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National Intelligence Estimate

Prospects for the South African Transition

02 FEB 1994

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*This National Intelligence Estimate represents
the views of the Director of Central Intelligence
with the advice and assistance of the
US Intelligence Community.*

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NIE 94-4
January 1994

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NIE 94-4

Prospects for the South African Transition

*Prepared under the auspices of
National Intelligence Officer for Africa*

~~Secret~~
January 1994

Key Judgments

Prospects for the South African Transition

ANC Headed for Big Electoral Win

The African National Congress (ANC) will win the forthcoming national election by a margin wide enough to ensure that it will control the interim, power-sharing government. We judge there is a 70-percent chance that South Africa will hold its 27 April election on schedule. Even if the election slips, there is a three out of four chance that a new power-sharing system will be implemented by the end of 1994.

Range of Electoral Outcomes. The size of the ANC's margin of victory will be determined largely by two factors:

- *Voter registration.* Up to 8 million blacks—mostly ANC supporters—might not be given required documentation in time.
- *Black turnout.* A high black turnout would favor the ANC. The radical Pan-Africanist Congress, which could receive as much as 5 percent of the vote total, would also benefit from a high black turnout.

An electoral loss by the ANC—an estimated one in 20 chance—would push South Africa to the brink of anarchy. Unlikely circumstances, such as an extremely low turnout of black voters, could result in the Freedom Alliance¹ and the National Party (NP)—and its Colored and Indian allies—winning enough votes to form a bloc that would control the interim government. ANC supporters would resort to large-scale violence to protest such an outcome.

Threats to the Election. The two central actors are well-aware of the difficulties that could disrupt the election but are committed to making the transition work. There is a three in 10 chance, nonetheless, that the following developments could cause an electoral postponement or derailment:

¹ A coalition of black conservative and white rightist groups seeking greater autonomy for regions in new political system . . . member groups are Inkatha Freedom Party, Conservative Party, Afrikaner National Front, and Bophuthatswana homeland . . . formed in October 1993.

- **Logistic problems.** The most likely cause of a delay is the myriad logistic problems associated with registering over 14 million blacks to vote in a national election for the first time. Authorities are far behind schedule in producing enough temporary voter identification cards to satisfy demand.
- **Violence.** There is an eight in 10 chance that violence will surge immediately before and during the election, when emotions are at their highest. Potential catalysts for an escalation in violence include an electoral boycott campaign resulting in active resistance by Freedom Alliance members, an assassination of a key leader, resistance by homeland leaders to reincorporation efforts, and terrorism by extremists.
- **Coup bid.** Coup plotting by rightwing elements is under way. A coup would be difficult to coordinate and seems unlikely to occur under current conditions, but a climate more conducive to a coup could develop quickly, and even a failed coup attempt could disrupt the electoral schedule.
- **Further talks.** The ANC and NP might reluctantly agree to a brief electoral postponement if it ensured that the Zulu-based Inkatha Freedom Party (IFP) and its partners in the Freedom Alliance would participate in the transition process. If he fears that an electoral boycott would end his political career, IFP President Buthelezi may opt for IFP participation [REDACTED]

The impact of an electoral postponement would largely depend on the cause of the delay, the timing of its announcement, and its duration. A brief slippage that is approved by the ANC might not have serious repercussions, but a prolonged delay could lead to anarchy [REDACTED]

If the Transition Is Derailed

The collapse of the current transition process would lead to a civil war that ultimately would bring a less conciliatory black government to power. If white rule continued as the result of a rightwing coup, blacks would mount an insurrection characterized by mass protests, violence, and guerrilla attacks—buttressed by international sanctions and perhaps even military posturing by neighboring states [REDACTED]

Violence would ensue if rightwingers or black conservatives made a determined bid toward forming their own states before or after the election. The degree of turmoil would depend, in part, on whether both groups were involved and working together. The scenario could range from the current rate of bloodshed and fighting to a high-intensity

conflict in which a central government, vastly superior in military resources, got involved. The harsher the measures used by the central government to control the situation, the higher the risk of serious international censure [REDACTED]

A civil war would impose costs on neighboring countries in cross-border refugee populations, arms trafficking, and disruptions in the flow of vital commodities from and through South Africa [REDACTED]

ANC Government Spreads Its Wings

Once elected, we judge there is a nine in 10 chance an ANC government will survive any challenges it will face during the remainder of 1994. Continued feuding among political leaders, lofty black economic expectations, and tensions stemming from the formation of a new military make it likely that political unrest will persist—and probably intensify—in the postelection period. An ANC government, in our view, will face even more severe tests sometime beyond the one-year period of this Estimate as black euphoria over an ANC victory wanes and white disenchantment with certain government policies grows [REDACTED]

Consolidating Political Power. The most pressing business of a new ANC government will be to defuse hostile black conservative and white rightwing extremists. It is unclear which group will pose the greater threat:

- The IFP will to remain a potent regional and ethnic force. Fighting between ANC and IFP supporters will persist in 1994 despite potentially harsh countermeasures by the new government.
- Militant Afrikaners will resort to terrorism, among other tactics, to harass an ANC government and to try to gain greater autonomy.

