

From Defence to Development

REDIRECTING MILITARY RESOURCES
IN SOUTH AFRICA



Edited by Jeddyn Dock and Penny Mokhele

FROM DEFENCE TO DEVELOPMENT

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FROM DEFENCE TO DEVELOPMENT

Redirecting Military Resources in South Africa

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for The Group for Environmental Monitoring

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GUNS OR BUTTER?

Growth, Development and Security

Gavin Cawthra

South Africa's post-apartheid government has inherited the most powerful armed forces in Africa south of the Sahara. This military power was achieved at considerable expense during the apartheid era. By the late 1980s:

- defence spending had increased to around one-quarter of the state budget and 5 per cent of GDP;
- white adult males faced 14 years of intermittent military service, including two years of full-time duty;
- the defence industry constituted the largest manufacturing sector;
- a nuclear capability had been developed; and
- government was largely in the hands of the military-dominated National Management System, which became the engine of counter-revolution during successive states of emergency.

While South Africa was never under military rule as such, the defence force exerted a strong influence over state policy. Development objectives were linked to security imperatives and the defence force had first-call on the state budget. Strategic industries, including defence, petroleum, and iron and steel, were prioritised in efforts to achieve self-reliance in the face of a hostile world (Cawthra, 1986).

Considerable demilitarisation took place under the presidency of F.W. de Klerk:

- the National Management System was disbanded;
- defence spending was cut by 40 per cent (although much of the money saved was transferred to the police);
- the defence industry went into sharp decline;
- conscription was reduced;
- unilateral nuclear disarmament took place; and
- greater civil control was asserted over the military.

GUNS OR BUTTER

Adam Smith

For more than 200 years, economists have been concerned with the trade off between guns or butter . Adam Smith concentrated on this in his *Wealth of Nations* by focusing on the four French wars and two Dutch wars, and their impact on the productivity and treasury of a nation. Smith put the matter succinctly: In the course of the four French wars, the nation has contracted more than a hundred and forty-five million of debt, over and above all the other extraordinary annual expense which they had occasioned, so that the whole cannot be computed at less than two-hundred million. So great a share of the annual produce of land and labour of the country, has, since the revolution, been employed upon different occasions, in maintaining an extraordinary number of productive hands, whose labour would have replaced, with a profit, the whole value of their consumption. The value of the annual produce of the land and labour of the country, would have been considerably increased by it every year. More houses would have been built, more lands would have been improved, and those which had been improved before would have been better cultivated, more manufactures would have been established, and those which had been established would have been more extended . . . (Laurence Klein, Bonn International Center for Conversion, *Bulletin* 3)

The process of demilitarisation was far from complete by May 1994, when the ANC-led Government of National Unity (GNU) was inaugurated. The new government adopted a development-oriented programme stressing the need for economic growth and distribution, the extension and consolidation of democracy, and the improvement of social conditions. These priorities were incorporated into the Reconstruction and Development Programme (RDP). However, even within the ANC and its alliance partners, there was disagreement over the extent to which the new priorities should be funded by further defence cuts. Furthermore, the relationship between defence spending, the defence industry and economic growth was disputed.

These disagreements were sharpened when it came to defining defence budgets. The 1994/5, 1995/6, 1996/7 and 1997/8 budgets resulted in cuts in military spending. (Although 1994/5 showed a slight increase due to the short-term cost of integrating the various armed formations, with integration costs excluded, there was a 13 per cent cut.) In the 1997/8 budget, defence was allocated R9,579 billion (US\$2,1 billion) about 5,2 per cent of government expenditure and 1,5 per cent of GDP. With the defence budget halved since 1989, and well within the target of 2 per cent of GDP recommended by the World Bank for developing countries, it would appear that those

advocating demilitarisation have won a decisive victory.

However, the defence force has been agitating for new equipment – notably naval corvettes and Rooivalk helicopters. This has proved another source of disagreement. Many argue that the money would be better spent on the RDP, while the defence ministry insists that new purchases are vital to prevent – block obsolescence –, and to protect South Africa's sovereignty and economic interests.

These debates indicate that, for the first time in South Africa, it is possible to have a reasonably open discussion on key questions related to defence, security and development. The *White Paper on Defence*, adopted by parliament in May 1996, and the subsequent Defence Review, were the result of a wide-ranging and open consultative process. To some extent policy was still made in – smoke-filled rooms –, but the new South Africa has approached defence policy-making with a degree of transparency and accountability that compares favourably with that of advanced democracies.

