Ideologies (new), economics, defence and people: Five decades in the state of South Africa

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Abstract

The economy of politics and the politics of economy converge in interesting ways, sometimes with long-term consequences for a state. In a crucial and dynamic interface economy, community, (non-)diplomacy, defence posture, balance sheets, the hapless 'citizen' and 'leaders' are all precariously intertwined. It is often argued that the South African economy declined under apartheid as a result of the Border War and international sanctions, with the result that the National Party had little choice other than to engage its contenders in political talks to ensure transition to democracy as a counter to the eventual economic and political collapse of South Africa. Some were of the opinion that the military over-extension of South Africa, especially in Namibia and Angola, became a core reason for the non-sustainability of apartheid. While this argument may hold, it does not mean that transition at the end of the Border War brought guarantees for future economic growth and political stability.

Keywords: arms embargo, economic sanctions, boycotts, apartheid, post-apartheid economy, Border War, apartheid rule, foreign policy (South Africa), post-apartheid economy, military projection (South Africa), GEAR, defence diplomacy (RSA)

INTRODUCTION

Where are South Africans coming from and where are we, as South Africans, going? In a socio-political community, with South Africa as the subject of analysis, these two questions are neither peripheral nor for simply making conversation, especially given the past, the present debates and conceivable futures implied by these questions. The country and its people have lived through the trials and tribulations of the establishment of the white republic in 1961 and a rather euphoric, yet shadowed-by-violence transition with various policies aimed at socio-political ‘transformation’. Developments since Marikana, where 44 people, the majority of them being mineworkers, were killed during a strike in the area,[1] the death of South African soldiers in the Central African Republic (CAR) in an ill-fated deployment during 2013,[2] and persistent public debates about corruption, lack of service delivery, the gap between the rich and the poor and the establishment of the so-called Economic Freedom Fighters, a break-away group from the ANC constituting previous members of the ANC Youth League, have given a new edge to the current public discourse. Social dynamics, political economics, arms, defence, (non-) diplomacy and people are all meshed into the equation. With this in mind, some stocktaking in the economic and political arenas may be of relevance.

In the first section of this article the international boycott policies against South Africa, the costs of defending a state under perceived siege, and the policy of conscription into the South African Defence Force for the period 1970 to 1990, are discussed. The article does not address the cost of boycotts against businesses or labour action inside the country during this period. That issue is left for further research.

In the second section an overview of the South African economy is given, as well as the reasons for economic decline up to 1990. In the third section the reasons for the termination of boycotts, changes to the policy of white conscription and the state of the economy for the period 1994 to 2010 are discussed.

In the fourth section worrying economic trends, which emerged during the apartheid years are re-evaluated in the context of the post-apartheid government. In the last section some critical comments and tentative, yet pertinent, conclusions are offered.

The contribution narrates the economic-political evolution from apartheid to post-apartheid.

The main question, the research, ask, in this contribution is: If the cost of apartheid coupled with the cost of the Border War and the imposition of sanctions brought about an untenable deficit and an economic crisis, is it not so that in the aftermath of the conflict created by apartheid, the South African economy should be on a surer footing? And if not, why not?

INTERNATIONAL SANCTIONS

Sanctions can be defined as 'The denial of customary interactions (strategic, economic, social); they are intended to promote social, political or economic changes [or all three simultaneously] in the target state; imposition of sanctions communicates the threat of more sanctions [or the] release of the embargo if the target state meets certain conditions' (Crawford 1999: 5). In short, the sanctions imposed on South Africa fell into two broad categories, namely trade and financial (Cooper et al. 1992: 416).

Literature on sanctions makes a distinction between the terms sanctions, embargoes (the official ban on trade or commercial activities with a target state or country), disinvestment (to withdraw investments) and divestment (selling off subsidiary business or investments).[3] For the purposes of this article the broad rubric of sanctions is used.

Why sanctions against apartheid? The apartheid government that came to power in 1948 did so at a time when international opinion had evolved in a diametrically opposed direction. Nazi Germany's policies of racial segregation and oppression coupled with genocide made the notion of racial separation highly suspicious, if not detestable. The era of colonisation by core Western States came to an end. India gained its independence in 1947, a year before apartheid became state policy. In Africa, numerous countries followed. The Universal Declaration of Human Rights (1948) by the newly established United Nations Organisation guaranteed (at least nominally) the protection of persons and communities, the right to political participation, the right to free association, economic equity and freedom from random persecution and, by implication, negative discrimination under the internal policies of any state.[4]

Thus it is no surprise that the segregationist policies of the National Party offended large sections of the international community as well as the majority of South Africans, who had been *agitating* for equal rights since 1884 and by 1912 had established a network of associations and a national body, the South African Native National Congress (SANNC), to pursue equal rights. By 1948, after a lull in political activities during World War II, internal resistance against segregation intensified and internationally the apartheid system was viewed with scepticism and later outright antipathy.[5]

The fact that South Africa did not want to submit to UN calls to relinquish control over Namibia (then South West Africa) did not improve international opinion, nor did it impress Namibians who had been fighting for co-existence and independence since 1884/1885. Both South Africa's internal policy of racial segregation and its continuing presence in the former mandate of Namibia were to become and remain focal points of the international community and resistance at home.

The gradual switch from liberal resistance to more radical resistance by 'non-white' South Africans was met with suppressive legislation by the South African government. Tensions rose and the South African minority government system evolved into a security state. First the state depended heavily on police support and by the 1970s the military was in ascendance.

It is common knowledge that the internal policies of countries are perceived differently by other countries. Through the linkage between and the dynamics of internal policies and foreign policies, various responses can be triggered, depending on the position occupied by a country in terms of its foreign and domestic stance or projection. 'South Africa [provided] a dramatic illustration of the internationalisation of a domestic situation' (Geldenhuys 1984: 205).

Invitations, requests and finally demands to solve the tensions around segregationist policies in South Africa and the issue of Namibia fell on deaf ears in Pretoria (Frankel, Pines and Swilling 1988: 278-279; Pampallis 1991: 278; Geldenhuys 1984: 205). By 1961 the UN General Assembly had asked for collective action against South Africa. In November 1962 the Assembly called for specific diplomatic and economic sanctions against the apartheid government (Geldenhuys 1984: 206). Sanctions were to become part and parcel of the anti-apartheid discourse. Strong opposition to apartheid came from most of the developing countries in Africa, Asia, the Caribbean and Latin America. East European countries and the Scandinavian countries followed suit (Pampallis 1991: 278). In other countries anti-apartheid movements sprang up and flourished (the USA, UK and The Netherlands).

A mandatory arms embargo was instituted by the United Nations in 1977 (Meredith 2005: 462). This decision resulted in South Africa being cut off from its last major arms supplier, France (Meredith 2005: 426). While some covert transfer of arms and technology still took place, this UN action had some effect.[6] OPEC states followed with an oil embargo which was worsened by the fall of the Shah's regime in Iran, a major oil supplier to South Africa (Meredith 2005: 426). These activities were followed by increasing international pressures from the UN General Assembly and international anti-apartheid movements. South Africa was well under way to becoming a pariah state.[7]

Anti-apartheid movements aimed to isolate the apartheid state, especially after 1961 when South Africa declared itself a republic and left the British Commonwealth. Eventually sanctions turned into a disinvestment campaign and strategic, economic and social sanctions were deployed (Crawford 1999: 3; Pampallis 1991: 78).