[REDACTED]

After a postelection honeymoon period, the moderate ANC leadership will find it increasingly difficult to rein in party militants, who will be inclined to ally themselves with the South African Communist Party and black labor counterparts. Good working ties to the NP would be valuable to an ANC government, but the NP—with an eye toward the 1999 election—probably will be highly critical of many ANC policies.

[REDACTED]

Economic Pragmatism. An ANC-led government will chart a moderate economic course in 1994. Mandela has repeatedly told foreign and domestic businessmen an ANC-government will maintain a largely market-oriented economy and honor private property. An ANC government's top economic goal will be to increase black employment. The economy probably will continue to grow moderately in 1994, but economic growth is unlikely to prevent the unemployment rate—currently above 45 percent—from worsening. In any case, economic factors are likely to be of secondary importance this year.

Opportunities and Risks for the United States

The ability of the United States and other foreign actors to affect major developments in the South African transition process is limited. The top parties welcome international election observers, but they do not favor using UN peacekeepers to safeguard the election. If key parties, most notably the ANC, suddenly changed their stance on this issue, we judge that the costs and risks of such a "short-fuse" mission would be prohibitively high.

The West's most effective source of leverage will continue to be the perception held by most South African leaders that US and other foreign investment and aid can help a new interim government survive amid formidable challenges:

- Several major foreign—including US—companies have announced new investments in South African plant and equipment in recent months.
- An ANC government almost certainly would accept assistance from countries such as Libya and Iran, but the influence of such potential benefactors will be greatly limited by the importance the ANC places not only on ties to Washington, but also to the Commonwealth, the EC, the United Nations, the World Bank, the International Monetary Fund, and the Frontline States.

The United States is recognized by all of South Africa's parties as the most important external actor, a perception Washington may be able to use to affect the thinking of rightist and conservative leaders. Washington will continue to have good access to these leaders, allowing it to suggest options to them during the inevitably stormy periods ahead.

The Frontline States are Angola, Botswana, Mozambique, Namibia, Tanzania, Zambia, Zimbabwe.

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On balance, ties between the United States and the ANC probably will grow stronger this year.

The ANC, mindful of a latent anti-Americanism among most of its militant supporters, will look for opportunities to assert its independence on foreign policy issues without completely alienating the West.

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Figure 1
Nine Regions Agreed To by Multiparty Negotiation Forum, July 1993



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Discussion

South Africa's transition to a nonracial democracy passed a major milestone last July when multiparty negotiators established 27 April 1994 as the date for a national election to the five-year transitional government. The move gave the transition process new momentum: in November, the two central players, the ruling National Party (NP) and the African National Congress (ANC), finally agreed on the shape of a new interim, "power-sharing" government. A multiparty Transitional Executive Council (TEC), created to prepare for the election, met for the first time in December.

Our March 1993 Estimate concluded that there was a two in three chance of negotiations eventually leading to an elected interim system for power sharing, despite serious violence and social turmoil. Because of recent progress that has been made by the key players, the likelihood that the new system will be implemented this year has increased to at least three out of four. Nonetheless, political unrest is persisting at record levels, fueled in part by anger among white rightist and black conservatives over the prospect of an ANC-led government. Many NP and ANC supporters, meanwhile, are concerned that their respective interests will be "sold out" by moderate leaders perceived as too eager to compromise. These trends and others form the backdrop for this Estimate, which will assess the prospects for the transition process during the next 12 months.

Key Estimative Questions

- *What is the outlook for violence and the chance of a coup?*
- *What would be the potential effects of an electoral delay?*
- *What are the prospects for an elected interim power-sharing system and a postapartheid economy?*
- *What can the United States or other external actors do to help a stable democracy emerge in South Africa?*

Key Assumptions

- *Both President de Klerk and ANC President Mandela are sincere in leading their parties into the election and a power-sharing government.*
- *De Klerk and Mandela will survive for the next year.*

Election Prospects

Timetable. We judge there is a 70-percent chance that South Africa will hold its election as scheduled. Mindful that black impatience is at a dangerous level because

Electoral Stakes at a Glance

Under current accords, the election will create a new interim, "power-sharing" government with a five-year term. Each voter will cast a single ballot for proportional representation in one of nine regional legislatures and in a 490-seat national legislature. The latter will elect a president by simple majority and will have a two-year deadline to draft a "final constitution." The second-largest party in the national legislature, as well as each party obtaining at least 20 percent of the vote, can appoint a deputy president. All parties receiving at least 5 percent of the vote will be entitled to posts in the Cabinet of the government of national unity. Regions will have concurrent powers with the central government in 20 fields. A constitutional court, comprising judges and lawyers appointed solely by the president, will serve as the highest court in the land and will settle disputes between the central government and the regions. (U)

The ANC agreed to five years of "power sharing," in part because of lessons learned from the 1992 electoral debacle in Angola. Nonetheless, black conservatives and white rightwingers still view the election in South Africa as a "winner-take-all" event favoring the ANC. The NP agreed to abandon its pursuit of a minority veto power over government decision making in exchange for some formal guarantees on regional powers in the final constitution. Actually, while the elected interim government will have multiparty representation, the new system's "power-sharing" aspects will be very limited if the ANC wins by a large margin at the polls as is likely