New approaches to security

At the heart of the new debate is a different concept of security. In a narrow sense, security and development are two issues. During the Cold War, security was seen as defence by a sovereign state from external aggression. Since the end of the Cold War, this concept has been progressively modified: security has been widened to embrace social, economic and political issues, and both trans-national and subnational factors (Buzan, 1991; Booth, 1991).

This holistic approach to security is becoming commonplace; it pervades the ANC's security policies. It is, however, not entirely new, and it contains a number of sand-traps for those seeking to employ it in the service of demilitarisation. In apartheid South Africa between 1977 and 1989 (roughly the period of P.W. Botha's presidency) a multi-faceted security strategy was implemented, involving economic, social and political dimensions as well as military prowess. However, this Total Strategy proved extraordinarily reductionist in its concept of a communist total onslaught into which it categorised virtually all significant opposition to apartheid. As the crisis deepened in the 1980s, Total Strategy fell back onto military and police repression, and counter-insurgency doctrine.

The ANC, in its policy documents, has argued for a multi-faceted or holistic approach to security. This is based on democratisation of all aspects of life: – security should not be restricted to military, police and intelligence matters, but . . . political, economic, social and environmental dimensions . . . Underdevelopment, poverty, lack of democratic participation and abuse of human rights are regarded as grave threats to the security of people – (ANC, 1992: Section Q2). This approach is implicit in the RDP. Peace and security form one of the

THE YEAR 2000 CAMPAIGN TO REDIRECT WORLD MILITARY SPENDING TO HUMAN DEVELOPMENT

The world's governments spend \$868 billion a year to support military forces of more than 27 million soldiers. This phenomenal expenditure for achieving security is itself a threat to security: global military spending represents 12 per cent of all government expenditure at a time when citizens in both developed and developing countries face sharp cuts in social programmes such as health and education. Global military spending must be reduced and accompanied by an increase in funding for human development.

It is the belief of the Year 2000 Campaign that, by reducing global military spending, demilitarising societies, and developing concrete plans for regional conflict prevention, global security in the 21st century can be preserved and enhanced.

Dr Oscar Arias, former President of Costa Rica and a patron of the Year 2000 Campaign, argued that developed nations bear a large part of the responsibility for the \$868 billion price tag on global security, accounting for 75 per cent of the world's military spending. The United States alone spent \$270 billion on its defence budget in 1993 – a third of the world's total – allegedly to keep force readiness high enough to fight two simultaneous wars. However, for many countries, including the United States, sufficient military security can be achieved at far lower levels of spending.

Not only are the developed countries big military spenders; they are also responsible for 90 per cent of arms transfers to developing nations. The dangerous global proliferation of arms and weapons technology has contributed to inciting and prolonging many of the world's 44 regional and internal conflicts, most in developing countries.

Developing countries spent \$221 billion on armed forces in 1993. While this is far lower than military spending by the developed world, it is still a tremendous drain on these nations' already limited resources. Military spending exacts a particularly heavy toll on the social sector in the developing world and too often means a trade-off in which the rest of society loses.

The Year 2000 Campaign has a six-point plan of action to cut military spending and redirect resources to human development:

- The Security Council and General Assembly of the United Nations call on all nations to meet with their neighbours to identify and implement confidence-building measures and mutual reductions in military threats. These nations will seek substantial reductions in military forces and expenditures by the year 2000.
- Special envoys be appointed by the United Nations Secretary-General to organise these demilitarisation talks by region.
- Every nation meets with its regional envoy to present plans for regional security at reduced force levels.
- With savings from reduced military spending, all nations, in co-operation with grass roots organisations, implement related reforms, such as conversion, land-mine clearance, community reconstruction, and the reintegration of demobilised soldiers.
- Industrialised nations condition their bilateral and multilateral aid to promote demilitarisation. They will exchange debt forgiveness for military conversion efforts, promote full transparency and reductions

in military budgets, and bring about the end of military involvement in the civilian economy.

- All arms-exporting nations agree to a code of conduct on arms transfers that would bar arms exports to non-democratic governments, countries engaged in armed aggression in violation of international law, countries that do not fully participate in the United Nations Register of Conventional Arms, and governments permitting gross violations of internationally recognised human rights.

