

Two Cheers? South African Democracy's First Decade

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The contributions in this issue mark the tenth anniversary of democracy and political liberation in South Africa. They are a selection of the papers originally presented to a Workshop organised in September 2003 in Johannesburg by the Democracy and Governance section of the Human Sciences Research Council of South Africa. We are grateful to Roger Southall, its director, and to John Daniel for organising the conference, agreeing to a joint publication of papers with ROAPE and co-editing this issue. All the contributors are scholars and activists living and working in South Africa.

It is fitting that an assessment of the first decade of democracy in South Africa should also be the 100th issue of *The Review of African Political Economy*. From its beginnings in 1974, ROAPE's commitment to the liberation and development of Africa always had the struggle for a democratic South Africa as one of its central themes. Alongside many others, contributors to the journal consistently viewed the fight against racial capitalism in South Africa as critical for the future of Africa as a whole; indeed, as one which defined ideas of justice and decency for all humanity. Writing on the 75th anniversary of the founding of the ANC, the editors argued that 'its principles, expressed through the Freedom Charter, have come to stand for a democratic alternative in South Africa. It is the white state which today represents barbarism; the principles of the Charter which represent decency and civilisation' (Cobbett et al, 1987:3). If there was always awareness of the limitations of nationalism as a vehicle of progress in Africa, of the need for socialists to engage it with a *critical* sympathy, not 'fudging the differences between Marxism and nationalism' (Fine, 1989:98), there were, nevertheless, grounds for optimism that the alliance of classes and social interests engaged in the struggle against apartheid might achieve a transformation which would open up new political possibilities for the whole continent. The ANC thus entered government in 1994 with the hopes and expectations of many people weighing on its shoulders.

Inevitably, such hopes could never adequately be addressed in the space of a single decade. The legacy of three centuries of colonial and racial oppression, and of forty years of apartheid, will take generations to undo. South Africa represents an extreme case of uneven development, manifest in the articulation of a well-advanced industrial economy and market institutions with a decayed subsistence economy and abject rural poverty. This gives rise to skewed patterns of 'combined development' – unequal social relationships, skill levels and resource distribution, all underpinned by inequalities in market access and property ownership, particularly of land, which cannot easily be transferred between these 'articulated' economies.

Narrowed Options

Moreover, the global context in which white supremacy came to an end, and the compromises which were made to achieve a democratic political transition, imposed severe limitations on the room for manoeuvre available to the new government. Democratic structures were grafted onto a social formation defined by inequality, injustice and deprivation, one in which an infinity of urgent needs confronted limited means of delivery. The ANC took over a state whose coffers were bare and an economy which had suffered stagnant or negative growth for more than a decade but which now needed somehow to generate the highest growth rates anywhere in the world if it was to meet even the needs of new job seekers, much less begin to transform society. The structure of economic power, the nature of international capitalist pressures, the poverty of an African population de-skilled by the segregated job market and by Bantu Education, all inhibited the strategic choices available. So too did powerful state institutions and a bloated bureaucracy opposed to any agenda of social change and redistribution.

Given the scale of the challenge, the limits imposed by the transitional compromise and the forces confronting it, judgements about how well or badly the first decade of democracy has gone must largely and necessarily focus on how the ANC has negotiated the obstacles and dangers in its path. A combination of violence and negotiation were employed by the apartheid government from 1990 to 1994 to wring concessions from the ANC and its allies on the principles of the Freedom Charter (without which there is little likelihood that any peaceful transfer of power would have been possible). It successfully removed questions of wealth redistribution and social restructuring from the agenda of discussion and confined the settlement to narrow political and constitutional issues. It entrenched property rights and limited the means available to the state to restructure economic rights. In short, it gave up power in return for the establishment of a bourgeois order and conceded democratic rights only insofar as they were compatible with liberal democratic structures. The creation of a democracy in the nineties thus removed juridical political inequalities but left social and economic inequality unaffected; the end of apartheid brought political rights without changing social justice rights.

Theoretically, a new ANC government had a number of options available to it in charting a course of development. It could, firstly, have embarked on what we might term a 'revolutionary path' in which the commanding heights of the economy were expropriated by government and land and other resources redistributed by compulsion. This would have been hugely popular with the dispossessed and the township militants so prominent in the struggles of the eighties. But it would have been opposed by the entire state apparatus and the white population as well as a large swathe of religious and conservative black society. It might well have triggered civil war and would certainly have led to international isolation and destabilisation, capital flight and the exodus of skilled professionals. It would also have required the ANC to become what it never had been, a revolutionary party. Such an option was always theoretical rather than real; the global context and the compromises needed for a political transition removed it as a practical possibility.

A second option might be termed a 'radical reforming path' in which liberal democratic political institutions would have been combined with high taxes, high spending on public projects and social investment as well as some nationalisation. This was the strategy envisaged in the Freedom Charter and, to a somewhat lesser extent, in the Reconstruction and Development Programme (RDP), one giving

priority to widening the productive base and expanding the internal market rather than to engagement with the global economy. As an option, it would command considerable support across the tripartite alliance led by the ANC, including from its socialist wing. But it would also encounter opposition from entrenched interests and the international community. A third option, a 'neo-liberal path', would emphasise expanding links with the global economy, improving human capital and making the economy more internationally competitive by emphasising growth and monetarist orthodoxy in fiscal policy. Such a strategy is implicit in the GEAR document and would respond to pressure from donor governments and multilateral institutions like the IMF and the World Bank. It would give primacy to expanding the dominant sectors of the economy and seek to use economic growth as a means of generating the revenues required for social investment and to meet the demands coming from trade unions, civic organisations and township dwellers.

In the years since the 1994 elections, the South African government moved progressively away from the second option towards the third, from the 'growth through redistribution' approach of the RDP to the 'distribution through growth' emphasis of GEAR, as Maré puts it (2003:36). That shift has been hotly contested within the tripartite alliance and is not yet complete, though it has gone a long way. If influence over economic decisions has shifted towards individuals who favour the neo-liberal strategy, the battle is not yet decisively won or lost. COSATU and the SACP continue to criticise the strategy and to press for greater social investment and redistribution (COSATU on several occasions even threatened to leave the alliance and set up its own workers party). For the present, the government seems to be trying to combine elements of both strategies, pressing ahead with attempts to promote rapid growth by making the economy internationally competitive while remaining sensitive to the demands and needs of its wider domestic constituency. In accepting (or being forced to accept) this narrowed-down version of change, the government thus has accepted, for the time being at least, that redistribution will have to occur within the confines of existing capitalist structures and within a market economy (albeit one more flexible than the *dirigiste* economy run by the apartheid regime). Reconstruction will have to be gradual and a 'social market' will have to determine questions of equity and entitlement.

This strategy brings with it clear political risks. For the new order to become legitimate, the economy needs to grow rapidly enough to reduce unemployment and increase incomes quickly. Failure to achieve this is likely to produce mass disaffection and could place serious pressures on the democratic credentials and practice of the new state. It could call into question what kind of state is being created and undermine its chances of becoming a stable, consolidated democracy. Given slow growth and increasing unemployment since 1994, the issue became increasingly important in the political debates that ensued and created stresses within the ruling coalition (see the papers in this issue and in Daniel, Habib & Southall, 2003). The nature of this debate has not yet been resolved; the character of the new state has not been settled during the first decade of democracy and is unlikely to be settled in the next. The relative balance of social interests represented by – and impacting on – the state is still in flux, reflected in divisions within the ANC and between it and its coalition partners.

Consolidation & Achievement

From the outset, however, and measured against the situation in 1994, it is clear that the first decade brought a number of real achievements, the most important of which are now largely taken for granted. Southall (2003a:302) sums it up thus:

In any assessment of the state of South Africa today, it is vitally necessary to stress the obvious: overt, legalised race domination has gone, a form of democracy has replaced autocracy, and the country is in plain common-sensical terms an immeasurably more decent, more just and more humane place to live, despite the chronic violence and poverty that continue to afflict large sectors of society. The testing point for this observation is that, quite simply, no critic who adheres to civilised values would want, if given the choice, to revert to the South Africa of the 1960s, 1970s or 1980s.