While some areas were less affected, others were badly hit. South Africa's coal exports grew overall, with South Africa being the main supplier to the European

Economic Community by 1986 (Crawford 1999:12); but trade with Britain fell by 15% in 1986, with Germany by 25%, with the USA by 40% (1987), yet increased with Japan (Crawford 1999:12ff). The South African economy worsened from 1984/1985 onwards. The devaluation of the rand meant higher debit and service charges by overseas lenders, nearly doubling costs at a time when 66% of the South African debt burden came from short-term loans (Mann 1988:76). While the National Party government pledged R500 million to job creation and continued its reformist rhetoric, internal militant resistance together with a state of emergency did not improve South Africa's precarious image (Mann 1988:76–77).[8]

Between 1986 and 1990 a total of 154 US companies withdrew investments in some way. The then chairman of the Anglo American Corporation of South Africa suggested that between 1985 and 1990 trade and financial sanctions restricted South Africa's growth rate to less than 2% South African Institute of Race Relations (1991/1992: 416). South Africa's Gross Domestic Fixed Investments (GDFI) as a proportion of the Gross Domestic Product (GDP) declined from 27% in 1982 to 20% in 1990. The ratio of gross domestic savings to the GDP decreased from 25% to 22% in early 1990 at the time of the unbanning of the liberation movements (SAIRR 1991/1992: 414). The arguable effect of this was that there were insufficient funds to finance new fixed investment.

Decisions made by the Reserve Bank and other financial institutions to counter the negative economic effects of sanctions had unintended consequences. In an attempt to counter high inflation, the Reserve Bank raised prime lending rates to 25%. This led to short-term international borrowing where better rates were available. Some banks over-borrowed and the Reserve Bank 'failed to keep track of the dramatic rise in accumulating debt as well as its maturity structure' (Carim et al. 1999: 164). The situation caused by uncontrolled borrowing 'became so serious that by mid-1985 South Africa's external finances were being described as chaotic' (Carim et al. 1999: 164). To worsen the situation, the price of gold dropped and the value of the rand declined.

The effects were far-reaching. In 1980 South Africa's international debt was \$16.9 billion (20% of the GDP). By 1984 foreign debt accounted for \$24.3 billion (46% of the GDP). Depreciation worsened the situation and by the end of 1985 debt accounted for close to 50% of the GDP (Carim et al. 1999: 164). South Africa became a risky investment.[9] Moreover, the sanctions lobby grew and divestment became acute.[10]

CONSCRIPTION AND MILITARISATION

Conscription ensured a reservoir of military manpower for a state that perceived itself under threat; however, conscription came at a cost and influenced politics and economics. South Africa participated in the two world wars without conscription or enforced military service. After World War II, South Africa relied mainly on the volunteer Active Citizen Force (ACF) to supplement its increasing manpower needs.

This picture changed after 1948. The newly elected government in South Africa was convinced that their new dispensation of complete racial segregation should remain the status quo, by whatever means necessary. Maintaining Afrikaner Nationalism required more security-related manpower.[11]

By 1952 a military service system by means of a lottery formula was implemented to provide for increasing manpower needs. An amendment to the Defence Act of 1957, to make service in the SADF mandatory for all white men was carried in parliament with the support of the white opposition parties, and came into effect in June 1967. Conscription became a reality of social life for white men and was to last for more than 20 years.[12]

From January 1968 onwards there were two yearly intakes of national servicemen; in January and June. Initially, approximately 30 000 white men between the ages of 17 and 20 were called up for national service each year, considerably more than the approximately 10 000 who did annual national service before the Defence Act was amended. But the defence force and politicians always needed more men. In 1972, the period of national service was extended to 12 months and citizen force obligations were set at 19 days compulsory service per year for a period of five years. The 12-month period was soon increased to 18 months and then to two years in 1978. In 1982, a citizen force member's duties towards national defence increased to 90 days per year over an eight-year period. These additional manpower needs had to be budgeted for.[13] Moreover, those citizen force members on call-up were extracted from the economically active (white) population for up to three months at a time, while conscripts were extracted for two years from civil and economic society, delaying training in technical/artisan fields, tertiary education or a productive career. These forces had to be well-armed to fulfil their role in a state that saw itself as threatened. Moreover, military preparedness implied: (1) the ability to deploy forces internally as well as trans-border; (2) having adequate force numbers prepared and capable of rapid deployment in both semi-conventional and counter-insurgency operations; and (3) having a credible conventional capacity, and, if necessary, non-conventional capabilities such as nuclear arms. It comes as little surprise that the defence budget increased from R44 million in 1960/1961 to a staggering R5, 2 billion in 1986/1987 according to one source (Evans and Phillips 1988:122).

While the majority of the soldiers that the SADF trained annually were white men, additional personnel were required. Female and 'non-white' participation was based on a volunteer system. In 1973, the first 'coloured' soldiers began their basic military training at Eerste River, Cape Town, under the auspices of the South African Cape Corps service battalion. The first black unit, 21 Battalion, was established during 1974. In 1975, the first Indian people started their training at Salisbury Island in Durban.[14] One source suggests that by 1979 12 000 black people were in some way employed by the SADF and that so-called coloured and Indian people made up roughly 10% of the SADF.

Some historical background is needed: 'Non-white' South Africans served in large numbers during World War II as members of the Union Defence Force.[15] Following the transferral of power to the National Party after the defeat of the United Party, their contribution to the two world wars was conveniently forgotten. As the apartheid government encountered more resistance to its policies and the Border War escalated, it was conveniently regarded appropriate for these 'non-whites', who had few or no voting rights, to once again lend a hand.

Before South Africa's invasion into Angola, the International Institute for Strategic Studies reported that the permanent force had approximately 18 000 men, with a further 92 000 in the citizen force plus yearly intakes of volunteers and conscripts. During the mid-eighties, the numbers rose to total reserves of 455 000 men in the citizen force and 175 000 volunteers in the commandos or territorial defence units. Some disagreement on the exact numbers still exists: *To the Point* (TTP Cover story 1976 5:9), a magazine with close ties with the then government, explicitly stated that South Africa could mobilise 400 000 men excluding white female combatants.[16] Official SADF figures demonstrate how the national service system grew between 1974 (the first invasion in Angola was in 1975) and 1979 (a year after trans-border operations in Angola increased in intensity):

Year of intake	**1974**	**1975**	**1976**	**1977**	**1978**	**1979**
Conscripts	34 211	38 642	48 495	55 160	43 835	45 178

By 1981 a full deployment of the SADF could muster an estimated 168 000 soldiers. Only 7.5% of these were permanent force members. Citizen force units were regularly deployed alongside national servicemen when there were large cross-border operations into Angola. These increases in defence expenditure had major implications for the national budget. In an article in the *South African Journal of Economics* Lingle (1989:178) argues that the real cost of military conscription was much higher than budgeted for due to the non-economic use of these scarce resources.

