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**BEYOND GUNS OR BUTTER:**  
TOWARDS A MULTI-LEVEL ANALYSIS OF SOUTH AFRICA'S  
STRATEGIC DEFENCE PROCUREMENT

Gerry P. Kaufman

KFMGER001

*Minor Dissertation*

*submitted in partial fulfillment of the requirements for the award of the  
degree of Master of Social Science in Political Studies*

Faculty of Humanities  
University of Cape Town  
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COMPULSORY DECLARATION

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## ABSTRACT

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By 1998, after a full decade of declining defense budgets spanning both the late apartheid regime and the new democratic order, South Africa had fully halved military expenditure, in real terms, from its 1989 level. Through the process of negotiated transition to democracy in the early 1990s, it appeared as though advocates of demilitarization had taken the upper hand in setting the African National Congress (ANC) government's defense policy agenda. However, the government changed course drastically in 1998, initiating a massive arms acquisition program comprising submarines, frigate-class "corvette" patrol vessels, fighter jets and trainers, and helicopters, at a projected cost of nearly ZAR30 billion. This decision, consequently, has plagued the government with continued controversy since its implementation. What brought about this apparent defense policy reversal?

Citing the lack of any significant external military threat to South Africa, dovish elements of civil society frame this controversial arms acquisition policy, entitled the Strategic Defence Procurement (SDP) program, as a classic "guns or butter" issue. The government, on the other hand, defends its decision by maintaining that the military procurements are vital to both the national security imperatives and economic growth of South Africa. In this vein, defense-industrialists argue that weapons procurement deals containing counter-trade provisions help to stimulate the local economy—particularly the arms industry, transferring valuable technology and resources to one of South Africa's strategically-vital export industries which had suffered under the defense cutbacks in recent years—as well as foreign investment and job growth in civilian industrial sectors.

This study addresses the complexities of the SDP—the "arms deal," in common parlance—through a systematic analysis that utilizes two distinct theoretical approaches to investigate the policy action from multiple perspectives, in order to illuminate issues that might otherwise remain buried in a single-level, single-approach analysis. The fundamental assumptions and concepts of the two theoretical approaches, the *rational actor* approach and the *bureaucratic politics* approach, focus on various issues embedded in the arms deal at discrete levels of analysis—the international systemic level, the state (organizational or bureaucratic) level, and the individual level—to generate a rough-cut account of the arms deal at each. The characteristic assumptions of both theoretical paradigm are applied to the South African case in order to generate an account of the arms deal at each level of analysis. This is done using

empirical evidence gathered from primary sources such as government publications, policy reviews and other public documents, as well as from printed news media sources. The study's two fundamental objectives are to facilitate a better understanding of South Africa's arms acquisition decision and how it came about, and to provide a structured analytical framework for subsequent, comprehensive investigation of these issues by other students and analysts of South African politics and security. The scope of this study is necessarily limited to a primary focus on developing a structured framework and two-theory approach for multi-level analysis of the SDP, rather than on generating the exhaustive explanation that the framework potentially makes possible.

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## LIST OF ABBREVIATIONS

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AASB	Armament Acquisition Steering Board
ACC	Armament Acquisition Council
ADS	African Defence Systems Co.
A-G	Auditor-General of South Africa
AMD	Aerospace Maritime and Defence Industries Association
ANC	African National Congress
Armcor	Armaments Corporation of South Africa
AU	African Union
BAe	British Aerospace
DIP	Defense Industrial Participation
DoD	Department of Defence
FBS	Futuristic Business Solutions Co.
FLS	Front-Line States
GCIS	Government Communication and Information System
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution Programme
GNU	Government of National Unity
IDASA	Institute for Democracy in South Africa
IONT	International Offers and Negotiating Team
IP	Industrial Participation
ISS	Institute for Security Studies (Brooklyn, Pretoria, South Africa)
JIT	Joint Investigative Team
LIFT	Lead-In Fighter Trainer
MK	Umkhonto weSizwe
MoD	Ministry of Defence
MODAC	Ministry of Defence, Acquisition
MRG	Military Research Group (South Africa)
NIP	National Industrial Participation
OAU	Organization for African Unity
PIMS	Political Information & Monitoring Service
RDP	Reconstruction and Development Programme
RSA	Republic of South Africa
SAAF	South African Air Force
SADC	Southern Africa Development Community
SADF	South African Defence Force
SADIA	South African Defence Industry Association
SAIIA	South African Institute for International Affairs
SAN	South African Navy
SANDF	South African National Defence Force
SCOPA	Standing Committee on Public Accounts
SDP	Strategic Defence Procurement
SOP	Standard Operating Procedure
UDM	United Democratic Movement

**UNIVERSITY OF CAPE TOWN**  
**GRADUATE SCHOOL IN HUMANITIES**

**DECLARATION BY CANDIDATE FOR THE DEGREE OF  
MASTER IN THE FACULTY OF HUMANITIES**

I, *(name of candidate)*

Gerry P. Kaufman

---

of *(address of candidate)*

17096 Newport Club Dr.

---

Boca Raton, FL 33496 USA

---

do hereby declare that I empower the University of Cape Town to produce for the purpose of research either the whole or any portion of the contents of my dissertation entitled:

*Beyond guns and butter: towards a multi-level analysis of South Africa's*

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*Strategic Defence Procurement*

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## Chapter 1 Introduction

Understanding policy making in the areas of defense and national security is a complicated task for practitioners, lay people and analysts alike. In one sense, defense and security policy decisions can be understood in terms of rational choices made by nations intent on advancing their objectives and interests. In another way, such policies are, to a large extent, the output of complex and convoluted government organizational processes. In yet another sense, they can be viewed as the result of bargaining by government agencies and officials competing for power, resources, leadership, prestige, and other personal interests. Taken together, the determinants of defense and security policy decisions—the international environment, national strategy, doctrine and ideologies, the structure and standard procedures of the policy making machinery, government and private organizations, the dynamics of individual and institutional interaction, and the multitude of players and personalities within the system, each with their own interests—can be difficult to analyze. To handle these complexities, theorists have developed multiple intellectual paradigms and conceptual frameworks to deal with certain subsets of these variables, in order to help direct attention and inquiry to different focal points in the defense policy process. However, no single approach offers a complete picture of defense decision making as it actually occurs.<sup>1</sup>

It is with the above in mind that this work tackles South Africa's major arms acquisition program, the Strategic Defence Procurement (SDP)—a policy action that has plagued the government with controversy since it was implemented in the late 1990s. Citing the lack of any significant external military threat to South Africa, the dovish elements of civil society frame the SDP as a classic “guns or butter” issue. The government defends its decision by maintaining that the military procurements are vital to both the security and economic growth of South Africa. Defense-industrialists argue that weapons procurement deals containing counter-trade provisions help to stimulate the local economy—particularly the arms industry, transferring valuable technology and resources to one of South Africa's strategically-vital export industries which had suffered under defense cutbacks in recent years—as well as foreign investment and job growth in civilian industrial sectors. This work utilizes various theoretical approaches to investigate the SDP from multiple perspectives, with the purpose of making better sense of South Africa's arms acquisition decision and how it came about, as well as to provide a framework for further, in-depth investigation of these issues by other students and analysts of South African politics and security.

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<sup>1</sup> James M. Kcagle, Introduction and Framework, in *Bureaucratic Politics and National Security: Theory and Practice*, ed. David C. Kozak and James Keagle (London: Lynne Rienner, 1988): 16-17.

## 1.1 Research design

### *Aim and scope*

The following study serves two purposes. By challenging unrecognized assumptions related to how we implicitly think about the Strategic Defence Procurement, we can make use of alternative perspectives that will help to generate a more complete explanation of South Africa's arms procurement in the late 1990s than has been produced by the news media, government or academia to date. Indeed, most existing accounts of the SDP (the "arms deal," in common parlance) have been works of investigative journalism in the mainstream news media. While their reports perform a considerable service to the people of South Africa by forcing some transparency upon a process that might otherwise have remained shrouded in secrecy, it also should be acknowledged that journalists are constrained by the volume of words and number of columns they may use to provide their audiences with revelatory accounts of the arms deal. As a result—and because theirs is a business that depends upon continued marketability of their product to the widest possible audience—news media in general have confined investigative accounts to certain aspects of the story, largely told from only one perspective. None (to this author's knowledge) has attempted to confront the host of key issues embedded in the arms deal comprehensively. Yet, this may be achieved by widening the investigation to other conceptual paradigms, making use of alternative frames of reference to illuminate issues that might otherwise remain buried. The central purpose of this work, therefore, is to contextualize the arms deal theoretically and establish a framework for generating a more complete account by analyzing the SDP on multiple levels and from various conceptual frames of reference.

The following chapters pursue this aim by identifying multiple theoretical approaches for focusing on various issues embedded in the arms deal at different levels of analysis. First the characteristic assumptions of each theoretical paradigm are discussed, and then the fundamental concepts are then applied to the South African case in order to generate an account of the arms deal at each level of analysis. This is done using empirical evidence collected from primary sources such as government publications, policy reviews and other public documents, as well as from news media reports as mentioned above. The next logical step in such an exercise would be to utilize this multi-level framework approach to generate a comprehensive explanation of the arms deal. This work offers a clear point of departure for future enquiries into the arms deal, but a truly exhaustive study is outside the scope of this work. In the following chapters there is space only to provide a rough-cut of such an extensive explanation. Therefore, the second purpose of this work is to use the multi-level analytical framework described above to sketch the contours of a comprehensive account of the SDP.

It should be noted that this work does not intend to engage in normative judgments relating to any aspects of the SDP. Of course, the arms deal implies such concerns, being that it involves issues of international arms trade, defense industrialization, public sector resource allocation, government transparency and accountability, and questions of impropriety on the part of public officials. However, it is not the aim of this work to tackle these or other normative issues. It is enough to deal with the question of whether or not, for example, the defense industrial participation (DIP) provisions of the SDP will help boost South African arms exports, without having to confront the ethical dimensions of such export growth and what this means for South Africa's role in maintaining peace and stability in the region. This is not to say that such considerations are trivial; in fact, they are numerous and significant. Ultimately, however, normative considerations are outside the scope of this work and cannot be addressed here.

#### *Theoretical approach and general argument*

The approach of this work finds its origins in the theoretical approach introduced by Harvard political scientist Graham Allison, in his seminal book *Essence of Decision: Explaining the Cuban Missile Crisis*. The following chapters do not retain Allison's original conceptual models; rather, they modify his framework substantially and incorporate the contributions of other scholars. But Allison's general argument and conceptual lenses nonetheless inform the approach used here.<sup>2</sup> In this way, this work might be construed as a theory-testing exercise, in order to ascertain the ability of Allison's conceptual argument and methodological approach to 'travel' to the South African case. More accurately, however, this study presumes the utility of Allison's conceptual argument and makes use of it to gain leverage in analyzing the South African case.

The general argument of this work, then, is that an adequate understanding of the Strategic Defence Procurement cannot be gained through investigation of the SDP at only one level of analysis or from a sole theoretical approach. This is the shortcoming common to most accounts of the arms deal produced to date. What is required is an analysis at multiple levels, employing theoretical approaches that supplement each other. Any complete explanation of how South Africa's arms deal came into being must take in several different accounts, as observed from various frames of reference, to form a sort of explanatory mosaic or collage of the arms deal's central issues: *why* (that is, what are the stated and underlying reasons for the government's arms procurement decision?); and *how* (what is significant about how was the decision implemented?). These are the fundamental questions which the general argument and theoretical approach of this work attempt to address.

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<sup>2</sup> Refer to Appendix I for Allison's Summary Outline of Models and Concepts.

The approach used in the following chapters identifies discrete levels of analysis—the international system, the state, sub-state (organizational or bureaucratic), and the individual—and considers the arms deal at each level, changing the conceptual frame of reference along the way. To this end, chapters 2 and 3 are couched in different theoretical paradigms in order to focus attention on the intended level of analysis and to highlight the issues most relevant to the respective paradigm. Ultimately, the various views of this single case at different analytical levels converge to form a multifaceted explanation of South Africa's SDP that has not been produced by analysts or journalists to date. Chapter 2 is centered in the *rational decision* approach to defense and national security policy, which holds *choice* as its fundamental unit of analysis. Chapter 3, on the other hand, employs an approach that combines the principal characteristics of the *bureaucratic politics* paradigm with the systems model in order to better investigate the functions of organizations and individuals in the defense procurement decision. In this paradigm, policy decisions are viewed outcomes of a process characterized by bureaucratic competition, bargaining and compromise.

### *Research Methodology*

All of the data used in this work has been sourced from primary and secondary printed sources only. This was a conscious decision. Because of the subject matter of this study—especially in Chapter 3, which deals with conflict of interest and corruption issues that are particularly controversial in South Africa at present—it was necessary to stipulate at the outset what kinds of data would be used as evidence in this study and what information would have to be disregarded. Both for ethical and practical reasons, the threshold for information included in the study was set at “matters of public record,” defined as: a) data obtainable from government publications and other official documents, or b) information widely disseminated in the news media and reported upon by reputable national or international newspapers, magazines, journals and online news content-providers. Furthermore, any reported public allegations featured in this work will be presented as such, so that they will not be mistaken for hard fact.

### *Limits of research*

The rationale for instituting the source material threshold discussed above is to avoid bias resulting from imbalance or inaccuracy of any firsthand statements collected. Obviously, including in this study unsubstantiated allegations and observations drawn from individuals' personal statements—whether collected through interview or written correspondence—would have ethical implications and would damage the credibility of the work. At the same time, the burdens inherent in attempting to independently investigate and corroborate individuals' firsthand statements are prohibitive for a work of this scope. For this reason, data has only

been collected from existing published sources. This is not to assume that reputable publications automatically exclude the possibility of unproven allegation; surely, this is not always the case. Presumably, however, the onus is upon the authors and editors of those publications to check their stories and independently verify the facts. Nonetheless, the decision to use only printed source material undeniably represents a weakness of this work—particularly in the state- and individual-level analyses, where the availability of useful and informative printed sources is severely limited.

The following work requires a bit of qualification. Many concerns proceed, to some degree, from Allison's original approach. This is worth mentioning not only as a means of defense—which demonstrates that a work of inevitable and self-conscious shortcomings is not automatically diminished by its limitations—but also to draw attention to the fact that many of the faults found in the present work are the unavoidable price of using complex, multi-variant concepts as casually and imprecisely as they are, indeed, used in the following chapters. The reader must keep in mind is that the theoretical approaches described in this work are, without doubt, crudely oversimplified and reductionist. To be sure, Allison expressed similar in his book.<sup>3</sup> Since he first assembled his models in the 1960s, the body of literature relating to each has expanded significantly; this work modifies the conceptual models to incorporate later developments, but it is by no means comprehensive. Hopefully, this does not make the general approach any less valid.

A more significant limitation, alluded to above, is that the body of available evidence that applies to the alternative approach in chapter 3 is quite limited. Part of the reason for this is that arms deal is still a recent (even contemporary) occurrence and its chapter in South Africa's history is not yet closed. Another reason is that the SDP remains a topic of considerable controversy, and the individuals with the most knowing perspectives are not inclined to divulge their insights at present. Moreover, much of the documentation related to the actual arms procurement process is classified. Thus, there are formidable impediments to conducting interviews and other primary research at this stage. The consequence of these limitations has been the tentative, sometimes even speculative, nature of the account of the SDP in particular from the bureaucratic politics approach.

Finally, it must be emphasized that the complete development and exhaustive validation of an argument as wide-ranging as the one made here is beyond the scope of this work. The following chapters modestly outline a pair of theoretical approaches, articulate their basic assumptions as paradigms, and then apply them with the intent of sketching an account at each level of analysis. A meticulous and extensive explanation, however, is neither the objective nor the product of this particular work. Rather, the methodology is

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<sup>3</sup> Graham T. Allison, *Essence of Decision: Explaining the Cuban Missile Crisis* (USA: HarperCollins, 1971): 8.

applied to the South African case in the service of two aims working toward the same essential purpose: first, to illustrate the usefulness of a framework comprising multiple theoretical approaches and the various issues they raise in explaining the case; and second, to provide a sketch of the different accounts—or single, composite account—of the SDP that the framework facilitates.

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## 1.2 What is the Strategic Defence Procurement (SDP)?

Before proceeding with any analysis of South Africa's arms deal in the following chapters, it is necessary to understand the basic logistics of the SDP and what the package deal entails. This section will briefly address the basic progression of the arms deal and some of its fundamentals, which include: the logistics and chronology, an inventory of the *matériel* (military equipment) being procured, the financial package, and the industrial participation (IP) components associated with the deal.

Fundamentally, the 'arms deal' is not actually one particular deal. Rather, it is a series of separately contracted procurements which the government elected to combine into a single package consisting of multiple phases or *tranches*. The government has suggested this was done to compartmentalize the costs involved in an expenditure of the SDP's magnitude and provide clarity concerning those costs. According to the Cabinet, "the decision to consolidate all the systems into a single Strategic Procurement package was...a major step in creating transparency in the whole process. The procurement process has been explicitly set out and was not merged into annual budgets of the Defence department or opaque funds as was the case in the past."<sup>4</sup>

Jakkie Cillers of the Institute for Security Studies traces the origins of the various defense acquisitions comprising the arms deal to several previous procurement attempts, particularly by the South African Navy to acquire naval patrol corvettes (frigate-class ships), even as early as the 1980s. In 1995, the government deferred the Navy's effort until the *Defence Review*—which would specify South Africa's priorities for defense acquisitions—was finalized.<sup>5</sup> The *matériel* requirements addressed by the Strategic Defence Procurement package flow directly from the 'Growth-core force design' that was approved by Cabinet on 18 July 1997, and is encapsulated in Chapter 5 of the *Defence Review* [see Table 1.2.1]. The government acknowledged that these acquisitions would have to come through foreign procurement, as no domestic providers existed for most of the equipment that was being considered for purchase, and Armscor (the Department of Defence's acquisition organization) issued requests for tenders to meet the SANDF's new *matériel* requirements. These included: main battle tanks, jet trainers, light fighter aircraft, light utility helicopters, naval corvettes,

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<sup>4</sup> Republic of South Africa, "Background Notes on the Strategic Defence Procurement Package for the Press Statement issued by the Ministers of Defence, Finance, Public Enterprises and Trade and Industry." Cabinet press release (Pretoria: Government Communications and Information System, 12 January 2001): n. pag.

