reconstruction and development since then.

To date, the accomplishments of the RDP have been modest when compared to the promises made in the ANC's manifesto. The Ministry of Water Affairs and Forestry has succeeded in bringing piped water to more than 1 million people previously dependent on river water, and 1.5 million homes have been connected to an electricity supply. The Health Ministry has built more than 500 new clinics, bringing health care within 10 km of over 5 million people. But on the whole, the slow implementation of the RDP has disappointed many South Africans and those efforts that have been proceeding apace have proven somewhat costlier than originally envisioned. Critics have complained about political infighting and bureaucratic red tape, and political opponents are quick to point out the program's shortcomings. For example, the program's housing portfolio was

limited to about 385,000 units as of March 1998, with the leaders of that initiative admitting that the goal of building a million new units in five years would be impossible to achieve.

Masakhane Campaign

In 1984, the ANC and its allied organizations called on township dwellers and other supporters to cease paying rent and other service fees to protest the corrupt, unelected local authorities set up under apartheid. While these fee boycotts helped to cripple the South African economy during the final decade of minority rule, the non-payment of rent and service fees continued past the date of Mandela's inauguration. Indeed, the rate of payment actually plummeted from 33.5% in late 1993 to 19.7% in June 1994. These arrears have contributed significantly to the financial crisis among local governments who depend heavily on local revenue collection.

In early 1995, to restore public responsibility and put an end to the "culture of entitlement" that was multiplying in South Africa's townships, President Mandela launched the Masakhane Campaign. *Masakhane* is an Nguni word meaning "let us build together." For Mandela, the term served as a plea to rent and fee evaders to contribute to the success of South Africa's new democracy by paying for their services under their newly elected leaders.

Unfortunately, the Campaign has largely failed to convince township dwellers to resume their payments. Recent efforts to force communities to resume rent and service payments have led to riots. In February 1997 one such riot broke out in a Johannesburg township after the local council threatened to evict delinquent tenants. This situation, and others like it, have hampered the Government's efforts to promote banks to lend in these formerly disenfranchised areas, as well as balance the state utility agencies' overstretched budgets. However, rather than resorting to extreme measures such as evicting or arresting delinquent service consumers, the Government has extended the Masakhane Campaign indefinitely beyond its original 1995 end date, in the hopes of gradually persuading more constituents to end their now unofficial boycotts.

C. SOUTH AFRICA'S INTERNATIONAL ROLE

As a consequence of the domestic political changes underway in the country, South Africa's international position has likewise undergone a dramatic transformation during the 1990s. In 1994, South Africa became a member of the Organization of African Unity (OAU) and the Southern African Development Community (SADC). In the past, these organizations had devoted considerable energy and rhetoric to lead the international economic protest against apartheid. With South Africa's membership, the OAU and SADC each ended a long and ultimately successful fight against racism and welcomed their powerful neighbor into the continental fold.

However, challenges remain on the regional level, with several nearby countries voicing their concern that a newly empowered South Africa might gobble up foreign investment and crowd out or dominate the economically weaker states in its midst. Meanwhile, the country's own substantial internal problems have left South Africa's new leaders unable to undertake more than a few coherent foreign policy initiatives. Two important exceptions are President Mandela's call for sanctions against Nigeria in the wake of poet/activist Ken Saro-Wiwa's execution in November 1995, and his recent efforts to guide the Democratic Republic of Congo to democracy without bloodshed.

Beyond the African continent, South Africa has gradually been restored to full membership in the family of nations. Its United Nations seat, Commonwealth membership, and Olympics team are once again active, and no international economic sanctions against the country remain in place. However, several contentious issues plague South Africa's foreign relations. During the years of the liberation struggle, the ANC developed close ties to organizations pursuing similar goals including the PLO and with number of countries considered to be rogues by the West: Syria, Libya, Cuba, and China. President Mandela has been unwilling to turn his back on those who supported the ANC in the past, but his maintenance of relations with these states, particularly Syria and Libya, has caused discontent in Washington.

Despite these international political challenges, South Africa has witnessed a dramatic increase in foreign direct investment and foreign employment of South African nationals since the 1994 elections. In pure numbers, US firms have led the charge, with the British and Germans close behind. As of December 1995, multinational firms owned stakes in more than 1,600 businesses in South Africa. While such firms are now active in virtually all sectors of the national economy, they tend to be concentrated in manufacturing (24% of investment), and over 80% are located in Gauteng. In total, multinationals maintained over 500,000 employees, $40 billion in assets, and sold more than $55 billion annually in goods and services (out of South Africa's total of $130 billion).