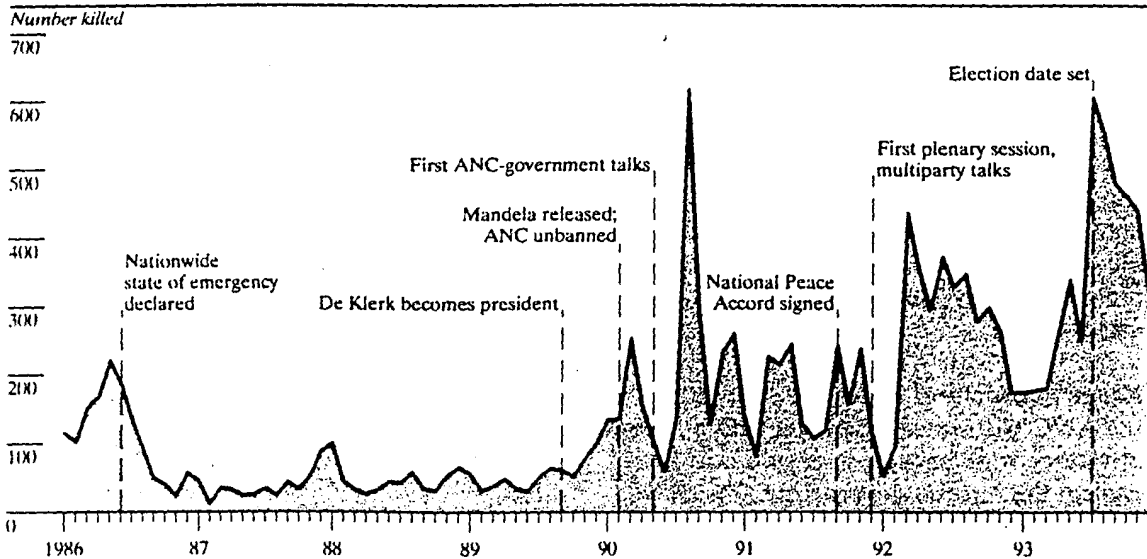
negotiations have dragged on for three years, the NP and the ANC are likely to remain committed to the current timetable.

to making the transition work. There is a three in 10 chance, nonetheless, that the following developments could cause an electoral postponement or derailment:

- **Logistic problems.** The most likely cause of a delay is the myriad logistic and technical problems associated with registering over 14 million blacks to vote in a national election for the first time. Authorities are far behind schedule in producing enough temporary voter identification cards to satisfy demand.

Threats to the Election. The two central actors are well-aware of the difficulties that could disrupt the election but are committed

Figure 2
South Africa: Monthly Unrest Deaths, 1986-93



Source: South African Police daily unrest report used through February 1992; Human Rights Commission reports afterwards.

Over 4,300 blacks died in political violence in 1993, according to an independent South African institute. Some 14,000 have died since Mandela's release from jail in February 1990.

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- **Violence.** There is an eight in 10 chance that violence will surge immediately before and during the election, when emotions are at their highest. Potential catalysts for an escalation in violence include an electoral boycott campaign resulting in active resistance by Freedom Alliance members, an assassination of a key leader, resistance by black homeland leaders to reincorporation efforts, and terrorism by extremists. The planned multiparty 10,000-man peace-keeping force is likely to be smaller and will be unable to contain the violence.
- **Coup bid.** Coup plotting by rightwing elements within the security forces is under way. A coup would be difficult to coordinate and seems unlikely to occur under current conditions, but a climate more conducive to a coup could develop quickly—and even a failed coup attempt could disrupt the electoral schedule.
- **Further talks.** The ANC and the NP might reluctantly agree to a brief electoral postponement if it ensured that the Zulu-based

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Inkatha Freedom Party (IFP) and its partners in the Freedom Alliance would participate in the transition process. If he fears that an electoral boycott would end his political career, IFP President Buthelezi may opt for IFP participation.

The impact of an electoral postponement would largely depend on its cause and duration. Because of logistic problems, a brief slippage that is approved by the ANC and managed well by the multiparty TEC probably would not have serious repercussions. A prolonged delay, however, could lead to anarchy.

Range of Electoral Outcomes. We judge that the ANC will win the election with a margin of victory wide enough to ensure that it will control the interim government. The ANC might even win more than two-thirds of the seats in the new national legislature, which would allow it to monopolize the drafting of the final constitution. The chance that the ANC will lose the election is one in 20.

The size of the ANC's margin of victory will be determined largely by two factors:

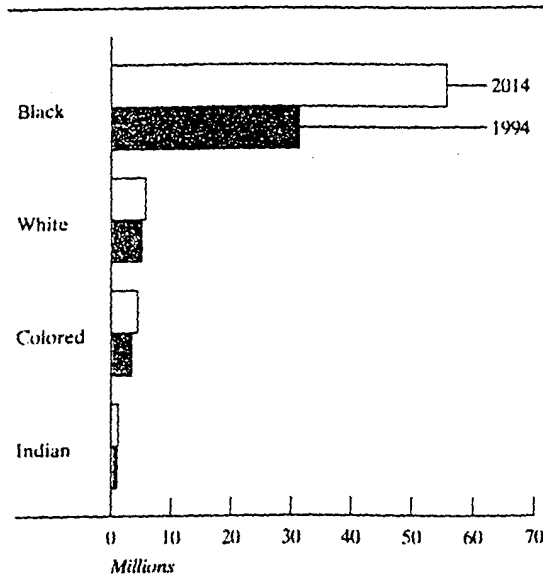
- **Voter registration.** Up to 8 million eligible black voters—mostly ANC supporters—might not be given required documentation in time.
- **Black turnout.** A high black turnout would favor the ANC. The radical Pan-Africanist Congress (PAC), which could receive as much as 5 percent of the vote total, would also benefit from a high black turnout.