(Source: An edited version of the campaign statement by Dr Oscar Arias, December 1995)

six principles of the RDP as originally formulated by the ANC. An integrated programme, based on the people, that provides peace and security for all and builds the nation, links reconstruction and development and deepens democracy – these are the six basic principles of the RDP (ANC 1994: Sections 1.3.4, 1.3.8).

To talk of an integrated programme begs the question of the exact relationship between defence and development: on this the RDP – both in its original formulation by the ANC and in the *White Paper* issued by the GNU – is virtually silent.

Defence expenditure and economic development

Unfortunately, most studies of the effect of the armament process and the build-up of military forces on economic performance deal with developed industrial countries, and have little relevance to a developing country like South Africa. Nevertheless, since the late 1960s, the effect of militarisation in developing countries has been the focus of considerable research, particularly as many have fallen to military coups.

In the 1960s and 1970s, some researchers argued that the military were modernisers. With their managerial-technical capabilities, often lacking in civil society, they could marshal the resources of the state for nation-building. This was the argument that P.W. Botha used when he ushered the military into the political decision-making process at the end of the 1970s, with consequences that led South Africa to the brink of civil war. The appalling experiences of military rule in Argentina, Chile, Burma, several Middle East countries and literally dozens of African countries have effectively put paid to arguments supporting a developmental role for the military.

Even if soldiers stay safely in their barracks, there is the complex question of the relationship between investment in armed forces and defence industries and socio-economic development. For some time the debate centred on the study made by Benoit in 1973, in which he

REGIONAL MILITARY EXPENDITURE

Sue Willett

For three decades, southern Africa was the location of some of the most deadly and protracted conflicts in the world. Angola, Mozambique, Namibia, Zimbabwe and South Africa have all experienced violent struggles against white minority rule. Superpower intervention extended conflict in the region, intensifying the scale of destruction and death.

Huge amounts of scarce resources have been allocated to military expenditure to sustain war in the region. For example, in 1993, regional military expenditures reached a total of US\$5,7 billion. The military diverted resources from much-needed development goals such as education, welfare and infrastructural projects.

The region is moving towards peace, reflected in lower levels of military expenditure, disarmament, demobilisation and the reintegration of ex-combatants into civil society. The transition to peace is also captured in the emphasis on sustainable development, multi-party democracy and collective regional security.

The significant decline in military expenditure is potentially positive for development, particularly if defence savings are translated into socio-economic gains. According to International Institute for Strategic Studies estimates, regional defence spending has declined by about 10 per cent between 1992 and 1996.

Within the region, there are some notable exceptions to the general trends of decline in military expenditure. Zimbabwe, Botswana, Lesotho and Namibia have all reversed the trend of decline in the last few years. Most of these increases are the result of buying new equipment. For instance, in 1995 and 1996 Botswana embarked on an ambitious programme of arms acquisition which included placing orders for second-hand Leopard tanks, combat aircraft (F-5s) and anti-tank missiles. Zimbabwe has ordered US\$3,3 mil-

Southern African Regional Military Expenditure Trends (1992-96)

(Expenditure in constant 1993 prices, US\$m.)

Country	1992	1993	1994	1995	1996
Angola	648	1100	515	300	225
Botswana	100	140	222	226	226
Lesotho	38	31	31	33	38
Malawi	19	20	21	21	24
Mauritius	—	—	11	14	16
Mozambique	101	118	105	58	65
Namibia	67	57	56	65	81
South Africa	3300	3900	3400	2900	2800
Tanzania	107	90	88	87	88
Zambia	62	58	59	62	42
Zimbabwe	255	209	196	233	251
TOTAL	4667	5723	4704	3999	3856

Source: *The Military Balance*. various. International Institute for Strategic Studies

lion worth of armoured personnel carriers from France. Reactions to these purchases have been somewhat alarmist, given the small scale of these procurements compared to the overwhelming balance of military power sustained by the SANDF. South African military expenditure is now below 2 per cent of GDP, but it represents almost three times the combined expenditures of the rest of the region.