Issues became more acute after 1984 when the SADF was increasingly deployed domestically. 'Township-service', in other words suppressing internal unrest in 'non-white' communities and peri-urban settlements, became familiar to national servicemen and citizen force members.[17] During 1985, responding to a question by the opposition in parliament, it was suggested that 35 372 SADF troops were deployed in townships countrywide (Evans and Philips 1988:129).[18]

THE ECONOMY UNDER THE BURDEN OF BOYCOTTS

According to Jones (2002: 2) the South African economy went into decline demonstrating a slowdown in GDP growth during the 1970s. The international oil crisis played a role; so did the 1972 strikes in Natal[19] and elsewhere. The short-term triggering mechanisms for slow economic decline were economic sanctions combined with increased defence expenditure. The GDP growth rate at constant 2005 prices during the 1960s was on average 5.7%. It declined to 3.4% in the 1970s and to 1.5% in the 1980s (SARB 2011).

According to Table 1 defence expenditure, as an element of total government expenditure, increased at a faster rate during the 1970s than government expenditure as a whole, increasing its share of total government expenditure from 10.5% in 1970 to 17.6% in 1980 – an average increase of 23.5% per year. Government expenditure increased by 17.3% per year. This was mainly due to an intensification of the Border War. Other expenditure items were increasingly crowded out by defence expenditure. South Africa committed nearly 2.7% of its national income per year to defence, excluding secret funds. Government expenditure as percentage of GDP averaged 19.3% for the period 1970 to 1980. The national government budget deficit was in the region of 4% per year.

Table 1: Defence expenditure during apartheid, 1970–1990

Year	Government expenditure in R(000)	% Change in govern-ment expen-diture	DefenCe expenditure in R(000)	% Change in defence expen-diture	DefenCe expenditure as % of total government expenditure	Defence expenditure as a % of GDP	Govern-ment expen-diture as % of GDP
1970	2 464 846	18.6	258 372	9.0	10.5	2.0	16.6
1971	2 711 330	11.0	251 632	-2.6	9.3	1.8	17.2
1972	3 524 729	30.2	315 253	25.3	8.9	2.0	17.2
1973	3 810 232	8.1	327 285	38.2	8.6	1.7	19.2
1974	4 549 417	19.4	425 317	30.0	9.4	1.8	19.3
1975	5 659 474	24.4	696 914	63.9	12.3	2.5	20.2

1976	7 040 387	24.5	1 087 213	56.0	15.5	3.5	20.2
1977	8 547 029	21.4	1 384 427	273	15.0	4.0	18.9
1978	9 401 732	10.0	1 605 700	16.0	17.1	4.1	19.8
1979	10 595 752	12.7	1 669 495	4.0	15.8	3.6	20.1
1980	12 110 944	14.3	2 133 903	27.8	17.6	3.4	23.5
1981	14 351 470	18.5	2 514 084	17.8	17.5	3.5	22.3
1982	17 193 060	19.8	2 871 464	14.2	16.7	3.5	21.2
1983	20 580 094	19.7	3 194 861	11.3	15.5	3.4	21.9
1984	23 934 649	16.3	3 385 523	6.0	14.1	3.1	24.4
1985	29 248 141	22.2	3 997 821	18.1	13.7	3.1	26.3
1986	35 273 259	20.6	4 475 035	11.9	12.7	3.0	26.0
1987	43 068 649	22.1	5 814 407	29.9	13.5	3.3	24.9
1988	50 907 143	18.2	7 064 025	21.5	13.9	3.4	23.3
1989	61 037 664	19.9	8 542 159	20.9	14.0	3.4	21.4
1990	70 986 803	16.3	10 258 858	20,.	14.5	3.5	22.4

Source: SARB (2011); Public Finance (1962–1990)

During the 1980s the defence expenditure as an element of total government expenditure increased at a slower rate than government expenditure as a whole, decreasing its share of total government expenditure from 17.6% in 1980 to 14.5% in 1990, an average decrease of 17.0% per year. Government expenditure increased by 19.3% per year. During this period South Africa committed nearly 3.3% per year of its national income to defence; more than during the 1970s. Government expenditure as a percentage of GDP averaged around 23.4% during the 1980s; much more than the 19.3% during the 1970s. The national government budget deficit was in the region of 2.6% per year, i.e. lower than during the 1970s. Clearly things were not getting better, despite relatively positive reports in government media.[20]

Mohr and Rogers (1998:203) were particularly concerned regarding the interest government had to pay on public debt. For the period 1989 to 1993 (Table 2) interest paid on public debt was in the region of 16 cents of every rand government spent.

Table 2: Interest on public debt as a percentage of current expenditure for selected years

Year	Percentage
1989	17.1
1990	14.5
1991	16.0
1992	16.1
1993	16.6

Source: SARB (2011)

The composition of the budget also changed during the apartheid years. As the years progressed more of the budget was used for consumption expenditure and less for investment expenditure. During the 1970s consumption expenditure averaged 14.1% of GDP and investment expenditure 8.9%. In the 1980s it changed to 17.5% and 7.4%, respectively. The available capital was used to settle current expenditure (Table 3).

Table 3: National government expenditure during apartheid, 1970–1990

Year	Consumption expenditure as % of GDP	Investment expenditure as percentage of GDP	National government deficit as percentage of GDP
1970	12.8	7.2	-3.3
1971	13.9	9.6	-5.9
1972	13.2	8.4	-4.6
1973	12.2	8.0	-1.2
1974	12.5	9.1	-2.3
1975	14.8	10.6	-6.2
1976	15.9	10.3	-6.1
1977	16.2	8.7	-4.9
1978	15.4	9.5	-48
1979	15.0	10.0	-4.4
1980	14.3	7.5	-1.3
1981	14.9	8.2	-1.9
1982	16.4	6.6	-2.1
1983	16.4	6.9	-2.4
1984	17.6	6.7	-3.3

1985	18.2	7.5	-2.6
1986	18.8	8.0	-2.7
1987	19.2	8.3	-5.4
1988	18.5	7.6	-3.1
1989	19.2	8.0	-2.9
1990	19.7	5.8	-0.7

Source: SARB (2012b)

Stuart Jones (2002:3) argues that the first reason for South Africa's economic decline during the 1970s and 1980s was the inability of the manufacturing sector to maintain its growth after the 1960s. The sector grew at a rate of 5.1% for the period 1970 to 1980 (Table 4). For the period 1980 to 1990 it grew by only 0.7% per year. Employment in the sector grew at a rate of 2.6% for the years 1970 to 1980, but declined to 1.0% per year for the period 1980 to 1990.