Above all, the ANC and its allies have managed to sustain peaceful, 'normal' politics in South Africa. It is difficult, from the vantage point of 2004, to appreciate how serious was the level of political violence and how grave was the armed threat to democratic change in 1994. While racial divisions remain entrenched, the brutal prejudice and animosity of the past has been sharply reduced, not least because of the moral leadership and efforts at national reconciliation of Mandela during his 5 years as president. The ethnic divisions which were so daunting and all-consuming in 1994 seem less important in 2004. The government has taken pains to recognise the status of the main languages and to ensure that government media and education policies recognise cultural and linguistic identities whilst, at the same time, focusing policy initiatives on South Africans as individual citizens and resisting those claims for resources or special favours made on the basis of identity. Despite numerous provocations, the ANC has succeeded in keeping Inkatha within a coalition government and taken pains to defuse tensions between government and the Zulu chiefs. The other homelands interests have either withered away or been successfully absorbed without the ANC being too deeply weakened by the patronage politics they represent. The white right extremists who threatened to derail the transition in the early nineties now seem a marginal presence, of little relevance to Afrikaners. The National Party has largely withered away.

For its part, the ANC consolidated its electoral majority in the local government elections of 1995 and the 1999 general elections. It has now gone on to win a landslide victory in 2004, gaining almost 70% of the total vote and so being able to change the constitution as and when it wants. Its support seems unaffected by dissension over development policy under Mbeki's leadership or by the retirement of Mandela in 1999. Mandela's retirement after one term, and the smooth transition to a new president, was a major event in legitimating constitutional authority and downgrading personalised rule, a recurring problem in most African countries where presidents tend to hang on until forced from office. It has, in general terms, preserved an internal democratic practice and permitted a wide range of debate (confirming Orkin's view that ANC cadres came into power with a strong attachment to democratic values). COSATU and SACP criticism of a number of government policies continues publicly and privately and has sometimes had a moderating influence on the neo-liberal agenda. The political system, bolstered by an active parliament and a strong constitutional court, has also provided a voice for civil society. Moreover, the ruling alliance has stuck to its commitment to ensure that women comprise at least a third of its representatives and has supported local and international initiatives which reinforce its constitutional aim to build a 'non-racist, non-sexist' society (see Bentley in this issue).

For a significant number of black South Africans, previously confined to peripheral employment and inferior educational opportunities, democracy has brought new opportunities to acquire skills, jobs and businesses. The rapid growth of a new bourgeoisie, and an even larger ancillary petty bourgeoisie, have been dominant features of the last ten years (see Southall, in this issue). And, if it has proved difficult to reverse the direction of increasing inequality and rising unemployment, the traditional ANC commitment to the poor has not simply been abandoned; there have been some (albeit more limited) opportunities for the poor as well. Nearly 2 million new low-cost houses have been built since 1994. Electrification has reached almost 70% of households. In some local government areas ownership of their houses has been handed over to tenants (for instance, in Langa in the Western Cape). To some extent, such developments make a virtue of necessity (people stopped paying rents during the revolt against Urban Bantu Councils in the 1980s and local government lacks the resources to service such stock). Nevertheless, whatever the reason, it has allowed many new home owners to improve and rebuild the old 'boxes' in which they lived. And, for all the trust placed in market forces and neo-liberal macro-economic strategy, the language of official discourse continues to focus on questions of social justice. Thus the Office of the President based its own ten-year review of government programmes on the objectives set out in the Reconstruction and Development Programme rather than on GEAR; it identifies the provision of basic needs, growth, democratisation, human resource development and nation building as the criteria for evaluation (Discussion Document, 2004:2). And the ANC's 2004 election campaign further stressed a commitment to reduce poverty and halve unemployment in a decade.

Overall, the Mbeki presidency would seem to have developed a coherent set of strategic objectives. Given the obstacles in the way of promoting development and social justice through self-reliance and fundamental structural reform, it has opted to look to economic growth through increased productivity and competitiveness in global markets as a means of generating the resources to pursue three main policy objectives. The first is the reduction of poverty and unemployment in the medium and long term, even if markets increase them in the short run as a result of economic restructuring. The second is the improvement of state capacity by centralising co-ordination of government activities in the office of the presidency and the consolidation of democracy. And the third is a foreign policy which promotes African sovereignty and development across the continent and of which Mbeki's idea of an 'African renaissance' and, more lately, of NEPAD, are expressions (see Alden & Le Pere in this issue). These objectives have been pursued with considerable determination and purpose. They have also, inevitably, thrown up serious problems and contradictions at times and alienated many supporters at home and abroad (as would, it must be added, any other strategy that might have been chosen).

Problems of Democracy & Social Justice

For all its undoubted achievements in government, there has been serious disappointment in many quarters about the limitations of achievement, concern arising directly from the strategic approach adopted. In part, it reflects the shift from a politics of struggle to the more prosaic business of administration, with its compromises and concessions to conflicts of interest and personality. (One recalls a Portuguese civil servant in Maputo, quoted on the BBC on the night Frelimo entered the city to take power in 1975, saying 'let them come – the filing cabinets will swallow them up.'). Yet, the problems obviously go deeper than post-revolutionary

angst. There has been disquiet among many in the tripartite alliance and in the old anti-apartheid coalitions about where Mbeki's strategy is taking the movement and the country. Writing about Asia, Mushtaq Khan (1998) has argued that policy outcomes necessarily 'allocate rights' to groups and individuals. These 'rights' have profound implications for long-term social relations because they distribute entitlements and so determine membership of developing or existing classes. Those who participated in the struggle against apartheid, at home and abroad, who see a burgeoning bourgeoisie, a centralising executive and increasing inequality and unemployment will inevitably be concerned about where the ANC is headed.

The disappointment is expressed in a number of ways. First, there is a feeling that too much has been compromised, too much conceded to the old structures of privilege and the demands of global capitalism (Murray, 1994; McKinley, 1997; Saul, 2001). The result, as we noted, is that the principles of egalitarianism and social justice in the Freedom Charter have been largely sidelined in the search for competitiveness and growth. This is at the heart of the criticism emanating from COSATU and the SACP. By hitching its star to global markets, the government has decided against the fundamental structural reform for which many fought and for which writers like Saul (1991) called in the early nineties. Critics, moreover, argue that the strategy has failed to produce the rapid growth and increasing employment that is its justification (see Magketla in this issue), so that social investment has not kept pace with needs. Although housing, educational and health facilities, electrification and water resources have improved rapidly it has been at nothing like the pace required. Nor have job creation levels met the needs of a burgeoning population of school leavers, thus accentuating inequality and poverty. Instead, the beneficiaries of the strategy have been a black capitalist class that is emerging to join the old centres of white privilege, in the process enriching officials and their allies.

The primacy given to market forces has also produced another unwelcome side effect – the use of public resources for private accumulation. The encouragement given to the development of black-owned business interests, coming on the heels of generations of African exclusion under segregation and apartheid, gives political office particular importance as a means of promoting processes of class formation through crony capitalism (as it has done throughout the developing world). Although corruption is not yet endemic in South Africa, and regulatory structures are still fairly robust, there have been a number of embarrassing corruption scandals in which members of the leadership, relatives or cronies have been implicated (the most notorious, concerning defence contracts, are discussed by Crawford-Browne in this issue).

More worryingly, such developments increasingly reflect a tension between the emphasis on growth and the pressing need for social investment. No crisis illustrated this tension more clearly – or inflicted more damage on the government's reputation – than its failure to provide and distribute retroviral drugs to combat HIV/AIDS in birth infants. The government's initial refusal to make these drugs widely available, coupled with Mbeki's strange insistence on quoting quack science to justify its stance, provoked universal dismay and justifiable condemnation, eventually forcing a grudging policy climb-down. In the process, the one serious message put out by the government, that poverty played a key role in the spread of AIDS, was lost in the controversy. Just how many babies were condemned to a premature death by this mixture of confusion and meanness is difficult to estimate but the numbers are almost certainly high, given that almost 10% of the population are now estimated to be HIV positive. Nor is it clear what role the international

pharmaceutical cartels (which have strongly resisted providing cheap drugs for the poor – except for purposes of testing new drugs) played in the debacle. But it is a measure of how far South Africa's democracy still has to travel in order to become consolidated that no one in government seems to have been required to resign for their part in this shameful business.