<sup>5</sup> "Defence Acquisitions: Unpacking the Package Deals," (Pretoria: Institute for Security Studies, Occasional Paper No. 29, March 1998): 4.

submarines and maritime helicopters. Armscor notified all potential foreign suppliers of the government's counter-trade policies and requested IP proposals with any tender offers.<sup>6</sup>

<b>Equipment</b>	<b>Existing</b>	<b>Planned</b>
Main battle tanks (presently Olifant Mk 1A/1B)	224	154
Armoured cars (presently Eland Mk. VII)	235	146
Armoured cars (Rooikat)	176	242
Anti-armour missile systems (ZT-3)	53	53
G5 towed artillery systems	72	45
G5 self-propelled artillery systems	43	43
Bateleur 127 mm multiple rocket launchers	25	25
Infantry combat vehicles (presently Ratel)	1 243	1 214
Mine-protected troop carriers	3 227	4 304
Combat support helicopters (Rooivalk)	0	12
Advanced light or medium fighters (presently FIAZ and Cheetah)	51	32
Jet training aircraft (presently Impala)	65	16
Turboprop trainers (Pilatus PC-7)	60	60
Light recce aircraft (presently Cessna 185, PC6)	25	24
Medium transport helicopters (Oryx)	56	56
Light utility helicopters (presently Alouette III, BK117)	76	60
Electronic surveillance planes (Boeing 707)	4	4
Light transport aircraft (Caravan & Kingair)	16	12
Medium transport aircraft (DC-3 and Casa 212)	37	20
Heavy transport aircraft (C130)	11	12
Medium-range maritime patrol aircraft (presently converted Dakotas)	6	16
VIP transport aircraft	10	9
Medium signals intelligence aircraft (Dakota)	2	2
Corvettes	0	4
Corvette-borne helicopters	0	5
Submarines	3	4
In-shore patrol boats	0	2
Harbour patrol boats	28	39
Strike craft	9	6
Minesweepers/minihunters	8	8
Combat support ships	2	1

Table reproduced from Cilliers (March 1998): 3.

Originally Great Britain, then Germany and later France, floated proposals to meet virtually all of South Africa's foreign procurement needs through 'strategic alliances'—government-to-government agreements in which one of the above-mentioned countries would meet South Africa's major procurement requirements for a fixed period (e.g. twenty years). This option, however, would have locked South Africa into a disadvantaged position in a strategically- and economically-leveraged relationship with a single supplier-nation. Instead, in late 1997 the government unbundled the proposals, and many items from the original menu

<sup>6</sup> Peter Batchelor and Paul Dunne, "Industrial Participation, Investment and Growth: the case of South Africa's defence-related industry," *Development Southern Africa*, 17, No. 3 (September 2000): 422.

were subsequently trimmed. The scaled menu included naval corvettes, maritime helicopters, submarines, combat aircraft and main battle tanks [see Table 1.2.2].<sup>7</sup>

<b>Description</b>	<b>Original Quantity</b>	<b>Illustrative total cost</b>	<b>Remarks</b>
Corvettes	4	R4 billion	Includes combat suites which will be procured domestically for about 1.4 billion
Maritime helicopter for corvettes	5	R1 billion	
New submarines to replace Daphne	4	R5,5 billion	
Allouette replacement	60	R2 billion	
Advanced light fighter	48	R6-9 billion	
MBT replacement of Olifant	154	R9 billion	
<b>Total cost in 1998 Rand</b>		<b>R25-28 billion</b>	

*Table reproduced from Cilliers (March 1998): 6.*

Procurement offers were solicited from the U.K., Germany, France, Sweden, Brazil, Italy, Canada, the Czech Republic, Spain, Russia and Denmark. Nine responded, and of them seven offers were short-listed by the Council on Defence (CoD) and the Armaments Acquisition Council (AAC), chaired by the Minister of Defence, in December 1997. During February 1998, Armscor requested final offers detailing the product requirements from the short-listed suppliers and, in particular, the specifics of the IP and financial arrangements. Around this time, the Ministry of Defence quoted a downward revision in the size of some of the matériel procurements [see Table 1.2.3].<sup>8</sup>

On 15 September 2000 Cabinet approved the decision to procure the following military equipment:

- Four Patrol Corvettes from the German Frigate Consortium to replace the present ageing strike crafts, which are more than 30 years old. The combat suite element (which accounts for 40% of the corvettes' cost) will be fitted in South Africa by the local defense industry.<sup>9</sup>
- Three submarines from the German Submarine Consortium, which will replace the ageing Daphne submarines, which have been in service in the navy for more than 30 years.

<sup>7</sup> Cilliers (March 1998): 4-5.

<sup>8</sup> Cilliers: 5.

<sup>9</sup> Republic of South Africa, "The New Defence Equipment," Government press release (Pretoria: GCIS, September 2000): n. pag.

- Thirty light utility helicopters from the Italian helicopter manufacturer, Augusta, which will replace the Allouette helicopters which have been in service in the air force for over 40 years.
- Nine dual-seater Gripen and twelve Hawk Aircraft from British Aerospace/SAAB to replace the current Cheetah and the Impala Aircraft. A further option has been taken on the balance of the 12 Hawks and 19 single-seater Gripens.<sup>10</sup>

<b>Item/Country</b>	<b>Original Request</b>	<b>Possible Reduced</b>
<b><i>Corvette Requirement</i></b>	<b>4</b>	<b>4</b>
<ul style="list-style-type: none"> <li>• Britain</li> <li>• Germany</li> <li>• France</li> <li>• Spain</li> </ul>	GEC F3000 GFC Meko 200/Meko A200 La Fayette Bazan 59B	
<b><i>Maritime Helicopter for Corvettes</i></b>	<b>6</b>	<b>4</b>
<ul style="list-style-type: none"> <li>• France/Germany</li> <li>• Britain</li> </ul>	Eurocopter Cougar GKN Super Lynx	
<b><i>Submarine Requirement</i></b>	<b>4</b>	<b>3</b>
<ul style="list-style-type: none"> <li>• Britain</li> <li>• Germany</li> <li>• France</li> <li>• Italy</li> <li>• Sweden</li> </ul>	second-hand Upholders GSC TRI400 DCN Scorpene S 1600 Kockums T192	
<b><i>Advanced Light Fighter Aircraft Requirement</i></b>	<b>48</b>	<b>38</b>
<ul style="list-style-type: none"> <li>• Britain/Sweden</li> <li>• Germany</li> <li>• France</li> </ul>	Bae/SAAB JAS-39 Gripen DASA AT2000 Mirage 2000-5	
<b><i>Light Utility Helicopter Requirement</i></b>	<b>60</b>	<b>48</b>
<ul style="list-style-type: none"> <li>• Italy</li> <li>• France/Germany</li> <li>• Canada</li> </ul>	Augusta 109 Eurocopter EC635 Bell 427	
<b><i>Main Battle Tank Requirement</i></b>	<b>154</b>	<b>108</b>
<ul style="list-style-type: none"> <li>• France</li> <li>• Britain</li> </ul>	LeClerc Challenger 2	

Table reproduced from Cilliers (March 1998): 7.

The stated cost of the equipment package was R21.3-billion over 8 years [see Table 1.2.4]. If the option to procure additional equipment was exercised, the total equipment cost would rise by R8.5-billion to R29.9-billion over 12 years. The options must be exercised by not later than the year 2004.<sup>11</sup>

<sup>10</sup> Republic of South Africa, "Cabinet decision on Strategic Defence Procurement," Cabinet press statement, (Pretoria: GCIS, 15 September 2000): n. pag.

<sup>11</sup> "Cabinet decision" (15 September 2000): n. pag.

The imported component (about 85%) of the total procurement is financed through Export Credit Agency (ECA) loans guaranteed by the governments of the supplier countries. The domestic components (15%) are paid for in Rand raised through normal treasury operations. The government maintains that it will not exceed its deficit targets to fund the SDP, and therefore the arms deal will not add to the total public sector borrowing requirement or to the government's total projected interest burden.<sup>12</sup>

<b>Programme</b>	<b>Number of units</b>	<b>Supplier</b>	<b>Cost</b>
<i>Tranche 1:</i>			
Corvettes	4	Germany	R6.917m
Submarines	3	Germany	R5.354m
Light Utility Helicopters	30	Italy	R1.949m
Jet Trainer/Light Fighter	12/9	Britain/Sweden	R7.110m
<b>Total: Tranche 1</b>		R1 billion	R21.330m
<i>Tranche 2:</i>			
Jet Trainer/Light Fighter	12/19	Britain/Sweden	R8.662m
<b>Total: Tranche 1 &amp; 2</b>			<b>R29,992m</b>

Source: Department of Defence, Defence Acquisition Package, 18 November 1998.

Table reproduced from Batchelor & Dunne (2000): 424.

A critical component of the SDP is an aggregate offset deal in industrial participation (IP) projects that is supposed to result in R104-billion worth of total contracted commitments by the foreign suppliers. It comprises:

- Defence-related offsets, R14.5- billion, with local defence firms earning over R4-billion through direct participation in the production of aircraft and ships. Suppliers will also transfer technology worth about R3-billion in royalties and licence agreements to South African firms and will direct export orders to South African firms for more than R7-billion.
- Counter-purchase by the defence equipment suppliers of South African goods, worth R31-billion, including automotive components, furniture, fabricated metal goods including railway wagons and electronic goods.
- Foreign investment in South Africa by companies associated with the equipment suppliers, estimated at R24-billion.<sup>13</sup>

<sup>12</sup> Republic of South Africa, "Economic and Fiscal Impacts of the Procurement." Government press release (Pretoria: GCIS, September 2000): n. pag.

<sup>13</sup> Howard Barrell and Barry Streek, "Arms deal a 'compromise'." *Mail & Guardian* (Johannesburg), 17 September 1999: n. pag.

### 1.3 Theory and frameworks for defense policy analysis

Since the 1960s, analysts have undertaken comparative studies in defense policy and how it is formulated in democratic societies. The following section surveys a number of well-known frameworks for defense policy analysis, with the aim of developing a conceptual and theoretical context in which to frame the study of South Africa's arms deal. While it may be the case that the formation of defense policy is, as Samuel Huntington suggests, more complex than other areas of public policy, due to the convergence of foreign and domestic factors in this particular policy realm, the fact remains that every state has some type of structure and process for the formation of defense policy.<sup>14</sup> The following discussion does not involve an account of the specific structure and process of South African defense policy formation. Nor, for that matter, does it make any pretense at being a comprehensive survey of the existing frameworks for the comparative study of defense policy formation. Rather, the objective here is simply to highlight some of the more instructive observations of a number of prominent analysts, in order to establish a useful conceptual and theoretical basis upon which to ground our investigation into the South African case in the following chapters.

Although some of the authors reviewed below focus mainly upon the substance of defense policy, to some extent each refers to the process by which defense policy is formulated. The "why" and "how" of defense policy formation represent two important but distinct questions that imply different kinds of considerations and analytical approaches. However, both of these aspects are critical to the study of South Africa's arms deal, and we should not to obscure the important connections between the policy decision process and policy outputs themselves by treating the substance and the procedure entirely separate. The investigations undertaken in the following chapters imply, at different levels of analysis, considerations that variously relate to the substance of defense policy and the rational arguments for and against it, as well as the process by which such policy decisions get made and implemented. Many of the theoretical issues raised below offer useful direction in thinking about how these various considerations correspond to South Africa's arms deal and help to generate a composite explanation that accounts for both the substance of the arms acquisition policy decision and the process by which it was formulated and implemented.

It is worth noting at the outset that while most of the frameworks discussed below employ the terminology of *defense* policy,<sup>15</sup> some prefer *military* policy. Does this variation reflect a slight semantic deviation or a deeper conceptual difference? Roherty's conception of

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<sup>14</sup> *The Common Defense: Strategic Programs in National Politics* (New York: Columbia University Press, 1961): 1-7.

<sup>15</sup> The usage of both 'defense' and 'defence' in this chapter and those that follow stems from the variation in American and British/South African spellings of the same word, and is not arbitrary. Wherever used or quoted, the author's original spelling has been retained.

military policy—the consideration of policy relating to the *military institution* itself—is convenient for the purposes of this work. We are concerned here with policy relating to the “defence of the realm” in all its present-day dimensions and, as Roherty notes, in this sense “it is at once inappropriate and imprecise to employ the limiting term ‘Military Policy.’”<sup>16</sup> Alternatively, defense policy encompasses a broader field of interested institutions and individuals—military and civilian, public and private—and enjoys a wider usage in the literature. Nevertheless, it cannot be concluded with certainty that, for example, Huntington also subscribes to the conceptual distinction articulated by Roherty, rather than identifying *military policy* and *defense policy* synonymously. For this reason, in reference to a particular author’s theoretical framework this chapter retains the terminology employed in his respective work.

#### Huntington’s *Two Worlds of Military Policy*<sup>17</sup>

Military policy, Huntington argues, cuts across the usual distinction between foreign policy and domestic policy. As a result, domestic politics act as a constraint on the formulation of policies which are primarily responses to the external environment and have their principal impact on that environment, whereas international politics acts as a constraint on the formulation of policies which are primarily responses to the domestic environment and impact the domestic affairs of the state. In this way, a competition of purposes arises between domestic and foreign policy objectives in which it is usually impossible to say which is the principal focus and which is the primary constraint. “The crux of military policy, to be sure, is the relation of force to national purposes. But it is always national purposes in the plural...[m]ilitary policy is not the result of deductions from a clear statement of national objective. It is the product of the competition of purposes within individuals and groups and among individuals and groups.”<sup>18</sup> To be sure, the competition between the state’s external goals and the domestic objectives of the government and other groups in society is at the center of military policy.

Huntington recommends a distinction in military policy between strategy and structure. Decisions concerning international politics, particularly the units and uses of force, are described as *strategic* in character. These he subdivides into (1) program decisions regarding force design and posture, and (2) the deployment and use of military forces. In contrast, *structural* military policy decisions are identified as having predominantly domestic political content, dealing with procurement, allocation, and organization of the human,

<sup>16</sup> James M. Roherty, *Defense Policy Formation: Towards Comparative Analysis* (Durham, NC: Carolina Academic Press, 1980): 9.

<sup>17</sup> Huntington (1961): 1-14.

<sup>18</sup> Huntington: 2-3.

financial and material resources upon which strategic units and uses of force are based. Structural defense policy includes defense budgeting issues, military personnel policies, acquisition and distribution of supplies, and the organizational format of the armed forces.

There is no sharp distinction between strategic and structural military policy decisions, and it is important to recognize the obvious interrelationships between these two categories. Strategy influences structure, structure impacts strategy. Moreover, since any major military policy decision will most likely have both strategic and structural implications, *how* the issue gets framed may well influence *what* the decision is. A major policy decision in one category often entails demands on the other.<sup>19</sup> For instance, a strategic action on force posture usually implies corresponding structural decisions on the budget, reallocation of resources, personnel, materials, or organization. Failure to undertake structural decisions that are consistent with a strategic action, or vice versa, may negate the initial action taken or will, at least, create a situation of imbalance and contradiction in a state's military policy. It should be mentioned that the particular structure and process of military policy formation in a given state has a significant bearing on the degree of harmony or dissonance between strategic and structural policy. For instance, the degree to which defense decision-making authority is centralized in one branch or institution of the state (e.g. the executive) may affect the conditions through which strategic and structural policies remain balanced. "The more numerous the loci of decision-making," writes Huntington, "the more likely there are to be disharmonies among the various elements of military policy. In the American system of government, decisions on strategy are largely executive decisions, decisions on structure normally require executive and legislative action."<sup>20</sup>

A sequencing of military policy can be divided into phases of change and controversy—*disequilibrium*—and phases of constancy and stability, or *equilibrium*. Huntington suggests that military policy is in equilibrium when (1) no sharp conflicts exist among the principal goals of domestic policy, military policy, and foreign policy, and (2) no major changes in policy are taking place. A crisis in either the external or domestic environment may disturb the existing policy equilibrium. When one environment is disrupted, disequilibrium ensues until either that environment becomes stabilized or a new policy balance is achieved. Policy adjustments may take years, and disequilibrium can persist for decades while foreign policy, domestic policy, and strategy and structure reflect competing values and objectives.

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<sup>19</sup> It should be acknowledged that Huntington's reasoning, concerning the inevitability of both structural and strategic implications in any major military policy decision, in the end does little to enhance our understanding of the complexities of defense policy formation. Nevertheless, his point is valuable insofar as it forces us to take notice of the Janus-like duality of defense policy, even if it does not simplify the matter of comprehending its intricacies.

<sup>20</sup> Huntington (1961): 5.

Policy indicates the power, interests, and attitudes of the actors concerned with and affected by it. A change in policy requires that either the attitudes of groups that influence policy adjust, or the groups themselves transform. During periods of disequilibrium, policy decisions become more contentious, more groups become concerned with the policy area and it assumes a greater role in public discussion. Surely this is relevant to the current state of affairs in South African defense policy.

#### Murray and Viotti's *Framework for Analysis*<sup>21</sup>

To facilitate a systematic comparison of defense policies in ten\* different countries, Murray and Viotti formalize a four-part framework used to describe a state's defense policy: (1) the international environment, as it is perceived by the state; (2) the particular national objectives, strategy, and military force employment doctrine of that state; (3) the state's defense policy-making process; and (4) various recurring defense policy issues, including force posture, the use of force, weapons acquisition, arms control, and civil-military relations.<sup>22</sup>

Murray and Viotti share Huntington's view of the state's external environment, understanding it as both the source of "opportunities" the state may decide to pursue and of "threats" to its security. Accordingly, their framework for defense policy analysis begins with the state's position within the international system. The second part utilizes a "rational actor" model of defense policy decision-making: "Given national objectives, possessing certain capabilities, and facing various constraints, decision makers acting for the state establish national strategy and military force employment doctrine."<sup>23</sup>

In a slight reformulation of a similar point by Huntington, Murray and Viotti take up the issue of whether strategy and doctrine give rise to a given force posture, or the latter determines the former. The third part of their analytical framework deals with actual workings of the defense policy process, the significance of organizational processes and bureaucratic politics, and the relative importance of domestic and international factors in determining policy outcomes. The fourth part addresses recurring defense policy issues, including those mentioned above, treating them as the substance of defense policy outputs—the decisions of government agencies and officials.

Based upon the cases investigated in their volume, Murray and Viotti offer some pointed conclusions concerning the defense decision-making process. The first has to do with the degree to which the political authority and the exercise of power are centralized within the

<sup>21</sup> Douglas R. Murray and Paul R. Viotti, *The Defense Policies of Nations: A Comparative Study*, 2<sup>nd</sup> ed. (Baltimore: Johns Hopkins University Press, 1989): 3-9, 581-594.

<sup>22</sup> Murray and Viotti (1989): 6-8. \*Expanded to fifteen in their second edition. For an organizational outline of their framework, refer to Appendix II.

<sup>23</sup> Murray and Viotti: 5.

state—a point also raised by Huntington. To take an example, the United States displays a highly fragmented political authority, with many points of access for those exercising power and making policy decisions. Other states with more centralized political authority provide fewer points of access for interested groups to influence the process. Citing the contrast between Japan and Britain, both of which have the same formal political structure—a unitary state with a parliamentary regime—the authors assert the significance of variations in political culture to the process of policy formation.<sup>24</sup>

Their conclusions regarding parliamentary regimes are also instructive. States with Westminster-type parliamentary arrangements experience a fusion of executive and legislative functions, the result of which is policy decision made centrally within the cabinet (usually accompanied by little, if any, judicial check on the legislature). Most political debate occurs within the cabinet and/or governing coalition, not in parliament; thus, policy put forth by the executive generally encounters little political opposition from the parliamentary majority. Murray and Viotti take note of the important role played by bureaucracies, formally subordinated to government cabinet ministers, in shaping the alternatives amongst which state actors are forced to choose. Bureaucracies can often act as a conservative force by obstructing or delaying political decisions they oppose.<sup>25</sup> The role of organizations within the bureaucracy also depends upon the level of organizational and bureaucratic development (i.e. in highly-institutionalized democracies organizations often function as rational actors in their own right in order to advance parochial interests through the course of the policy formation process).