Given multilateral and bilateral pressure from donors to reduce defence expenditure and reallocate resources for development goals, it is likely that overall regional defence spending will continue to decline in the future. Realising these benefits in the southern African context will not be automatic. In the short term there are many problems associated with military expenditure cuts, such as providing for effective reintegration of ex-combatants into civil society. Another problem is that the peace

dividend too easily disappears into deficit funding, for war-torn economies are inevitably debt-torn economies. In this way, expectations of the socio-economic benefits of peace are thwarted, fuelling social and political discontent. This situation raises some uncomfortable issues for multilateral and bilateral donors whose preoccupations with macroeconomic stabilisation and debt repayment are at odds with the pressing need for post-war economic reconstruction and sustainable development.

Without sustainable development there is no guarantee of peace and stability in the region. Indeed, a failure to address the pressing socio-economic and environmental needs can only result in a return to discord and strife. Southern African governments and donors alike need to work in harmony to maximise the benefits of the region's potential peace dividend.

concluded that, in some circumstances, growth in GNP in developing countries was linked to increased military expenditure (Benoit, 1973).

Economists tend to agree that high or increasing levels of military spending detract from economic growth in developing countries, especially over the long term. However, there may be particular circumstances where increased investment in the military and defence industries helps to kick-start an industrialisation process (Deger & Smith, 1983:335-53; Looney & Winterford, 1995:124; Willett & Batchelor, 1994; Fine, 1993:4).

The limited studies tend to indicate that the defence industry, and defence expenditure as a whole, detract from economic growth, although the extent is debated. However, this conclusion obscures a number of issues. Firstly, GDP growth is not necessarily development. Uneven growth which marginalises certain groups, growth which focuses on wealth creation rather than the provision of social services, health and education, and jobless growth is not development. A far more useful indicator would be to compare improvement in the Human Development Index (HDI)¹ with military expenditure.

It is common sense that countries which spend a lot on armaments will have less to spend on health, education and other social services. The United Nations Development Programme (UNDP) has argued that developing countries need to move away from spending on

¹. As used by the United Nations Development Programme, the HDI measures life expectancy, level of education and provision of health.

defence for the state (more often the regime in power rather than the people) and towards human security. While poor countries' defence expenditure is a fraction of developed countries' spending, channelling it towards human security would make a huge difference (Ul Haq, 1995). In part, this is happening. Developing countries' spending on defence peaked at the end of the 1980s and has been declining since then (although the process is uneven – for example, expenditure in East Asia is increasing rapidly). This is not necessarily a result of political elites coming to their senses: the causes include constant debt (preventing the import of arms), donor pressures, the end of military client arrangements with the superpowers, and the implosion of states.

Nevertheless, many developing countries spend a greater proportion of their GDP on defence than developed countries, although there are discrepancies. There is little correlation between military rule and military spending: civilian governments are often the biggest spenders. Why do some developing countries spend more on defence than others? Why do developing countries' governments continue to spend on defence when they face pressing social problems? More to the point, given that these governments are usually threatened by internal unrest originating in social deprivation, poverty, marginalisation, environmental degradation and ethnic exclusion, why do they waste money on defence? It has been calculated that for one modern jet fighter, schooling could be offered to a million children. Surely this would be a better guarantee of security?

There are no simple answers. Patronage, the international arms market, elite formations and ideology all play a part. Most developing countries are ruled by weak regimes which lack legitimacy and are marginalised in the world system. As a result, they have become obsessed with security, leading to military spending, a high political profile for the military and the distortion of economic development priorities for security reasons (Ayooob, 1995:192). Furthermore, militaries have become powerful actors within weak states, as witnessed by the succession of coups in Africa.

The dilemma is that, for development to occur, there needs to be a degree of stability and the state needs to be able to carry out some functions. If this is achieved through militarism or military dictatorship it usually proves anti-developmental. Development will depend on the evolution of a strong civil society and a democratic system in which human security is achieved. It is difficult to see how the poorest countries are ever going to reach the point where both state and human security requirements are met. While Africa has undergone a wave of democratisation, this is very fragile and periodic reversions to military intervention in politics appear inevitable.