The AIDS scandal highlighted a disturbing insensitivity to public needs and concerns on the part of government on an issue of particular importance to women. On other issues of gender equality, government has also sent out mixed messages or failed to give clear direction when conflicts of interest arise (see Bentley in this issue). On the one hand, gender equality has been given constitutional force backed up by the Constitutional Court. As noted, the ANC has tried to address the issue in its political practice (for instance, by ensuring a significant female presence in parliament, party and government and by entering into a number of relevant international agreements). Thereafter, however, all becomes less clear. Although the Bill of Rights enshrines gender equality, it also guarantees other, contradictory rights as well, notably respect for traditional authority and the protection of chieftainship. This implies the protection of patriarchal social relations, especially for rural women, the most marginalised group in the country. New legislation is currently proposed which will give chiefs new power over the allocation and alienation of land, a measure likely to intensify the pressure on women's rights in rural areas.

The same lack of strategic clarity seemingly also affects the problem of rape which now threatens women almost routinely in the country. The government acknowledges and deplores the plague and calls for education to change attitudes. But it has not imposed the legal sanctions available for other, similar crimes which might bring short-term changes in behaviour. It has not treated the problem in the way it would deal with racial violence or lynching, for example. Gender equality is likely always to be more difficult to achieve than racial equality, especially in South Africa where it has been shaped by segregation and apartheid as well as traditional patriarchal attitudes. Change will inevitably be slow and depend on the political will to confront patriarchy. Where this political will seems to lack direction at times, it is likely to be slower still.

There has also been criticism about the way democracy functions in the wider political process. Southall observes that,

there is a growing critique, emanating from both liberal and radical quarters, that suggests that the status of this democracy is being increasingly challenged by a very identifiable shift towards authoritarianism [and that] the ANC is now marching South Africa along the road to an 'illiberal democracy', if not to an all too familiar African despotism (2003a:277).

To a large extent, this is not a problem of the government's making. The electoral dominance of the ANC and its allies, coupled with the disarray of the parties representing 'white disaffection' (see Jordan in this issue) and the weakness of alternative African organisations (such as the PAC), has produced a dominant-party rather than a multi-party state. Now that the ANC has a two-thirds majority in parliament, there are fears that it might rewrite the constitution (the possibility that it might be amended to allow President Mbeki to seek a third term was put to him in a CNN interview he gave in April 2004; his response was that there 'were no such plans'). Such fears arise because of the risk that the government's economic strategy will not work and it might become deeply unpopular, but they are also the result of

an authoritarian tendency which has occasionally characterised the rhetoric of those around the president. Thus, 'white' newspaper editors were castigated for 'racism' after they ran articles on urban poverty alongside pictures of shanty dwellings and urban poverty. Some of the president's advisers accused ANC leaders of 'plotting' to replace him with Cyril Ramaphosa. And Jeremy Cronin (an ANC MP and SACP official), was accused of being a would-be 'white messiah' and a 'Trotskyist' after he had spoken of the 'bureaucratisation of the struggle' since 1994 in an interview in which he was actually defending the ANC against charges that it was 'selling out' to capitalism and undergoing a creeping 'Stalinism' (Cronin was forced to apologise). Such instances increase fears of a slide towards "low intensity" democracy in which 'the formal requirements of democracy are met, yet under conditions of decreasing competition and declining popular participation' (Southall, 2003b:74-5).

Finally, contradictions have also manifested themselves in the conduct of the government's foreign policy. Its determination to promote sovereign development in Africa as a whole has deep ideological and emotional roots in the ANC's ties with African leaders during its long years of struggle against apartheid. That struggle instilled a genuine desire to rid the continent of foreign domination, imperialist interference and authoritarian rule. In the process, South Africa has sought to win African leaders over to a deeper commitment to democratic and honest government. It is thus not surprising that South Africa should have taken a lead in formulating the idea of an 'African renaissance' and the creation of both the African Union and NEPAD. Unfortunately, the crisis in Zimbabwe has placed much stress on this policy and weakened Mbeki's hand internationally. South Africa's refusal to condemn the Mugabe regime publicly for its abandonment of constitutional government, its human rights abuses, its use of hunger to punish opponents and its election rigging, has been widely condemned by international human rights groups and has damaged the ANC's reputation in the eyes of much of the old anti-apartheid coalition. Privately, in seminars and briefings, members of the government express their concern at events in Zimbabwe and condemn its abuses of human rights. But publicly, there is a determination to uphold the appearance of African unity, one that gives offence to many, not least to those Zimbabweans so courageously resisting the destruction of democracy there. It is no small irony that Western governments – which once insisted on dealing with the apartheid regime through quiet diplomacy and 'constructive engagement' – now call on Pretoria to use pressure and sanctions against Harare, whilst a government of the ANC – which once insisted on direct sanctions against the apartheid regime and condemned constructive engagement – now preaches the advantages of quiet diplomacy.

McKinley, in this issue, suggests that the stance on Zimbabwe reflects the agenda of the South African bourgeoisie and its desire to establish the country as a hegemonic regional power in competition with foreign capital. Certainly, South Africa's expanded access to the SADC region since 1994 has proved a mixed blessing for its partners, more often a steamroller than an engine of development. More than one Zambian economist, for example, has commented sourly that the donors shouldn't bother to give Zambia balance of payments support but should pay the money directly to South Africa instead since most of it ends up paying for South African consumer goods. In Zambia, at least, South African capital has been almost entirely mercantilist; even in the case of Anglo American purchasing back the copper mines, it bought them at what it called 'fire sale prices' and promptly closed a number down. Even so, it is likely that factors other than class interest play an equal part in driving the policy (not least grassroots support amongst black South Africans for the

forcible expropriation of white property) and that the government considers that the need to preserve at least the outward appearance of African unity is critical to its wider policy objectives. The problem is that the cost to the government's hopes of funding NEPAD and financing its own macroeconomic strategy through inward investment are likely to be extremely high.

Towards A New Democracy Or Post-Colonial Politics?

Given the constraints on the ANC's capacity to push through fundamental social restructuring and the contradictions of democratic government manifest during the last decade, what then are the prospects for creating a stable democracy capable of promoting development, improving living standards and extending citizenship rights? Can a liberal constitution be perched on top of a society of savage racial inequalities with any hope of functioning? Can democracy be sustained when social injustice continues and has no prospect of being alleviated in the short run? If it cannot, what alternatives lie ahead? How South African governments manage the demands of democracy and social transformation over the next generation is likely to shape the nature of the state that evolves.

At present the elements of four different kinds of state are present or possible in the developing political order. The first of these are the remnants of the apartheid state, elements of which continue in a racially segmented society (class still has a colour) in the remains of the old civil and security services, in legal structures, property rights and land (mal)distribution. Apartheid is dead but its institutions are everywhere. The second are the formal trappings of a liberal democratic state, embodied in the constitution and institutions created in 1994. It is supported by a still-vibrant civil society generated in the political activism of the 1980s, by a long-term commitment to democratic principles on the part of the ANC and its allies, and – in more contradictory fashion – by a market economy which acts to support individual rights and liberties while simultaneously undermining principles of fairness and equity through its tendency to reproduce and extend inequalities. Some of these new institutions have worked well during the first decade but, inevitably, they still have shallow roots in society. A third set of forces represent what we might call elements of a 'Freedom Charter state', radical, reformist and committed to building equality and national unity. At present this is more aspiration than reality, save for the fact that the African social forces now incorporated into mainstream politics and government continue to be the main basis on which the ANC government rests. If the tide has run away from these groups and individuals during the last decade, they remain an important political voice putting forward an alternative to neo-liberal policy. Finally, fourth, there are also elements of what we might term a 'post-colonial state', shorthand for tendencies towards centralised executive power based on patronage and authoritarianism, characterised by repression, high levels of corruption, fundamental instability and feeble institutions. Such tendencies are still weak, not least because a powerful capitalist economic base has little enthusiasm for them. But there are echoes of them in the homelands structures which were incorporated into the administration and government in 1994 and in the tendency of the executive both to play racial politics when pressed and to sense conspiracies and plots against it.