Some, including Allison and Morton Halperin, have stressed the relevance of bureaucratic politics to understanding how defense policy actually gets created.<sup>26</sup> That defense policy does not always emerge out of a logical progression from national objectives, strategies designed to coordinate the use of the state's capabilities, and employment doctrines governing the use of force gives evidence to their argument. Stephen Krasner and others, however, have questioned this emphasis on organizational and bureaucratic variables.<sup>27</sup> They caution that bureaucratic politics play a role in shaping policy and steering the policy decision process to a certain extent, but the overall course of policy remains a response to the external or domestic environments. Focusing too heavily on organizational and bureaucratic factors obscures the significance of these variables. Murray and Viotti also note that some analysts,

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<sup>24</sup> Murray and Viotti (1989): 590.

<sup>25</sup> Murray and Viotti: 590-92.

<sup>26</sup> Graham Allison and Morton H. Halperin, "Bureaucratic Politics: A Paradigm and Some Policy Implications," *World Politics*, 24, supplement (Spring 1972): 40-79.

<sup>27</sup> Murray and Viotti: 592, 594.

such as David Greenwood and Aaron Wildavsky,<sup>28</sup> have focused their analyses on defense budgets:

Greenwood has asserted that expenditure is policy. To the extent that policy involves the allocation of scarce resources expressed in monetary terms, the budget is a handy device for comparative description. Understanding how the budget comes to be, furthermore, engages one in the politics of the budgetary process—a relevant focus for the theoretical task of developing defense policy explanation.<sup>29</sup>

Finally, Murray and Viotti raise the level-of-analysis problem in the study of defense policy formation. The quandary here is how to understand the input factors that influence the decision-making process and behavior of its participants, and ultimately shape defense policy outputs. As the South African case will illustrate, systemic-level variables (such as national interests and objectives in the international environment), state- and sub-state-level variables (in the domestic environment, usually organizational or bureaucratic), and individual-level variables all function as determinants of policy [see Figure 1.3.1]. Some analysts assign dominance to systemic-level factors, but for some cases this is an unrealistic, reductionist approach. As we examine South Africa's arms deal in the following chapters, it becomes evident that variables at different analytical levels operate in competition with (or, at times, supplemental to) each other—which makes the question of determining their relative importance, in practice, a thorny issue indeed.

Figure 1.3.1: The Level-of-Analysis Problem

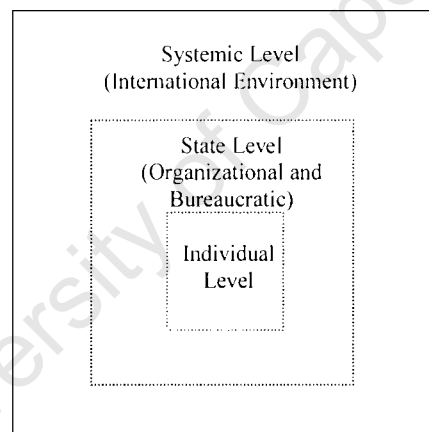


Figure reproduced from Murray & Viotti (1989): 593.

<sup>28</sup> See Wildavsky's *Budgeting: A Comparative Theory of Budgetary Processes* (London: Transaction Publishers, 1997).

<sup>29</sup> Murray and Viotti (1989): 4.

Roherty's *Defense Communities*<sup>30</sup>

The realm of defense policy formation, Roherty postulates, is the *Defense Community*. Different from the four-part framework organized by Murray and Viotti, Roherty introduces a four-part conceptual schema of the “defense community” in which he identifies the key features of the defense policy process:

- a) *The Participants*—those who are attentive to and undertake to influence policy outcomes from inception through execution;
- b) *The Channels*—the interactive processes within the community, both formal and informal, from which policy issues;
- c) *The Constraints*—the political, strategic, and resource constraints which impinge on the process, including the role of ‘special constituencies;’
- d) *The Functions*—the policy outcomes resulting from community functioning (defense policy, strategy, force planning).<sup>31</sup>

Figure 1.3.2: “Functions” of the *Defense Community*

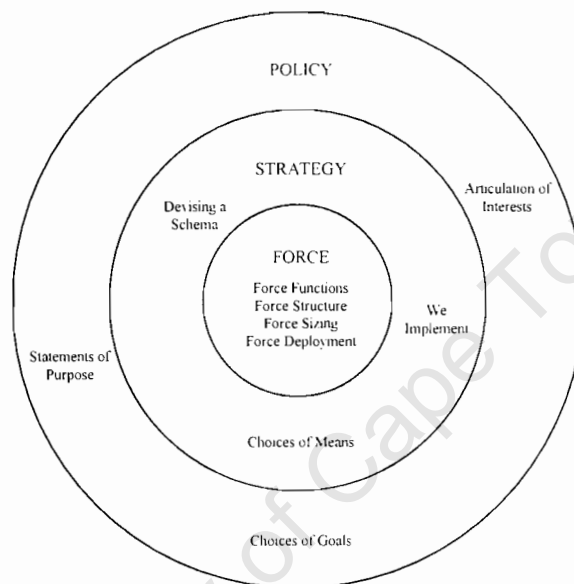


Figure reproduced from Roherty (1980): 8.

Figure 1.3.2 depicts the functional outputs of the defense policy process comprising intellectually discrete categories of *policy*, *strategy*, and *force planning*. But Roherty concedes that any adequate conceptualization of the complex, variably coherent, highly political universe of defense policy formation requires close empirical investigation of its performance and outputs. In other words, the rejoinder here is that defense communities, in practice, often do not maintain these discrete categorical boundaries in the execution of the

<sup>30</sup> Roherty (1980): 3-10.

<sup>31</sup> Roherty: 5-6.

policy-making function. Such cases are likely to indicate flawed performance by the defense community and, more importantly, result in poor policy choices.<sup>32</sup>

Roherty seems to side with Krasner on the issue of bureaucratic and organizational variables. Efforts to explain defense policy formation in terms of “bureaucratic bargaining,” Roherty argues, are the consequence of misinterpreted evidence of “short-term imperatives” at work in the decision process, as well as the misguided tendency to take “defense policy” to mean “defense resource allocation decisions.” Certainly the latter is an important facet of the former, but does not encompass the full range of input factors entailed by defense policy decisions. The result, concludes Roherty, is a distorted view that “‘domestic processes dominate external necessities’ in defense policy formation... ‘the adoption of the myth that a defense policy is hardly ever more than the outcome of wrangling between domestic interests.’”<sup>33</sup>

#### Gray’s *Policy Guidance and Weapons Acquisition*<sup>34</sup>

Advancing from an approach that entails the level-of-analysis problem, discussed above, Gray maintains that the process of weapons acquisition is influenced by perceptions of threat (i.e. the external environment), public mood, and beliefs about what weapons are affordable (i.e. the domestic environment). Gray presents a framework based on ‘the four corners’ of *Policy, Strategy, Acquisition, and Technology*, each supporting each other. Gray’s view is that strategic concerns, guided by clear and coherent policy, should be the drivers of the weapons acquisition process. Shifting political currents negatively impact what ought to be a rational and policy-responsive process of acquisition. In democracies, domestic politics rarely handle strategic factors adeptly and, as a consequence, disrupt the logic of the four corners.

Gray defines policy as “the purposes of the state as chosen by the government.”<sup>35</sup> Policy should avoid means, as this is the function of military strategy. Therefore, the function of defense policymakers is to identify objectives and prioritize goals; the selection and management of the instruments to be utilized to achieve those goals should be left to the armed forces. In his conceptualization, policy guidance flows from the dynamic interaction between established strategic principles and the shifting of public opinion.

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<sup>32</sup> Roherty (1980): 6.

<sup>33</sup> Roherty: 7.

<sup>34</sup> Colin S. Gray, *Weapons Don’t Make War: Policy, Strategy and Military Technology* (Lawrence: University Press of Kansas, 1993): 65-74.

<sup>35</sup> Gray (1993): 66.

*Implementation*

The frameworks reviewed above offer many instructive concepts for analyzing defense policy that are helpful in establishing the groundwork for the analysis of various aspects of South Africa's Strategic Defence Procurement and locating them within a broader foreign and defense policy context. While Chapter 2 loosely follows the first half of the organizational framework presented by Murray & Viotti (see Appendix II), its approach is likewise informed by the theoretical and conceptual contributions of Huntington, Roherty and Gray. Although they do not carry over in the formal organization of following chapters, per se, the following chapters leverage the frameworks discussed above in order to channel our thinking about the roles of the various determinants of South Africa's defense policy, in general, and its arms acquisition decisions, in particular, at each level of analysis.

University of Cape Town

## Chapter 2 Explaining the SDP in the classical paradigm

Analysts and students tend to think and write about problems of defense and foreign policy in terms of implicit assumptions that involve rationalizing the actions of nations as deliberate choices made by their governments on the basis of specific aims and objectives directed internally (i.e. domestic affairs) and externally (i.e. international affairs). This common frame of reference or “conceptual lens,” to use Allison’s phrase, derives from any of the number of variants that comprise the dominant paradigm for analyzing such policy decisions. These conceptual variants, like the paradigm itself, are centered upon conventional rational decision theory. The ‘classical’ or ‘rational policy’ model seeks to explain governmental actions as choices logically determined from a set of reasoned alternatives. In this way, the rational policy model features *choice* as its fundamental unit of analysis—a unit that is regularly investigated at the systemic commonly implies personification of the government as a single, unified rational actor.<sup>1</sup> Chapter 1 relies upon the essence of this classical, rational policy approach as it forms the paradigm in which our first look at the arms deal is located.

We must begin by clarifying what the rational policy model entails, formalizing its essential propositions, assumptions and organizing concepts as the dominant paradigm of policy analysis. Keeping the categories and assumptions of this paradigm in mind as the standard frame of reference from which to analyze matters of foreign and defense policy, we examine systemic- and state-level explanations for the SDP. In doing so, we loosely follow the framework for defense policy analysis formulated by Murray and Viotti. This section sketches an explanation by which the arms deal can be understood as a rational policy choice (or set of choices) based upon the objectives and strategic interests of the nation and the options available to secure its goals and interests. Indeed, as John Steinbruner writes, “The procurement of weapons systems for national defense has been analyzed from an explicit national framework.”<sup>2</sup> Undertaking such an analysis with specific reference to South Africa’s arms deal is the aim of chapter 2.

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<sup>1</sup> Allison (1969): 690.

<sup>2</sup> *The Cybernetic Theory of Decision* (Princeton, New Jersey: Princeton University Press, 1974): 11.

## 2.1 **Rational actor approach: policy as ‘choice’**

As suggested above, the classic model for analyzing foreign and defense policy decisions is centered upon a fundamental conception of government action as choice that can be explained by reference to national objectives, the options available for achieving those objectives and their potential consequences. This approach (here called a ‘rational actor’ model,<sup>3</sup> but variously recognized as the classical model, rational policy model, rational decision model, rational choice model, unitary-purposive model, and purposive-actor model, to name just a few) reduces the behavior of governments to purposive choices of a unified, singular actor and regularly treats the nation in analogy to an individual.<sup>4</sup>

Most analysts and students of international relations, national security and defense policy seek to make sense of the actions of national governments in terms of this classical conceptual model. Using this approach, one has “explained” a government’s behavior when one is able to present a rational calculus that demonstrates how, in a situation with designated objectives and certain available options and decision constraints, a government could have reasonably chosen the given course of action. To be sure, much of the literature employs similar styles of explanation and a cluster of shared assumptions. Chiefly, these include: what is to be explained is an action; the actor is the national government; and the action taken was chosen as a calculated solution to a strategic problem, a reasonable choice given the nation’s goals and objectives. This common series of assumptions usefully characterizes the rational actor model of policy decision-making. It is worth acknowledging the fundamental similarities between several leading scholars’ variant models for producing explanation. For instance, in *Politics Among Nations* Hans Morganthau develops his mode of “rational reenactment;” Stanley Hoffmann uses “imaginative reconstruction” in *The State of War*; Thomas Schelling’s *The Strategy of Conflict* incorporates “vicarious problem solving.” These approaches also have in common similar corresponding actor-models (i.e. Morganthau’s “rational statesman,” Hoffmann’s “roulette player,” and Schelling’s “game theorist”).<sup>5</sup> A frame of reference that seeks to explain occurrences of foreign and defense policy in terms of how a nation could have rationally selected a particular course of action, in this sense, can be considered part and parcel of an “analytic paradigm”<sup>6</sup> of rational choice in policy decision making. Because most analysts think and write largely in terms of the rational actor model when trying to explain the behavior of nations and implicitly, if not formally, recognize the assumptions of the rational choice paradigm, alternative models and forms of explanation

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<sup>3</sup> Allison (1969): 690.

<sup>4</sup> Allison (1971): 255, 279.

<sup>5</sup> Allison (1971): 10-13.

<sup>6</sup> Steinbruner (1974): 11.

couched in other paradigms must compete with this dominant analytic paradigm principally on its own terms.<sup>7</sup>

In modern economics, the ‘rational actor’ makes value-maximizing choices in narrowly defined situations with clearly delineated constraints. Thus, rational choice in the economic realm involves selecting the optimal alternative—i.e. the most efficient (one that maximizes output for a given input, or input for a given output)—in order to maximize utility, productivity, or profit. For modern decision theory and game theory, Allison writes, “the rational decision problem is reduced to a simpler matter of selecting among a set of given alternatives, each of which has a given set of consequences: the agent selects the alternative whose consequences are preferred in terms of the agent’s utility function, which ranks each set of consequences in order of preference.”<sup>8</sup> The basic concepts of this model merit some elaboration:

- *Goals and objectives.* Goals and objectives of an actor are translated into a ‘preference’ function, which represents the utility value of alternative sets of consequences. In the rational choice paradigm, the agent must be able to rank by preference the various sets of possible consequences for a given action.
- *Alternatives.* The rational actor must select from a set of differentiated alternatives or courses of action available in a particular situation.
- *Consequences.* A set of outcomes or consequences accompanies each alternative that may be chosen. It is important to note that variations are generated by making different assumptions about the accuracy and completeness of the rational actor’s information concerning the possible outcomes that might ensue from choosing each of the various alternatives.
- *Choice.* Rational choice entails selecting the alternative whose consequences rank highest in the rational actor’s preference function.<sup>9</sup>

We may frame the essential concepts of this more rigid, value-maximizing model of action as a broad characterization of our classical model, formulating it as an “analytic paradigm.”<sup>10</sup> John Steinbruner notes that a “paradigm” is a set of fundamental and critical assumptions upon which theories and models are developed. Surely the paradigm of rational choice is broader than the condensed model presented here, and encompasses other related models and theories within the paradigm.<sup>11</sup> Similarly, it should be clear that this is a characterization—even a caricature—of a largely implicit framework or model as an explicit paradigm. This exercise, nevertheless, is instructive. “Considerably weaker than any

<sup>7</sup> Allison (1971): 10-13.

<sup>8</sup> Allison: 29.

<sup>9</sup> Allison: 29-30.

<sup>10</sup> Robert Merton, *Social Theory and Social Structure* (New York: Free Press, 1968): 69-72. Allison summarizes, “According to Merton, a paradigm is a systematic statement of the basic assumptions, concepts, and propositions employed by a school of analysis” (1971: 32).

<sup>11</sup> Steinbruner (1974): 11.

satisfactory theoretical model,” Allison reminds us, “these paradigms nevertheless represent a short step in that direction from looser, implicit conceptual models.”<sup>12</sup>

The following account of the arms deal draws upon aspects of the dominant, rational choice paradigm formulated in Allison’s study. These include a basic unit for analysis, organizing concepts, and dominant inference pattern:

I. Basic Unit of Analysis: Government Action as Choice

*Happenings in foreign affairs are conceived as actions chosen by the nation or national government. Governments select the action that will maximize strategic goals and objectives. The “solutions” to strategic problems are the fundamental categories in terms of which the analyst perceives what is to be explained.*

II. Organizing Concepts

A. National Actor. *The nation or government, conceived of as a rational, unitary decisionmaker, is the agent. This actor has one set of specified goals (the equivalent of a consistent utility function), one set of perceived options, and a single estimate of the consequences that follow from each alternative.*

B. The Problem. *Action is chosen in response to the strategic problem the nation faces. Threats and opportunities arising in the international strategic “marketplace” move the nation to act.*

C. Static Selection. *The sum of activity of representatives of the government relevant to a problem constitutes what the nation has chosen as its “solution.” Thus the action is conceived as a steady-state choice among alternative outcomes (rather than, for example, a large number of choices in a dynamic stream).*

D. Action as Rational Choice. The components, already described above, include: 1) Goals and Objectives, 2) Options, 3) Consequences, and 4) Choice.

III. Dominant Inference Pattern. *If a nation performed a particular action, that nation must have had ends toward which the action constituted a maximizing means. The Rational Actor Model’s explanatory power stems from this inference pattern. The puzzle is solved by finding the purposive pattern within which the occurrence can be located as a value-maximizing means.*<sup>13</sup>

<sup>12</sup> Allison (1971): 32.

<sup>13</sup> Allison: 32-33. For further discussion of the rational choice paradigm and the model summarized here, see Allison (1971): 10-38. See also “Chapter 2: Analytic Paradigm” in Steinbruner (1974): 25-46.

## 2.2 A systemic-level analysis

Proceeding with the insights gathered from the review of theory and frameworks for defense policy analysis in chapter 1 and the conceptual lens of the classical paradigm as discussed above, this section sketches a 'rational policy' explanation for the South African government's decision to implement the Strategic Defence Procurement. The purpose here is to account for the arms deal decision as a rational policy choice, in light of its host of strategic (i.e. international and domestic, political and economic) objectives. Although, ostensibly, these various objectives signify different determinants, taken together they provide a richer and more complex 'rational choice' account which has significant explanatory power. This is the aim of the section that follows. In terms of structure and frame of reference, parts I and II of the four-part analytical framework formulated by Murray and Viotti offer useful direction for capturing the significance of the South Africa's perceptions of the international environment, its national objectives, strategy, and military doctrine. The analysis in this section also considers South Africa's economic objectives; some analysts will argue that these considerations could be located in a state level analysis that accounts for bureaucratic and organizational dynamics. However, given that the account here deals with national economic goals pertinent to national strategy in relation to the international system, these determinants are properly examined in this section. State bureaucratic and organizational interactions will be dealt with in the next chapter.