Health workers marching in April 1990 (Photo by Rafs Mayet)

The SANDF and the RDP

What of the defence force, and its possible role in socio-economic development and in delivering the RDP? A key aspect of the RDP is the development of human resources, and it is in this respect that South Africa is least competitive internationally. The military demobilisation and rationalisation process could assist in the development of human resources if soldiers are properly retrained and their skills converted for use in civil society. A successful historical example is the GI Bill passed in the United States after the Second World War, where demobilised soldiers were given educational credits to study at the academic or training institution of their choice. The Soldiers Charter in South Africa benefited white male ex-soldiers. But there are considerable dangers inherent in demobilisation if former military personnel are not properly reintegrated into civil society.

The SANDF has already provided an inventory of facilities and resources it might offer to the RDP. This includes training and education (adult education and literacy), the provision of health facilities through the South African Medical Services, and the loaning of earth-moving or other construction equipment (De Kock, 1994). The SANDF clearly has resources, equipment and human skills of use to the RDP, especially as much of it is underutilised due to the demilitarisation process. It also has a formidable logistics capability which has been used to excellent effect during times of crisis.

It is tempting for those involved in the RDP to look to the SANDF for logistical and other help. There seem to be compelling reasons for the SANDF's involvement in a new war against poverty and inequality. Nevertheless, there are profound dangers, both for civil society and for the defence force. It is not in the long-term interests of the SANDF to be too involved in civilian development issues. This detracts from its primary role of protecting the sovereignty of South Africa and its people. Prolonged exposure to such tasks will also, inevitably, have a politicising effect. Armies are not necessarily as efficient or as cost-effective as they might seem (Ball, 1988). Military equipment is far more costly than civilian equipment and soldiers are often expensively trained – it is clearly not cost-effective to use armoured vehicles to bring in a potato crop.

For these reasons, care should be taken at the outset to determine exactly under what conditions the defence force involves itself in the RDP. As with peacekeeping operations, it may be easier to get in than to get out, and unless objectives and time-frames are determined in advance, it could become a protracted and increasingly messy engagement.

This cautious approach is government policy, as expressed in the *White Paper on Defence* (1996). Nevertheless, the government has accepted that, under exceptional circumstances, service delivery by other departments might break down – for example, through natural disasters – and the SANDF's expertise might be needed. The White Paper specifies that, under such circumstances, the employment should be requested from the Department of Defence (DOD) by the relevant government department; it should have the consent of the affected community; it should have a limited time duration; and it should be subject to civilian control (Department of Defence, 1996: 31).

Where surplus capacity is involved, it may be wise to look at conversion to civilian use. The SANDF is already engaged in negotiations with other government departments for the handover of land and facilities. The same can be done with some vehicles, equipment, and health and welfare facilities now surplus to requirements (although many of these are unsuitable for civilian use or too expensive to maintain for these purposes).

While the RDP cannot be delivered in a climate of lawlessness and disorder, it is evident that high levels of investment in security will deny resources to the RDP and hinder its implementation. Arguments for justifying defence expenditure on the grounds of RDP support are unsound.

Defence and development within the SADC

South Africa's development-oriented approach to security, resting on a commitment to human security and the consolidation of democra-

cy, has been echoed in the approach adopted by the Southern African Development Community (SADC). South Africa is committed to regional development and security, and regards the two as closely related. The 1994 RDP *White Paper* is unequivocal:

A central proposal of the RDP is that we cannot build the Southern African economy in isolation from its neighbours . . . If South Africa attempted to dominate its neighbours, it would restrict their growth, reducing their potential as markets, worsening their unemployment and causing increased migration to South Africa. If it seeks mutual co-operation it can develop a large, stable market offering stable employment and common labour standards in all areas (RSA, 1994: Section 1.4.14).

This commitment to co-operation for development is paralleled by support for common security . The SADC states will shape their political, security and defence policies in co-operation with each other. Many problems are shared and ignore borders: refugees, environmental degradation, trafficking in drugs and light weapons. While the *White Paper on Defence* supports a co-operative approach to defence (sharing of intelligence, logistics, training and the adoption of common doctrines) it points out that most of the region's security problems are non-military and require political and economic solutions (Department of Defence, 1996: Chapter 4).

The SADC has taken on political and security tasks, and economic development functions. An Organ on Politics, Security and Defence, functioning at presidential, ministerial and technical levels, was established during 1996. It was charged with a list of tasks, including:

- preventive diplomacy;
- harmonising foreign policies;
- conflict resolution;
- facilitating peacekeeping;
- collective security;
- mutual defence from external aggression; and
- police, intelligence and defence co-operation (SADC, 1996).