South Africa is in the process of hammering out a broad trade agreement with the EU based on the Lomé Convention. Since South Africa and some EU countries have similar commodities such as wine, fish, and beef, some controversy has arisen. Trade and Industry Minister Alec Erwin has stressed that any eventual deal will not harm South Africa's neighbors in the Southern African Development Community (SADC).

In August 1996, Mandela signed a free-trade protocol with its 12 SADC partners to create a Free Trade Area within the SADC region. The agreement provides for reduction and eventual removal of all tariffs over the next 8-10 years. Implementation will be slow and difficult, but combined with other cooperation accords on transport, communications and energy as well as Mandela's chairmanship of SADC for the next three years, South African ties to its neighbors will continue to multiply.

D. 1999 ELECTIONS

As South Africa approaches the date of its second national elections, most analysts predict the ANC's continued dominance of the national government. However, new alliances and party factions inevitably have emerged to challenge the ANC in 1999. These efforts to form an effective opposition to the ANC reflect South Africa's ongoing political transformation to a non-racial society, as well as the viability of multi-party democracy in a system where one party -- the ANC -- clearly dominates the political spectrum.

A major disturbance in the National Party (NP) occurred in February 1997 when Roelf Meyer, former NP secretary general and co-drafter of the new Constitution, quit the NP after the party leadership rejected his attempt to reform the NP's image and electoral strategy to appeal to black voters. Meyer has since aligned himself with Bantu Holomisa, an ousted ANC deputy minister and former military leader of the Transkei homeland. In September 1997, Meyer and Holomisa announced the formation of a new political party, the United Democratic Movement (UDM), as a nonracial alternative to the ANC. Since Meyer's defection, several NP local government officials across South Africa have renounced the party and joined the UDM. Analysts expect the new party to draw most of its support from the NP and DP, although the UDM has also made inroads among ANC supporters in the former Transkei (now part of the Eastern Cape province).

On August 26, 1997, de Klerk resigned as leader of the NP in a move many analysts interpreted as a sign of the former President's frustration over his declining political relevance. De Klerk's resignation may exacerbate the NP's difficulties in maintaining its political support through 1999, under the leadership of an obscure Afrikaner lawyer named Marthinus van Schalkwyk.

Other effective opposition parties seem unlikely to emerge or solidify by 1999. Buthelezi's Inkatha Freedom Party (IFP) has to date failed to extend its support group beyond rural KwaZulu-Natal. Though the party is expected to leave the GNU to prepare for the 1999 elections, its support base is seen as being too small to represent a meaningful opposition to the ANC. Some predict that under the new leadership of Methodist Bishop Stanley Mogoba, the Pan Africanist Congress (PAC), the ANC's only rival on the left, could be a focus of resentment against the ANC should the existing government fail to produce significant social and economic improvements before 1999. But, because of the PAC's limited support and lack of funding, most analysts agree that it too fails to pose a serious threat to the ANC's election.

Recent disagreements between the ANC, the SACP, and COSATU over South Africa's economic policy have led to dissension in the tripartite alliance. COSATU believes that the GEAR fails to adequately address poverty and inequality and, therefore, has threatened to set up a new left-wing opposition movement if the ANC does not reform the "right-winged" economic strategy. The SACP shares COSATU's concern and feels that the GEAR's failure to create jobs highlights the need to concentrate more on coherent industrial policy than on the macro-economic targets presented in the GEAR. This

struggle for control of the country's economic fate is perhaps the most serious threat to the ANC's long-term political hegemony in South Africa.

Despite these disputes, the national presidency is virtually assured to pass on to Deputy President Thabo Mbeki. At the ANC's national conference in December 1997, Mbeki was elected president of the ANC, and party stalwart Jacob Zuma was chosen as the party's deputy president.

APPENDIX I: SOUTH AFRICAN POLITICAL PARTIES AND MOVEMENTS

A. THE AFRICAN NATIONAL CONGRESS (ANC) AND ITS ALLIES

The ANC was founded in 1912 to unify African people in the fight against oppression by whites. For its first five decades or so, the ANC followed a program of nonviolence and legal resistance. However, the 1960 Sharpeville Massacre served as a major turning point for the organization. After 67 demonstrators -- mostly young children -- were killed by police while peacefully protesting an "Afrikaans-only" language policy in the nation's schools, the ANC's leaders initiated a campaign of armed struggle against the Government. They established an external military wing, called *Umkhonto wa Sizwe* (MK), or "Spear of the Nation," to lead the fight. Following the creation of the MK, the Government banned the ANC from South Africa, and for the next three decades, most of the organization's leaders were either imprisoned or forced into exile. Nevertheless, key figures such as Nelson Mandela and Oliver Tambo still enjoyed wide appeal among black South Africans, and ANC soon became known as the leading organization in the anti-apartheid movement.