Table 4: Total volume of manufacturing production and employment during apartheid, 1970—1990

Year	Index manufacturing production	Index manufacturing employment	Gross fixed capital formation at constant 1995 prices, in R(million)
1970	43.4	86	17 564
1971	46.3	87.7	18 786
1972	48.1	89	20 352
1973	52.5	92.1	23 899
1974	55.8	97.4	24 555
1975	58.1	101	24 621
1976	59.5	103.8	22 403
1977	57.2	101.3	23 878
1978	60.3	`101.6	27 091
1979	64.2	104.6	30 516
1980	71.7	111.4	41 058
1981	78.3	118.2	39 831
1982	74.2	119.3	35 936
1983	72.9	115.4	34 886
1984	772	115.8	30 252
1985	75.6	113.2	22 216
1986	74.9	115	16 721

1987	73.1	118.5	14 740
1988	78.9	122.8	21 047
1989	80.8	123	28 529
1990	77.2	123.4	32 456

Source: SARB (2012b)

The second reason for the decline in the manufacturing sector according to Mohr and Rogers (1994: 400) was a general decline in the GDP growth rate of the world economy after 1973. This caused a significant decline in the demand for South African exports. The decline in gross fixed capital formation (GFCF) by manufacturers did not help (Table 4). For the period 1970 to 1980 GFCF increased by 8.9% per year and peaked at R41.1 billion in 1980 then declined at a rate of 2.3% per year to R32.5 billion in 1990. GFCF was 16% less in 1987 than in 1970. Bell and Madula (2002: 115) point to the inadequate supply of skills as a possible contributor to the stagnation of this industry.[21]

A third reason given by researchers for the weakening of the economy was the declining contribution of agriculture to the GDP (Table 5). Agricultural production decreased from 11.5% of GDP in 1967 to 5.6% in 1987.[22]

Table 5: Agriculture production as a percentage of gdp during the border war, 1967–1987

Year	Percentage of gdp
1967	11.5
1970	8.1
1973	8.2
1976	7.7
1979	6.7
1982	6.3
1985	5.4
1987	5.6

Source: Jones and Muller (1992)

Fourthly, Bell and Madula (2002:115) point to the decline in the physical volume of gold output after 1970 as very significant. By the year 2000 it was at only 43% of its 1970 level. These authors estimate that this was decreasing the GDP by as much as 1.5 percentage points, on average, during the 1970s and 1980s. Mining production, excluding gold, increased by 2.9% per year during the 1970s and declined on average by 4.3% per year during the 1980s (SARB 2012a). For a country heavily dependent on mineral exports this was not good news. The increase in, for example, coal exports referred to earlier, could not make up for the decline in gold production.

A fifth reason for the decline of the South African economy was the expansion of the South African population, which grew on average at a rate of 2.6% per year during the apartheid years (Jones 2002: 2).

Balance of payments constraints provided yet another reason for the decline of the South African economy. Imports are a function of GDP income. In an expanding economy imports increase due to the rising demand for intermediary goods used in production processes. Therefore the faster the economy grew, the larger the demand for imports became. This led to a situation where imports on the trade account of the balance of payments exceeded exports, causing large outflows of capital. Due to South Africa's apartheid policies the inflow of capital dwindled during the late 1970s and 1980s (Mohr and Rogers 1994: 402). These net outflows of capital (Table 6) had the potential to deplete South Africa's gold and foreign exchange reserves and were only countered by surpluses on the current account of the balance of payments. This placed a severe constraint on economic growth, especially during the 1980s. Economic expansion in South Africa was therefore seriously restricted by the capital account of the balance of payments (Mohr and Rogers 1994: 402).

Table 6: Capital inflow from the rest of the world in r (million), 1970–1990

Year	Current account	Capital inflow	Gold and foreign reserves
1970	-921	604	-317
1971	-1 064	681	-383
1972	-144	570	426
1973	-167	51	-116
1974	-985	766	-219
1975	-1 777	1 356	-421
1976	-1 663	496	-1 167
1977	208	-343	-135
1978	955	-454	501
1979	2 501	-2 183	318
1980	2 560	-2 058	502
1981	-4 513	2 162	-2 351
1982	-3 716	4 260	544
1983	-450	598	148

1984	-2 764	1 865	-899
1985	5 171	-6 599	-1 428
1986	6 337	-5 298	1 039
1987	10 395	-4 637	5 758
1988	5 834	-6 136	-302
1989	3 970	-3 330	640
1990	3 997	-1 289	2 708

Source: SARB (2012b)

POLITICS AND ECONOMICS AFTER TRANSITION

By 1991/1992 the situation had changed. At the summit of the European Community (EC) in Rome in 1990 the member states lifted the voluntary ban on new investments that had been imposed in 1986 (Cooper et al. 1992:416). Hungary, Poland and Romania established trade links with South Africa in late 1990 and by 1991 the OAU had somewhat relaxed its stance on sanctions (Cooper et al. 1992:416). In July 1991 Title 3 of the USA's Comprehensive Anti-Apartheid Act (CAAA) of 1986 that imposed sanctions on South Africa was lifted (Cooper et al. 1992:417).

Following the negotiated transition, South Africa moved gradually back into a global economy where now, it was argued by advocates of liberal-capitalism, the liberal capitalist model of economy was victorious.

The economic vision of the newly elected South African government can be described as an attempt at social democracy. In order to uphold the vision contained in the ANC Freedom Charter, the Reconstruction and Development Programme (RDP) was adopted, an approach that depended on redistribution of wealth, assuming that it would bring about economic empowerment followed by investment (Marais 1998:177, 180–182).[23] By 1998, given the global rhetoric of liberal capitalism, the RDP was replaced with the GEAR (Growth, Equity and Redistribution) macro-economic model based on investment first, followed by a presumed redistribution of wealth.

The decision to change the country's economic direction by adopting the macro-economic GEAR strategy was to bring about new challenges for the post-apartheid government.[24] GEAR was brought into being with little public consultation and was assumed to be a macro-economic policy built upon many of the elements that the World Bank and International Monetary Fund (IMF) would have expected from countries on which they imposed structural adjustment programmes.[25]

Strydom (2000) explains why GEAR failed to achieve its proposed growth and employment targets: among others, the inability of the education system to supply skilled workers, the government's slow implementation of its privatisation programmes as well as restrictive labour market legislation, thus hampering economic growth and employment growth post-1994. Streak (2004: 271–288) also describes the economic legacy of GEAR as dismal in development outcomes, but excellent in macro-economic policy outcomes. The budget deficit reductions under GEAR made more resources available to the poor for future distribution as has been noted since 2000. GEAR was eventually complemented by the National Development Plan (NDP), which still faces the same challenges, i.e. skill shortages and despite promises, job losses (Sathekge 2014: 15).[26] The phenomenon of jobless growth cautioned against since 2004 is clearly still very prevalent.

Simultaneously there was a lot of talk about the so-called 'peace dividend', suggesting that an end to conflict and re-entering the global economy would attract future investment. However, a peace dividend also depends on how well a future economy is planned and managed and on whether the savings (if made) are spent wisely. Advocates of the peace dividend also assumed that future investors would be somewhat generous, if not altruistic.[27] Eventually the peace dividend was smaller than expected.[28]

THE ECONOMY AFTER SANCTIONS

We argued that economic sanctions, combined with an increased budget deficit due to growing defence expenditure, were the main short-term triggering mechanisms that initiated eventual economic decline. .

Sanctions were lifted during the post-apartheid years, and defence expenditure, as an element of total government expenditure, decreased as a percentage of total government expenditure from 6.5% in 1994 to 3.6% in 2010 (Table 7). On the other hand, government expenditure as a percentage of GDP increased from 27.5% in 1994 to 33.0% in 2010. These figures are an indication of government prioritising other expenditure items in lieu of defence.