If the Freedom Alliance holds together—which is doubtful due to tactical differences among its members—and does not boycott

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Figure 3
South Africa: Projected Population
by Race, 1994 and 2014



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the contest, it could outpoll the NP and emerge as the official opposition. The IFP on its own probably would receive more than the 5-percent minimum of the vote needed for representation in the new Cabinet. The white rightwing Conservative Party (CP) might win a cabinet seat, but only if it ran jointly with the Afrikaner National Front (ANF), a broad federation of white rightist and extremist groups.

An electoral loss by the ANC would push South Africa to the brink of anarchy. Unlikely circumstances, such as an extremely low turnout of black voters, could result in the Freedom Alliance and the NP—and its Colored and Indian allies—winning enough votes to form a bloc that would control the

interim government. ANC supporters would resort to large-scale, violent resistance to protest such an outcome. The bloc in power would be forced either to use draconian security measures to try to hold on to its position or to cut a political deal highly favorable to the ANC.

If the Transition Is Derailed

The collapse of the current transition process would lead to a civil war that ultimately would bring a less conciliatory black government to power. If white rule continued as the result of a rightwing coup, blacks would mount an insurrection characterized by mass protests, violence, and guerrilla attacks—buttressed by international sanctions and perhaps even military posturing by neighboring states.

Internal violence would ensue if white rightwingers or black conservatives made a determined bid toward forming their own states before or after the election. The degree of turmoil would depend, in part, on whether both groups were involved and working together. The scenario could range from the current rate of bloodshed and fighting to a high-intensity conflict in which a central government, vastly superior in military resources, got involved. The harsher the measures used by the central government to control the situation, the higher the risk of serious international censure.

A civil war would impose costs on neighboring countries in cross-border refugee populations, arms trafficking, and disruptions in the flow of vital commodities from and through South Africa.

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Figure 4
South Africa's Homelands

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ANC Government Spreads Its Wings

Once elected, we judge there is a nine in 10 chance an ANC government will survive the inevitable challenges it will face during the remainder of 1994. An ANC government will come into power riding a wave of black euphoria and will have broad regional and international support. After the initial victory celebrations die down, the new government will still enjoy a lengthy honeymoon period that could extend into 1995. In addition, it will take control of the country's formidable security apparatus and—certainly by African standards—rich state coffers. But continued feuding among political leaders, the new government's inability to meet lofty black socioeconomic expectations, and tensions stemming from the formation of a new military make it likely that political unrest will persist—and probably intensify—in the postelection period. An ANC government, in our view, would likely face even more severe tests sometime beyond the one-year period of this Estimate as black euphoria over an ANC victory wanes and white disenchantment with certain government policies grows.

Consolidating Political Power. The most pressing business of a new ANC government will be to defuse hostile black conservatives and white rightists. It is unclear whether white extremists or the IFP will pose the greater threat. The two forces might act in tandem to undermine an ANC government.

The IFP will remain a potent regional and ethnic force. Fighting between ANC and IFP supporters will persist in 1994 despite potentially harsh countermeasures by the new government. Violence would soar if

Chief Buthelezi—

—refused to abide by the terms of the interim constitution and mounted a secessionist bid. If Buthelezi agrees to participate in the new system, he will not abandon his quest for greater regional power.

the ANC will find it difficult to effect the necessary changes in Bophuthatswana: its leader might prove as intransigent as Buthelezi and continue to follow his lead.

An ANC government will face stiff opposition from intransigent white rightwingers. Up to half of whites currently back rightist groups. Moreover, the NP's liberal gun policies and longtime white conscription program—terminated in 1993—that required all 18-year-old males to serve one to two years followed by varying periods of reserve duty up to age 55 have produced a large pool of well-armed and at least rudimentarily trained men for rightists to draw on. The right wing would get a major boost if most whites quickly came to view an ANC government as grossly incompetent or intent on misusing state power to benefit its constituents.

Militant Afrikaners will resort to terrorism, among other tactics, to harass an ANC-led government and to try to gain greater autonomy. If the AVF opts for active armed resistance, its leaders, by virtue of their superior skills and wider credibility, probably

Buthlezi's Bottom Line

IFP President Buthelezi's bottom-line conditions for participating in the transition process are likely to change frequently in 1994. He might soon announce that the IFP will boycott the election and will never allow its followers to be led by a Xhosa, such as Mandela, at the central government level. Judging by Buthelezi's recent record, however, he seems more likely to follow a zigzag course. After the election, he might lead the IFP into a coalition with the NP and adopt a wait-and-see stance. He may devise some scheme—such as filling only the IFP's regional legislature seats—to show his opposition to an ANC-led central government or reject the poll results and refuse to participate in the new system. Buthelezi, an egotistical and authoritarian-style leader, has hinted that he might resign his post atop the IFP and watch the proceedings this year from the sideline, almost surely with the hope that most IFP supporters would eventually insist on his reentering the fray [REDACTED]

would gain preeminence over other prominent rightwing leaders. The AVF's strong support among white civil servants who fear the loss of their jobs would be a major asset during a showdown with an ANC government. Moreover, AVF sympathizers in key positions throughout South Africa's economy could wreak havoc by sabotaging power, transportation, and industrial facilities. No matter which path the AVF chooses, one of

its members, the neo-Nazi Afrikaner Resistance Movement—which has over 50,000 supporters and several thousand well-trained paramilitary troops—and some 130 other white extremist groups will plot assassinations and conduct bombing [REDACTED]