Beginning in 1990, the year the ban on the ANC (and other political organizations) was lifted and Mandela was released from prison, the ANC assumed a primary role in the negotiations with the de Klerk's NP. In the 1994 election, the ANC won 62.5% of the vote, and gained control of seven of the nine regional assemblies. During the GNU period, the ANC was the dominant force in the government and the nation at large.

Since his inauguration, President Mandela has focused on reconciling former enemies within and outside the government. His statesmanlike conduct has won him widespread praise both at home and abroad. Deputy President Thabo Mbeki, also of the ANC, has followed Mandela's conciliatory lead and is regarded by many as Mandela's likely successor. However, other forces within the ANC's wide network of supporters have advocated a more radical approach to redistributing the wealth of the country to satisfy the expectations of the historically disadvantaged population. Alarmed by such rhetoric, some opposition politicians have asserted that the ANC's sheer political weight poses a threat to the maintenance of the country's nascent multi-party democracy.

South African Communist Party (SACP)

Founded in 1921 as the Communist Party of South Africa and renamed in 1953, the SACP has played an important role in modern South African history. Until 1985, when the ANC leadership ranks were opened to non-Africans, the Communist Party was the main organizational force for white and Indian participants in the liberation struggle. The SACP was officially banned in 1950, but co-founded the Umkhonto we Sizwe (MK) with the ANC a decade later. With the help of the SACP, the MK received education, training and arms from the former Soviet Union and other communist governments. SACP

leaders, including the late Chairman Joe Slovo and secretaries general such as the late Chris Hani and Charles Nqakula, doubled as members of the ANC's leadership cadre during the two party's long years of joint exile.

For years, the NP Government and other political parties have painted the ANC as a captive of Communist ideologies and policy. While the end of the Cold War and the collapse of the Soviet bloc removed some of the SACP's political onus, other parties still use the ANC's alliance with the SACP as one of their principle attacks on the ANC. The SACP has redefined most of its political positions. It supports regular, multi-party elections, a fair redistribution of resources, and religious freedom. In practice, the SACP continues to pursue its political agenda from within the ANC. A considerable number of the members of the ANC's executive are SAC members, and as part of the alliance, they have been elected to government and serve in the cabinet.

Congress of South African Trade Unions (COSATU)

As the third member of the ANC alliance, COSATU is a powerful political force, boasting a paid membership of nearly 1.3 million workers within its 14 member unions. Because South African trade unions were not banned following the Sharpeville Massacre, they developed into a nationwide network of urban, industrialized workers during the three decades of the ANC's exile.

COSATU continues to exert an enormous influence on the ANC's labor and economic policies. Furthermore, its leaders wield the power to call nationwide strikes whenever they wish to protest an anti-labor turn of events. For example, the organization used a combination of both techniques to sabotage efforts by the NP and Freedom Front to insert a clause into the permanent constitution granting employers the right to lock out striking workers.

B. OTHER POLITICAL PARTIES

National Party (NP)

From 1948 to 1994, the NP was the perennial ruling party in the all-white South African Parliament. Under the leadership of Dr. Daniel F. Malan and his successors, the NP implemented and maintained the system of apartheid to protect the interests of its core constituency, the Afrikaner middle class. During the long reign of the NP, South Africa's economy became heavily centralized and dependent on an enormous, inefficient public sector. To satisfy its Afrikaner voting base, the Government subsidized white farmers while relying on low-cost black labor in its mines and heavy industries. International sanctions added to the nation's economic dislocation, eventually leading the NP to the bargaining table in 1990.

Since former President F.W. de Klerk, began disbanding the legal provisions that maintained the apartheid regime, the party's popular base has changed. The National Party is now a predominantly non-white party, with the so-called "colored" population forming the largest voting bloc. Conservatives have steadily splintered to form smaller political groupings on the right, while the NP has simultaneously gained supporters from the traditionally more liberal Democratic Party. Also, beginning with the de Klerk administration, the NP underwent an internal transformation, abandoning its white exclusivity and actively recruiting other racial groups. To underscore the NP's new multi-racial orientation, de Klerk began appointing Indian and Colored (i.e. mixed-race) ministers to his cabinet. The candidate lists of the NP have since been routinely sprinkled with non-whites in the top echelons.

In the 1994 elections, the NP collected over 20% of the vote and 82 National Assembly seats. The party is strongest in the Western Cape, where it received over 53% of the vote in 1994. The party also won a majority of posts in the Western Cape's subsequent local government elections.