The struggle that lies ahead is to blend the elements of the second and third models into a stable and legitimate political order capable of meeting popular aspirations through participatory structures and fundamental social change. This would permit a political practice that leaves the old order behind and avoids a slide into the

fourth model. It is inconceivable that there would be any reversion to the apartheid state, even in a new guise, but it is also inevitable that the liberal democratic structures put in place in 1994 will need to change and evolve into a legitimate and popular system of power if they are to survive in the long term. If it can develop a more inclusive economic strategy and harness the energy and idealism of its cadres to deepen democracy by extending it to the grassroots of society, the ANC may yet produce a consolidated democracy capable of promoting both development and freedom. If it proves unable to do so, however, if a lack of development increases public cynicism and disaffection and promotes high levels of corruption, the manipulation of ethnic divisions to shore up political support, and increasing authoritarianism, the chances are that there will be a progressive slide towards the features of a post-colonial state. Given the strength of the South African capitalist economy, it is likely that such a process would produce a rather different form than it has in less developed countries in Africa, one that represented a hybrid of the liberal and post-colonial forms of power, something we might perhaps call 'a state in a steel cage'. At its centre it would retain the trappings of a liberal democratic state, integrated into global capitalist markets and replete with financial institutions, parliamentary structures, international global links – the facade of a modern state. The marginalised and poor would be consigned to its periphery, left to the devices of patronage politics, ethnic division and corruption, held there by force and repression. If this decay is to be avoided, it is important, over the next decade, for the government to be able to deliver on its promises to reduce poverty, increase employment and consolidate democracy. If the task will be difficult, it is nevertheless not impossible. The ANC has important political and human resources it can call upon within the ruling alliance and it has, as Jordan points out in this issue, a long history of adapting to meet the challenges of the time. Certainly, while acknowledging the problems and tensions inherent in present government policy, it is too soon to speak of the struggle having been abandoned.

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The African National Congress: From Illegality to the Corridors of Power

Pallo Jordan

This article examines both the performance of the ANC in power and the requisites of power which have forced it to redefine itself, experiencing thereby a profound metamorphosis. It argues that radical policy shifts have from the party's birth in 1912, been part of its political reality so that heterodoxy has often become the new orthodoxy. This tradition of change has been accelerated by local and global realities since 1994 – an assumption of office with virtually no power over the civil service and upper reaches of the security forces and a post-Cold War environment which generated a demonised of state intervention. Being in office has also changed the character of the ANC with the party now attracting those seeking a career and the perks of office, a consequence of which has been repeated allegations of the misuse of state funds levelled against ANC representatives. Finally, the paper notes that the ANC's second term has been marked by growing tensions with the Communist Party and a foreign policy with, as its central pillar, the creating of space for Africa to define its own future.

Preparing for Power

The paths pursued by a reformist National Party (NP) leadership and the African National Congress (ANC) intersected at an awkward historic moment. January 1990 arrived with the ANC at the head of a huge mass movement that had drawn into its slipstream noted public figures. Though it was still illegal, during the 1980s the ANC inspired a significant network of civil society formations, a front of democratic organisations and activists who accepted its leadership. After 1976 the ANC succeeded in placing itself at the head of organised radical opposition inside the country. It had won international legitimacy while isolating the apartheid regime politically from actual and potential sources of support in the international community. It succeeded in having limited economic sanctions imposed on South Africa and at the end of 1989 the international financial institutions refused to extend apartheid South Africa further credit. The ANC's programme, the Freedom Charter, had won widespread support from black (and some white) South Africans and been adopted by both the United Democratic Front (UDF) and the Congress of South African Trade Unions (COSATU). A sustained insurrectionary climate inside the country in the 1980s inspired the ANC leadership to adopt a strategy implemented at the time as *Operation Vulindlela*.

Explaining his government's decision to legalise the ANC, the Pan African Congress (PAC), the South African Communist Party (SACP) and the other political movements and parties that the NP had banned over the previous four decades, F.W.

De Klerk has told numerous audiences that he felt comfortable about it because the collapse of communism in Eastern Europe implied that South Africa would not be overrun by communist states. De Klerk, the constituency of white voters and opinion-makers he represented doubtless took comfort in that. But it is evident that the Afrikaner political elite had grasped the nettle of reform some years prior to December 1989.

Addressing a meeting of apartheid-regime strategists during the early 1980s, Samuel Huntington of Harvard University decried the absence of 'a Lenin of reform' who would give as 'intense attention' to the strategy and tactics of reform as that which 'Lenin devoted to the strategy and tactics of revolution'. Reform in South Africa, Huntington advised his audience, would be the most effective means of preempting revolution. The explicit purpose of reform should be counter-revolutionary, and if properly managed, would place the white minority in a position to co-determine the future of South Africa with its perceived revolutionary enemies.

In Paris, in November 1989, an Afrikaner intellectual with links to the Broederbond announced that it was De Klerk's intention to challenge the ANC on the political terrain. Legalisation, he implied, would create an environment in which credible negotiations could unfold, with De Klerk's prospective interlocutors given the political space to interact with and receive mandates from their constituency. De Klerk's 2 February 1990 speech did not come therefore, as a complete surprise to the ANC leadership. Of greater concern was the limited character of the reforms he had announced. But the ball was now clearly in the ANC's court and it had to respond.

After the first post-unbanning summit at Groote Schuur, the ANC determined that its key strategic goal was to have power transferred from the NP government as swiftly as possible. Consequently, the strategic debate within the ANC quickly came to centre on the confidence-building steps required for negotiations. Shortly after Mandela's return from a tour of the US, the National Executive Committee (NEC) took the decision to suspend all armed actions unilaterally. Matters might have moved very quickly to discussion of the repatriation of refugees and trained combatants but for the Security Police's arrest of Mac Maharaj, the internal co-ordinator of *Operation Vulture*. Shortly thereafter De Klerk advised Mandela that he had plans to arrest Jacob Zuma and was rescinding the indemnities granted to Chris Hani and Ronnie Kasrils. In briefings to the media Foreign Minister 'Pik' Botha tried to explain De Klerk's actions as a response to a communist conspiracy within the ANC's alliance which had not embraced negotiations but were intent on an insurrection.

The ANC leadership read this as an attempt to sow division between it and the SACP. For its part, once again a legal organisation, the SACP proceeded with plans for its first mass rally in 40 years. (In 1950 when it was banned, the Communist Party of South Africa (CPSA) became the first communist party ever to disband when it was proscribed.) At the SACP's first mass rally, held on 29 July 1990, it became clear that South Africa had inscribed yet another unprecedented occurrence in the annals of communism; at least 50% of the members of the Central Committee it had elected a year previously had resigned from the party once it became legal. With three of its leaders declared virtual outlaws so soon after returning home, it became clear that the course the ANC sought to pursue would not be an easy one. But after that initial hiccup, by June 1991 it appeared that all the hurdles had been cleared and that negotiations could begin in earnest. Both sides had taken the lessons of that first year to heart. There were evidently powerful pockets of opposition to De Klerk's course

among both the white electorate and within the security services. The next three years witnessed a wave of unprecedented violence, orchestrated by the die-hard element in the apartheid regime's security services who hoped to derail the negotiation process or precipitate all-out war. In December 1991 the Convention for a Democratic South Africa (CODESA) held its first session. Negotiations stumbled along for the following two years. The ANC suspended talks twice in response to the violence. Even after they resumed as CODESA II, scepticism that they could stay on course continued to dog them. The assassination of Chris Hanu in April 1993 concentrated the minds of all the key players on the dangers that could arise from continued uncertainty. The ANC was able to demonstrate its immense moral authority in the tense week that ensued by keeping a firm grip on the seething anger gripping the African townships. For a short while it appeared that a combination of the Inkatha Freedom Party (IFP), the Bophuthatswana homeland government and far-right white formations might prevent a pan-South African general election. But Bophuthatswana collapsed ignominiously when the people of Mafeking and MmaBatho rebelled, and the IFP agreed to participate in the elections at the eleventh hour.