Good working ties to the NP will be valuable to an ANC government, but the NP will be highly critical of many policies:

- Even if the ANC emerges from the election with an effective monopoly on power, it will likely focus public attention on the power-sharing aspects of the interim government and present key decisions and policies—including the final constitution—as products of a consensus-building process in which the NP was influential.
- The NP will seek an independent political role rather than risk being perceived as a weak sister of the ANC. The decision to pursue such a role, however, might lead some NP members who favor working more closely with the ANC to defect. Although the Nationalists expect the ANC to win the election in April, they believe they can triumph in the next election by gaining the support of many blacks whose expectations are not met by the ANC in the interim [REDACTED]

Internal ANC Pressures. Moderate ANC officials, led by Mandela, have held the fractious group together; but they will find it increasingly difficult to rein in militants after a postelection honeymoon period. No government could fulfill the aspirations of

Potential for Nuclear Terrorism

The chance of a nuclear terrorist incident occurring in South Africa during 1994 is perhaps one in 100. Some white rightwingers reportedly have considered seizing about 350 kilograms of highly enriched uranium (HEU) stored at the nuclear complex near Pretoria; the material is subject to International Atomic Energy Agency safeguards. Prospects for defeating the physical security at the complex would be enhanced if employees there, some of whom are members of white extremist groups but are closely monitored and precluded from working in "sensitive" positions, were co-opted as accomplices. If rightwingers somehow succeeded in stealing the proper amount and type of HEU, they could use it to blackmail the government, either by constructing a crude nuclear weapon or by claiming to have done so.

millions of impatient black urban youths who have little formal education or job skills. Over time, these youths likely will be drawn toward the militant activists in the ANC and its ally, the South African Communist Party, or even the PAC. These activists probably will derive even more potent support from leading black labor groups, which might quickly adopt an adversarial stance toward an ANC government despite their current alliance.

Charting a Moderate Economic Course. We judge that an ANC government will chart a moderate economic course in 1994. The collapse and deterioration of socialist economies

elsewhere in recent years have sobered many ANC officials with leftist sympathies. For several years the ANC has been publicly downplaying its commitment to nationalization and other radical economic policies, despite their popularity among black youths and unionists. Mandela has repeatedly put his credibility on the line by stressing to foreign and domestic businessmen that an ANC government will honor private property and maintain a largely market-oriented economy. While acknowledging plans to bring more blacks into government positions, Mandela also has publicly assured white civil servants that their jobs and pensions will be safe.

Despite their occasional hardline rhetoric, Mandela and other moderates who control the ANC leadership clearly recognize that policies promoting rapid redistribution of wealth would risk economic disaster by spurring white flight, discouraging foreign investment, and alienating Western donors. Moreover, the ANC, which is short on administrative and technical expertise, has acknowledged that it will depend on selected economic policymakers from the NP and many white civil servants, ensuring much continuity in economic decision making.

The ANC's top economic priority will be to increase black employment; in addition, it will work to improve education, housing, and health care for blacks. The ANC undoubtedly will look to businesses to help finance development programs, perhaps through a "reconstruction levy," a tax specifically imposed to fund development projects. The

Likely Policies of an ANC-Led Government

Foreign Policy. Cultivate ties to states best positioned to offer financial and development aid, which would strongly favor the West . . . trend toward pragmatism in choosing allies and business partners will continue . . . will not, however, break bonds to longtime supporters hostile to the West, such as Cuba and Libya

Internal Security. Use government's new legitimacy among blacks to move vigorously—deploying military when necessary—to try to reduce violence in worst affected areas . . . approach toward establishing dominance in IFP strongholds, however, probably will be biased and heavyhanded, possibly exacerbating situation and causing international concern.

Defense. Budget constraints and absence of foreign threats probably will preclude military expansion or major procurements of new equipment . . . will institute limited affirmative action policies while trying to avoid alienating white-dominated officer corps . . . might increase foreign military ties through training assistance, joint exercises, and participation in multilateral international peacekeeping missions.

Nuclear. ANC says it will abide by Nuclear Non-Proliferation Treaty (NPT) . . . Pretoria disassembled its nuclear weapons in 1990, signed NPT in 1991, and has placed about 350 kilograms of weapons-grade uranium under International Atomic Energy Agency supervision in South

Africa . . . will inherit significant nuclear infrastructure that has in past produced nuclear weapons . . . capability to responsibly maintain and operate that infrastructure under existing international nuclear controls is important concern, as Libya and Iran may try to exploit past and present linkages with ANC to obtain nuclear-related materials and assistance.

Fiscal. Continue to reorient spending toward black development without alienating whites and businesses . . . will impose limited new taxes to facilitate redistribution . . . wary of rising deficit . . . probably will retain Finance Minister Derek Keys.