### 2.2.1 *International environment*

It is useful to begin by sizing up South Africa's relative position in the international system and within the region. South Africa is a small- to medium-sized economic power, heavily dependent on international trade, particularly maritime trade, for its economic survival and expansion.<sup>14</sup> Since the demise of the apartheid regime in the early 1990s, South Africa has shed its 'pariah nation' status and taken a lead role in the new African Union (former OAU). Owing, in large part, to the moral capital accumulated by its hard-fought liberation struggle, remarkable transition to democracy and rapid nuclear disarmament program, South Africa has become a driving force within the African community, a spokesperson for the Third World, and a leader of the Non-Aligned Movement (NAM). In recent years, South Africa has sought to enhance its international profile by attempting to

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<sup>14</sup> Martin Edmonds and Greg Mills, *Beyond the Horizon: Defence, Diplomacy and South Africa's Naval Opportunities* (Braamfontein: South African Institute for International Affairs, 1998): 14.

mediate crises around the world and by bolstering its reputation as a leading advocate for affirmative policies towards developing countries.

On the African continent, South Africa maintains a powerful position of economic, technological and military hegemony. South Africa's economy, with its modern industrial infrastructure, dominates the Southern African Development Community (SADC) and is the most diversified and advanced on the continent. Despite slashing its defense budget by over 50% in real terms between 1989 and 1998, South Africa remains Africa's largest military spender, in absolute terms, and accounts for at least two-thirds of the total military spending in the southern African region.<sup>15</sup>

Assessments of the international environment and of actual and potential threats to national security are a critical component of defense planning and the development of broader national strategy. States constantly confront myriad political, economic, military and ecological pressures exerted by the international environment. However, identifying which deserve to be classified as national security issues "is ultimately a matter of political choice rather than objective fact."<sup>16</sup> Governments tend to present as rational and objective threat scenarios that are, rather, imprecise and subjective—indeed, because they are based upon threat *perceptions* as opposed to actual threats that exist substantively. Moreover, there are virtually as many interpretations of the very concept of 'security'—involving political, social, economic and environmental dimensions—as there are states, and this carries obvious implications for the manner in which each state perceives threats to its security.<sup>17</sup>

There will always be security analysts in South Africa and elsewhere who perpetually argue that "the world remains a dangerous place" and "the future is uncertain," but these claims (albeit valid in the broadest sense) are too imprecise to offer much value in formulating national objectives, strategy and doctrine, and force posture. The reality of the international environment since the late 1980s has been one of marked reduction in threats to South Africa's national security. Both the Cold War's conclusion and South Africa's democratic transition have helped to alleviate ideological and political tensions with the front-line states (FLS). Almost all of the violent conflicts within the southern Africa region, such as those in Namibia, Mozambique and Angola, have subsided. Moreover, South Africa's peaceful transition through a negotiated settlement has alleviated much of the concern over internal upheavals and the outbreak of widespread violence domestically. Although violent conflict continues in other regions of Africa, South Africa no longer appears to face any

<sup>15</sup> Peter Batchelor, Jacklyn Cock and Penny McKenzie, *Conversion in South Africa in the 1990s: Defense Downsizing and Human Development Challenges*, Brief 18 (Bonn: Bonn International Center for Conversion, December 2002): 8.

<sup>16</sup> Laurie Nathan, *The Changing of the Guard: Armed Forces and Defence Policy in a Democratic South Africa* (Pretoria: HSRC Publishers, 1994): 22-23.

<sup>17</sup> Barry Buzan, *People, States and Fear: An Agenda for International Security Studies in the Post-Cold War Era*, (New York: Harvester Wheatsheaf, 1991): 114-115.

conventional military threat. Indeed, by early 1994 even the South African Defence Force (SADF) was arguing that a “threat-independent” approach to strategic planning had become “the most prudent course of action considering the uncertainties and wide range of possible contingencies for armed conflict.” Since the transition to democracy, there has been a general consensus that the greatest threat to South Africa’s security comes not from an external military attack, but from the human security issues associated with uneven development and social inequities.<sup>18</sup>

Important to the ANC government’s post-transitional foreign policy was an appreciation that the political and security dimensions of the post-Cold War international environment were changing as rapidly as these same dimensions of South Africa’s post-apartheid internal environment. The government recognized that South Africa’s future was inextricably linked to that of the region. Then-Deputy President Thabo Mbeki’s encapsulated this perspective in his frequently publicized reference to an “African Renaissance” in 1997,<sup>19</sup> which has become the cornerstone of South African foreign policy and, as some maintain, the external focus of national security policy.<sup>20</sup>

The 1996 *South African Foreign Policy Discussion Document* noted that foreign policy and defense policy are two components of the country’s unified approach to the global environment: “The new global situation, more than ever before, requires South African foreign and defence policy to be harmonized in a comprehensive security policy.” The document states,

Proper coordination of a country’s policies on security matters is therefore an obvious necessity. In the African context, South Africa’s involvement in conflict prevention and peace-keeping requires harmonized foreign and defence policies.<sup>21</sup>

To this end, the South African government would actively apply the criteria of national interest, capabilities and feasibility in determining the military’s participation in peace support operations in a regional or global context.<sup>22</sup>

Meanwhile, the government’s aspiration to guide Africa’s “political rejuvenation” through the achievement of the African Renaissance brought countervailing pressure from business and “populist” elements within the ANC to concentrate its limited resources on social and economic reconstruction rather than military ventures. “There has been a

<sup>18</sup> Nathan (1994): 22-32.

<sup>19</sup> Edmonds and Mills (1998): 16-17.

<sup>20</sup> L. N. Le Roux, “A Determination of South African Defence Requirements: A Vision for 2015 and Beyond,” Paper delivered at the Africa Defence 2000 Summit, Midrand, South Africa, 14 August 2000: 4.

<sup>21</sup> Republic of South Africa, Department of Foreign Affairs (Pretoria, 1996): 14, 18.

<sup>22</sup> *South African Foreign Policy Discussion Document* (1996): 21-22.

reluctance,” writes one analyst, “to play the role of regional hegemon and antagonize smaller states on South Africa’s immediate periphery.”<sup>23</sup> The 1995 Lesotho intervention, for instance, was judiciously handled in ostensible cooperation with Zimbabwe and Namibia. Although the government has been willing to commit South African troops to peace support operations on the continent (e.g. Burundi, at present), there is also general recognition that an intensification of South Africa’s role in such missions would overextend its limited military capabilities. However, one might conclude from the government’s foreign and defense policies that an increased South African commitment to conflict intervention is a possibility for the future and, accordingly, the SANDF’s doctrinal, training, force design and matériel capabilities may be expanded over time to play a greater peace support role. To be sure, the 1998 *Defence Review* policy framework for international peace-support operations states: “The acquisition and maintenance of military equipment will take account of the particular requirements of peace support operations.”<sup>24</sup>

One feature of South Africa’s foreign policy that has evolved since the early 1990s has been a desire to come to terms with the legacy of apartheid and to mend relationships with the outside world that were damaged by the former regime. For this reason, South African foreign policy inevitably reflects moral and ideological concerns that demand attention in the debate about what constitutes the national interest. This imposes certain moral incentives and political constraints that policymakers must wrestle with as they work to cultivate a newly enlightened and constructive diplomacy towards the African continent and the rest of the world.

The debate over what constitutes an appropriate foreign or defense policy is all the more acute...if only because questions which world-weary governments elsewhere dismiss as hopelessly naïve are in fact central to a sense of national well-being. Thus, defense planners in South Africa have to confront critics who ask why the country needs a large military capability if no obvious threat is perceived now or in the future.<sup>25</sup>

Two colliding moral imperatives—the need to defend human rights (regardless of who is the offender), and the perceived obligation to repay debts to old friends who assisted the anti-apartheid movement—incongruously join the classic imperative of national interest in a tug-of-war at the center of South African foreign policy. Certainly this can be observed in several cases: the government’s attempts to defuse the Nigerian crisis in 1995; its handling, leading

<sup>23</sup> J.E. Spence, “The New South African Foreign Policy,” in *The New South Africa: Prospects for Domestic and International Security*, ed. F. H. Toase and E. J. Yorke (London: Macmillan Press, 1998): 161.

<sup>24</sup> Republic of South Africa, Department of Defence, *South African Defence Review* (Pretoria: South African Ministry of Defence, Chief of Policy and Planning, 1998): Chapter 5.

<sup>25</sup> Spence, in Toase and Yorke (1998): 159.

up to 1997, of the issue of which China—the People’s Republic (PRC) or Taiwan—to officially recognize;<sup>26</sup> and most recently, in its controversial diplomacy concerning the current Zimbabwean crisis.

This two-mindedness also fuels debate about priorities in international relations concerning the role of economic imperatives as a dominant thrust of South Africa’s vacillating foreign policy, on the one hand, versus the country’s aspirations to be a ‘southern’ leader and a spokesperson for the developing countries in ‘North-South’ or ‘First World-Third World’ relations. The government is primarily concerned with enhancing its reputation in the long run which, in the view of Deputy Foreign Minister Aziz Pahad, depends on tightening economic linkages with the West and the Asian-Pacific in order to generate the investment and trade needed to promote long-term growth: “Our European policy is essentially an outward projection of South Africa’s domestic imperatives—economic and social.”<sup>27</sup> The contentious debate surrounding the major South African Navy (SAN) acquisitions, for example, illustrates “the clash between those who take the high moral ground on the irrelevance of large defense expenditures, and those who argue for a new naval capability to enable South Africa to play a role in the South Atlantic Zone of Peace and Cooperation with ‘southern’ partners such as Brazil and Argentina.”<sup>28</sup>

In addition to important international linkages involving economic interdependencies, diplomacy and military cooperation, maritime interests play an important role in determining the nation’s objectives and military doctrine. South Africa is a maritime nation, strategically situated along vital sea routes, with a coastline of about 3,000 kilometers. This implies a set of maritime factors—the geo-strategic position occupied by South Africa, maritime zones, marine resources, marine ecology and conservation, and maritime trade—that carries immediate national, regional and international obligations to be addressed by the SAN.

Indeed, over half of South Africa’s Gross Domestic Product is dependent on foreign trade—of which maritime exports comprise 95% and maritime imports 93-95% of the total (by volume). South Africa also bears rights and responsibilities for maritime management, protection of maritime resources and policing, including drug interdiction, from the 1982 Law of the Sea (UNCLOS III). UNCLOS III extended the concept of sovereignty in maritime areas, specifically exclusive economic zones (EEZs) and, as signatory, places South Africa’s jurisdiction for monitoring, control and enforcement of state authority at an area of assets of more than 1 million square kilometers.<sup>29,30</sup> All of the above must be viewed as factors that determined South Africa’s naval procurement decisions.

<sup>26</sup> Spence, in Toase and Yorke (1998): 160-161.

<sup>27</sup> Spence: 165.

<sup>28</sup> Spence: 161.

<sup>29</sup> Greg Mills, “A Maritime Vision for South Africa in the 21st Century,” *African Security Review*, 5, No. 1 (1996): n. pag.

### 2.2.2 National objectives, strategy and military doctrine

Strategy and military (or defense) doctrine have been variably defined, and the two concepts are often used interchangeably. For the purposes of this analysis, national strategy (also strategic doctrine) comprises “a major set of consciously adopted political-military assumptions on which specific strategies and manageable elements of defence policy are based,” and which encompasses both military and non-military doctrine. Doctrine can guide (although often it also follows from) political and strategic decision making at all levels, from the national strategic level to the operational and tactical level. Military doctrine, specifically, is a system of fundamental principles and operational concepts adopted by the state by which its military forces guide their actions in support of national objectives. Thus, military doctrine occupies a level below that of national strategy (or strategic doctrine), and guides the military’s force structure, operational strategy and tactics.<sup>31</sup> A state’s military doctrine is shaped by national goals and policies, as well as by perceived threats from the international environment, the force structure and its range of anticipated uses. South Africa’s choices with regard to arms acquisition are a case in point of this principle. In arms procurement decisions, defense requirements and financial management must be balanced within the framework of overall national objectives.<sup>32</sup>

During apartheid, the objective of South Africa’s security policy was to sustain the system of minority rule against domestic resistance and international pressure. The transition to democracy necessitated that the nation’s objectives be reframed and a fundamentally new and different approach to security be adopted. The Government of National Unity (GNU) acknowledged that new national imperatives demanded that security policy could no longer be a predominantly military problem and had to be broadened “to incorporate political, economic, social and environmental matters. At the heart of this new approach is a paramount concern with the security of people.”<sup>33</sup>

New thinking on a ‘holistic security’ approach required that the objectives of South Africa’s new security policy, at the domestic level, encompass the consolidation of democracy, the achievement of social justice, economic development and a safe environment, a substantial reduction in the level of crime, violence and political instability. Internationally, South Africa’s objectives remained the maintenance of sovereignty, territorial integrity and

<sup>30</sup> Mohlolo Siko, “South Africa’s Maritime Interests and Responsibilities,” *African Security Review*, 5, No. 2 (1996): n. pag.

<sup>31</sup> Mike Hough, “Military Doctrine in the SADF since 1994,” in *Selected Military Issues with Specific Reference to the Republic of South Africa*, ed. M. Hough and A. Du Plessis, (Pretoria: Institute for Strategic Studies, Ad Hoc Publication No. 38, August 2001): 20-22.

<sup>32</sup> Ian Anthony, “Arms procurement after the Cold War: how much is enough to do what (and how will we know)?” *International Affairs*, 24, No. 4 (October 1998): 873.

<sup>33</sup> Republic of South Africa, Department of Defence, *Defence in a Democracy: Draft White Paper on National Defence for the Republic of South Africa*, (Pretoria: Ministry of Defence, 21 June 1995): 4.

political independence of the state, but were broadened to include the promotion of regional security in southern Africa.<sup>34</sup>

The *Reconstruction and Development Programme* (RDP) of 1993 represented both the ANC's 1994 election manifesto and the framework for the Government of National Unity's (GNU) policies toward economic growth, development and social reconstruction proposed to address the economic and structural legacies of apartheid in South Africa. The implementation of the RDP (which was subsequently reorganized into the *Growth, Employment and Redistribution Programme*, or GEAR) was expected to bring about the subordination of military expenditure to more pressing social imperatives. The RDP, it should be noted, does not explicitly detail the relationship between defense, security and development. However, sections 1.3.4 and 1.3.8 stress: "An integrated program, 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."<sup>35</sup>

Since 1994, there has been a general consensus that South Africa's greatest security liabilities stem from human security issues associated with uneven development and social inequality. The RDP, therefore, sought to address many of the major socio-economic and structural legacies of apartheid through redistribution, by diverting funds to housing provision, education, public transport and infrastructure investment, land reform, human resources development, sanitation, electrification, and so forth. Yet, these objectives provided for two opposing interpretations of the defense policy consequences of the RDP. Those campaigning for continued military spending attempted to justify that such 'investment' was necessary by arguing that domestic instability and human insecurity would inhibit the delivery of the RDP. Conversely, the general belief amongst civil society was that high levels of military expenditure would deny much needed resources and to the RDP and restrict its implementation.<sup>36</sup> On this point, Batchelor and Willet write:

The government argues that 'the Reconstruction and Development Program is the principal long-term means of promoting the well being and security of citizens and, thereby, the stability of the country. There is consequently a compelling need to reallocate state resources to the RDP.' In this manner the RDP makes an explicit link between disarmament and development within the South African context.<sup>37</sup>

<sup>34</sup> *Defence in a Democracy: Draft White Paper on National Defence* (1995): 4.

<sup>35</sup> Gavin Cawthra, "Guns or Butter? Growth Development and Security," in *From Defence to Development: Redirecting Military Resources in South Africa*, ed. Jacklyn Cock and Penny Mckenzie (Cape Town: David Philip, 1998): 29.

<sup>36</sup> Cawthra, in Cock and Mckenzie (1998): 34.

<sup>37</sup> Peter Batchelor and Susan Willet, *Disarmament and Defence Industrial Adjustment in South Africa*, (Oxford, U.K.: Oxford University Press, 1998): 10.

The defense budget was a main target for reallocation and, in 1994, DoD budget analysts were instructed to find savings that would allow military funds to be reallocated to RDP programs. Guided in part by the new policy, the defense budget was, in fact, reduced significantly throughout the 1990s (a process that had actually begun under the F.W. de Klerk administration). South Africa's defense force was to be streamlined, "right-sized" (i.e. downsized), and refitted to play a greater role in maintaining peace and human security—the approach implicit in the basic principles of the RDP.<sup>38</sup> Disarmament ascended as a key policy goal, and the process of demilitarization began to take shape on political, economic and social levels. Civil society attempted to assert its control over the military establishment and curtail its influence on the government's policy-making process. The defense budget saw significant spending cuts, with the savings presumably reallocated to RDP programs. But the extent of these policy shifts and budget cuts has generated an outcry from the defense establishment and military-industrialists.

Adopted in 1996, the final South African Constitution (Act 108 of 1996) redefined security for a nation that had previously associated the country's military with the worst excesses of apartheid, by embracing considerations of social justice, economic development, the consolidation of democracy, a safe environment, and reductions in the level of crime. The Constitution makes clear that "*[t]he primary object of the defence force is to defend and protect the Republic, its territorial integrity and its people in accordance with the Constitution and the principles of international law regulating the use of force.*"<sup>39</sup> The Constitution does not name any secondary objectives or functions of the SANDF but, through Schedule 6; Transitional Arrangements; Section 24 (1) provides for the retention of Section 227 (1) of the Interim Constitution Act No. 200 of 1993,<sup>40</sup> which provides that:

The Defence Force may be employed; for service in the defence of the Republic, for the protection of its sovereignty and territorial integrity; for service in compliance with the international obligations of the Republic with regard to international bodies and other states; for service in the preservation of life, health or property; for service in the provision or maintenance of essential services; for service in upholding of law and order in the Republic in co-operation with the South African Police Service under circumstances set out in law where the Police Service is unable to maintain law and order on its own; and for service in support of any department of state for the purpose of socio-economic upliftment."<sup>41</sup>

<sup>38</sup> Batchelor and Willet (1998): 12.

<sup>39</sup> Republic of South Africa, *Constitution of the Republic of South Africa*, Act No. 108 of 1996, Chapter 11, Section 200 (2).

<sup>40</sup> Le Roux (2000): 2.

<sup>41</sup> *Constitution of the Republic of South Africa* (1996), Chapter 14, Section 227 (1).

These constitutional provisions established broad new objectives to be incorporated into South Africa's post-transition defense policy initiative, the 1996 *White Paper on Defence*. The *White Paper* clearly spells out South Africa's strategy for the protection of the state and its people through a hierarchy of:

- Political, economic and military co-operation with other states;
- The prevention, management and resolution of conflict through non-violent means and,
- The use or threat of force as a measure of last resort.<sup>42</sup>

The 1996 *White Paper*—the culmination of a consultation process between parliamentary defense committees, political parties, NGOs and interest groups spanning 1994 and 1995—brought South Africa much closer to a general consensus on defense-related issues such as the transformation of defense policy and the SANDF, civil-military relations, arms control and the defense industry, and budgetary considerations.<sup>43</sup> It also provided some much needed transparency and accountability to a defense policy-making process that historically had been conducted in 'smoke-filled rooms.'<sup>44</sup> Within the framework for transformation of defense policy and the SANDF encompassed by the *White Paper* were principles expressly requiring that:

- South Africa's force levels, armaments and military expenditure shall be determined by defence policy which derives from an analysis of the external and internal security environment, which takes account of the social and economic imperatives of the Reconstruction and Development Programme (RDP), and which is approved by Parliament;
- The SANDF shall be a balanced, modern, affordable and technologically advanced military force, capable of executing its tasks effectively and efficiently.<sup>45</sup>

These and the other principles contained in the 1996 *White Paper* represented a radical shift from the defense policies and 'total strategy' of the apartheid government. Laurie Nathan writes, "Many of the principles are anti-militarist."<sup>46</sup> The *White Paper*, coupled with the *Defence Review* process that followed, signified a revolution in South Africa's vision for security and new doctrine, force design, and organizational priorities for the SANDF.