27 April 1994 was the outcome of tough-minded decision making on both sides of the conflict. In order to take on the ANC on the political terrain the National Party (NP) had to change or reinvent itself. Towards the end of 1990, the NP announced that it would open its membership to persons other than whites. As negotiations progressed, the NP also revised its standpoint on two issues. Having amassed power over the years by ruthlessly wielding the instruments of a unitary state, by the 1980s the NP's strategists were expressing a preference for consociationalism. This option, they argued, was particularly attractive for South Africa as it took account of the deeply fractured character of the society and its multi-racial features. In 1990 the NP positioned itself as the champion of group rights. By 1994 it had abandoned that platform.

On its side, after heated internal debates, the ANC had accepted the idea of a convention of all political parties, including those from the homelands and the tri-cameral parliament. To improve its own representation at CODESA it connived at the farcical resurrection of the Natal and Transvaal Indian Congresses (NIC-TIC), all of whose members were card-carrying members of the ANC. It had also made a major concession to the incumbent state bureaucracy, a key NP constituency, by adopting the 'Sunset Clauses' guaranteeing their jobs for the immediate future. The compromise on an interim constitution was the most significant considering the ANC's prior insistence on a constitution legitimated by an elected Constituent Assembly. A remarkable consensus emerged quite early in the negotiations about making the electoral system as inclusive as possible and on the need for a Constitutional Court. By 1994, a successful transition of power had been achieved and the trappings of a democratic order put in place.

The ANC in Power

For over 90 years, the ANC as a political movement has demonstrated a capacity to adapt to, and remain relevant in the face of, sweeping changes that have taken place not only in Africa, but also in the rest of the world. Originally founded in 1912 as a body of respectable and very respectful black subjects, who regarded their organisation as a loyal opposition designed to give '... expression to representative opinion ...' and to assist the government '... formulate a standard policy on Native Affairs ...', the ANC had evolved by the 1980s into a revolutionary national

movement whose principal objective was the seizure of political power. The 1990s required of the ANC that it transform itself again into a party of government able to administer Africa's wealthiest economy but also one of its most diverse societies. To arrive at that point, the ANC underwent repeated redefinition and a profound metamorphosis.

The ANC was shaped by South Africa's 20th century history as much as it helped shape it. Born in response to the racist constitution of the Union of South Africa that excluded Africans, Coloureds and Indians from the country's political institutions, the ANC at first regarded itself as a movement of the African people, pursuing African objectives. In the course of the struggle for democracy, the need for alliances and pacts became evident, persuading the ANC leadership to seek allies and establish ties with like-minded bodies among Whites, Coloureds and Indians; thus was forged the Congress movement of the 1950s. Over and above specifically African aspirations, the ANC repositioned itself as a movement striving for democracy and an end to white racial domination. By 1990, it had become a non-racial movement for all South African democrats, counting amongst its leadership and ranks South Africans of all races.

After the publication in 1960 of Nimrod Mkele's *The Emergent African Middle Class*, it was generally accepted that, despite differences in lifestyle, life chances and incomes, the shared burden of national oppression would persuade the African petty bourgeoisie and the majority of African working people to make common cause. By extension, the same was assumed to apply among Coloureds and Indians, as well as between Africans and the two black minority groups. These assumptions were the cornerstones of liberation movement strategy and the gravamen of Joe Slovo's 1977 thesis which argued against the likelihood of any accommodation because the disabilities of the black elite would oblige it to seek radical solutions. When the ANC assumed political office in May 1994, the negotiation process had already disproved one leg of Slovo's thesis. In 1992, Slovo himself had proposed a middle course, the so-called 'sunset clauses', that envisaged the exit of the incumbent civil service by attrition. The elections too, had established that the disenfranchised black population was far more heterogeneous than ANC strategists had realised. Significant segments of the Coloured and Indian working classes had voted for the party of apartheid, and though the majority of Indians had been prepared to follow the ANC's lead by boycotting the tri-cameral elections, that did not translate into electoral support for the ANC in 1994. The election results confirmed the ethnic-regional character of the Inkatha Freedom Party (IFP) but had also demonstrated its strength in rural KwaZulu-Natal.

The ANC-led government was constituted to take account of a number of tough realities. Though it had won the elections by a landslide, the ANC assumed political office with little power other than control of the majority of ministries. The upper reaches of the security services were still in the hands of apartheid appointees, as was the civil service. Mandela deliberately appointed Derek Keys, a former NP Minister, as Minister of Finance to reassure an uncertain South African and corporate sector. Carefully measured actions and studied moderation, in both rhetoric and action, helped reassure skittish investors and international markets. South Africa experienced a decade of social peace underpinned by political stability thanks to such circumspection.

Governing together with the NP and the IFP in a Government of National Unity (GNU), the ANC confounded its detractors with its pragmatism. During his

inaugural address to Parliament, Nelson Mandela set the tone for his government by quoting the Afrikaans poetess, Ingrid Jonker. The symbolism of that action was not lost on observers; she had in the 1970s committed suicide in despair about apartheid and the future of South Africa. Mandela was calling on the country to put the past behind it, seize the moment of hope and focus on the future.

The ANC had anticipated the challenges of governing and had drawn up an elaborate Reconstruction and Development Programme (RDP) based on an assessment of what would be required to address huge apartheid-created social deficits. The realities of political office soon made it clear that leveraging the resources for reconstruction and growth would not be easy. The post-Cold War environment brought with it a demonisation of state intervention. The state sector was concentrated in key delivery areas – utilities, posts and telecommunications, and public transport. Though the RDP had called for ‘right sizing’ of South Africa’s hugely inflated state-owned sector, ANC policy makers soon discovered that they were expected to dismember it. The restructuring of state assets thus became a crucial aspect of government policy.

Motivated by an ambitious White Paper, telecommunications is the only sector that has been successfully restructured by inviting the participation of two strategic equity partners. During the last six years, SA Telkom has carried out an impressive rollout of telephone lines into previously deprived and neglected areas. Opinion surveys in 1998 and 2003 indicate that the improvement of communications is recognised as one of the ANC government’s most notable achievements.

After two years as part of the GNU and shortly after the adoption of the new Constitution, the NP decided in June 1996 to withdraw from it. The NP’s decision signalled a desire to mark out a position to the right of the ANC-led government and its hope to profit from oft-expressed white anxieties about the consequences of democracy. In less than two months, the NP changed both its leader and its name when Marthinus van Schalkwyk was elected leader of the New National Party.

The Remaking of the ANC as a Party of Government

Hegel once wrote that a political party becomes real only when it divides. That profoundly dialectical statement will strike many as odd. But, its profundity lies precisely in its paradoxical nature. Provided that it is not brain dead, as a political movement grows, its inner contradictions inevitably begin to unfold. But as these unfold, so too are the movement and its ideas enriched and its political and intellectual life made more vital.

Members of the ANC should take comfort from Hegel’s view because it so closely approximates their lived political experience. The tired analogy of the ANC as a broad church can prove useful here in trying to understand the ironies of the debates that have so often taken place in recent years within it and among its alliance partners.

A corpus of religious values holds a church together much as a common programme is the standard beneath which the political faithful are rallied. That programme defines the boundaries of intra-movement debate. Contenders in any dispute each seek legitimacy by an appeal to its authority, but each is expected to respect the bona fides of the others. Episcopates in both the Catholic and the Protestant churches have been prepared to accommodate heterodox thought within their folds, provided

it could be contained or co-opted. Thus was many a potential heresy tamed. In the ANC, in contrast, within the living memory of many veterans, heterodoxy has regularly become the new orthodoxy. The dissident voice, the innovative strategy and the critical ideas have won the argument in the movement on several occasions. While this offers conservatives little comfort, it would be a rash radical who sought to employ it as justification for reckless behaviour.