Table 7: Defence expenditure post-apartheid, 1994–2010

Year	Government expenditure in r million	% change in govern-ment expen-diture	Defence expenditure in R million	% change in defence expen-diture	Defence expenditure as % of total government expenditure	Defence expen-diture as % of gdp	Govern-ment expen-diture as % of gdp

1994	163 425	20.5	10 592	-1.3	6.5	2.2	27.5
1995	168 962	3.4	11 379	7.4	6.7	2.1	27.1
1996	186 581	10.4	12 039	5.8	6.5	2.0	27.7
1997	236 531	26.8	12 673	5.3	5.4	1.9	27.9
1998	255 229	7.9	12 064	-48	4.7	1.6	27.1
1999	270 166	5.9	11 970	-0.8	4.4	1.5	26.9
2000	289 289	7.1	11 957	-0.1	4.1	1.3	25.8
2001	316 931	9.6	14 882	24.5	4.7	1.5	24.6
2002	342 728	8.1	19 546	31.3	5.7	1.7	25.1
2003	398 274	162	19 164	-2.0	4.8	1.5	24.2
2004	447 583	12.4	21 994	14.8	4.9	1.6	25.2
2005	509 310	13.8	22 764	3.5	4.5	1.5	25.4
2006	561 911	10.3	26 236	15.3	4.7	1.5	25.8
2007	628 963	11.9	26 013	-0.9	4.1	1.3	25.7
2008	716 974	14.0	27 587	6.1	3.9	12	26.1
2009	841 233	17.0	32 183	16.7	3.8	1.3	27.2
2010	885 800	5.3	34 000	5.7	3.8	1.2	33.0

Source: SARB (2011); Public Finance (1962-1990)

Since its transition, South Africa has committed less than 1.6% of its national income to defence annually, far less than during the apartheid years. The national government budget deficit is in the region of 2.6% per year, also much less than during apartheid. On the other hand, and notwithstanding a smaller budget deficit, interest on public debt as a whole has increased its share of current government expenditure to 20.0% per year, which is higher than during apartheid (Table 8).

Table 8: Interest on public debt as a percentage of current expenditure for selected years

Years	Percentage
1994	17.6
1995	20.0
1996	20.4

1997	19.8
1998	21.0
1999	20.5
2000	20.0

Source: SARB (2011)

However, all may not be well. The trend in the post-apartheid composition of government expenditure seems to follow a slow but similar pattern to that during apartheid. Consumption expenditure was on average 19.2% of GDP and investment expenditure only 7.1% thereof after transition (Table 9). During the 1970s the respective figures were 14.1% and 8.5%. In the 1980s they changed to 17.5% and 7.4%, respectively.

Table 9: Post-apartheid expenditure by national government, 1994—2010

Year	Consumption expenditure as % of GDP	Investment expenditure as percentage of GDP	National government deficit as percentage of GDP
1994	20.0	7.2	-4.8
1995	18.3	8.8	-4.9
1996	19.1	8.8	-4.9
1997	19.2	8.3	-4.6
1998	18.8	8.4	-3.3
1999	18.4	7.7	-2.1
2000	18.1	6.3	-1.9
2001	18.3	6.4	-0.7
2002	18.8	5.5	-0.7
2003	19.2	5.0	-2.5
2004	19.4	5.8	-2.0
2005	19.5	6.1	-0.5
2006	19.7	6.3	0.3
2007	18.8	7.1	0.7
2008	18.8	8.1	-0.4
2009	21	8.0	-5.0
2010	21.5	7.3	-4.8

Source: SARB (2012b)

During the apartheid years the total volume of manufacturing production increased on average by 3.9% per year (Table 3). From 1994 up to 2010 the growth rate was only 1.7% per year – a significant slowdown (Table 10). Employment in the manufacturing industry declined by 1.6% per year, which also signifies a significant reversal. One of the reasons for the decline in employment was the sharp increase in real gross fixed capital formation by the manufacturing industry. It increased by 6.5% per year from R30 622 in 1994 to R73 886 in 2008 (Table 10). Manufacturers therefore substituted labour with machines. Gross fixed capital formation by the manufacturing sector decreased on average by 1.4% per year during the apartheid years – increasing employment by 1.8% per year (Jones 2002: 3).

Table 10: Total volume of manufacturing production and employment in South Africa post- apartheid, 1994–2010

Year	Index manufacturing production	Index manufacturing employment	Gross fixed capital formation at constant 1995 prices (R billion)
1994	76.6	116	30 622
1995	82.9	116.7	36 917
1996	85.9	112.4	39 348
1997	88.1	107.7	40 556
1998	86.9	104.2	39 466
1999	86.4	101.5	39 437
2000	89.6	100	39 922
2001	91.5	97.4	42 359
2002	95.5	96.8	41 094
2003	93.3	96.5	42 565
2004	97.2	96.3	49 987
2005	100	91.5	54 838
2006	104.8	100.1	61 845
2007	109.7	101.8	65 422
2008	110.4	100.2	73 886
2009	96.1	93.5	57 562
2010	100.9	90.3	59 488

Source: SARB (2012b)

Agricultural production declined as a percentage of GDP during the apartheid years, and this trend continued post-apartheid. The gross agricultural value added to GDP was 4.2% in 1994, down from 5.6% in 1987 at the height of apartheid. Agricultural production further declined to 2.9% of GDP in 2000 and to 2.2% in 2010 (SARB, 2000; SARB, 2010). This caused employment in the agricultural sector to decline from 1.4 million jobs in September 2000 to a mere 650 000 jobs in March 2010 (DAFF 2010: 18). The reasons for this decline, according to DAFF (2010:27) were the adoption of new production technologies and the regulatory environment of the agricultural sector.

For the period 1971 to 1993 more than one million people on average were employed on farms (Agricultural Research Council, 2012: Table 6). The number of productive farming units have also declined from 60 938 units in 1993 to 45 818 units in 2002 (Table 11).

Table 11: Number of productive farming units in South Africa post-apartheid (1993 and 2002)

Western cape	Northern cape	Free state	Eastern cape	Kwa-Zulu Natal	Mpuma-langa	Limpopo	Gauteng	North west	Total
1993									
8 352	6 593	10 252	6 106	6 080	5 406	5 053	2 500	7 638	60 938
2002									
7 185	6 114	8 531	4 376	4 038	5 104	2 915	2 206	5 346	45 818

Source: Agricultural Research Council (2012)

Bell and Madula (2002:115) point to the decline in the physical volume of gold output after 1970 as very significant. After transition, gold production kept declining at a rate of 6.8% per year (Table 12) from a volume of 196.7 units in 1994 to 64 in 2010. Employment in the gold mining industry declined from 197 218 in 2000 to 143 268 in 2009. Mining production as a whole increased on average by 14.8% per year for the same period – more slowly than during apartheid. Employment in the mining sector as a whole declined by 1.2% per year from 1994 to 2010. Gross fixed capital formation grew at a rate of 7.4% per year post-apartheid with mining employment declining at the same time, indicating a replacement of labour with capital. Seemingly, this trend is continuing if the recent release of the Adcorp Employment Index is taken seriously. The report released on 10 March 2014 indicated job losses of 130 000 in the permanent and temporary job categories (Sathekge 2014:14).