<sup>42</sup> Le Roux (2000): 3.

<sup>43</sup> Laurie Nathan, "The Defence White Paper of 1996: An Agenda for State Demilitarisation?" (The Military and the Ecology of Southern Africa Group for Environmental Monitoring, Centre for Conflict Resolution, University of Cape Town, February 1997): 1.

<sup>44</sup> Cawthra, in Cock and Mckenzie (1998), 27.

<sup>45</sup> Nathan (1997): 3. It should be noted that the phrase 'technologically advanced military force,' taken from the 1993 interim constitution, was dropped from the final constitution of 1996 and replaced by 'technologically appropriate military force' in subsequent defense policy documents.

<sup>46</sup> Nathan: 4.

The *Defence Review* reinforces the acceptance by the Department of Defence of the national imperative of channeling the state's financial resources to the RDP, in order to alleviate socio-economic problems like poverty and unemployment. "In the light of this imperative, and in the absence of any foreseeable external military threat, the *Defence Review* seeks to establish an affordable peace-time force."<sup>47</sup> Citing South Africa's new, friendly and cooperative relations with neighboring states, the *Defence Review* commits the nation to strengthening common security arrangements, defense cooperation, and confidence- and security-building measures. Given this context, the *Defence Review* describes South Africa's new approaches to security and defense as follows:

The government has adopted a broad, holistic approach to security, recognising the various non-military dimensions of security and the distinction between the security of the state and the security of people. The greatest threats to the security of the South African people are socio-economic problems like poverty and unemployment, and the high level of crime and violence.

The government has adopted a narrow, conventional approach to defence. The primary function of the SANDF is defence against external aggression. The other functions are secondary.<sup>48</sup>

The *Defence Review* proposes a primarily defensive orientation and strategic defensive posture for SANDF. The following summarizes the new defense doctrinal and design criteria:

The determination the SANDF's size and shape is guided by South African defence and other national policy. The tasks of the Defence Force relating to self-defence are categorized under four broad headings:

- Defence against external military threats.
- Defence against internal threats to the constitutional order.
- The promotion of regional security.
- The promotion of international security, including participation in PSO's [peace-support operations] and military co-operation in support of foreign policy.<sup>49</sup>

Moreover, in perpetuating the White Paper's requirement that South Africa maintain a defense capability that is sufficiently credible to deter potential aggressors, the *Defence Review* places the political-strategic concept of *deterrence* at the center of South Africa's strategic and military doctrine.<sup>50</sup> This, of course, carries logical implications for SANDF's force design—the 'growth-core force' design recommended in Chapter 8 of the *Defence Review*.

<sup>47</sup> *South African Defence Review* (1998), Chapter 1, no. 35.

<sup>48</sup> *Defence Review*, Chapter 1, no. 28, 29.

<sup>49</sup> *Defence Review*, Chapter 15, no. 13.

<sup>50</sup> *Defence Review*, Chapter 2, no. 9.

To give an example, the South African Navy (SAN) has justified the procurement of naval corvettes and submarines based upon the *Defence Review* force design requirements, which call for both frigate/patrol corvette and submarine capacity.<sup>51</sup> It is widely acknowledged that the SAN's maritime capabilities have eroded considerably over the past twenty years; the SAN no longer has any frigate-class ships in its fleet, and its existing Daphne-class submarines have been in service since the 1960s and have been slated for decommission.<sup>52</sup> The government defends these procurements not only on military operational grounds (i.e. defense of coastline, protection territorial waters, EEZs and sea routes, surveillance), but also on grounds that they will serve constabulary (fishery protection, search and rescue, hydrographic services, law enforcement, environmental stewardship)<sup>53</sup> as well as foreign policy functions (defense diplomacy, confidence-building, preventative diplomacy, peace-support). Again, these are functions encompassed by South Africa's strategy and doctrine as set out in the *White Paper* and *Defence Review*.<sup>54</sup>

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<sup>51</sup> *Defence Review* (1998), Chapter 8, no. 34.

<sup>52</sup> "The New Defence Equipment," (September 2000): n. pag.

<sup>53</sup> "The SA Navy and an African Renaissance," Selected Conference Papers, Annual Naval Conference, 23 October 1997 (Pretoria: Institute for Security Studies, Paper No. 27, November 1997): 2-7.

<sup>54</sup> Edmonds and Mills (1998): 103-24.

### 2.2.3 Demilitarization, arms procurement and economic strategy

Disarmament, simply put, is associated with a planned reduction in arms. Disarmament can take various forms, such as eliminating stockpiles of certain types of weapons or weapon systems, restrictions on the production of certain military hardware, 'downsizing' military personnel, cutting defense research and development (R&D), etc. Here we are primarily concerned with disarmament in the form of reductions in military expenditures. Disarmament for the purposes of cost savings can often increase the efficiency of military expenditure by forcing the military and defense industry to reduce waste and mismanagement in order to produce the same level of output. Thus, constraining military resources does not necessarily entail a reduction of military capacity. In this way, *disarmament* and *demilitarization* are not identical concepts. Demilitarization may include disarmament in the form of budget cuts and arms reductions, but it also has political and economic dimensions. Politically, it implies the reassertion of civilian control over the military apparatus and requires new frameworks for making defense policy. Economically, it includes expenditure reductions but also the conversion of defense-related labor, capital and technological resources for civilian purposes.<sup>55</sup>

The fundamental question of whether disarmament and demilitarization (insofar as the latter refers primarily to the economic and budgetary aspects) favorably or adversely impact economic development is a difficult one to unravel and requires complex econometric analysis far beyond the scope of this chapter; only the general conclusions of such studies can be provided here. Cawthra writes, "Economists tend to agree that high or increasing levels of military spending detract from economic growth over the long term. However, there may be particular circumstances where increased investment in the military and defence industries help to kick start an industrialization process."<sup>56</sup> A 1999 analysis of military spending and economic growth in South Africa by Dunne and Vougas found evidence of a significant negative impact of military burden on the growth of output over the period from 1964 to 1996. "For policy purposes," they argue, "it shows that the military burden of the apartheid regime did have a bad effect on the economy. The present cuts in military spending should then benefit the economy."<sup>57</sup>

Between 1989 and 1998, South Africa's defense budget was cut by over 50 percent in real terms, as advocates for South Africa's demilitarization argued with considerable success that maintaining previous levels of defense expenditure was detrimental to the pursuits of human and economic development. In many ways, these actors had an inordinate influence

<sup>55</sup> Batchelor and Willet (1998), 8-9.

<sup>56</sup> Cock and Mckenzie, eds. (1998): 31.

<sup>57</sup> Paul Dunne and Dimitrios Vougas, "Military Spending and Economic Growth in South Africa," *Journal of Conflict Resolution*, 43, No. 4 (August 1999): 533.

on the defense policy debate through the negotiated transition to democracy and, consequently, “the security establishment [found] itself in an equivocal position. It face[d] the difficult task of realigning itself within the context of policy changes imposed by a newly empowered civil authority which does not always hold its interests close at heart.”<sup>58</sup>

From 1994, advocates of demilitarization took the upper hand in setting the policy agenda to which the military had to respond—a radical contrast to the military’s role in policy making in the apartheid era.<sup>59</sup> Nevertheless, while the process of disarmament in South Africa was well underway by the mid-1990s, facets of the demilitarization process still have yet to be implemented. Effective demilitarization is by no means assured in South Africa, while powerful vested interests within the defense-industrial establishment still wield considerable influence on the defense decision making process.

This is an important aspect of the Strategic Defence Procurement initiated by SANDF and the Department of Defence (DoD), based upon the “growth-core force design” recommended by the *Defence Review*, which was approved by Parliament in April 1998 after the consultative two-year public participation process. During this process, parliament and civil society had opportunities to critique the financial and military implications of the various force design equipment options. Many still question the military rationale or justification for procurement but Parliament, in principle, signaled its agreement that new military equipment was necessary to modernize the SANDF and to meet the requirements of the ‘growth-core force’ design as it was set out in the *Defence Review*.<sup>60</sup>

However, the new force design is not in line with the new approach and budgetary priorities of the government’s defense policy framework that Parliament approved. “Planning and practice are clearly at odds with one another since the budget and budget prospects of the DoD are insufficient to support the approved force design...[t]he *Medium Term Expenditure Framework of the Government* offers little relief for the DoD.”<sup>61</sup> Batchelor observes, “Much of this criticism has centered on the opportunity costs of the procurement package—is it appropriate for government to be spending vast sums of money on weapons when social services continue to be desperately underfunded, and when poverty alleviation and development issues continue to be neglected or ignored?”<sup>62</sup> Indeed, at the heart of the ‘guns or butter’ debate is the question of how much military spending is enough? The issue of whether the combined effects of defense spending and military industrialization have a

<sup>58</sup> Batchelor and Willet (1998), 114.

<sup>59</sup> Batchelor and Willet: 9.

<sup>60</sup> Peter Batchelor, “Guns or Butter? The SANDF’s R30 billion weapons procurement package,” *Defence and Development*, 2, No. 1 (n.d.): n. pag.

<sup>61</sup> Cilliers (March 1998): 2.

<sup>62</sup> Batchelor, “Guns or Butter?”

positive or negative impact on South Africa's economic development is fundamental to the arguments of the military-industrial establishment and anti-militarists alike.

In their 1999 study on military expenditure and growth using a 'neoclassical model' common in the literature, Batchelor, Dunne and Saal concluded that military spending has had a clear negative impact on manufacturing output and suggests that the cuts in domestic military procurement since 1989 provide the possibility of improved economic performance in South Africa through its impact on the manufacturing sector.<sup>63</sup> Alas, this growing body of analyses indicates that the defense industry and military expenditure as a whole adversely affect economic growth and development.<sup>64</sup>

Beginning in the 1994/5 fiscal year, the ANC government brought consistent year-over-year reductions to South Africa defense budget. Pursuant to the new government's defense policy and budgetary priorities, by FY1997/8 the defense budget in real terms had been reduced to half of what it was in 1989. Defense expenditure was effectively brought well within the target of 2 percent of GDP recommended by the World Bank for developing countries. It would have appeared that the advocates of disarmament and demilitarization had won a decisive victory.<sup>65</sup>

Despite economists' conclusions regarding the relationship between military spending and development—which were in line with the expectations that had been reflected in the expenditure and budgetary priorities imposed by the ANC government in the mid-1990s—the government approved the Strategic Defence Procurement in line with the new SANDF force design encapsulated in the *Defence Review*. This would be accomplished by cutting SANDF personnel by 30,000 over the next three years in order to allow for increased capital expenditure in conjunction with the proposed 'growth-core force' design. All potential suppliers in the tender process were notified of the government's policy on 'offsets' and asked to submit counter-trade proposals with their tenders.<sup>66</sup>

These counter-trade or IP provisions (often referred to as 'offsets' but, in addition to offset arrangements, also include counter-purchases, buybacks, switch trading, swap agreements, evidence accounts, clearing accounts, build/operate/transfer, build/operate/own and transfer, and build/lease/transfer arrangements, project trade financing and offtake agreements) are industrial compensation practices required as a condition of purchase in either government-to-government or commercial sales of military equipment or services.<sup>67</sup>

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<sup>63</sup> Peter Batchelor, Paul Dunne and David Saal, "Military Spending and Economic Growth in South Africa," Working Paper No. 6 (Cape Town: South African Centre for Defence Information Defence Digest, September 1999): 12.

<sup>64</sup> Cawthra, in Cock and Mckenzie (1998): 31.

<sup>65</sup> Cawthra (1998): 26-27.

<sup>66</sup> Peter Batchelor and Paul Dunne, "Industrial Participation, Investment and Growth: the case of South Africa's defence-related industry," *Development Southern Africa*, 17, No. 3 (September 2000): 422.

<sup>67</sup> Batchelor and Dunne (2000): 419-423.

Offsets are a common feature of the international arms trade, whereby conditions are imposed on the foreign arms supplier thereby enabling the purchasing government to recover or offset some or all of the purchase price. Offset schemes are usually designed to achieve a relocation of economic activity from the country of the equipment supplier to the purchasing nation. “Direct offsets” include goods and services for the equipment the purchaser is buying—they involve participation by the purchasing nation's industry in some aspect of the contract for supplying foreign defense equipment (i.e. the supplier sources parts of the weapon system from the purchaser), whereas “indirect offsets” include goods and services unrelated to the purchase of specific foreign defense equipment, and can include foreign investment and counter-trade agreements.<sup>68</sup>

In 1997 cabinet approved the national industrial participation (IP) policy which covers direct and indirect offsets related to all government purchases from foreign suppliers. The DoD, in conjunction with the Department of Trade and Industry (DTI), has also approved policy on defense industrial participation (DIP). Under this policy all defense imports over US\$10 million are required to have at least a 50% (i.e. US\$5 million) industrial participation component, which has specific objectives focused on the local defense-related industry. “The DIP aims to retain and create jobs, abilities and capabilities; allow a sustainable defence industrial capacity, with strategic logistic support capabilities; to promote value-added arms exports; to promote like-for-like technology transfer and joint ventures; to maintain skilled indigenous manufacturing capabilities.”<sup>69</sup>

From early stages of the tender process, South African officials were candid about the scope of the offset arrangements they were expecting in return for the contract awards. They made it clear to bidders that the benefits from various offsets deals were expected to reach well beyond the country's defense industrial sector. The executive chairman of Armscor thus emphasized the offsets' far-reaching goals: “From day one, our defence minister said we were looking for an economic and industrial package based on defence products.”<sup>70</sup>

While the total direct cost of the acquisition program was estimated at R30 billion in 1999 prices and rates of exchange (upwardly revised, as of 2000, to the neighborhood of R44 billion) to be paid out over a period of at least eight to 14 years, the total IP commitments were optimistically valued around R100 billion, although the actual economic benefits deriving from these commitments was expected to amount to almost R70 billion over a period of 11 years.<sup>71</sup> Batchelor and Dunne divide these IP commitments into three categories:

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<sup>68</sup> Batchelor, “Guns or Butter?”: n. pag.

<sup>69</sup> Batchelor, “Guns or Butter?”

<sup>70</sup> John G. Roos, “It's All In The Numbers,” *Armed Forces Journal International*, 138, No. 2 (September 2000): 92-3.

<sup>71</sup> Batchelor and Dunne (2000): 424-25.

- (i) direct offsets: defence related offsets (about 20 per cent of the total, or R14,5 billion) including direct purchases from the local defence industry (R4 billion); technology transfers (R3 billion) and export orders for local defence firms (R7,5 billion);
- (ii) indirect offsets: counter-purchase by the foreign defence suppliers of non-defence goods and services from South Africa (about 45 per cent of the total, or R31 billion); and
- (iii) inward investment in South Africa's defence and non-defence industries by the foreign defence suppliers and other companies associated with the suppliers (about 35 per cent of the total, or R24 billion).<sup>72</sup>

Without going into more detailed discussion of the IP and offset arrangements included in the arms deals, it can be said that the government apparently was persuaded these procurement deals constituted an investment that would reap significant benefits for South Africa's economy. The new technology that the local defense industry would gain from the offset programs would provide an important stimulus, and the technology transfers would directly and indirectly create thousands of jobs. Presumably, this would boost Armscor's government-approved plan to expand South Africa's arms exports by 300 percent over the next five years.<sup>73</sup> The winning bidders in the tender process promised to create more than 64,000 jobs in South Africa, and to inject more than \$16 billion into the domestic economy through offsets and IP. To put it simply, the government perceived a linkage between the IP arrangements of the arms procurements and its broader developmental goals.<sup>74</sup>

It should be noted that many economists, and even some defense industry analysts, have expressed skepticism at these IP benefit and job creation figures.<sup>75</sup> So, how does one account for the shift in the government's defense policy and budgetary priorities in the mid-1990s? Firstly, the transformation of the military establishment since 1994, along with broader economic empowerment initiatives, has dramatically altered the composition of the local defense industry. Downsizing and restructuring that has taken place in the local industry has been reflected in the poor and deteriorating financial performance of most South African defense firms. At the same time, however,

The new ANC-led government's commitment to black empowerment has resulted in a number of empowerment deals and equity partnerships between (largely white) private sector defence companies and black companies. In 1997 a black empowerment group, Kunene Technology Limited acquired a 47 per cent share in Grintek Electronics. In June 1999

<sup>72</sup> Batchelor & Dunne (2000): 425.

<sup>73</sup> Tyler Robinson and Jeffrey Boutwell, "South Africa's arms industry: A new era of democratic accountability?" *Armed Forces & Society*, 22, No. 4 (Summer 1996): 609. This issue carries significant moral and ethical considerations that relate to South Africa's arms export policies, which are outside the scope of this work.

<sup>74</sup> Roos (2000): 92.

<sup>75</sup> Batchelor & Dunne (2000): 425-426.

Reunert formed a new joint venture radar company with empowerment group Kgorong Investment Holdings and DaimlerChrysler Aerospace (Dasa). The equity of the new company, Reutech Radar Systems, is distributed between Reunert (37 per cent), Dasa (33 per cent) and Kgorong (30 per cent) (Business Day, 9 June 1999). These empowerment deals have also changed fundamentally the structure of the local defence market.<sup>76</sup>

Since the government's empowerment initiatives have led to increased involvement of black South Africans in a previously white-dominated defense industry, one likely conclusion is that because of this success the government evolved a greater interest in providing an 'industry stimulus package' in the form of an arms procurement deal with offset arrangements. By 1998 the government had come to genuinely believe in the link between the potential of the SDP in terms of job creation and increased exports from a revitalized local arms manufacturing industry. The IP and offset arrangements of the deal would provide investment, joint ventures and technology transfers that would directly benefit the local defense industry, so the logic went, but would also directly and indirectly create jobs and inject foreign capital into the economy. The government, therefore, is gambling on export growth in the defense industrial sector, which in turn will lead to increased foreign trade and investment, as well as further direct and indirect job creation.

Yet, as Batchelor and Dunne point out, "[f]undamentally, the policy objectives seem contradictory—to justify purchases from abroad while at the same time maintaining a domestic defence capability, arguing that this is important for the economy."<sup>77</sup> In the current economic climate "government has every incentive to 'inflate' the purported economic benefits of the industrial participation components of the procurement package,"

While the industrial participation component of the procurement package may result in some tangible net benefits to the South African economy (e.g. direct investment, jobs) in the absence of detailed information on the foreign suppliers' offset and industrial participation proposals, government's claims are difficult to quantify and thus largely speculative.<sup>78</sup>

If the figures are correct, a simple calculation demonstrates that each new job will cost a hefty R1.7 million to create. Government has tried to create the impression that the offset arrangements will pay for the weapons, argues Batchelor. "Certain parts of the economy, including the defence industry, stand to benefit from the procurement package. However, government (i.e. the Finance Ministry) will still have to find R30 billion to pay for the weapons."<sup>78</sup>

<sup>76</sup> Batchelor and Dunne (2000): 418.