As leader of the second-most popular party, de Klerk was entitled to the position of Second Deputy President during the GNU period. However, on May 9, 1996, the day after the NP voted for the passage of South Africa's permanent constitution, de Klerk announced his party's withdrawal from the GNU to assume its position as the loyal opposition to Mandela's ANC-led government. He characterized the move as "an important step in the growing maturity and normalization of our young democracy."

On August 26, 1997, de Klerk resigned as leader of the NP for what he considered to be the best interest of the party. The new NP leader, Marthinus van Schalkwyk, will lead the party into 1999 with most polls showing the NP losing its support to other parties across the political spectrum, including the UDM, DP, and FF. Some analysts even expect the ANC to take control of the Western Cape provincial government as a result of the NP's weakened political fortunes.

United Democratic Movement (UDM)

The UDM is the newest political party to emerge on the South African scene, having been officially launched in September 1997. The co-leaders of the party are Roelf Meyer, the former secretary general of the NP, and Bantu Holomisa, a former military leader of the Transkei homeland and the Deputy Minister for Environment and Tourism until his ouster from the ANC in late 1996. Meyer and Holomisa have billed the UDM as the country's only truly non-racial alternative to the ANC.

As expelled senior leaders of South Africa's two main parties, the two men bring substantial experience and a number of personal supporters to the new political organization. However, most pre-election polls have shown the UDM winning only 3-4% of the vote nationwide in 1999, with most of that support drawn from the NP and DP, as well as some converts among ANC voters in the former Transkei. The main challenge for

the UDM will be to broaden its voting base beyond the 1999 contest, in order to present a more mature and credible alternative to the ANC in the 21st century.

Freedom Front (FF)

The FF began as an organization known as the Afrikaner People's Front *(Afrikaner Volksfront -- AVF)*, formed in May 1993 as an attempt to unite the plethora of small, right-wing, Afrikaner parties that had sprung up in the early 1990s as a response to de Klerk's softening line on majority rule. A group of retired military and police commanders, led by Gen. Constand Viljoen, formed a "Committee of Generals" to coordinate the Afrikaners' fight for a separate White homeland. Members of the AVF included the Conservative Party (CP -- see below), the extreme right-wing Afrikaner Resistance Movement (*Afrikaanse Weerstandsbweging* -- AWB), and the similarly aligned Afrikaner People's Union (*Afrikaner Volksunie* -- AVU). The Reconstituted National Party (*Herstigte Nasionale Party* -- HNP) -- notorious for its assertion that blacks are genetically inferior to whites -- was originally a member of the AVF, but it withdrew shortly after the Front's formation.

When the time came to decide whether to register the Alliance and its component parties for the elections, Viljoen filed a slate of 191 candidates on the national and provincial ballots, under the moniker of the FF. The Front came in fourth in the national elections, accumulating 2.17% of the vote and 9 seats in the National Assembly, as well as winning a minority representation in several of the provincial legislatures.

Conservative Party (CP)

The Conservative Party (CP) represents the traditional right wing of white South African politics. The CP split from the NP in 1982 when the latter party created a tri-cameral parliament and enfranchised Indians and Coloreds, who were able to elect members to the two auxiliary chambers. By 1989, the CP had become the official opposition within the whites-only Parliament. The party's membership is concentrated in rural South Africa and consists mainly of whites of Afrikaner descent. In May 1993, the CP joined a coalition of right-wing parties known as the "Afrikaner People's Front" (see below), which has advocated partitioning South Africa into separate nations for blacks and whites. The CP and its partners have been prepared to negotiate the boundaries of this proposed "white homeland," but nothing else. Its leaders refused to participate in CODESA and boycotted the 1994 elections, and therefore, the CP has no elected positions in either the national or provincial parliaments.

Democratic Party (DP)

The DP was formed in 1989 by a merger of three small moderate and progressive white parties, as an attempt to displace the Conservative Party as the primary parliamentary opposition to the NP. The DP and its predecessors have long advocated systemic reforms within the white parliament, the abolition of apartheid, and a federal structure in a new constitution. F. W. De Klerk's brother, Willem, was one of the founders of the new DP; however, he soon defected to the NP, bringing a number of his supporters along with him.

Because political events have eliminated some of the major distinctions between the DP and NP, the DP has seen its electoral strength decline in recent years, as moderate voters have shifted their support to the NP. The DP received only about 1.7% of the vote in 1994, placing it fifth among the field of contenders. However, despite its small showing, the DP is noted for its constitutional and legislative acumen. It is considered the "watchdog" of traditional liberal values and is artful as a small party at succeeding in defining and advancing its agenda. Also, the DP's close working relationship with the ANC has allowed it to ride on the larger party's coattails to some extent. The two organizations have also formed coalitions on the local government level in the Western Cape, following the elections on May 29, 1996, to oppose the relatively strong NP showing in several areas of the Cape Town metropole.

