

ECAAR-South Africa Reports "Betrayal of the Struggle Against Apartheid"

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The South African Government proposes to spend R48 billion on armaments, an unwise investment particularly when the country is not threatened by any foreign military threat and the majority of people suffer acute poverty, reports Terry Crawford-Brown, chair of ECAAR-South Africa, an autonomous affiliate of ECAAR-U.S.

The justification for this is said to be offsets of R110 billion. However, according to Crawford-Browne, an Auditor General's report recently presented to Parliament found serious shortcomings in the acquisition process for the offset agreements. The report, he stated, points to a disregard for the skills needed to operate the equipment and includes a naval sub-contract given to a French firm that had higher costs than a local company.

Non-Delivery of The RDP

South Africa's first democratic government came to office in 1994 committed to implement its Reconstruction and Development Program to redress socio-economic legacies of apartheid. Education, health services, housing and job creation were to be priorities, wrote Mr. Crawford-Browne. Six years later, he stated, South Africa's education and health services were in chaos, eight million people lived in disgraceful conditions, and the economy had lost one million jobs. It is generally agreed that South Africa needs an annual growth rate of approximately eight percent to redress the poverty crises, and annual GDP growth was forecast at six percent by 2000. Instead, it was 1.55 percent during the first half of 2000.

The reason given is lack of financial resources. Income inequality, on which South Africa was already one of the worst in the world, has increased sharply in recent years and unemployment is estimated at about 35 percent. The rand has collapsed from R3.60 per US\$1 in 1994 to R7.30 per US\$1. Instead of foreign capital inflow, there has been massive capital flight.

Crawford-Browne emphasized that there is no conceivable foreign military threat to South Africa. Yet the government, while repeatedly pleading financial constraints, has embarked upon a massive rearmament program. Expenditure on armaments increases South Africa's national and foreign debt problems and compounds the poverty that afflicts the majority of the people.

In spite of this, the government proposes to spend R48 billion on warships, warplanes, tanks and a ground-based air defense system. Nothing contributes to the sense of betrayal of expectations more than the fact that there is money available for armaments but not for social development. There is said to be no funding available for reparations to the victims of apartheid as promised by the Truth and Reconciliation Commission, nor any to combat HIV/Aids.

The Rearmament Program

In 1995 the South African Navy proposed to buy four Spanish corvettes for R1.7 billion (compared now to four German frigates for R6 billion). The proposal was aborted because of a public outcry that demanded houses and schools before expenditures on warships. In return for the purchase for R1.7 billion, the Spaniards were to provide offsets worth R4.8 billion which, it was declared, would create 23,000 jobs.

In addition to increasing Spanish purchases of coal, the proposals called for development of South Africa's fishing industry in underprivileged communities. Spain proposed to build 30 fishing trawlers, fund them with low-interest foreign currency loans and build two fish processing factories. Fishing industry analysts calculated that

the annual harvest of hake to make the two factories economically viable would need to increase from 140,000 tons to 250,000 tons. The resulting overfishing would have led to a final collapse of South Africa's fishing industry, which employs about 85,000 people. Because of public protest, South Africa very narrowly avoided the Spanish corvette proposal, and the 23,000 jobs it was supposed to create.

The unintended consequences of other programs are also clear. Announced in November 1998 as costing R29.8 billion, the weapons acquisition program is already re-estimated as costing R48 billion. The justification for such expenditure was that "offsets" by the European armaments companies would make it affordable through investments and exports worth R110 billion, which would create 64,165 jobs. Jayendra Naidoo, who was contracted by the Cabinet to negotiate the procurements, concedes that job creation will fall far short of that number of jobs.

In addition to acquisitions of warships and warplanes for R32 billion, a further R16 billion is to be spent on tanks, military vehicles and ground-to-air missile systems. The secret and as yet unannounced ground-based air defense system (GBADS) is considered to be a "poor man's version" of America's controversial missile defense system.

Offsets, An Invitation To Corruption

Offsets are promoted by Armscor and the Department of Trade and Industry (DTI) as pivotal to South Africa's industrial development. The practice, a complicated form of barter, is however internationally discredited as an invitation wide open to corruption. Crawford-Browne stated that international experience shows that the only function that offsets perform for recipient countries is to provide political legitimization for the large outlays required on modern defense systems by allowing policymakers to point to apparent, but ultimately non-existent economic benefits.

The Auditor General's report notes that performance guarantees required from contractors averaged 10 percent of the contract price. He declared: "I am of the opinion that the guarantees, in the case of nonperformance, may be inadequate to ensure delivery of the National Industrial Participation commitments. This could undermine one of the major objectives of the strategic defence packages which was the counter-trade element of the armaments package deal."

International experience, stated Crawford-Browne, is that armament companies first raise the prices of the equipment to compensate for the nuisance of the offsets and guarantees, but then walk away from the commitments once the weapons contracts have been secured. In addition, it is argued that were the industrial investments economically viable, they would stand on their own merits rather than be conditional upon armaments acquisitions.

In short, he continued, offsets are promoted by the armaments industry to get money from the taxpayers of both supplier and recipient countries. They are prohibited in civil trade arrangements between the EU and NAFTA in terms of the General Procurement Agreement, but the politically influential armaments industry has so far managed to retain an exemption.

South African taxpayers will be responsible for the expenditure on armaments, but are prohibited from knowing details of the related offset contracts because of commercial confidentiality clauses. Even the DTI concedes that its capacity to monitor compliance with the intended offsets of R110 billion is completely inadequate, Crawford-Browne reported.

"If You Want Peace, Prepare For War"

The old guard of the apartheid-era lobbied successfully during the 1996-1998 defense review for a core force of technologically- advanced equipment. The military establishment remains wedded to archaic and apartheid-era perceptions that "the world is a dangerous place" and that expenditure on armaments is merely a form of insurance, stated Crawford- Browne.

Further motivation for military expenditure was the expectation that South Africa would play a leading role in peacekeeping operations in Africa, but this has not happened. Another agenda was to reduce military forces by some 70,000 personnel. However, warnings that retrenchment of ill-educated soldiers might lead to banditry were substantiated by various crimes. Instead of cuts, conscription has been reintroduced not least to find staff to operate the new warships and warplanes and the high-tech equipment being purchased.

Human Security Instead of Military Security

The Coalition for Defence Alternatives and other citizen groups had argued at the defense review that there is no conceivable foreign military threat to South Africa, but that the real threat to security and the transition to democracy is poverty. They declared that human security relating to people required priority over traditional notions of military security relating to states. Housing, education, health services (including the need to address the HIV/Aids pandemic), policing/crime prevention and jobs are much more relevant to most South Africans than any prospect of military attack by neighboring countries.

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