Monetary. Central bank will rely on many current officials and will remain largely independent and heavily focused on fighting inflation . . . will facilitate black entrepreneurs' access to commercial bank loans

Socioeconomic Development. Invest in infrastructure to create jobs . . . work to build or subsidize new housing . . . emphasize primary health care and education.

Land Reform. Set up programs to help blacks acquire and develop property but without expropriating white-held land . . . expand available land for redistribution

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Likely Policies of an ANC-Led Government (continued)

by buying private property on open market, repossessing state-financed farms in default, and offering tracts of public land . . . provide restitution for many dispossessed blacks.

Trade. Emphasis on export promotion will continue, including push to gain preferential access to Western markets . . . lower protectionist barriers slowly to avoid job losses in short term . . . perceived favorable response by United States to recent ANC appeal for support on South African GATT offer might have given Washington added leverage on trade policy issues:

Foreign Investment and Finance. Guarantee protection for foreign investment against expropriation, allow repatriation of profits and dividends, and grant tax breaks on investment in depressed areas . . . will maintain two-tier exchange rate and capital controls, however, to discourage capital flight . . . will take advantage of country's "underborrowed" status to boost foreign debt to fund black development.

AIDS. Press for more activist approach to halt rapidly spreading epidemic that has reached significant proportions in urban areas . . . has called for stronger education effort . . . probably will retain key health officials . . . ANC already on national anti-AIDS committee.

ANC will also appeal to foreign donors for assistance in funding and managing such programs.

Coping With Black Economic Expectations

An ANC government will not fully satisfy the socioeconomic expectations of blacks, but it might be able to persuade many that their living standards will improve gradually.

Most blacks believe almost every aspect of their lives—including employment, housing, education, and health care—will get better under an ANC government. While cautioning that major progress will take years, the new government will have the wherewithal to provide tangible benefits to many blacks within its first year:

- The ANC is considering a multiyear, \$30 billion plan to finance black development; the sum is equivalent to about a quarter of South Africa's current GDP. Continuing an NP policy, an ANC government could also sell strategic oil reserves—worth about \$1 billion—to finance black social spending. The oil reserves are no longer needed because most oil sanctions have been lifted.
- Ribbon-cutting ceremonies involving Mandela will be a hallmark of an ANC government keen on focusing public attention on new housing, school, and health care projects.
- Although South Africa has some of the cheapest electric power in the world, nearly 90 percent of black households lack electricity. Accelerating electrification efforts that are now hampered by violence would boost black development; the state-owned electric utility now has the capacity to

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hook up an additional 30,000 black households per month but only actually connects 10,000.

Economic Outlook and Impact

The economy probably will continue to grow moderately in 1994. A panel of prominent local economists—including one from the ANC—has forecasted growth of 1 to 2 percent and a slight reduction in inflation, which now runs about 9 percent. Such a performance, however, would be unlikely to prevent the unemployment rate—currently above 45 percent—from worsening.

Although a robust economy is critical to the longer term viability of South Africa's new political system, economic factors are likely to be of secondary importance in 1994. Even stronger-than-expected growth would not generate enough public and private resources to dramatically boost socioeconomic reconstruction efforts. Alternatively, the political pressures from a sharp economic decline would be muted because of the honeymoon period an ANC government inevitably will enjoy.

Opportunities and Risks for the United States

The ability of the United States and other foreign actors to affect major developments in the South African transition process is limited. South Africans will continue to solicit international advice and aid for party training, voter education, and election monitoring. Large-scale financial and technical assistance in these areas has the potential to help create an environment more conducive to a free and fair election, but domestic factors—especially the strategies of black conservative and white rightist leaders in coming months—will ultimately determine

how well the contest goes. Despite the presence of thousands of international monitors, we judge that followers of many white and black parties, including the NP and the ANC, will use political intimidation tactics widely, affecting rural dwellers and black township residents worst.

While the top parties welcome international election observers, they do not favor using a UN peacekeeping force to safeguard the election. If key parties, most notably the ANC, suddenly changed their stance on this issue, we judge that the costs and risks of such a "short-fuse" mission would be prohibitively high. A large-scale UN peacekeeping mission almost certainly could not be pulled together in time and, even if it could, would not guarantee that the election would be free, fair, or peaceful. Moreover, the mission of such a force would quickly become controversial if the security situation began to deteriorate significantly.

The United States is recognized by all of South Africa's parties as the most important external actor, a perception Washington may be able to use to affect the thinking of rightist and conservative leaders. Chief Buthelezi and other leaders in the Freedom Alliance are angry at Western recognition that good working relations between the NP and the ANC have been and will continue to be—at least until the election—the major force driving progress in South Africa. Nonetheless, Washington probably will continue to have good access to these leaders that will allow it to suggest options to them and help keep communications open among the various players during the inevitably

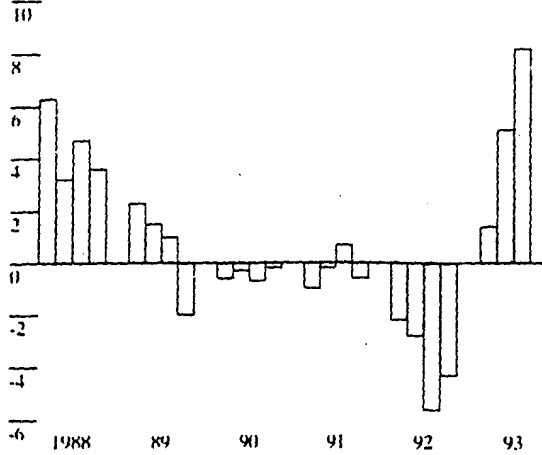
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Figure 5
South Africa: Economic Indicators

Growth is accelerating after a long recession...