Any serious political movement necessarily requires its adherents to act collectively on the decisive issues. The whips in a parliamentary party are assigned precisely that role. Movements that have been forced to operate illegally place greater emphasis on discipline, because any breach can result in arrests and even the suppression of the movement itself. Theoretically, such discipline does not extend to the inner political life of the movement, but there have been numerous instances when the requirements of discipline have been abused to repress debate and critical thought. Prior to March 1960 when it was banned, ANC practice, as the reams of paper used up in inner-ANC debates will testify, was to encourage optimal debate within its structures until a collective decision had been arrived at. After that, the minority view was expected to submit to the majority. Highly vocal dissenting minorities, like the 'Africanists' of the 1950s, survived for years as ginger groups within the ANC before they walked out in frustration. The communist movement coined the term 'democratic centralism' to describe this practice, which recognised the inevitability of a diversity of viewpoints, but also insisted that they should not impair the movement's capacity for united action.

Security considerations, distances between centres and the dispersal of its membership across the globe severely undermined the ANC's ability to operate in this way during its 30 years of illegal operations. The militarisation of the movement as a result of the armed struggle also tilted the balance away from consultative practices. But even within those limitations, the movement sought to keep alive a tradition of internal debate and discussion that found expression in its publications, conference documents and other records. Feminism, for example, was disdained or derided in the ANC of the late 1960s. But it is firmly rooted within the movement today. Acceptance of same-sex relationships had to be fought for in heated debates. No strategic shifts came as a surprise to ANC members and supporters because, in most cases, their views had been widely canvassed beforehand. The relative absence of destabilising upheavals that might have led to disintegration attests to the skill with which such issues were managed. While unity was never conflated with uniformity, the crystallisation of factions was also firmly resisted.

Achieving the delicate balance that enables a movement to maintain continuity while remaining open to new initiatives and even heretic ideas is a challenge even at the best of times. Strong leaders are often tempted to assert their wills. There were two occasions post-1990 when even Nelson Mandela was unable to muster the necessary support among the ANC's leadership for his views to prevail. There were numerous other, less publicised, occasions when he was over-ruled by the executive. Thabo Mbeki initially tabled the central ideas in Joe Slovo's strategic initiative, the 'sunset clauses'. Mbeki lost the argument on that occasion. Despite Slovo's prestige, the initiative he authored was hotly contested and radically amended before it was adopted by the ANC. After its legalisation, the ANC and its key strategic partners, the SACP and COSATU, have often appeared as bodies seething with fractious internal conflicts. But perhaps this capacity, even willingness, to enter into robust debate is a quality to be cherished rather than sneered at. Devoting time and resources to intra-movement debates, arguments and ideological polemics often

looks messy and even divisive. But after a decision is taken, most members are confident that every possible option has been examined and they also feel a sense of ownership of the policy positions adopted. The ANC in government sought to reaffirm this aspect of its organisational culture. It reformed the workings of the national parliament by opening up all its plenaries and committee meetings to members of the public and the media. Stressing accountability and transparency, it piloted the adoption of codes of ethics for both parliamentarians and members of the executive. But governing a country has reinforced the centripetal tendencies in the movement's culture, giving countervailing the impression of power centralised in the presidency. Powerful trends are, however, also evident. The NEC meets once every two months, usually according to a pre-determined schedule which permits members to plan their attendance with greater certainty. Participation in its plenaries has also been expanded to include non-elected national government Ministers and Deputy Ministers.

Participating in two general elections and a host of local government elections the ANC has introduced many new concepts to South African electioneering. Compelled to master the skills of modern elections very quickly in 1994, the ANC learnt the use of opinion surveys and focus groups. Borrowing from its own past experience, specifically during the campaign for the Congress of the People in 1955, the ANC introduced the People's Forum during its 1994 election campaign. Such forums were conceived as town hall meetings which would afford members of the general public the opportunity to question ANC leaders on any aspect of its election platform. They proved hugely successful in bridging the social distance between politicians and the citizen. The degree of interaction at such forums increased the sense of identification with a party that was prepared to listen and did not insist on talking to the electorate all the time. The People's Forum has now become part of the ANC's elections repertoire and has been adopted also by the Presidency which refers to its gatherings as *imbizo*.

But as a party of government, rather than an illegal liberation movement, membership of which entailed risks of imprisonment or even death, membership of the ANC today could open up career opportunities. Apart from the activists who surfaced in 1990 and could now openly affiliate to the ANC, the movement is attracting into its ranks many in search of political careers. The appetites of many old militants for the good things in life have also been whetted after decades of denial. A measure of the problem is repeated allegations of the misuse of state funds levelled against ANC local councillors and government officials. The need to fill civil service posts with personnel loyal to the ANC's vision has inevitably transformed many capable grassroots' activists into state bureaucrats, depriving the movement of the calibre of membership who were the driving force in its local structures.

Being in power is visibly changing the character of the ANC. Whereas in the past ANC networks linked one to the movers and shakers among organisations representing the disadvantaged, the poor and the disinherited, today they can also give you access to the leading corporate boardrooms, the cabinet, top civil servants and members of the political elite. This was reflected in the ANC's own recasting of its strategy and tactics at its 1997 national conference, that marked the passing of the baton from Mandela to Mbeki. On that occasion, the black middle strata, who had received scant attention in previous strategy and tactics documents, were elevated to the status of one of the motive forces of the National Democratic Revolution. A rather vague Black Economic Empowerment project was also flagged at that conference.

The fleshing out of the project since 1997 has given rise to fears amongst many that the ANC has adopted the creation of a black bourgeoisie as one of its principal objectives for the medium term.

The ANC's Second Term

The ANC went to the hustings in 1999 very confident of winning by a landslide. The upshot was that it won just one percentage point shy of a two-thirds majority. The most salient feature of the 1999 elections, however, was the collapse of the New National Party, despite its make-over as the New National Party after it walked out of the GNU in 1996. The Democratic Party, under Tony Leon's leadership, emerged as the party of white discontent.

Thabo Mbeki assumed the presidency having acted as de facto President for some years as Nelson Mandela gradually disengaged himself from day-to-day government business. He led the ANC to a magnificent electoral victory that left the opposition in disarray. No other party managed to garner more than ten per cent of the poll and instead of the six opposition parties of the first democratic parliament, there are now ten even smaller groupings. The ANC again offered the IFP seats in the executive though its majority did not require it to find coalition partners. A portent of what has become a feature of Mbeki's incumbency raised its head in the NEC of the ANC during 1994. Reacting rather testily to an editorial in the SACP's news-sheet *Umsebenzi*, Nelson Mandela castigated the SACP as an unworthy organisation, which owed its place in democratic South Africa to the ANC. Instead of defending the SACP, its former Chairman, Joe Slovo, and its then General Secretary, Charles Nqakula, retreated before Mandela's attack and apologised for the offending article.

Relations between the ANC and its communist ally have deteriorated even further and faster under Mbeki's presidency. Neither COSATU nor the SACP had become reconciled to the adoption the Growth and Redistribution (GEAR) strategy piloted through Cabinet during Mandela's incumbency. As the ANC government proceeded with its speedier implementation after 1999, repeated exchanges between the ANC leadership and its allies ensued. These escalated as the policy areas of difference between the ANC and its allies seemed to multiply. By 2001, these included not only the restructuring of state assets, but also the HIV/AIDS pandemic.