The Inter-State Defence and Security Committee, an extensive network of committees overseeing defence, police and intelligence co-operation, forms the backbone of the Organ.

The SADC has called for a new approach to security in which socio-economic development and the consolidation of democracy are seen as the key to addressing security threats over the long term. This approach was developed at a ministerial workshop in Windhoek, Namibia, during July 1994, in which mechanisms to ensure human rights, arms control and disarmament, and conflict resolution were

discussed (SADC, 1994). However, the organisation has now settled on a far less elaborate structure. While it has the benefits of flexibility, it has been criticised by a number of South African non-governmental organisations for failing to institutionalise mechanisms for dealing with human rights violations.

Despite its commitment to a new approach, it is likely that the SADC will fall into the habits of most regional organisations which have sought to combine security functions with development – to concentrate on state (or regime) security rather than human security. There is clearly a tension between a commitment to disarmament and a non-military approach to security, and a simultaneous commitment to developing capacity for mutual defence and peacekeeping. It remains to be seen how the SADC will manage this tension and in which way it will evolve.

Conclusion

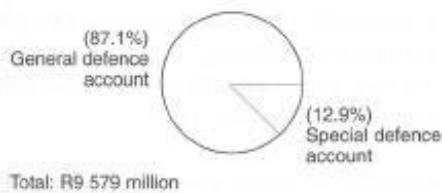
Given the absence of an external threat, South Africa's security will rest primarily on meeting the needs of the population. This should imply a continual move away from investment in defence. Nevertheless, most South Africans would argue that at least some defence capability should be retained, given domestic and regional requirements. Achieving the optimum balance between expenditure aimed at meeting the wider needs of human security, and expenditure on defence and policing to provide the stability needed for development, will not be easy. Much will depend on an informed and transparent assessment of options and the consolidation of democratic processes.

THE DEFENCE BUDGET AND SOME ALTERNATIVES

Rob Thomson

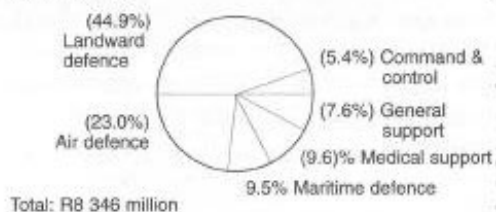
The South African defence budget could be redirected to meeting socio-economic needs and help to create the stability and social justice on which South Africa's security depends. The South African defence budget for 1997/8 amounted to R9 579 million, that is 5,2 per cent of the total budget, or about 1,5 per cent of GDP (Republic of South Africa, 1997b). Although this level is considerably lower than some of the militarised economies such as Russia, the United States, Israel and some Middle East countries, it is notably higher than the most recent figures for such countries as Austria, Japan, New Zealand, Mexico and Brazil (Stockholm International Peace Research Institute, 1996; United States Arms Control and Disarmament Agency, 1995). In absolute terms, South Africa's military expenditure exceeds that of any other country in Africa.

FIG. 1
1997/98 DEFENCE BUDGET



As indicated in Figure 1, the budget comprised a general defence account of R8 346 million and a special defence account of R1 233 million. The general defence account was to be used for the general running costs of the various South African National Defence Force (SANDF) defence programmes as indicated in Figure 2. A breakdown of those running costs is indicated in Figure 3. The special defence account was to be used for the acquisition of armaments and the purchase of ammunition, spares, etc. Besides these amounts, the sum of R418 million was carried forward from the 1996/7 financial year.

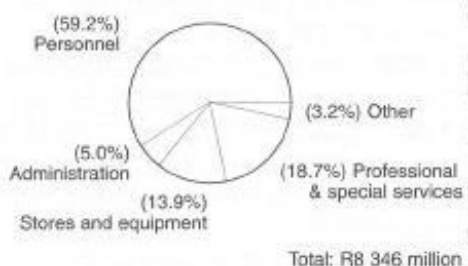
FIG. 2
GENERAL DEFENCE ACCOUNT:
PROGRAMMES



Military intelligence costs were met from the national defence budget, but the details were not disclosed. Civilian intelligence costs, for national and foreign intelligence, were met from the state expenditure budget; an amount of R768,4 million was budgeted for secret services in 1997/8.