<sup>77</sup> Batchelor and Dunne: 425.

<sup>78</sup> Batchelor, "Guns or Butter?": n. pag.

### 2.3 Some implications

The analysis in chapter 2 locates the arms deal within the context of the international environment, South Africa's national objectives and strategy, and the alternatives available to the state. Leveraging the assumptions that comprise the rational policy paradigm, this chapter generated an account of how the state decided to procure new military equipment based upon a rational, value-maximizing calculation of national objectives, options and constraints.

The final part of this section refrains from engaging in overtly normative judgments about the government's decision to implement the SDP, although it does present considerable evidence that may (or may not) demonstrate that the government did not, in fact, choose the value-maximizing alternative. Indeed, with the inclusion of economic strategy as a determinant, the rational calculus falters. Yet this raises an interesting question. How can we know if the government's choice to undertake the arms deal was based upon faulty reasoning? This implies the need for accountability. Are those with decision authority required to explain how specific decisions are consistent with overall national objectives and strategic doctrine? If so, to whom do they offer this explanation, and who decides whether it is adequate?<sup>79</sup>

Depending upon how the particular analyst views the economic justifications for and ramifications of the arms deal, the economic argument could represent a tenuous component of the rational choice explanation that is cause for doubt. Is this account realistic? What determinants are missing from the rational actor approach? Indeed, these uncertainties underscore the necessity for continued analysis on other levels, utilizing a different theoretical approach. Chapter 3 undertakes an alternative approach to analyzing the arms deal at the state (bureaucratic/organizational) and individual levels.

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<sup>79</sup> Anthony (October 1998): 873.

### Chapter 3 Explaining the SDP: an alternative paradigm

The last chapter approached South Africa's arms deal from the frame of reference of the dominant paradigm for analyzing of foreign and defense policy, which located the analysis at the systemic level. Accordingly, it sought to explain the government's arms procurement decision based on national strategy and objectives—those directed internally as well as externally—recognizing designated options and constraints imposed by the domestic and international environments. The rational actor approach to defense policy decision-making focused on *choice* as the unit of analysis—enabling an explanation of South Africa's defense procurement decision as a centrally controlled, well-informed, value-maximizing action given the nation's objectives and strategies for achieving those objectives.

In chapter 3, the frame of reference changes. The previous chapter's focus on national interests in the international system does not accommodate for a realization that the South African government is, in fact, not a singular, unified actor. Within the "black box" that is the state are "various gears and levers in a highly differentiated decisionmaking structure" that forms the machinery of the state. A systemic-level analysis does not engender an awareness that major national policy decisions, like South Africa's arms deal, "result from countless smaller actions by individuals at various levels of bureaucratic organizations in the service of a variety of only partially compatible conceptions of national goals, organizational goals, and political objectives," as well as parochial and private individual interests.<sup>1</sup> The classical paradigm and its view of national objectives and the options and constraints imposed by the international (and domestic) environment must, therefore, be supplemented by an alternative paradigm that uncovers *intra*-state mechanisms that explain why and how the government comes to the decisions and actions that it does.

The approach of the following chapter orients itself in the *bureaucratic politics* school. This paradigm offers organizing concepts that focus not on national objectives in policy decision making but on the goals and interests of sub-national units. The shift in the frame of reference in this chapter should not be seen as refuting the implications of the rational actor approach; rather, the following account should be taken as supplemental to the previous. The alternative approach of the bureaucratic politics paradigm focuses on a new set of issues and considerations that were overlooked by the rational choice analysis but are, nevertheless, essential for a comprehensive explanation of South Africa's arms deal.

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<sup>1</sup> Allison (1971): 6.

### 3.1 *Bureaucratic politics approach: policy as ‘outcome’*

Bureaucratic politics (sometimes known as ‘governmental politics’<sup>2</sup>) forms an approach to policy formation that emphasizes the political roles and relationships of government institutions, agencies and departments, and those who manage them. With its roots in the discipline of public administration, the school of bureaucratic politics came into its own in the 1960s with innovative works by Aaron Wildavsky and Francis Rourke, and was later refined in the 1970s and 1980s by Graham Allison, Morton Halperin, Guy Peters and others. According to these theorists, bureaucracy is anything but mechanical and neutral in implementing policy. Their approach depicts the policy process as “unfolding in a governmental structure more akin to a confederacy than a unitary state.”<sup>3</sup> An array of actors, each with varying objectives and interests, engage in bargaining games that drive the system along with no apparent terminus. The process produces no permanent answers; ‘policy decisions’ are the political outputs of competition and compromise between and among powerful players, arranged throughout the government hierarchy, who are engaged in various overlapping bargaining games. In this way, the unit of analysis of the bureaucratic politics model is the *policy outcome*. Government ‘decisions’ and ‘actions’ are like collages; choices by individual players, outcomes of minor as well as central games, and ‘slip-ups’ all converge upon the same canvas to constitute government’s behavior relevant to an issue.<sup>4</sup>

In this approach, policy making is characterized by bargaining, accommodation, and compromise between individuals and agencies who are in constant competition with each other. Rourke and Wildavsky emphasize that these organizations and players have both internal and external constituencies. Clientele groups position themselves in relationships of mutual benefit with key players and agencies; clientele receive favorable internal political influence in exchange for cooptation by the agency or personal benefit by the individual. External constituencies thereby influence internal politics.<sup>5</sup>

Halperin and Arnold Kanter have noted that membership in the bureaucracy substantially determines players’ perceptions and goals and directs their attention away from the international environment to the *intra*-national arena, particularly the politics between

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<sup>2</sup> Allison (1971): 5, 144.

<sup>3</sup> Keagle, in Kozak and Keagle (1998): 17.

<sup>4</sup> Allison (1969): 693-4.

<sup>5</sup> For further discussion of clientele groups, see Francis Rourke, *Bureaucracy, Politics, and Public Policy*. Boston: Little, Brown & Co., 1969; also Aaron Wildavsky, *The New Politics of the Budgetary Process (2<sup>nd</sup> edition)*. New York: HarperCollins, 1992.

various government institutions and departments.<sup>6</sup> The notion of national security and defense policy decisions as political outcomes may seem offensive to those of us who are used to thinking about such issues in terms of the implicit assumptions of the dominant paradigm discussed in chapter 2. Most people consider issues vital to the security of the nation too important to be resolved through the “pulling and hauling” of bureaucratic politics. “Internal politics is messy...politicking lacks intellectual substance. It constitutes gossip for journalists rather than a subject for serious investigation.”<sup>7</sup> Indeed, the internal and individual political dimensions of South Africa’s arms deal, for instance, have supplied fodder for scandalous exposés by the news media. Nevertheless, investigation of these determinants is essential to any comprehensive explanation of how the arms deal unfolded as it did.

The following summary formulation of characteristics of national security and defense policy making in this paradigm will help to explicate the central concepts of the bureaucratic politics approach:

- The national security and defense policy process is fragmented and non-monolithic;
- The policy process is best conceived of as a confederation of functional and organizational constituencies and subsystems;
- Decision-making requires inter- and intra-departmental coordination, integration and accommodation of components;
- Bureaucratic politics, particularism and parochialism, and outside groups color the policy process;
- Patterned role playing pervades; Miles’ Law: “where you stand (on a policy issue) depends on where you sit (in the bureaucracy);”
- Decision-making is limited by fiscal, organizational, political and cognitive limitations;
- Decisions are driven by standard operating procedures (SOPs), incrementalism, muddling through, satisfying, compromise and accommodation;
- Budget considerations drive strategy rather than vice versa, producing a strategy/resource mismatch;
- The policy process is personality/individually dependent;
- Policy implementation is not automatic; it requires continuous negotiations and follow-through. Implementation through the organizational process can be characterized by vagueness, imprecision and inconsistency.
- Bureaucratic politics raises profound questions concerning control, accountability, responsiveness and responsibility in a democratic society;
- Reorganization issues are intensely political, raising questions of authority, influence, access, and threats to organizational autonomy and survival.<sup>8</sup>

One of the greatest strengths of the bureaucratic politics approach is that it provides a systematic framework for studying the process by which defense policies get made and

<sup>6</sup> David C. Kozak, “The Bureaucratic Politics Approach: The Evolution of the Paradigm,” in Kozak and Keagle (1988): 7.

<sup>7</sup> Allison (1971): 146.

<sup>8</sup> Kozak, in Kozak and Keagle (1988): 5-13.

implemented. Several theorists have developed organizing devices or models emanating from a political view of defense and security policy making and bureaucracy. This chapter draws on a framework put forth by James Keagle, which combines bureaucratic politics with the systems approach, as developed by David Easton, to enhance our understanding of individual, organizational, and procedural factors that affect the policy process [see Figure 3.1.1]. This model uses the notions of perceptual and structural/functional lenses to illustrate the structure and dynamics of the policy process, and draws attention to the centripetal/centrifugal forces at work in the bargaining play of politics.<sup>9</sup> In this way, the separate “organizational process” and “governmental politics” models utilized by analysts like Allison are essentially merged into a single theoretical approach, for the purposes of incorporating them into an explanation of South Africa’s defense procurement at the state- and individual-levels of analysis.<sup>10</sup>

Figure 3.1.1 Bureaucratic Politics: an analytical framework

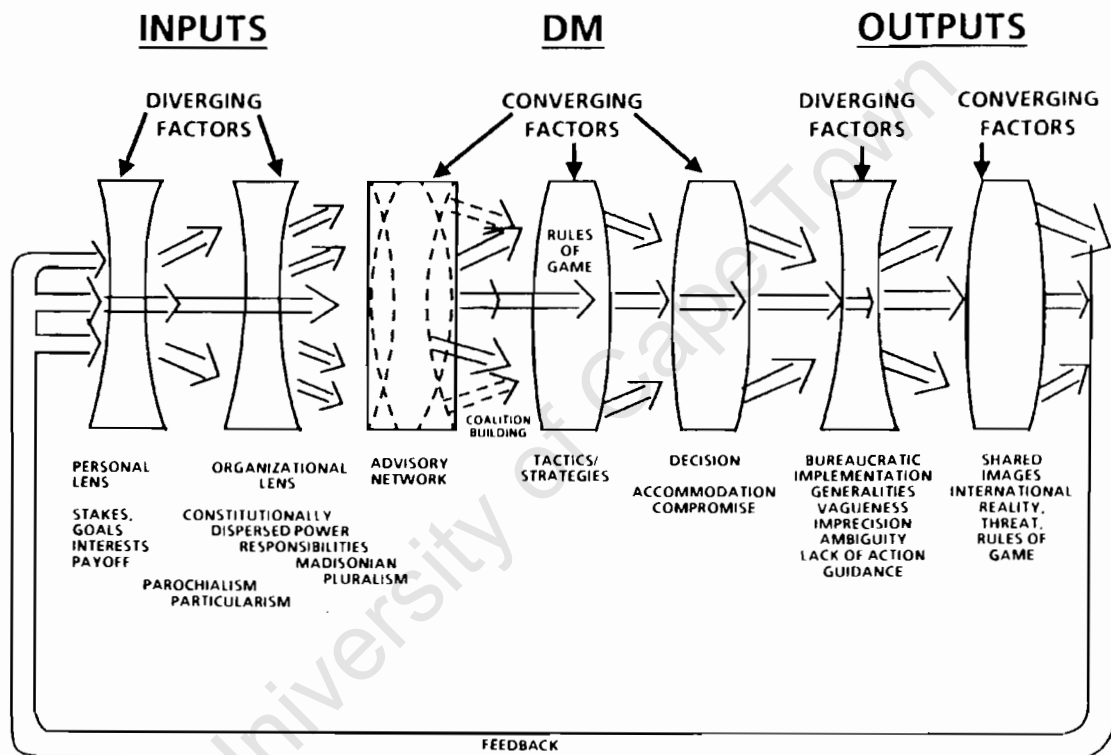


Figure reproduced from Kozak and Keagle (1988): 18.

<sup>9</sup> Keagle in Kozak and Keagle (1988): 16-18. For more detail, see “Part I: The Bureaucratic Politics Paradigm” in Kozak and Keagle: 1-25.

<sup>10</sup> For further discussions of the ‘organizational process’ and ‘governmental politics’ models, refer to Allison (1971): 67-100, 144-184.

## 3.2 A state-level analysis

### 3.2.1 *Intra-governmental bargaining*

As the arms deal was centrally coordinated in the Cabinet, the information in the public domain concerning the competing perceptions and goals of various government departments and cabinet members, or bargaining and compromise within the executive, is limited. For the most part, discipline in the executive has kept a lid on open disagreement and dissent (although not in Parliament). However, bureaucratic compromises inevitably have taken place. For years the ANC has been infused with a significant anti-militarist undercurrent, especially at the grass-roots level, in reaction to the central role the SADF played in the apartheid state, and many of the party's politicians and public intellectuals have strongly advocated for disarmament and demilitarization over the past decade. Such proposals have not gone unchallenged by key cabinet members, the military and defense industry organizations like Armscor and the South African Defence Industry Association (SADIA). "Representatives from Armscor, the former SADF, the domestic arms industry and hawkish and influential elements within the ANC, such as Joe Modise, the new Minister of Defence, have strongly emphasized that the backbone of a strong and independent state is a robust military" supported by an active arms industrial base.<sup>11</sup>

Journalistic accounts have reported significant bargaining and "uneasy compromise" between various government ministers and their departments in the course of structuring the strategic procurement, with a number of ministries haggling over the size and cost of the deal throughout 1998. However, by linking the arms procurement and offsets packages to the ANC's broader development goals, the deals earned strong political backing from the Ministry of Trade and Industry and the MoD.<sup>12</sup> Minister of Trade and Industry Alec Erwin pushed for the deal, which he and his camp perceived as an opportunity to draw billions in fixed investment into the country in the form of IP arrangements with the successful weapons suppliers. However, the cabinet's proponents initially received heavy pressure from Minister of Finance Trevor Manuel and other senior finance officials to downsize the deal. "Manuel was determined to ensure that the conservative fiscal policies he and his department have fought hard to put in place in recent years were not disturbed to pay for the armaments. Finance did not want to have to increase government borrowing to pay for the deal."<sup>13</sup> In August 1999, the Department of Finance stopped just short of warning the Cabinet not to

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<sup>11</sup> Batchelor and Willet (1998): 113-15, 132.

<sup>12</sup> Roos (2000): 92.

<sup>13</sup> Barrell & Streek (17 September 1999): n. pag.

proceed with the package on the scale proposed because of the Department's perception that the deal could pose risks to macroeconomic stability.<sup>14</sup>

Organizational parochialism also influenced other departments' perceptions of the SDP. Fearing the arms deal might result in reductions to their own departmental budgets, the major spending and delivery ministries, such as education, health and welfare, also lobbied for the size of the deal to be reduced.<sup>15</sup> Their concerns were not unfounded, as the government conceded "[t]he magnitude of the expenditure would have macroeconomic effects and also budgetary allocation effects for all departments."<sup>16</sup>

The military has borne organizational baggage since the beginning of the Defence Review process. Initial changes in the military's force posture and structure which evolved during the process were challenged by entrenched members of the former military establishment, who perceived a non-offensive defensive posture as a threat to their existing operational practices, structure and doctrine. In response, the SANDF has attempted to identify a host of new potential threats to national security that must be addressed by the implied force design.<sup>17</sup> The inference here is that the arms procurements that precipitated from the Defence Review could be viewed as concessions to the conservative military establishment in exchange for compromise or accommodation on overall strategy and doctrine that radically reprioritizes and restructures the SANDF. On the other hand, another inference is that the new set of military imperatives SANDF and the MoD have identified and argued since the mid-1990s are merely pretexts used by the military to justify a larger (or, at least, prevent a smaller) slice of the budgetary pie.

If, instead, we consider the SANDF service branches separately, we see that the individual services have their own parochial agendas. Under the apartheid regime, which viewed the army and air force (SAAF) as the principal service branches for delivering its 'Total Strategy,' these two branches received disproportionate shares of the defense budget. In particular the SAAF, with its 'force-multiplying' jet fighter capability at the cornerstone of its force design,<sup>18</sup> has received the lion's share of the procurement budget since the 1980s.<sup>19</sup> Meanwhile, the South African Navy (SAN), which "has been largely ignored for two decades,"<sup>20</sup> has seen its share of the military procurement budget shrink during that time—leading one to infer that the previous regime and its military establishment had discounted the

<sup>14</sup> "How Cabinet chose guns over butter." *Mail & Guardian* (Johannesburg), 26 Apr 2001: n. pag.

<sup>15</sup> Barrell & Streek (17 September 1999): n. pag.

<sup>16</sup> Republic of South Africa, "Background Notes on the Strategic Defence Procurement Package," (12 January 2001): n. pag.

<sup>17</sup> Batchelor and Willet (1998): 135-36, 139-40.

<sup>18</sup> J. Kriel, "Implications for Air Power," in *Conference Papers: The Future Application of Air Power with Specific Reference to Southern Africa*, ed. M. Hough and A. Du Plessis, Ad Hoc Publication No. 32 (Pretoria: Institute for Strategic Studies, May 1995): 9-10.

<sup>19</sup> Kriel, in Hough & Du Plessis: 152.

<sup>20</sup> Edmonds and Mills (1998): 35.

navy's relative efficacy or its relevance. It has been speculated that this was a source of disaffection throughout the ranks of the SAN by the end of the 1980s; when the transition began to take shape, the navy was eager to enter into negotiations with the ANC.<sup>21</sup> Incidentally, it is worth noting that naval procurements (corvettes and submarines) constituted easily the largest portion of the SDP. Nevertheless, it can be safely argued that throughout the *Defence Review* and the arms deal process each SANDF branch has sought to maintain (or enlarge) its share in the allocation of defense resources.

The DoD has argued that the Strategic Defence Procurement is vital to South Africa's economic growth and, moreover, Armscor and Denel, have maintained that the 'offset' arrangements of the various procurement deals will help to stimulate the local arms industry, providing jobs and export growth. Accordingly, as a main external constituency it is worth giving attention the local defense industry's perceptions of the arms deal. The reading here is mixed. On the one hand, the SDP is expected to provide a much-needed boost for South Africa's defense industry in the short-term, generating an estimated R15 billion worth of work associated with defense-related offset arrangements.<sup>22</sup> Local defense firms are expected to earn in excess of R4 billion via direct participation on significant elements of the aircraft and ship procurements, such as the combat suite element of the corvettes. Suppliers are contracted to transfer technology worth about R3 billion in royalties and license agreements to local defense firms. Another R7 billion in other export orders to South African firms for production of defense contracts with third parties are also anticipated.<sup>23</sup> In this way the SDP offers benefits in which the local defense industry obviously would have an interest. On the other hand, however, the fact that the government made the decision to procure all of the new matériel from overseas suppliers must be perceived as a serious blow to the local defense-industry—an action that will undermine the long-term viability of South Africa's defense-industrial base.<sup>24</sup>

As discussed in chapter 2, black economic empowerment is espoused as a national development goal, and initiatives in this regard have resulted in a number of empowerment deals and equity partnerships between private sector defense companies and minority-black enterprises. Since the government's empowerment initiatives have led to increased involvement of black South Africans in a previously white-dominated defense industry, one might infer that during the decision process some in the cabinet were persuaded to accommodate an interest in providing an 'industry stimulus package,' in the form of an arms

<sup>21</sup> No source found to confirm this supposition, although the ANC government appears to have developed a cozier relationship with the SAN than with the other service branches. A marked turnaround in estimated budgetary allocation for the SAN through 2004 [see Batchelor and Willet (1988): 152-53] lends support to this idea.