Table 12: Post-apartheid mining production, 1994–2010

Year	Index mining production	Index mining employment	Index gold production	Gross fixed capital formation at constant 1995 prices (r billion)
1994	76.8	146	196.7	13 322
1995	81.7	142.8	177.9	13 881
1996	81.8	136.1	169.1	14 101
1997	84.7	131.5	168.1	15 885
1998	87.5	110.4	158	17 087
1999	85.7	103.9	153.2	16 329
2000	79	100	146.3	18 233
2001	82.8	97.7	134.1	19 684
2002	83.4	99	135.2	22 354
2003	89.4	102.2	127	23 461
2004	95.8	109.6	114.8	18 950
2005	100	106.7	100	16 743
2006	100.1	110.7	9.,9	24 904
2007	100.2	119.6	86.1	32 705
2008	96.5	124.8	72,2	41 690
2009	90.1	118.1	67,1	44 124
2010	97.2	119.9	64	41 709

Source: SARB (2012b)

After 2000 the population growth rate sharply declined to an average rate of 1.2% per year (Table 13). This is much lower than the growth rate between 1970 and 2000. South Africa's population growth rate correlates very closely to the world average and is 0.4 to 0.5 percentage points lower than that of sub-Saharan Africa (World Bank 2012).

Table 13: Post-apartheid population growth, 1998—2010

Year	Percentage growth
1998	2.4
1999	2.4
2000	2.5
2001	1.8

2002	1.0
2003	1.3
2004	1.2
2005	1.1
2006	1.1
2007	1.1
2008	1.1
2009	1.1
2010	1.4

Source: World Bank (2012)

The democratic transition in South Africa in 1994 re-opened the international financial markets allowing a normalisation of the capital account of the balance of payments. Foreign investments increased from on average a negative 2.5% of GDP for the period 1985–1994 (Du Plessis et al. 2006, Table 8) to a positive 2.5% per year for the period 1994–2002. According to Avantis (2006) foreign direct investment (FDI) is still modest and as a percentage of GDP South Africa only receives about a half of the flow of similar Asian or Latin American countries.

Table 14: Net capital inflow from the rest of the world in r (million), after transition, 1994–2010

Year	Current account	Capital inflow	Gold and foreign reserves
1994	56	1 736	1 792
1995	-9 045	17 658	8 613
1996	-7 114	13	-7 101
1997	-10 231	19 964	9 733
1998	-13 100	6 172	-6 928
1999	-4 156	15 972	11 816
2000	-1 192	6 558	5 366
2001	2 869	-15 106	-12 237
2002	9 680	6 400	16 080
2003	-12 599	7 741	-4 858
2004	-42 948	80 476	37 528
2005	-54 495	88 758	34 263
2006	-93 799	123 591	29 792

2007	-140 551	188 367	47 816
2008	-161 874	187 940	26 066
2009	-97 062	114 099	17 037
2010	-74 958	106 264	31 306

Source: SARB (2012b)

For the moment, however, there is also some good news: Following transition, with the exception of 2001, the net capital inflow to South Africa has always been positive and increased from R1.7 billion in 1994 to R188 billion in 2008. South Africa's gold and foreign reserves also increased from 1.7 billion in 1994 to 47.8 billion in 2007 (Table 14). During the apartheid years South Africa's foreign reserves never exceeded R5.8 billion (Table 6). Freedom from apartheid has brought benefits. However, there are crucial limitations and challenges associated with this freedom, which, if not addressed urgently, will bring predictable negative consequences, some of which are already being experienced.

Defence expenditure during apartheid as a percentage of total government expenditure peaked at 17.6% in 1980 and declined to 14.5% in 1990. As a percentage of GDP it crested at 4.1% in 1978 and slowly declined to 3.5% in 1990 (Table 1). Government expenditure as a percentage of GDP peaked at 26.3% in 1985 and steadily declined to 22.4% in 1990.

After transition, defence expenditure as a percentage of total government expenditure peaked at 6.7% of GDP in 1995 and steadily declined to 3.8% of GDP in 2010. As a percentage of GDP it reached its apex at 2.2% in 1994 and slowly declined to 1.2% in 2010. The budget commitment towards defence is currently much lower than during apartheid.

The national government deficit as a percentage of GDP peaked at 6.2% in 1975, slowly declining to only 0.7% in 1990, after transition it stood at 4.8% in 1994, while slowly declining to only 0.5% in 2005. After showing a surplus for the years 2006 and 2007, the national government deficit as a percentage of GDP increased to 4.8% in 2010, mirroring levels of the 1970s, which does not portend well for the future (Table 9).

A priority shift from a defensive fiscal stance during apartheid to a more redistributive one took place after transition. Some worrying economic trends that emerged under apartheid and had not been reversed by 2010 were, firstly, the decision by government to finance its short-term expenditure with the aid of long-term resources. Secondly, the budget deficit in 2010 was back to the worrying levels it had reached under apartheid. The interest on public debt as a percentage of total government expenditure was in the region of 20%. Thirdly, post-apartheid government expenditure as a percentage of GDP reached higher levels than during the years of apartheid. It declined from 27.5% of GDP in 1994 to 24.2% of GDP in 2003 and then increased to 33.0% of GDP in 2010.

In terms of neo-classical economic theory, government expenditure as a percentage of GDP should ideally not exceed 25%. Beyond that it might have a negative impact on economic growth. Gwartney et al. (1998:1–32) claim that in the five fastest-growing economies of the world from 1980 to 1995 government expenditure averaged 20.1% of GDP and that a 10 percentage point increase in government expenditure as a share of GDP is associated with approximately a one percentage point decline in the growth rate of GDP.

According to Mohr and Rogers (1994:400) increased government expenditure during apartheid also had a positive side. It stimulated total demand and therefore attributed to increases in South Africa's production output. Demand was stimulated, amongst others, due to the international weapons boycott which necessitated the building of strategic industries to support the war effort.

From data given in Table 15 it can be seen that the secondary sector, which includes manufacturing, electricity and construction, expanded by 16.6% for the years 1970 to 1980 and by 17.4% for the years 1980 to 1990. After transition the growth rate declined to 9.6% per year. It is also a well-known fact that post-apartheid skills shortages still persist; shortages are worsened by the brain drain; and the cost of importing scarce skills remains a concern.

The primary sector, which includes agriculture and mining, declined from an average growth rate of 23.5% for the years 1970 to 1980 to 12.1% per year for the years 2000 to 2010. Capital intensity of production increased in all industries under scrutiny, causing severe unemployment in the post-apartheid era.