Defence property is the responsibility of the Department of Public Works. In the 1997/8 budget, an amount of R45,5 million was allocated for the erection or purchase of land, buildings and structures for defence. Military pensions were met from the Department of Finance's budget. In 1997/8, an amount of R128 million was provided for.

FIG. 3
GENERAL DEFENCE ACCOUNT: COSTS



There were substantial shifts in expenditure between 1995/6 and 1996/7, as indicated in Figure 4. General running costs increased by a total of R1 371 million, partly because there was a carry-forward of R854 million from the 1994/5 financial year, which reduced the 1995/6 budget. Even after allowing for that effect, the increase in general running costs amounted to 6,6 per cent. The decrease in the special defence account was largely due to the carry-forward from 1995/6. If allowance is made for that carry-forward, there is an actual increase of 11 per cent. In comparison with 1995/6, therefore, the 1996/7 defence budget showed no commitment by government to any significant reduction in defence spending.

FIG. 4
DEFENCE BUDGET: COMPARISON

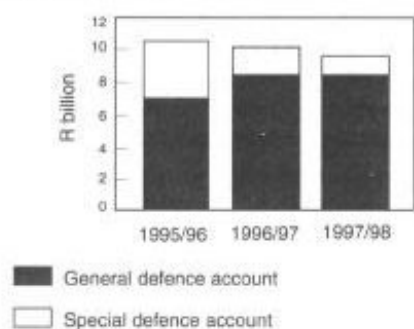


Figure 4 indicates a levelling-off of the general defence account and a reduction of the special defence account in 1997/8. However, the expenditure should be increased by funds rolled over from the previous year, which amount to R418 million. The amount made available to the SANDF has thus reduced from R10 246 million to R9 996 million, a decrease of only R250 million before adjustments that will inevitably be granted later in the year. In 1996/7, adjustments amounted to R419 million. It is therefore quite possible that 1997/8 will show a nominal increase in military spending.

Frequent reference is made by the Ministries of Defence and Finance to the substantial cuts in the defence budget since the 1980s. However, it must be remembered that, during those years, the apartheid regime placed itself on a war footing and was engaged in internal and external military actions. The country has not merely returned to the state of preparedness that existed in the early 1970s, when military expenditure was comparable with present levels, but to an absence of military threat. Defence expenditure should therefore be a small fraction of its 1970s levels, let alone those of the 1980s.

Alternatives to defence spending

The amount currently spent on the SANDF is a drain on government finance and on the economy as a whole. Resources need to be redirected to address the massive socio-economic inequities created by 46 years of apartheid government. The reconstruction and development of South Africa is essential for the establishment of peace and security. How could an amount of R9,6 billion be better spent?

Housing

In terms of the national housing policy, the state subsidises new home owners by up to R15 000, depending on their earnings (Department of Housing, 1996). It is estimated that, at the end of 1995, the housing backlog was 1,5-million units:

Family units in urban shacks	500 000
Family units in rural shacks	300 000
Family units sharing housing	<u>700 000</u>
	1 500 000

In addition, there were 1,3 million family units in traditional dwellings and, with national population growth, it is estimated that 2 million additional units will be required over the next ten years. Government is nevertheless only targeting 1 million houses in the five years ending 1999. It is estimated that, even without

replacing traditional dwellings, the cost of housing the nation over the next ten years on the basis of R15 000 subsidies will be R4,5 billion per year.

Subsidies of R15 000 are regarded as inadequate and tend to leave home-owners excessively indebted. The economic multiplier effects that should be realised from housing are not being achieved. Increasing the subsidy to R15 000 would increase the cost to R5,5 billion per year. The 1997/5 budget allows only R2,5 billion for capital additions to the South African Housing Fund, so that the total increase required is R3,3 billion per year.

Education

Government policy provides for ten years of compulsory schooling. In formerly African schools this means enrolling those currently out of school, reducing pupil-teacher ratios to 40:1 and 35:1 for primary and secondary schools respectively, eliminating the shortfalls in textbooks and other materials, upgrading teachers' qualifications to the required standards, and building an estimated 127 000 new classrooms (Department of Education, 1995). The cost of meeting this objective over a five-year period is about R7,5 billion per year.