<sup>22</sup> Batchelor, Cock and McKenzie (2000): 25.

<sup>23</sup> "Economic and Fiscal Impacts of the Procurement," (September 2000): n. pag.

<sup>24</sup> Batchelor and Dunne (2000): 425.

procurement deal with extensive IP arrangements, because they perceived it would bring affirmative opportunities to black empowerment groups. In this view the arms deal is cast as a compromise between the cabinet, the military and the local defense industry for the purposes of satisfying SANDF's equipment requirements and placating the military establishment, and providing stimulus for the defense sector and the overall industrial sector to help create jobs and greater export potential. To this end, Cabinet has announced that it "is fully satisfied regarding the offset arrangements attached to this package, which will benefit the economy and advance the socio-economic interests of the country."<sup>25</sup>

University of Cape Town

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<sup>25</sup> "Cabinet decision on Strategic Defence Procurement" (15 September 2000): n. pag.

### 3.2.2 Organizational process

Reflecting upon a comparative review of arms acquisition policies, one analyst has remarked, “The arms procurement process cannot be a substitute for national security policy or compensate for societal weaknesses. At another level, it cannot legislate for individual negligence or incompetence in implementation.”<sup>26</sup> In considering the organizational process involved in South Africa’s arms deal, it is instructive to conceptualize the government as a conglomerate of semi-feudal, loosely allied organizations which define alternatives and estimate consequences through the information their component organizations process: governments act as their subunits enact routines.<sup>27</sup> In this way, governmental behavior can be thought of as the *output* of organizations functioning according to standard patterns of action. For the purposes of this analysis, the organizational process “model” described here functions as a distinct component of the bureaucratic politics approach.<sup>28</sup>

As previously noted, organizations and their subunits have fragmented responsibilities that are centrally coordinated and operate in routines that are determined by standard operating procedures (an automotive assembly line provides a simple analogy). In government, clusters of SOPs are linked to form “programs” which are meant to constitute coherent activity by a well-defined subunit of a department or other government organization. These departmental subunits are almost always hierarchically related so that subunits conducting programs may be subjected to managerial oversight, usually by other higher-level subunits responsible for a number of diverse programs. While decision processes operate over levels of hierarchy, the decisions peculiar to individual subunits are held separate; top management, therefore, focuses in sequential order on the decision issues raised by individual subunits, and rarely integrates across subunits in its deliberations. Thus, the decision process at the highest levels often can preserve this fragmentation.<sup>29</sup> However, leaders—acting not according to the prescribed organizational process but, rather, bureaucratic parochialism or personal stakes—may alter governmental behavior when it suits their interests by changing an organization’s goals or SOPs.<sup>30</sup>

The *South African Defence Review* addresses the government’s arms acquisition policy, including the organizational role-players in acquisition decisions and the process by which acquisitions are to be managed. It lays out the overall structure and standard procedures for arms acquisition decisions and implementation in South Africa.<sup>31</sup> In this

<sup>26</sup> Anthony (1998): 874-5.

<sup>27</sup> Allison (1971): 67.

<sup>28</sup> Steinbruner labels the set of broader assumptions incorporating this model the “cybernetic paradigm.” For more discussion see Steinbruner (1974): 71.

<sup>29</sup> Steinbruner: 72.

<sup>30</sup> Allison (1971): 78-87

<sup>31</sup> For more detail, refer to the *South African Defence Review* (1988): Chapter 13.

regard, the present analysis is actually concerned with two processes: firstly, the process by which the decision to undertake the arms deal was made; and secondly, the process by which the SDP was implemented.

The first of these has been considered above and in the previous chapter. The second—the actual tender and contract process—entails some important questions that have not yet been addressed, particularly those concerning whether the prescribed acquisition management practices were followed and SOPs were properly observed? If not, why were they not followed, and what were the consequences of this process failure in terms of government behavior? The question of whether the process went through the phases required by the *Defence Review* is a key concern; it is also a complicated and difficult problem to assess, due to the fact that many of the arrangements negotiated during the acquisition process are protected by confidentiality requirements or other commercial nondisclosure agreements, which would be breached if this information were made publicly available. The confidentiality requirements stipulated by the *Defence Review* are as follows:

The primary sources of reference for determining a transparency policy in respect of acquisition programmes and exports of armaments are the 1996 Constitution, the proposed Open Democracy Bill and the White Paper on Defence. A balanced approach between the right of access to information versus the limitation of rights must be respected. The Open Democracy Bill makes provision for grounds for refusing access to a record or information in the following circumstances:

- The protection of third party commercial information.
- Defence and security of the Republic.
- Harm to South Africa's ability to conduct international relations.
- Protection of the economic interests of the Republic and commercial activities of government bodies.
- The Constitutional obligation with regard to the right of access to information will be enforced via the Secretary for Defence.<sup>32</sup>

Consequently, information detailing the tender process and the contract agreements is scarce. Therefore, the issues discussed in this section are those raised the three major investigations of the Strategic Defence Procurement—the Auditor-General's Report, the Fourteenth Report of the Standing Committee on Public Accounts (SCOPA), and the Report of the Joint Investigative Team (JIT); the JIT consisted of the Public Protector, the Auditor-General and the National Directorate for Public Prosecutions. The inferences discussed in this section are largely drawn from these reports.

Before turning attention to the specific issues of concern in the tender and contract phases of the acquisition process, it is helpful to be acquainted with the overall approval

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<sup>32</sup> *South African Defence Review* (1998): Chapter 15, no. 68-69.

structure for arms acquisitions as set out in the *Defence Review*. A number of key features are summarized below:

- The four role players involved in armaments acquisition are the Minister of Defence, the Secretary for Defence, the Chief of the National Defence Force, and the Chairman of Armscor. They are partners and decision-making at all levels allows for the viewpoints of the four partners. Armscor will be the acquisition agency of the DoD. Control bodies in the process allow for participation by nominated members of the partnership.
- The ultimate political authority and responsibility for the acquisition function rests with the Minister of Defence. The Minister of Defence is responsible for the defence function of Government and is accountable to the President, the Cabinet and Parliament for the management and execution of this function.
- The arms of the service Chiefs are responsible for stating the armaments requirements of the Defence Force which are approved by the Minister. These stated requirements are satisfied through the acquisition of optimised user systems and final acceptance of these systems against the stated needs in a procurement plan.
- The Chief of the SANDF states and specifies the equipment and services it requires to fulfil its specified obligations, roles, functions and tasks. The arms of the service participate in the various acquisition planning and approval forums as the users of the equipment and services.
- The approval structure for project submissions consists of three levels. The highest level of approval for acquisition is the Armament Acquisition Council (AAC) (chaired by the Minister of Defence). The final selection of the equipment and supplier, as well as monetary commitments for Cardinal Projects, is undertaken at this level (Cardinal Projects are defined as those worth R80 million or more, as well as projects with political implications). The AAC will identify major armaments procurement projects that will be presented to Parliament for approval. The second level of approval for acquisition is the Armament Acquisition Steering Board (AASB) (chaired by the Secretary for Defence). This board approves non-Cardinal projects and screens Cardinal projects. The selection of the successful contractor and monetary commitments for non-Cardinal projects and the screening of the successful contractor and monetary commitments for Cardinal projects is undertaken at this level.
- The Armscor Board serves as a decision-making board for tender adjudication and ensures that all contractual obligations of project management are in accordance with national procurement legislation, and that these decisions are made in the best interests of the state.
- Within the framework of defence management, the acquisition function satisfies the need to provide armaments to the SANDF. Defence management seeks the optimum combinations of personnel and equipment which will provide the maximum defence capability for available funds. A structured decision-making and authorisation process for the acquisition of armaments by means of baseline management and consequent phased contracting is followed, resulting in transparency and accountability. The armament

acquisition process is fundamentally a systems engineering process, requiring good programme management.

- Technology development and industrial development are closely related to armament acquisition and are therefore part of the overall acquisition process. The model used for structuring the armament acquisition management process allows for sequential and parallel phases separated by formalised baselines.<sup>33</sup>

#### *Questions concerning the procurement process*

Perhaps the most significant question with regard to the acquisition process involves the problem of whether the SDP received explicit parliamentary approval? Although Parliament *did* authorize the recommended ‘growth-core force’ design when it approved the *Defence Review* in April 1998, Parliament was never given the opportunity to approve the actual expenditures comprising the SDP. Thus, the issue at hand is whether the executive exceeded its powers by failing to refer the matter for Parliament’s consent?<sup>34</sup>

The Auditor-General’s Report raises another crucial question. Although the role players responsible for adjudicating the tender process were subjected to a security clearance, potential conflicts of interest were not interrogated in this process. This aspect should have been addressed more significantly by way of obtaining declarations prior to the strategic offers process. Armscor’s tendering processes, where conflict-of-interest provisions are clearly weak, are singled out as a prime example.<sup>35</sup>

The report of the Joint Investigation Team (JIT) is explicit about areas and departments in which controls were non-existent and checks and balances were ignored—particularly as concerns the report’s findings in connection with the submarine and corvette tender processes. The JIT found that systems used to evaluate the companies tendering for contracts were inconsistent, at best (and non-existent, at worst). Preferred bidders were required to present business plans prior to submitting offers, but in many cases this did not happen. This may have contributed to serious prejudice in favor of some bidders and against others. Likewise, there was no value system in place to assess the level of National Industrial Participation (NIP) commitment by preferred bidders, the implementation of which was in the remit of the Department of Trade and Industry. It seems evident, from the information that has been disclosed, that the evaluation was made on an ad hoc, case-by-case basis—thereby increasing the prospect that decisions could be manipulated.

<sup>33</sup> *South African Defence Review* (1998): Chapter 13.

<sup>34</sup> Judith February, “Democracy and the arms deal: part III,” (Cape Town: IDASA/Political Information and Monitoring Service, n.d.): <http://www.idasact.org.za/pims/>.

<sup>35</sup> Shauket Fakie, “Auditor-General’s Report on the Strategic Defence Procurement Package (SDPP).” (Pretoria: Office of the Auditor-General, 15 September 2000): n. pag.

Similar findings and conclusions to those concerning the submarines tender process were reached in the JIT's probe of the corvettes procurement. With the exception of Bazan, the Spanish supplier, all bidders involved in the corvette procurement program failed to comply with the minimum evaluation criteria regarding financial and technical requirements, as well as the requirements of the Defence Industrial Participation (DIP) Programme. The decision to allow bidders to supply information after the offers had been submitted constituted a material deviation from standard procurement procedures. In some cases, the amounts stated in bid offers were actually changed by the evaluators.<sup>36</sup>

The SCOPA Report raises additional concerns about the Lead-In Fighter Trainer (LIFT) tender process. The primary evaluation system, which was put in place in April 1998, was changed at a combined AAC/AASB meeting in June 1998. No explanation for this has been given publicly. A special ministerial briefing concerning the 'costed' and 'non-costed' evaluation options was presented to the relevant subcommittee on 31 August 1998, where it replaces the cost-based evaluation system with non-costed criteria. This appears to have led to the selection of a supplier who would not otherwise have been awarded the contract. SCOPA is unconvinced as to why the change in evaluation method took place after submission of tenders, and why such a change was only introduced in this particular program, not uniformly. A related question—whether the non-costed option was the only one presented to the Cabinet for ultimate approval—still remains unanswered.<sup>37</sup>

To an extent, the *Defence Review* speaks to SCOPA's concern about the LIFT tender evaluation system:

Adjudication of tenders will not necessarily be based on the lowest price, but on value for money and industrial development goals. Life-cycle costs, DoD requirements, local industrial development goals, social responsibility (economic empowerment of previously disadvantaged persons), and subcontracting will be taken into consideration in the awarding of contracts.<sup>38</sup>

While this clause does seem to give IONT flexibility in adjusting the evaluation criteria for tender adjudication, SCOPA is still correct to point out that altering the criteria in

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<sup>36</sup> February, "Democracy and the arms deal: part III," (n.d.). Ironically, the JIT found that this change did not affect the ultimate bid result. Either Joe Modise, the former Minister of Defence, or members of the International Offers and Negotiating Team (IONT) initialed the corvettes procurement contracts before the Affordability Team even released its report. Yet, because this initialed agreement did not appear to have any force or effect, the JIT Report is ambiguous as to why this initialing was allowed to take place. No comment is made in the JIT's "Findings and Recommendations" about this curious incident.

<sup>37</sup> Parliament of the Republic of South Africa, Standing Committee on Public Accounts (SCOPA), "Fourteenth Report of the Standing Committee on Public Accounts," (Pretoria: GCIS, 30 October 2000): n. pag.

<sup>38</sup> *South African Defence Review* (1998): Chapter 13, no. 56.

the midst of the process was irregular. Although this is not a major point, it highlights the potential for impropriety in the procurement process—an issue taken up in the next section.

University of Cape Town

### 3.3 An individual-level analysis

Although there is scant information in the public domain concerning the actual organizational processes followed in the implementation of the SDP, there has been considerable news media coverage of many dimensions of personal interest that may have been determinants of how the arms deal was implemented and executed, if not also factors in the arms procurement decision from the early stages. In some ways, the attention that journalists have given the arms deal—specifically in uncovering the personal stakes and power-plays of key figures involved in the deal—provides us with more insight into the individual level of analysis than the other levels we have focused on in this chapter. Unfortunately, most of these accounts appear to confirm the statement, proffered earlier in the chapter, that bureaucratic politics raises profound questions concerning control, accountability, and responsibility in a democratic society.

Journalists' investigations have exposed irregular (in some cases unlawful) relationships between players in the Strategic Defence Procurement process and clientele groups. In several cases, these relationships involved key government officials with links to the local defense industry, which has a serious stake in the defense industrial participation (DIP) arrangements of the deal, to black empowerment companies that stand to benefit from empowerment partnerships with major suppliers, or to major arms manufacturers themselves.

As mentioned above, the tender process for the LIFT procurement was altered in mid-course to deviate from the originally adopted value system. This occurred when former Minister of Defence Joe Modise intervened to insist that the tender criteria be amended so that a "non-costed" option could be considered. As a result a different bidder, British Aerospace (BAe)/Saab, was eventually chosen on the overall evaluation at a significantly higher cost than the tender offer that had originally scored highest. BAe ultimately won the tender. The Auditor-General, Shauket Fakie, has reported to Parliament that the DoD's explanations for the change in tender process were "unsatisfactory." Minutes of a 1998 meeting of the Air Force Command Council record that Modise asked for "a separate recommendation [on preferred bidder] where cost is not taken into account," and Air Force top brass complied. According to reports of these minutes, which have been classified, "The minister of defence cautioned the meeting that a visionary approach should not be excluded, as the decision...would impact on the RSA defence industry's chances to be part of the global defence market through partnership with major international defence companies...With this vision the most inexpensive option may not necessarily be the best option. The minister requested that the...acquisition staff should bear this vision in mind." It is worth noting that just over a month before the meeting in which Modise weighed in to change the selection criteria, investigative news sources have since exposed, BAe donated a sum R5-million to the

Umkhonto weSizwe (MK) Veterans' Association. While the amount of the donation alone does not seem likely to have swayed the decision, clientele relations certainly color the selection process and raise questions about impropriety.<sup>39</sup>

Two companies at the center of the arms deal probe, Futuristic Business Solutions (FBS) and African Defence Systems (ADS), are the black empowerment partners of Augusta SA, subsidiary of the Italian defense company that, under controversial circumstances, won the contract to supply helicopters to the South African Air Force. Billed as a black empowerment company, ADS is majority-owned by Thales International (the holding company of French defense firm Thomson CSF) and has links to Shamin "Chippy" Shaik, former head of the DoD's acquisitions and procurement program who resigned amid controversy in 2002. FBS is a shareholder in ADS, a company of which Schabir Shaik (Chippy Shaik's brother) is a director and shareholder. (Incidentally, Schabir Shaik also serves as personal financial adviser to Deputy President Jacob Zuma).

Also listed as directors of FBS are Lambert Moloi, a former Umkhonto weSizwe commander and lieutenant general in the SANDF, and Tshepo Molai, the brother-in-law of Joe Modise, who was the defence minister at the time the contract was signed. Molai is also Moloi's son-in-law. Neither FBS nor ADS had any links to Augusta until Augusta entered a bid to supply light helicopters to South Africa. Augusta—whose product is considered by many defense experts to be inferior to its competitor, the Canadian manufacturer Bell Helicopters—was awarded the contract over Bell after signing a preliminary deal with FBS and ADS—despite the fact that, in its tender offer, Augusta's helicopters were costed at roughly R3 million more *per unit* than Bell's machines.<sup>40</sup>

In a separate probe, the anti-corruption Scorpions unit is investigating FBS, ADS and Thales International/Thomson CSF, who were appointed by the Defence Secretariat to coordinate the acquisition and provision of systems for the navy's new corvettes. Thales and another firm, Nkobi Holdings, jointly own ADS. Schabir Shaik is chair of Nkobi Holdings, which is also part owner of Thomson CSF—the firm selected to provide the systems for the navy's corvettes. Chippy Shaik has denied steering the corvette systems contract toward his brother, and claims to have recused himself from all meetings where ADS was discussed.<sup>41</sup> But the conflicts of interest in this case are clear.

It even has been alleged that President Thabo Mbeki's brother had a private interest in the SDP through a business venture with former Independent Development Corporation

<sup>39</sup> Kirk, Paul, "Arms groups in lucrative deal," *Mail & Guardian* (Johannesburg), 6 April 2001: n. pag.

<sup>40</sup> Kirk, "Arms groups in lucrative deal."

<sup>41</sup> Jaspreet Kindra and Paul Kirk. "Scorpions set to sting more big names." *Mail & Guardian* (Johannesburg) 12 October 2001: n. pag. In August 2001, the *Mail & Guardian* published minutes of a crucial meeting two years earlier where the ADS bid was debated. The meeting was chaired by Chippy Shaik.