Real Gross Domestic Product

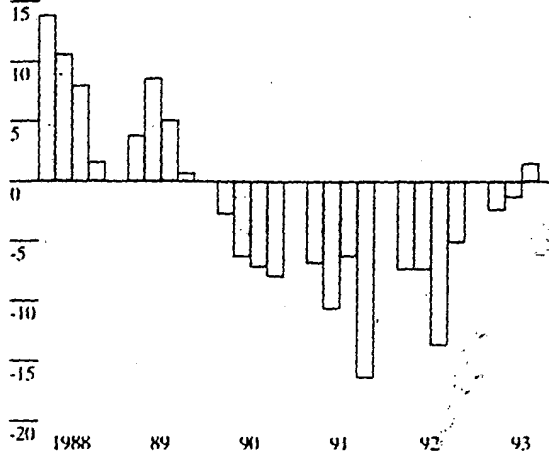
*Percentage change from previous quarter
Seasonally adjusted, annualized rate*



...and investment is showing a modest rebound...

Real Gross Domestic Fixed Investment

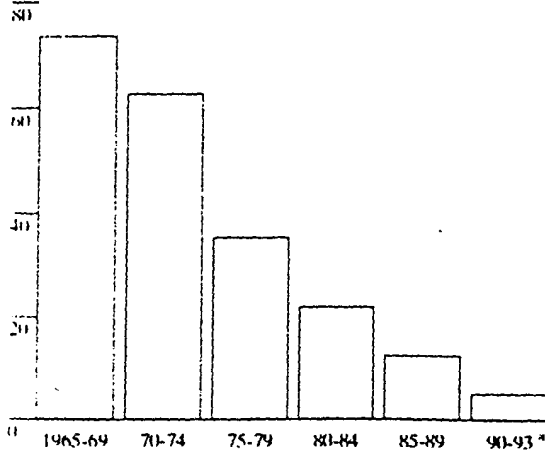
*Percentage change from previous quarter
Seasonally adjusted, annualized rate*



...but the economy faces a major challenge in creating jobs...

Labor Absorption

*Percentage of new entrants to the labor
force finding jobs in the formal economy*

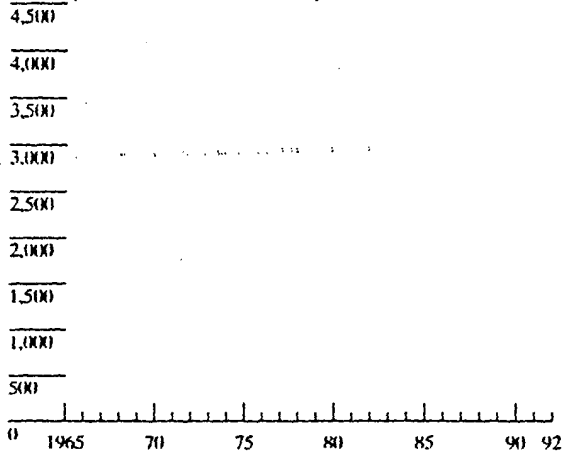


* Estimated.

...and reversing the long-term slide in average income.

Per Capita Gross Domestic Product

South African Rand at constant 1985 prices



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stormy periods ahead. Moreover, Washington's steady drumbeat that nonparticipants in the transition process will be left floundering in its wake will reinforce these leaders' fundamental fears.

The West's most effective source of leverage will continue to be the perception held by most South African leaders that US and other foreign investment and aid can help a new interim government survive amid formidable challenges. Net foreign purchases of South African stocks and bonds exceeded \$1 billion last year, as compared to less than \$70 million in 1992. Several major foreign—including US—companies have even announced new investments in South African plant and equipment in recent months. The ANC in particular is painfully aware of the need for foreign training of South African administrative, security, and diplomatic personnel in the postapartheid era. Although an ANC government almost certainly would accept assistance from countries such as Libya and Iran, the influence of such potential benefactors would be greatly limited by the importance an ANC government places not only on ties to Washington but also to the Commonwealth, the EC, the United Nations, the World Bank, the International Monetary Fund, and the Frontline States.

Although we judge that on balance ties between the United States and the ANC probably will grow stronger this year, there remains ample cause for concern.

The ANC—mindful of latent anti-Americanism among its militant and young supporters, and affected by a sense of loyalty that Mandela and other top officials feel toward states such as Cuba that actively supported the ANC's guerrilla campaign—will look for opportunities to assert its independence on foreign policy issues without completely alienating the West. At the same time, some of the party's ideological, generational, racial, ethnic, and class fissures will widen under the strain of applying state resources to a host of serious political, socio-economic, and security problems.