Many of the economic challenges under apartheid were not reversed after transition. Notwithstanding the criticism of the size of government expenditure, some argue that there is more virtue in spending money on social development than preparing for or waging war. The post-apartheid tertiary sector, which includes community, social and personal services by government, played a much more prominent role in adding gross value to the economy than it did during the apartheid years.[29] These sectors increased their share of gross value added to economic activity from 45.3% in 1980 to 67.1% in 2010 (Table 15). The economy grew at a real rate of 3.6% per year post-apartheid up until 2008 (SARB, 2012a). This is more or less the same growth rate experienced by South Africa during the 1970s, and higher than during the 1980s.

Two positive structural changes to the post-apartheid economy stand out: the positive effects of the removal of the balance-of-payments restrictions on the South African economy; and the declining population growth rate, especially after 2000.

The current South African economy is relatively open, which is both a point of strength and a weakness, but future growth will depend on decisions now taken, keeping the past in mind.

Table 15: Gross value added by type of economic activity at basic prices

Year/percentage	Primary sector R(million)	Secondary sector R(million)	Tertiary sector r(million)	Total R(million)
1970	1 914	3 536	6 569	12 019
%	15.9	29.4	54.7	100
1980	15 799	16 382	26 790	58 971
%	26.9	27.8	45.3	100
1990	36 291	81 408	145 451	263 150
%	13.8	30.9	55.3	100
2000	90 842	203 008	544 368	
%	10.8	24.3	64.9	100
2010	285 761	506 674	1 620 055	
%	11.9	21.0	67.1	100

Source: SARB (2012b)

REFLECTIONS ON FUTURES YET UNCERTAIN

In answering the main questions of our research it is clear that the savings that were supposed to have been incurred after transition have not yet sufficiently translated into gains. The South African political transition has had both good and bad consequences. Just as in the 1960s, 1970s, 1980s and the 1990s there is a need for leadership to be aware of their actions and the economic policies they enact, in the medium and long term – internally and externally.

One thing is clear: There are no easy choices when it comes to security, diplomacy, service delivery at home, projecting diplomatic or military power and accommodating these within the limited budget available.

An aggressive foreign policy based on the assumption that a developing state can play a regional role per se as the benevolent hegemony may turn out differently from the projections of the political and military leaders of that particular state at a particular time – especially if an economy faces predictable challenges inherited from the past and perpetuated in the present.

South Africa's current leadership, some may argue, has departed from a role of morally-inspired foreign policy as practised under political leaders such as

Mandela and Mbeki, into a bolder foreign policy to prove its potential as a benign regional hegemon and a change factor in Africa (Alden and Le Pere 2009).[30] In this case, reflecting on the need for foresight, rather than awaiting hindsight may be an imperative. Politically and economically one should be aware of currently developing fault lines, some of them discussed in this contribution.

While our discussion here relates to the issue of South African economics, economics and politics are closely intertwined. The same applies to national economics and global or international economics. Destabilising internal politics will have an adverse effect on the South African economy. While South Africa was relatively sheltered from the 2008/2009 economic crisis there are no guarantees for immunity in the world of economy. The current growth rate of China (one of the BRICS partners) is 7.7%, which is lower than expected (Were 2014: 1) and may have a wider influence. Cooperation between countries such as BRICS and others will continue to play a role in Africa and hence South Africa that cannot be ignored by political leaders and financiers (Tarrosy 2013: 57).[31]

For a democracy to last, and an economy to be sustainable and growing, civil society and transparent, accountable leadership practices have to ensure that expenditure remains under control and the balancing act of favourable economics is no easy matter. Moreover, after a fourth successful democratic election in 2009 Alden and Le Pere caution that South Africa's intentions in Africa are viewed with some scepticism outside the country, and more importantly by a home electorate aware of, and demanding 'a vastly improved social and economic order [currently] depressed by financial mismanagement, elite venality and … haunted by pernicious social insecurity' (Alden and Le Pere 2009: 167).

From the above analysis it is clear that South Africa's post-apartheid economy has weaknesses that should be kept in mind.[32] One example is the arms deal that turned out to be far more expensive than initially calculated.[33] The current outcomes of the arms deal allow for limited financial manoeuvre. Social spending can hardly be decreased. An increase in the defence budget will detract funds from much-needed social spending.

CONCLUSION

Current messages from the political leadership seem to suggest that South Africa has to prove its role as 'the stronger partner among other partners' which may bring further expenditure in defence terms as the stronger (read: benevolent) partner needs more capacity, but there are few guarantees of a reasonable future payback for current expenses incurred, as the apartheid government discovered to its dismay and regret.

In terms of the South African economy, challenges abound and much prudence is required from both civil society and political leadership to ensure that these challenges are met and turned into success. The military leadership should also be aware of the short-lived accolades if they uncritically follow political leaders who overrate their country's capacity.

The lessons of history, socio-political dynamics and economic realities occasionally converge, even if trends or an exact repetition of a case are deemed unlikely. There are water sources and grazing fields yonder, but the long trek though dry lands is far from over for South Africans.

NOTES

1 This shooting incident on 16 August 2012 near the town of Marikana after an escalating wildcat miners' strike led to political uproar and was dubbed by the press as the Marikana Massacre. For some it recalled images of the killing of protestors at Sharpeville, Langa and Mamelodi townships during apartheid rule. The Sharpeville incident (1960) is the best known – or rather the most notorious of these. A commission was subsequently appointed to investigate the whole affair and some observers claim that recent breakaways from the ANC were born as a result of this tragic incident.

2 A South African National Defence Force (SANDF) contingent per government agreement between South Africa and the Central African Republic (CAR) has been deployed since 2007 to assist François Bozizé's government (Bozizé was President of the Central African Republic from 2003 to 2013). This contingent was later expanded. In March 2013 13 South African soldiers died in Bangui following a serious contact with rebels. The death of these South African paratroopers received wide coverage and elicited serious criticism.

3 *The Ethical Investor* (1972) suggests that shareholders in business within states that transgress human rights 'still bear responsibility for harm resulting from corporate business practices' (Voorhes 1999:131). Thus the purpose of divestment was to prevent social injury through ethical investment, and where not possible to sell off assets partially or completely. Various universities and endowments in the US followed this strategy against apartheid South Africa and in Europe others followed. For a useful chapter on the case of South Africa related to the US divestment campaign against apartheid, consult Voorhes (1999:129–144).

4 On the UN Charter see Walshe (1987:383) and Liebenberg (1990:154ff).

5 Compare Lodge (1987), Liebenberg (1990) and Geldenhuys (1984:206ff).

6 South Africa, through sympathetic security agencies and companies still received some arms from Israel, Franco's Spain at the time, Iran up till 1977, and Latin American military regimes as well as Taiwan acting as useful conduits with full Western knowledge. While Western companies paid lip service to sanctions, military and civilian/corporate investments continued under various guises. Namibia was but one example. Compare Cooper (1988) and Seidman and Seidman (1977). Indirect nuclear cooperation also persisted and later took place through conduits. On South Africa and French security

cooperation see Moukambi (2008).

7 The debate on pariah states is both relevant and important. For an interesting analysis see Alsheh (2013).

8 For example, France instituted for public purposes/international consumption 'emergency sanctions' and in the USA Chase Manhattan Bank froze all its unused credit lines and called in mature loans (Mann 1988:76).