(IDC) chairman Diliza Mji that stood to benefit from the corvette gearbox contract. Moeletsi Mbeki and Mji acquired a 25 percent stake in the South African armored vehicle business of the British company Vickers Defence Systems, via the black empowerment company Dynamic Global Defence Technologies (DGD). According to Mji, the share acquisition was a milestone in black empowerment in South Africa, as the deal with DGD was the fulfillment of a black empowerment undertaking made by Vickers Defence Systems when it acquired from Reunert in 1999 what was called Reumech OMC at the time. Mji has been accused of using a R22.5 million IDC loan in September 2001 to finance his own investments. Chippy Shaik is alleged to have played a critical role in the gearbox contract by assigning a senior Armscor official to write to the German Frigate Consortium, the corvette supplier, to notify it of the importance of the Reumech Gear Ratio to Armscor and the Department of Defence. A Democratic Alliance (DA) party spokesperson put forth the following questions in a public statement: “With the President's brother now personally benefiting from the controversial Strategic Defence Procurement, courtesy of Shaik's intervention, questions about Shaik resurface—did Shaik act as an agent for the well-connected in the arms deal? If so, whose agent was he? Why is Mr. Shaik being extensively protected and why has no evidence been found against him?”<sup>42</sup> Despite the fact that the DA has an obvious political interest in stirring the controversy, the questions posed concern a key figure central to the arms deal and are pertinent nonetheless.

Deputy President Jacob Zuma is also currently under investigation for allegedly soliciting a bribe from Alain Thetard, the former head of Thales International/Thomson CSF's Southern Africa division. Schabir Shaik, Zuma's personal financial advisor, was the alleged intermediary.<sup>43</sup> In addition, the Scorpions' investigation of Schabir Shaik has recently been extended to probe dealings with former Transport Minister Mac Maharaj, who allegedly received large-sum payments from Shaik before leaving office in 1999.

Bantu Holomisa, leader of the United Democratic Movement (UDM), meanwhile, alleges that the ANC and its leaders are plundering the resources of the state through illegitimate companies and consultants, like Nkobi. He has called for the appointment of a judicial commission of enquiry to probe the African National Congress' sources of funding, claiming that the ruling party was using sham companies to raise money. Holomisa said such an inquiry should “find out how much money of the state has been channeled back to ANC coffers through these bogus companies and consultants like Nkobi...these companies were established by the ANC.”<sup>44</sup>

<sup>42</sup> “Arms deal: Mbeki's brother to benefit?” South African Press Agency (Johannesburg), 27 March 2002: n. pag.

<sup>43</sup> “Scorpions probe Jacob Zuma.” *Mail & Guardian* (Johannesburg), 29 November 2002: n. pag.

<sup>44</sup> “DA request probe of Mac Maharaj.” South African Press Agency (Johannesburg), 17 Feb 2003: n. pag.

In September 1999 allegations of corruption stemming from the arms deal were lodged in Parliament. At issue were these and other accusations that a number of ANC members had 'overspent and even siphoned off cash' from the arms deal, or had received bribes or other incentives. Former ANC Whip Tony Yengeni was recently convicted of receiving money for a new Mercedes from one of the bidders in the SDP. If allegations that other ANC officials, in addition to Yengeni, took bribes and kickbacks do have merit, the implications could be grim. "It would be too awful," commented Douglas Gibson of the Democratic Alliance, "if, instead of building up the South African National Defence Force, which is needed, or if instead of building schools, houses, hospitals, and roads, a large portion of the money has stuck to criminal fingers."<sup>45</sup>

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<sup>45</sup> Marianne Merten and Mungo Sogot, "South Africa Politics: Questionable Motives Behind Arms 'Expos,'" *Mail & Guardian* (Johannesburg) 10 September 1999: n. pag.

## Chapter 4 Conclusion

The preceding chapters have offered accounts of South Africa's arms deal at multiple levels of analysis, from the international system on down to the individual. Chapter 1 provided an introduction to the SDP and several of its component features, and reviewed some prominent theory relating the making of defense policy. Chapter 2 accounted for the arms deal using the conceptual tools and assumptions of a rational choice approach, presenting a systemic-level analysis that entailed considerations of South Africa's national interests, objectives and strategy in response to the imperatives and constraints imposed by the international environment. Chapter 3 then investigated the SDP from a bureaucratic politics approach, focusing not on *national* interests and objectives but, rather, on those of particular government departments and organizations, the defense procurement process, and the key individual players involved in the procurement process.

What can be said about the different accounts of the arms deal presented here? What conclusions may be drawn from this theoretical exercise? Certainly, each level of analysis paints a different picture or tells a different part of the story of *why* the arms deal was conceived and *how* it came to be implemented as it was. But none conclusively settles these *why* or *how* questions. By itself, no one account offers us a complete explanation of the SDP.

What these various accounts do provide, however, is a means for uncovering relevant determinants of the SDP decision at each level by sifting through the details and factors in a limited set of causal strands that have been, or might be, knitted into 'reasons' why the arms deal occurred, and how. The fact that each account stresses different determinants—indeed, conceptually different kinds of factors and inputs—is due to the different theoretical approaches taken in chapters 2 and 3 and the various levels on which these distinct approaches focus the analysis. Each frame of reference predetermines which set of assumptions and categories the analyst will use to identify the salient issues, formulate an inquiry, look for evidence, and generate an account. Alone, no one determinant or causal strand implies a convincing explanation. Weaving them together, however, generates a fabric that does have explanatory power. Yet, doing so requires a framework that leverages more than one theoretical approach to engage the complexity of the arms deal problem, and sketches several different accounts that supplement each other to a widen the context of the investigation and deliver a more comprehensive explanation.<sup>1</sup> That is what this work hopes to contribute to the discourse surrounding South Africa's arms deal.

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<sup>1</sup> Allison (1971): 245.

#### 4.1 Assembling the pieces

The contrast between the concepts and assumptions in the chapter 2 analysis and those of chapter 3 begs us to consider the compatibility of the rational actor and bureaucratic politics approaches for generating hypotheses about the arms deal. For instance, the discussion of external constraints and of national objectives and strategy in chapter 2 implies a coincidence of perceptions and a coordination of choice by the government-as-unitary-actor that serves to rationalize the SDP as a constellation of value-maximizing decisions. But, with the inclusion of economic strategy as a determinant, this rational calculus wavers. Depending upon how one perceives the economic justifications for and ramifications of the arms deal, the economic argument represents a tenuous, or even incongruous, component of the rational choice explanation, and gives cause for wonder. As Allison writes, “The explanation proceeds as if it were simply describing the process of governmental reasoning, choice and implementation. But since, as we have seen, this account does not accurately describe the process, what *does* it describe? To *whose* objectives and reasons does the [chapter 2] analysis refer?”<sup>2</sup> In considering South Africa’s economic strategy and objectives through the lens of a rational actor paradigm, it is not clear that the arms deal was a value-maximizing choice consistent with the dominant inference pattern in this approach. If it was perceived as such in the decision process, the question is by *whom*? In addition to the national objectives of a state functioning in the international system, there must be intra-national forces, interests and constraints at work, influencing the process from within to alter the calculus.

All of this implies what chapter 3 confirms: that many key features of the SDP followed not from the central choice of a unitary state-actor, but as outcomes that flowed from the perceptions and preferences of government departments, machinations of the arms procurement process, and the personal stakes of those who had influence in the arms deal decisions. The last chapter made inferences as to how this came to be and why, sketching an account using bureaucratic politics as a conceptual lens. The trouble, however, comes in fastidiously corroborating these inferences with reliable documentation. Traces of evidence and logical inferences support this account, to make up for the lack of abundant information. Consequently, chapter 3 relies on interpretation and speculation, and is necessarily tentative.

Indeed, it should be noticed that there is a major incongruity between the rational actor approach and the bureaucratic politics approach in terms of each approach’s incentive to scrutinize the facts. In the classical approach, to ‘explain’ a government’s behavior one needs only to construct a rational calculus that demonstrates how, in a situation with designated objectives and certain available options and decision constraints, the government chose a

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<sup>2</sup> Allison (1971): 246-47. Italics added for emphasis.

given course of action. Conventional facts generally suffice, and the rational choice analyst does not need to dig deeply to compile evidence to support his calculation. Nonetheless, different frames of reference focus on different issues and determinants, and the rational choice approach overlooks certain information that the bureaucratic politics approach notices at the organizational and individual levels.<sup>3</sup> Because of its different assumptions and inference patterns, an analyst using the bureaucratic politics approach must investigate further. This is problematic, because contextual evidence at bureaucratic and individual levels is more vital—yet, far less abundant—than in a systemic-level analysis. Plausible implications supported by traces of evidence, much of which is circumstantial, must substitute for the documentation that is lacking (as compared to the reams of government documents, policy papers, and extensive scholarly analysis that are usually at the disposal of the rational choice analyst). Of course, such tenuous conclusions are no basis to refute the account produced from a rational actor approach. This means that, by aggregating hypotheses from each level of analysis to sketch a summative explanation, we must incorporate some essential incongruities into the explanatory “mosaic” as it is pieced together. While this is a shortcoming of the present analysis, it offers promising implications for future analysis.

In sum, none of the accounts produced at any one level of analysis is sufficient to explain the SDP. Piecing together these analyses goes a long way towards developing a more complete explanation of the arms deal that accounts for the behavior of organizations and individuals and offers new insight into areas that still must be further investigated. Nevertheless, the explanation generated in the previous chapters is by no means complete or comprehensive: the scope of this work provides only for the sketch. The task of darkening the lines, filling in the gaps, and embellishing with color must be left to future analysts.

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<sup>3</sup> Allison (1971): 247-48.

## 4.2 Issues and directions for future research

More than generating a comprehensive explanation for the arms deal in, its own right, taken as whole this work provides a fresh direction for future analysts to continue investigating the Strategic Defence Procurement at multiple levels of analysis. Many of the issues introduced in the previous chapters have implications for future research. A few of these are discussed below:

### *Bureaucratic Politics*

At present, the available information on the dynamics between cabinet ministers, their departments, and clientele groups is severely restricted. Two explanations have to do with discipline within the executive on the one hand, which has limited open disagreement or debate between top officials and their respective portfolios, and political pragmatism and the controversial nature of the arms deal. Further research into the area of behind-the-scenes bureaucratic bargaining is essential to explaining the SDP and its implementation. Interviews might be particularly fruitful, but due to the controversy surrounding the arms deal it likely will be years before key officials may be willing to speak on the record about the policy process and their personal observations. Furthermore, as the Scorpions' investigations continue, there are likely to be more revelations concerning key individuals' behavior. Future inquiries at this level of analysis will have more factual information upon which to base an account of the politics of personal interest in the arms deal.

### *Organizational Process*

The analysis of the actual arms acquisition process provided here is, at best, tentative and sketchy. More investigation needs to be made to document the procedures followed (or not followed). This will be difficult, given the commercial confidentiality agreements that privilege many of the specific contractual agreements of the deal, particularly with respect to IP offset arrangements. However, civil society activists are, at present, petitioning the courts for release of some of this information. Whether or not they are successful will be crucial to further inquiry on this topic in the foreseeable future.

### *Economic Analysis*

As discussed above, the economic arguments for and against the deal are based upon analyses of prior experience. In retrospect, it will be possible to assess the economic ramifications of the SDP, in terms of the deal's costs and its effect on the South African government's finances, as well as its commercial and industrial bearing on the South African economy. Related, economic analysis will be able to assess the long-term role of the arms

deal the local defense industry and the implications for the economy as a whole. While the debate over offsets and the proposed economic benefits of the SDP rages on today, at some point in the future analysts will be able to gauge the relative success or failure of the deal's offset arrangements.

#### *Normative considerations*

The previous chapters have alluded to a number of normative dimensions of the arms deal that could not be addressed by this work. These include issues relating to international arms trade, defense industrialization, public sector resource allocation, government transparency and accountability, and questions of impropriety on the part of public officials. This study has not attempted, for example, to arrive at judgments concerning corruption and government accountability—which have implications for the process of democratic consolidation in South Africa—or the question of whether or not social spending is somehow more acceptable or appropriate than defense spending. These are certainly issues worth considering in subsequent inquiries. Normative issues also highlight inconsistencies and incongruities between South Africa's foreign, national security and defense policies, and its economic growth strategies. For instance, one might consider the relationship between an increase in South African arms exports—a major share of which will go to other African countries—and the impact an increased flow of arms will have on the stability of the region. While they are outside the scope of this particular work, these are potentially rich issues for normative analysis.

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APPENDICES

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Appendix I	Summary Outline of Models and Concepts (Allison)
Appendix II	Organizational Outline (Murray and Viotti)

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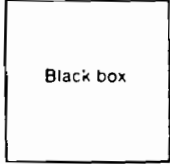
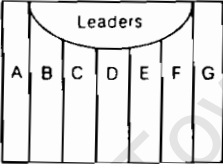
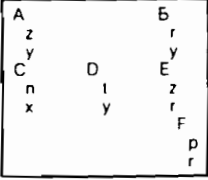
## Appendix I

### Organizational Outline

- I. International Environment
  - A. Relative Position in the International System
    1. Power and status
    2. Relative capabilities
  - B. Threats
    1. Internal and external threats
    2. Nature of the threat (military, political, cultural, economic, etc.)
    3. Source of the threat
    4. Perceptions of the threat by decision makers
    5. Vulnerabilities of the state
  - C. Self-perceived Role and Opportunities for the State within the International System (World View)
    1. Role in the past
    2. Changes in the role since World War II
    3. Changes in the role in the next five to ten years
  - D. Linkages and Interdependencies
    1. Alliances
    2. Dependencies and interdependencies
- II. National Objectives, National Strategy, and Military Doctrine
  - A. National Security Objectives
    1. Changes in objectives over time
    2. Degree of consensus or dissensus
      - a. Voicing of dissent
      - b. Effectiveness of dissent
    3. Direction of objectives
      - a. Internal (domestic affairs)
      - b. External (state's actions in international system)
      - c. Relative importance of internal versus external objectives
  - B. Determining National Objectives
    1. Relative importance of ideology, culture, and capabilities
      2. The effect of national experiences and "lessons" learned
  - C. Capabilities for Accomplishing National Security Objectives
    1. Military capabilities
    2. Economic capabilities
    3. Technological capabilities
    4. Political capabilities
    5. Psychosocial capabilities
  - D. National Strategy for Achieving National Security Objectives
    1. Formally (and publicly) stated versus implicit (must be inferred from observation of actual practice)
    2. Degree of consensus or dissensus among individuals, factions, and bureaucratic agencies
  - E. Domestic Determinants of National Strategy
    1. Political system type
    2. Economic system type
    3. Geography
    4. Public opinion
    5. National "will"
    6. Level of political and economic development
    7. Technology
    8. Population size and educational level
    9. Other factors
  - F. Military Doctrine (Force Employment Doctrine)
    1. Conventional forces
    2. Nuclear forces
    3. Relation between doctrine and national strategy
    4. Relation between doctrine and national security objectives
    5. Formally (and publicly) stated versus implicit military doctrine (must be inferred from observation of actual practice)
    6. Degree of consensus or dissensus on military doctrine among individuals, factions, and bureaucratic agencies
- III. The Defense Decision-Making Process
  - A. The Nature of the Process
  - B. Degree of Concentration or Fragmentation of Power Domestically
    1. Effect of concentration or fragmentation on comprehensiveness and responsiveness of policy outputs
    2. The important actors in the process
  - C. Relative Importance of Bureaucratic Politics in the Process
    1. Domestic and external influences on policy choices
    2. Relative importance of different bureaucratic actors
    3. Resolution of disputes among bureaucratic actors
  - D. Relative Importance of Personality in the Process;  
Other Idiosyncratic Factors
  - E. Constraints on Defense Decision Makers
    1. Opposition from other states
    2. Economic and budgetary limitations
    3. Technological insufficiencies
    4. Manpower
      - a. Number, age, sex
      - b. Conscripted or "volunteer" forces
    5. Reserves
    6. Capability for mobilization of reserves
    5. Military hardware
      - a. Weapons systems
      - b. Spare parts
      - c. Fuel
      - d. Logistical capabilities
      - e. Defense industry capability
      - f. Foreign dependencies
    6. Implementation difficulties (bureaucratic opposition and delaying tactics)
    7. Public opinion, interest groups, and political parties as sources of opposition
    8. Ideological and cultural orientations
    9. Past lessons "learned"
    10. Law and ethical norms
- IV. Recurring Issues: Defense Policy Outputs
  - A. Civil-Military Relations
    1. Domestic role of the military
    2. Alienation or integration of the military and society
    3. Recruitment and social groups
    4. Social status of the military
  - B. Weapons Acquisition
    1. Domestic industry production
    2. Technology level (degree of domestic autonomy or foreign dependency)
    3. Foreign supply
      - a. Dependency on foreign supply
      - b. Reliability of foreign supply
    4. Cooperative production projects
    5. Percentage of GNP spent on weapons acquisition
  - C. Force Posture
    1. Weapons systems and military units maintained
    2. Deployment
    3. Effectiveness of the recruitment program
    4. Effectiveness of force employment
    5. Responsiveness of force posture to national objectives, strategy, and military doctrine (does doctrine determine force posture or vice versa?)
  - D. Arms Control
    1. Feasibility
      - a. Quantitative restrictions
      - b. Qualitative restrictions
    2. Threat perceptions
    3. Existing agreements
    4. Future prospects
  - E. The Use of Force
    1. Type and extent of employment
      - a. Passive role (deterrent)
      - b. Active role (fighting)
    2. Objectives sought through use of the military instrument
    3. Constraints on the use of force posed by other countries
    4. Technological developments and the use of force
    5. Domestic constraints on the use of force
  - F. Other Issues

## Appendix II

**Summary Outline of Models and Concepts**

The Paradigm	Model I	Model II	Model III
	<p>National government</p>  <p>Goals (objective function) Options Consequences Choice</p>	<p>National government</p>  <p>Organizations (A-G) Goals SOPs and programs</p>	<p>National government</p>  <p>Players in positions (A-F) Goals, interests, stakes, and stands (r-z) Power Action-channels</p>
<b>Basic unit of analysis</b>	Governmental action as choice	Governmental action as organizational output	Governmental action as political resultant
<b>Organizing concepts</b>	<p>National actor The problem Static selection Action as rational choice <b>Goals and objectives</b> Options Consequences Choice</p>	<p>Organizational actors (constellation of which is the government) Factored problems and fractionated power Parochial priorities and perceptions Action as organizational output Goals: constraints defining acceptable performance Sequential attention to goals Standard operating procedures Programs and repertoires Uncertainty avoidance (negotiated environment, standard scenario) Problem-directed search Organizational learning and change Central coordination and control Decisions of government leaders</p>	<p>Players in positions Parochial priorities and perceptions Goals and interests ; Stakes and stands Deadlines and faces of issues Power Action-channels Rules of the game Action as political resultant</p>
<b>Dominant inference pattern</b>	Governmental action = choice with regard to objectives	<p>Governmental action (in short run) = output largely determined by present SOPs and programs Governmental action (in longer run) = output importantly affected by organizational goals, SOPs, etc.</p>	Governmental action = resultant of bargaining
<b>General propositions</b>	Substitution effect	<p>Organizational implementation Organizational options Limited flexibility and incremental change Long-range planning Goals and tradeoffs Imperialism Options and organization Administrative feasibility Directed change</p>	<p>Political resultants Action and intention Problems and solutions Where you stand depends on where you sit Chiefs and Indians The 51-49 principle Inter- and intra-national relations Misperception, misexpectation, miscommunication, and reticence Styles of play</p>

Reproduced from Allison, Graham T. *Essence of Decision: Explaining the Cuban Missile Crisis*.  
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University of Cape Town