Annex A

Key Groups at a Glance

Top Parties Committed To Participating in Election

African National Congress (ANC). Black, left-of-center government-in-waiting . . . strongest support among country's 7 million Xhosas . . . unlikely to receive more than 2 percent of white vote . . . formal electoral allies are Congress of South African Trade Unions—largest labor federation with some 1.2 million members—and South African Communist Party . . . Secretary General Cyril Ramaphosa or National Chairman Thabo Mbeki, both moderates, probably would succeed Mandela if he died suddenly . . . formed in 1912

National Party (NP). Ruling white party since 1948 . . . firmly controls preelection government . . . since 1990 has distanced itself from apartheid via fundamental racial reforms, now occupying white centrist political niche . . . probably will garner less than 20 percent of votes . . . Colored and Indian support key . . . may forge pact with IFP before or after election despite current cold relations . . . Constitutional Development Minister Roelf Meyer and Public Enterprises Minister Dawie de Villiers among top contenders to succeed de Klerk

Pan-Africanist Congress (PAC). Radical, black-exclusivist rival of ANC . . . might receive some 5 percent of votes . . . refuses to join Transitional Executive Council despite recently renouncing armed struggle . . . largely autonomous military wing, Azanian People's Liberation Army (APLA), will continue attacking whites.

South African Communist Party (SACP).

Longtime formal ally of ANC . . . electoral candidates will appear on ANC list . . . Communists remain prominent, influential members of ANC leadership . . . claims some 50,000 members . . . financially bereft . . . largely in organizational, orientational disarray since collapse of Soviet Bloc . . . has not abandoned goal of eventual democratic socialist state.

Major Groups Threatening Electoral Boycott **Inkatha Freedom Party (IFP).**

Belongs to Freedom Alliance . . . conservative, strongly procapitalist . . . claims 2 million members, predominantly Zulus . . . has little strength outside of Natal Province, except in many urban hostels where Zulu migrant workers reside . . . unlikely to receive more than 10 percent of ballots nationally . . . slightly less-than-even chance of defeating ANC in Natal region . . . popular among small percentage of white voters.

Conservative Party (CP). Rightwing member of Freedom Alliance . . . official opposition in white parliamentary chamber . . . could receive as many as half of white votes . . . split from NP in 1982.

Afrikaner National Front (AVF). Federation of white rightist groups, including CP and extremist Afrikaner Resistance Movement (AWB) . . . led by charismatic retired military General Constand Viljoen . . . Freedom Alliance member . . . formed in May 1993 in bid to unify white right wing.

(REVERSE BLANK)

Annex B

The New Military

As a result of multiparty negotiations, the new National Defense Force (NDF) will be structured similarly to the current South African Defense Force (SADF), but significant changes will occur in force composition, size, and recruitment policy. The ANC conceded retention of the current reserve-based force structure in exchange for other measures that will dilute and eventually eliminate white dominance of the military. The ANC initially wanted a larger, all full-time force, but it succumbed to SADF arguments based on costs savings and the need for experienced, skilled whites in reserve ranks.

The racial balance in the military will change greatly under an ANC government, as blacks will comprise the majority of the regulars for the first time. Some 25,000 ANC military cadre and homelands troops will become regulars, and other blacks will enter the NDF via the new all-volunteer recruitment system. In the near term, however, whites will retain numerical and rank advantages in both the officer corps of the SADF and in the reserve or part-time Citizen Force.

Racial frictions undoubtedly will arise from:

- ANC affirmative action programs, even if implemented gradually.
- Politically motivated appointments of senior ANC military personnel and the placement of white troops under direct black command.

Current Security Balance of Power

	Manpower	White (percent)
South African military		
Active	65,000	65
Reserve	250,000	100
Total	315,000	93
South African police		
Career	115,000	43
Reserve	21,000	100
Total	136,000	52
Homeland security forces	15,000	1
ANC military wing	8,000	1
PAC military wing	2,600	0

- The rejection of "unqualified" black recruits, as well as white officer demands for strict compliance with hiring standards.

Despite gradual changes in composition and size, South Africa's defense force will remain the most powerful military in Sub-Saharan Africa. The NDF's overall military capability will be diluted somewhat by the integration of inadequately trained and inexperienced black opposition and homeland troops and further budget cuts that could curtail new equipment acquisitions or force expansion. These factors will be offset, however, by

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continued technological advantages and the retention of existing military skills and experience in the still-white dominated reserve forces. Racial tensions could eventually weaken force cohesion, but, in the short term, South Africa's military will remain united and capable of countering any serious internal or external threats.

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**Intelligence Sources
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(WNINTEL)**

**National Security
Information**

**Unauthorized Disclosure
Subject to Criminal Sanctions**

**Information available as of 27 January 1994 was used
in the preparation of this National Intelligence Estimate.**

**The following intelligence organizations participated
in the preparation of this Estimate:**

The Central Intelligence Agency
The Defense Intelligence Agency
The National Security Agency
The Bureau of Intelligence and Research,
Department of State
The Director of Intelligence,
Department of State
The Director of Intelligence,
Department of Energy

also participating:

The Deputy Chief of Staff for Intelligence,
Department of the Army
The Director of Naval Intelligence,
Department of the Navy
The Assistant Chief of Staff, Intelligence,
Department of the Air Force
The Director of Intelligence,
Headquarters, Marine Corps

**This Estimate was approved for publication by the
National Foreign Intelligence Board.**

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