Perhaps over-confident that it could win over the rank-and-file members of COSATU affiliates, the ANC leadership took the issues that divided the alliance partners to both COSATU and SACP conferences. The SACP came in for particularly harsh criticism and was repeatedly warned that it was straying from the course pioneered by its previous leaders, J.B. Marks and Moses Kotane, who had been content to allow the SACP to survive as a secret communist network operating within the ANC, but with no independent profile. When the SACP was legalised in 1990, it shed a fair number of its erstwhile members. Consequently there was a massive intake of new members, drawn from the trade unions, the civics and other mass organisations after the SACP's first internal congress in 1992. Buoyed by the popularity of its General Secretary, Chris Hani, the SACP grew fast, reaching a high point of 89,000 paid-up members in 2002. It also underwent a period of intense internal discussion about its future role, especially in the light of the collapse of Soviet socialism in Eastern Europe and the Soviet Union. The outcome of these discussions was a decision that, as the party of socialism, it should begin to carve out an identity distinct from both the ANC and the failed socialist projects in Eastern Europe. To achieve the former, it did not project itself as the vanguard of the second phase of the revolution but

instead, spoke boldly about the particular interests of the working class within the alliance. It appealed to the rich vein of indigenous South African radicalism to which South Africa's communists had made a distinctive contribution. Unaccustomed to an SACP that not only differed with, but publicly criticised, positions adopted by the leadership, many in the ANC reacted very negatively to the positions the SACP pronounced. By January 2002 it was not uncommon to hear the epithet 'ultra-leftist' applied to the SACP's leadership. This reached its nadir when two fairly senior ANC leaders, Josiah Jele and Jabu Moleketi, penned a polemic directed against the SACP's leadership. Both sides to this acrimonious quarrel pulled back from the brink towards mid-2002. An ANC policy conference, in anticipation of the national conference, resulted in a wide-ranging consensus on most issues. At the national conference that December, all the delegates from the president down reaffirmed the importance of the tripartite alliance.

There is little dissent within the ANC over the area of foreign affairs where the Mbeki-led government has made its most decisive mark. With an energetic Foreign Minister in the person of Dr Nkosazana Dlamini-Zuma, South Africa has been punching way above its weight. Mbeki's presidency, or rather his foreign-policy profile, has been facilitated by South Africa's assumption of the headship of the Non-Aligned Movement (NAM) and of the Commonwealth. When the OAU changed itself into the African Union (AU) in 2002, South Africa also became chair of that continental body. In addition, in the first three years of Mbeki's tenure, South Africa has hosted four major international conferences – that of the Commonwealth, the World Conference Against Racism, the World Summit on Sustainable Development and lastly the African Union.

South African foreign policy has as its central plank the creating of space for Africa and its people to define their own future by exploring and offering viable, indigenously-evolved, alternative agendas to those imposed on our continent by former colonial powers and their allies. Africa has also adopted new and far-reaching human rights instruments during the past four years. Though the rights contained in these charters are in the main aspirational, they are indicative of and will reinforce the growing trend toward democratic governance on the continent. Progress towards democratisation on the continent is still very uneven but the struggles of ordinary citizens and political activists have gained momentum during this time and could result in the creation and extension of democratic space in African societies.

The ANC's second term started with a bold foreign-policy initiative in the Congo when Nelson Mandela attempted to arrange a relatively peaceful transfer of power. South Africa became even more deeply entangled after Mobutu fled, and Laurent Kabila assumed power in Kinshasa, backed by Uganda and Rwanda. South African diplomacy at first sought to minimise the capacity of non-African powers to interfere in the Congo so as to give the Congolese and their neighbours a chance to resolve their problems. The upshot was rather different from what had been hoped for. Uganda and Rwanda had been drawn into the effort to get rid of Mobutu in pursuance of their own interests. Unable to secure these from Laurent Kabila, whom they had assisted to power, both countries sought to use armed Congolese factions close to them to overthrow Kabila's government. That had inspired President Mugabe of Zimbabwe to seek a multi-state SADC intervention, in support of Laurent Kabila's beleaguered government. South Africa, Botswana, Mozambique and Malawi refused to become involved, but Namibia and Angola sent troops and equipment.

From day one of his presidency, Mbeki tried to find a solution to the Congo crisis. After three years of talks, interrupted by outbreaks of terrible bloodletting, the Congo factions agreed to constitute a government of national unity in December 2002. South Africa had invested millions of rands to keep the negotiations afloat but in the end was unable to exclude non-African powers. When the fragile peace in Eastern Congo threatened to unravel in 2003, South Africa was compelled to accept the introduction of French troops to keep the warring factions apart.

As Deputy President, Mbeki had nailed his colours to the mast of an African Renaissance. When he assumed the presidency it was expected that this vision would be further fleshed out. The arrival of the new millennium, six months after he became president, offered a golden opportunity. Working with the Presidents of Algeria and Nigeria, he crafted what was at first named the Millennium African Project or MAP. This was conceived as an ambitious programme for African economic development premised on good governance and rapid economic growth driven by massive inflows of direct foreign investment. The Presidents of Egypt and Senegal were subsequently also drawn in and the projects were redesigned to take account of their contributions. It was then renamed the New Partnership for African Development (NEPAD) with roughly the same features. Mbeki took the lead in canvassing and winning support for NEPAD among the political leaders of the developed world. Despite extremely parsimonious commitments from G8 summits in Canada and France, there is still optimism that the developed economies will come to the party.

Conclusion

During its first five years under Mandela's presidency, the ANC's main aim was the consolidation of the democratic breakthrough and ensuring that the majority of South Africans bought into their newly-won democracy. The 1999 elections seemed to confirm that it achieved that objective.

27 April 1994 completely transformed the South African political landscape. The African majority – some 77% of the total population at last count – are now the decisive factor in electoral politics. No political party can hope to prosper except by addressing the needs and aspirations of that majority. Reducing the gap between rich and poor remains the priority issue on the national agenda. Apartheid, and not the ANC's rhetoric, has determined that this line of cleavage will in large measure coincide with race. Addressing a graduating class at Howard University in Washington, DC, in June 1965, President Lyndon Johnson, declared:

But freedom is not enough. You do not take a person who, for years, has been hobbled by chains and liberate him, bring him up to the starting line of the race and then say, you are free to compete with all the others, and still justly believe that you have been completely fair. Thus it is not enough just to open the gates of opportunity. All our citizens must have the ability to walk through those gates.

The extent to which it succeeds in giving the previously disadvantaged the capacity to walk through those gates is the measuring rod South Africa will use to judge the ANC's ten-year stewardship.

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A Political Economy of Land Reform in South Africa

Ruth Hall

Land reform is one way in which the 'new' South Africa set out to redress the injustices of apartheid and, by redistributing land to black South Africans, to transform the structural basis of racial inequality. During the first decade of democracy, land reform has fallen far short of both public expectations and official targets. This article describes the progress of the programme and its changing nature. It is argued that a recent shift in land policy, from a focus on the rural poor to 'emerging' black commercial farmers, is consistent with changes in macro-economic policy and reflects shifting class alliances. The programme now appears to pursue a limited deracialisation of the commercial farming areas rather than a process of agrarian restructuring. Most fundamentally, land reform has not yet provided a strategy to overcome agrarian dualism.

Processes of land reform have intersected with, and been informed by, shifting politics in the post-transition period in South Africa. Ricardo (1817) suggested that the principal problem in political economy concerns the relations and distribution of resources among three classes, namely 'the proprietor of the land, the owner of the stock or capital necessary for its cultivation, and the labourers by whose industry it is cultivated'. This paper considers how these relations have structured land policy in post-apartheid South Africa, and how political decisions have been made about the allocation of scarce resources among competing uses. It is argued that the advent of non-racial democracy has seen a new configuration of class interests and the emergence of a powerful alliance that is committed to deracialising ownership but retaining the structure of the commercial farming sector rather than restructuring the agrarian regime.

South Africa's agrarian structure is 'dualistic' in the sense that it comprises, in the former 'white' rural areas, a capital-intensive commercial farming sector engaged in large-scale production and strongly linked to global markets and, in the former 'black' homelands, an impoverished sector dominated by low-input, labour-intensive forms of subsistence production as a key source of livelihood along with migrant remittances and state pensions. While the two sectors were presented by past governments as reflecting 'modernity' and 'tradition', respectively, the economic function of the black 'reserves' was to reproduce, and subsidise the cost of, labour (Wolpe, 1972). In this way, the reserves subsidised industrialisation and economic growth in 'white' South Africa's manufacturing and mining sectors. This dualism has been widely recognised as a feature of 'racial capitalism' under apartheid, understood as the collusion of racism and capitalist interests (Lipton, 1985).