9 For more detail see Carim et al. (1999:165ff).

10 The declaration of a partial state of emergency by the Botha government during July 1985 did not help. The market values on the Johannesburg Stock Exchange (JSE) dropped within a week by R11 billion and the rand exchange rate dropped sharply. The gold market share index fell to a three-year low and the French government declared a ban on further overt investments (Carim et al. 1999:164).

11 Compare Geldenhuys (1984), Seegers (1996:179--180, 216ff).

12 On the evolution of white conscription in South Africa under the apartheid regime, see Du Plessis, Van der Westhuizen and Liebenberg (2012:143ff).

13 On the rise of defence expenditure by Pretoria, see Liebenberg and De Wet (2012:83). The rest of the particular chapter is also relevant.

14 14 including white women in the apartheid defence ranks held the advantage of presenting the (white) SANDF as a people's army. Including people other than white in the security forces could fruitfully be used as an ideological tool to demonstrate the 'multi-racial' nature of South Africa in its defence against foreign threats, with the added value that it divided South African disenfranchised communities even further.

15 By 1943 the Cape Corps (coloured soldiers) and the Native Military Corps (black soldiers) had a combined strength of 92 000 men, thus 37% of Union soldiers were black and those on foreign service accounted for 20% of Union troops. Men of the Non-European Army Services (NEAS) served in all the main theatres of war. Approximately 4 000 became prisoners of war in North Africa and the Middle East alone. At the end of WW ll at least 800 were prisoners of war in Italy or Germany (consult Friend in Keene, ed. (1995):163, 165).

16 Compare for example Leonard (1983) and Seegers (1986, 1996).

17 A percentage of white national servicemen from poorer families were not afforded the opportunity to further themselves due to regular call-ups. They have been forced into a permanent worker class that contributes to the unemployment rate and extensive poverty of today.

18 This number is somewhat questionable, because it is possible that a breakdown of exact numbers for each force of the many forces deployed in townships was not precisely known to advisors at any given time because of the fluidity of unrest and resistance politics and deployments of units at short notice.

19 Working class struggles, bus boycotts, wildcat strikes, business boycotts and stay-aways continued between January 1973 and 1976 with one estimate that over 200 000 workers had engaged in strikes of some sort (Mann 1988:53). Simultaneously the growth rate dropped to zero in 1977. Total outflow of capital reached R120 million and the African unemployment rate struck two million (Mann 1988:53). The number of unemployed, though far less than under the current government (2013) presented major problems and revolutionary potential and foreshadowed what was to evolve 35 years later.

20 The South African political scientist Willem van Vuuren described this detached-from-reality discourse/rationalisation/propaganda by the apartheid government as 'turbo-charging failure'. See his arguments in articles entitled 'Domination through reform' (Van Vuuren 1985), 'Symbolic politics and the electoral success of policy failure' (Van Vuuren 1987) and 'The dynamics of ideological politics and the tendency towards negative achievement' (Van Vuuren 1990). Also relevant is Van Vuuren and Liebenberg (1998:95–106) in Schutte, Liebenberg and Minnaar (1998). On the uses and abuses of ideology consult Ellul (1973). In a recent article it is suggested that South Africa after 50 years has embarked again on a similar 'detached-from-reality' leadership style (Mashele 2013:13).

21 Skills shortages became a consistent factor in the South African economy. The decline of available skills continued after transition. Indeed the situation was to worsen.

22 The decline in agricultural production between 1968 and 1987 can be ascribed to drought or unexpected natural disasters such as floods (along the Orange River). Major floods occurred in 1967 and 1987/1988. The years before and including 1967 saw widespread drought in South Africa. One area that was never researched is the extent to which this was caused by citizen force members absent from their farms or younger men from farming communities absent for a year or two during the era of call-ups. In rural South African communities farming was frequently a family activity where the loss of one or two bodies per farming area had a negative impact on farming capacity and output. More research in this regard is necessary.

23 The fact that the RDP was envisaged as a 'potentially formative framework for transformation' (i.e. a progressive document or a document underpinned by 'socially progressive objectives' (Marais 2011:116)) and that it promised 'a people-centred society' and pledged ambitious infrastructural development and widespread service delivery did not mean that it was not criticised from the left (Marais 1998:177, 180). By 1996 the RDP faltered (Marais 1998:190; Marais 2011:108).

24 For the effects of poverty during the change from RDP to GEAR, consult Everatt (2008:293--319).

25 Marais (2011:112ff) describes in detail the rise of GEAR.

26 Recent data suggest that South Africa, despite a 3.8% GDP rebound in the last quarter of last year is still facing job losses. According to the Adcorp Employment Index, released at the beginning of March 2014, job losses for February 2014 were the worst in three years with 104 000 permanent and 26 000 temporary jobs lost (Sathekge 2014:15).

27 The arms deal proved that neither the investors nor the buyers were necessarily primarily interested in a growing future South African economy or redistribution of wealth.

28 The failure of counter trade following the arms deal is but an example.

29 Compare Everatt (2008).

30 Without prescribing, one may suggest that that there are numerous lessons to be learnt for South Africans in studying India's foreign policy and defence posture as a significant power, yet conceivably an apologetic hegemon in comparison with states that act as interventionists or allow themselves to be drawn into interventionism. For a useful work on India's strategic culture and defence diplomacy including military (non-)projection, consult Paranjpe (2013). The awareness of the precarious relationship between home-bound service delivery, social needs, economic growth and the perceived needed outward

projection cannot be ignored when policies are considered (see Paranjpe 2013:40, 72, 81, 88ff). Another worthwhile contribution on India's foreign policy, defence diplomacy and philosophical foundations of regional/global involvement and cooperation is Ganguly's edited work entitled *India's foreign policy: retrospect and prospect* (Ganguly 2010). For the challenges of balancing a regional role with internal needs and demands consult the work by Kamdar (2007). For insight on India's involvement on the African continent see Shaji (2010). Meenal Shrivastava's article on the evolution of India/African relationships is likewise highly informative (Shirivastava 2009:117ff).

31 Both were (2014) and Tarrosy (2013) are carefully optimistic about growth in Africa, yet point out challenges and pitfalls in this regard. The question is sufficient flexibility, coupled with stability and cooperation. Were (2014:2) points out that Africa should be aware that not all hopes are to be pinned on outside actors, but that inter-African trade should receive special attention.

32 Lack of time and space prevent the authors from discussing the current effects of a declining USA economy which has been caused by long-term export of war since 1960 in order to enhance the US military industrial complex and the 'world policeman' mentality and how the economic burden for such economic excesses (not accounting for the abuse of bonds) imposes costs on developing nations to assist in bailing out the US as main debtor to the World Bank. In this regard see 'South Africa's vulnerability to the world capitalist crises: how it worsened and how it might be reversed' by Patrick Bond (2013:609-625) in Pillay et al. 2013.

33 For an insightful article in this regard see Sylvester and Seegers (2008:52–77). An earlier work corroborates these findings (Ferreira and Liebenberg 2004:61–86). For a somewhat indulgent argument compare Taljaard (2012). The views offered by Taljaard (2012:216ff), however, do not detract from the seriousness of the expensive arms deal and its lasting longer-term economic consequences for South African people.

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