It has been estimated that there are about 3,5 million out-of-school youth in South Africa (Everatt & Jennings, 1995). Reports indicate differences in the cost per participant in providing appropriate training (Joint Education Trust, 1995). Assuming a cost per participant of R2 000 and a take-up rate of 30 per cent, the cost of addressing the issue over a five-year period will be R0,4 billion per year.

About 5 million South African adults are functionally illiterate and potential participants in adult literacy and basic education provision (Aitcheson, 1996). A government programme could be launched to remedy this situation over a five-year period. Assuming a 15:1 learner-educator ratio and a 25 per cent take-up of the service, it is estimated that the cost of the programme will be R0,3 billion per year.

Electrification

The process of extending electricity connections to all South African homes is being partially addressed by Eskom. The costs of this programme are being met by cross-subsidies from electricity tariff payers. By the end of the programme in 1999, Eskom estimates that only 30 per cent of rural South African houses will be electrified (Eskom, 1995). During 1995, the capital expenditure on rural and urban connections was R3 370 per connection (Eskom, 1996). Most of these connections are not expected to be profitable in the long term. Furthermore, the capital costs of rural connections are considerably higher than those of urban connections. To extend electricity supply to a substantial majority of rural homes, higher capital outlays will be required (Davis, 1996).

It has been proposed that electrification capital costs should be subsidised through fiscal allocations (Davis, Pickering & Steyn, 1996). With subsidies it has been estimated that the total annual disbursement will be about R1,7-billion per year (ibid.).

Water and sanitation

The Department of Water Affairs and Forestry defines basic water and sanitation services as 25 litres of water per person per day, obtainable within 200 metres from the dwelling, and one ventilated improved pit per household (Department of Water Affairs and Forestry, 1994). By its admission, this is not considered to be adequate for a full, healthy and productive life. The department estimates that 12 000 to 15 000 communities do not have adequate water and sanitation services. Government policy is to subsidise the cost of constructing basic services but not operating, maintenance or replacement costs.

To meet the goal of providing universal basic water supply and sanitation services

to all citizens over a seven-year period, it will be necessary to increase the department's allocation of 1,16 per cent of the national budget to 3,24 per cent, that is R3,8 billion (Republic of South Africa, 1997b; Department of Water Affairs and Forestry, 1994).

Health

The 1997/8 health budget was 10,7 per cent of the national budget (Republic of South Africa, 1997a), yet some provinces are having to close clinics because of budgetary constraints. The Reconstruction and Development Programme (RDP) emphasises the building of clinics, and ongoing staffing and management will represent a greater cost in the long run (Republic of South Africa, 1994). Furthermore, the services provided at local authority clinics need to be extended so that comprehensive services are provided 24 hours a day. To achieve this goal, local authority subsidies will need to be increased. It has been estimated that the additional cost of providing a needs-based primary health-care package will be about R5,8 billion (Rispel, Price & Cabral, 1996).

State old-age pensions

With effect from 1 July 1997, the maximum old-age pension will be R470 per month. More than 2,8 million people receive monthly grants. A real increase in the maximum old-age pension to R500 per month, with proportionate increases to other grants, will cost about R0,8 billion per year.

Policing

The South African Police Service budget for 1997/8 was R11,9 billion, that is 6,5 per cent of the national budget (Republic of South Africa, 1997b). To extend full services to historically under-served areas, an additional 339 police stations will have to be built and staffed. Over a five-year period, the average additional budgetary requirements will amount to about R0,6 billion.

Summary

The increases in budgets proposed above amount to R24,2 billion:

	R billion
Housing	3,3
Education:	
Primary and secondary	7,5
Out-of-school youth	0,4
Adult basic education & training	0,3
Electrification	1,7
Water and sanitation	3,8
Health	5,8
State old-age pensions	0,8
Policing	0,6
	<u>24,2</u>

Not all of these items could be met from the defence budget, nor would it be feasible to eliminate the defence budget in the short term. Furthermore, problems cannot be solved merely by throwing money at them; adequate consultation, planning and organisation are needed to ensure delivery. But the alternatives outlined above all represent more pressing needs than corvettes, submarines and attack helicopters. These alternatives would avoid wasting money on ineffectual enterprises and, in the cases of housing, education, electrification, water and sanitation, constitute an investment in the future. Providing additional funds for health, state old-age pensions and policing would help to create a responsible level of socio-economic justice in South Africa.