Inkatha Freedom Party (IFP)

Mangosuthu Gatsha Buthelezi founded Inkatha in 1975, with encouragement from the exiled ANC to establish an internal political movement. In 1990, Inkatha reinvented itself as a political entity called the Inkatha Freedom Party (IFP). Although the party also has a small following among Zulu economic migrants living in the Johannesburg area and the Western Cape, its support remains largely within the KwaZulu/Natal region. That base, still solid in rural areas, has eroded in the province's urban centers where the ANC has gained support. Thus, the IFP-ANC split increasingly reflects a rural-urban divide and less an ethnic one. Nevertheless, the two parties maintain their fierce rivalry that has repeatedly erupted in political violence in KwaZulu/Natal. Supporters of the two parties have also clashed in several townships surrounding Johannesburg.

Beyond its focus on Zulu ethnicity, the IFP's political ideology is centered on federalism and private enterprise; it is fiercely opposed to a central command economy. The organization was founded on the principles of nonviolence, opposition to international sanctions on South Africa, and support of a free-market economy. Party members advocate decentralizing government, limiting social programs, and strengthening non-governmental responsibility.

The IFP pursues these goals in accordance with the belief that a weaker central government will allow traditional leaders to hold a fair share of political power. Since

Buthelezi is part of the royal family and the traditional Zulu "prime minister" to the King, the IFP's position is in part a reflection of its leader's personal prerogatives. Since the 1994 elections, King Goodwill Zwelethini has had a close association with the ANC, while maintaining he is apolitical. It is assumed that his stance is related to the very practical consideration of the compensation he receives from the central government.

In the realm of national politics, the "Record of Understanding" between the ANC and the NP Government infuriated Buthelezi, who saw the agreement as a calculated attempt to marginalize him. Increasingly, Buthelezi spoke of an ANC/NP alliance working in tandem to ensure that a new government would essentially shut out all other parties, including the IFP. As the NP and ANC hammered out a workable agreement, the IFP occupied a tenuous center ground by advocating a highly decentralized system of federal government. In mid-1993, Inkatha formed a coalition with the far right Afrikaner People's Front movement (see below) and two of the "independent homeland" administrations, to protest the ongoing transition. This coalition, first named the "concerned South Africans Group" (COSAG), and later known as the "Freedom Alliance," fell apart just before the elections, leading Buthelezi to reconsider the IFP's planned boycott.

It was not until April 19, 1994, that Inkatha agreed to take part in the April 27 elections, where it won over 50% of the vote in KwaZulu/Natal and gained control of the provincial legislature. However, in the 1996 local government elections, while the IFP secured that greatest share of the vote (44.4%), it failed to gain control of any major urban center and lost a significant share of its edge against the ANC who 33.3% of voters supported.

Nationally, the IFP collected just over 10% of the 1994 vote, making it the third largest vote-getter and a partner in the GNU. The party was given three central government ministerial and deputy ministerial portfolios. Buthelezi himself was appointed as Minister of Home Affairs, a position he has maintained despite numerous conflicts with President Mandela. The most serious row -- over the place of the Zulu kingdom in a federal system -- led the IFP to walk out of the Constitutional Assembly in June 1995, thereby forfeiting its role in shaping the historic document that eventually won approval on May 8, 1996. The IFP remains a partner in the GNU but is expected to depart prior to the 1999 parliamentary elections. Many analysts doubt the IFP's ability to expand its support-base even within Kwa-Zulu Natal. They expect the party's influence in the political system at the national level to wane, unless the party decides to merge with the ANC, as some recent rumors have suggested.

African Christian Democratic Party (ACDP)

The ACDP won 0.5% of the national vote, equivalent to two seats in the National Assembly. It also won two seats in provincial legislatures. The ACDP has the dubious distinction of being the only party to have voted against the Permanent Constitution on May 8, 1996, citing its disfavor with a clause protecting the right of women to choose to have an abortion.

Minority Front (MF)

The MF represents the urban working and middle class Indians in and around Durban, KwaZulu-Natal. Formed in 1994, the party captured one seat in the KwaZulu/Natal legislature. Its leader and sitting MPL, Armichand Rajbansi, has been active on several parliamentary committees and has played a notable role in the provincial constitutional negotiations. In the June 1996 KwaZulu-Natal local elections, the party won two seats on the Durban metro council and 22 transitional local council (TLC) seats.