Land reform performs an important symbolic function in the 'new' South Africa as tangible evidence of a nation addressing historical injustice as part of a wider process of nation-building. It also has the potential to form the centrepiece of a programme of rural restructuring: to transform social and economic relations and provide a structural basis for broad-based pro-poor development. These twin functions acquire particular significance when seen against the backdrop of chronic rural poverty: 70% of rural people live below the poverty line, among them nearly a million farm workers and their dependants, plus nearly a third of South Africa's population crowded into less than 13% of the land, in the former 'homelands' (May and Roberts, 2000; RSA, 2001).

This article describes the spectacular underperformance in the land reform programme in its first five years, delivering a small fraction of the target of transferring 30% of agricultural land, and the subsequent shift of focus from the rural poor to supporting the emergence of a class of black commercial farmers. To different groups within South Africa, land reform is, variously, about the deracialisation of capital, the promotion of smallholder agriculture, direct poverty reduction by transferring assets to the poor, human security and secure tenure, and historical justice. One of the central tensions has been between proponents and opponents of the commercial farming model. Through dispute over what land reform is for, and who should benefit, South Africans are contesting the vision of a transformed post-apartheid society and thereby drawing into question the very nature, and purpose, of political transition.

Land Reform in the First Decade of Democracy

The status of existing property rights (including agricultural land) was a central factor in the negotiations that led to political transition. White farmers and industrialists successfully lobbied to ensure that commitments to transformation in the 1993 interim constitution and the final 1996 constitution were tempered by a 'property clause' that recognised and protected existing property rights. Land reform could happen but would be constrained, leading some commentators to observe that 'in effect, colonial land theft is now preserved by constitutional sanction' (Hendricks and Ntsebeza, 2000).

The interaction of a number of factors ensured that a programme of land reform was adopted. Among these were mobilised rural communities, drawing on the militancy of their resistance to forced removals – and the non-governmental organisations (NGOs), civics and church groups that supported them – who demanded that their land be returned to them. Another factor was the advice of the World Bank, which promoted its own 'market-led' model of land reform and argued that redistributing land and creating a class of black smallholders was necessary to avert social and political instability, as well as to promote rural development (Hall, 1998).

The African National Congress (ANC) committed itself, as part of the Reconstruction and Development Programme (RDP) to a land reform to redistribute 30% of agricultural land to the poor and landless over a period of five years. World Bank advisors had proposed this target as feasible, noting that 6% of agricultural land is transacted each year – and thus appearing to hold to the incredible notion that *all*, or nearly all, land on the market would be bought for redistribution (Aliber and Mokoena, 2002:10). To provide a sense of scale, the commercial farming areas of South Africa amount to about 86 million hectares: the land reform target was to transfer 26 million hectares in the first five years.

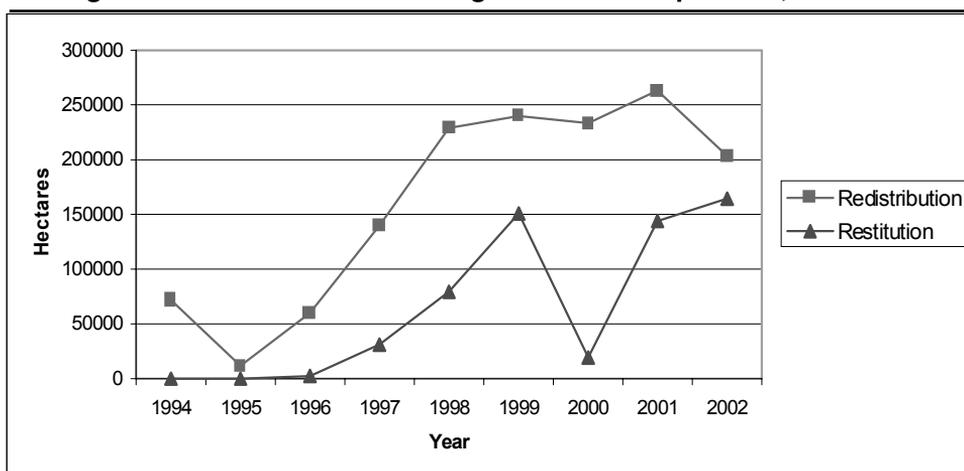
Land reform was conceived as a means by which the South African state would provide redress for past injustice and promote development. It would pursue these twin goals by restoring land rights to those dispossessed by segregation and apartheid through a **land restitution** programme, securing and upgrading the rights of those with insecure rights to land through a **land tenure reform** programme, and changing the racially skewed land ownership patterns through a **land redistribution** programme (DLA, 1997a). Each of these three components of land reform in South Africa is mandated by the Constitution, which not only empowers the state to pursue a programme of land reform, but also obliges it to do so and allows for the expropriation of property in pursuit of 'the nation's interest in land reform' (RSA, 1996).

Land Redistribution: From Pro-poor to a Commercial Model

The primary focus of government's land reform has been the redistribution of land through a market-led 'willing buyer, willing seller' land redistribution programme. From 1995 to 1999, this took the form of making available Settlement/Land Acquisition Grants (SLAG) to poor households to enable them to purchase land. Because the grants, at R16,000 per household, were small compared to the price of land, this often required large groups to pool their grants in order to gather sufficient funds to purchase land. The model was widely criticised for the complex group dynamics that resulted, because it reproduced overcrowding, and because it did not link the acquisition of land to support and resources to enable people to generate a livelihood off it (DLA, 1997b).

In response to these critiques, and wider changes in government's thinking about the state's role in development, the Minister of Agriculture and Land Affairs instituted a moratorium on land redistribution in 1999, pending an internal policy



Figure 1: Land Transferred through Land Reform per Year, 1994-2002

Source: DLA 2003 & CRLR 2003a; Note: The above reflects performance per calendar year with respect to land redistribution (January to December), and per financial year with respect to land restitution (March to February).

review, and in February 2000 announced a new policy direction. The 30% target was confirmed, but would be pursued over a longer period of a further 15 years (from 2000 to 2015), and the major means of achieving this would be a new redistribution programme aimed at establishing a class of black commercial farmers. The new policy, named the Land Redistribution for Agricultural Development (LRAD) programme, was originally designed for people with capital to invest, preferably those with agricultural diplomas. Applicants would need to make a contribution to the cost of the land of between R5,000 and R400,000 and, depending on the level of this contribution, would be eligible for a matching grant of between R20,000 and R100 000, on a sliding scale (DLA, 2000). Following criticism of this 'abandonment of the poor', the requirement of a minimum cash contribution of R5,000 was discarded – the poor could contribute this in the form of sweat equity – but according to some DLA officials, applicants must still comply with commercial criteria.

Since its launch in August 2001, LRAD has been firmly established as the flagship redistribution programme of government, eclipsing other programmes such as those providing land for settlement and access to municipal commonage land to the poor. As Figure 1 (over) shows, land transfers have picked up momentum over the past few years, but still fall far short of the rate of 2.1 million hectares per year now required to meet the revised target of redistributing 30% of agricultural land by 2015.

It is not possible, on the basis of existing official data, to draw precise conclusions about who is benefiting from LRAD, but the sizes of grants disbursed and levels of capital contributed do tell us something about the socio-economic profile of applicants. This ranges from the poor to the very well off, with substantial variation between provinces. In KwaZulu-Natal, for instance, it is almost exclusively the well off who have been able to participate, by contributing substantial cash, assets or loan finance. In the Eastern Cape and Western Cape, in contrast, a cross-section of socio-economic groups have participated, with some entering at the lowest grant levels (Jacobs, Lahiff and Hall, 2003). Most applicants have made some contribution in cash or kind, and most have been men.

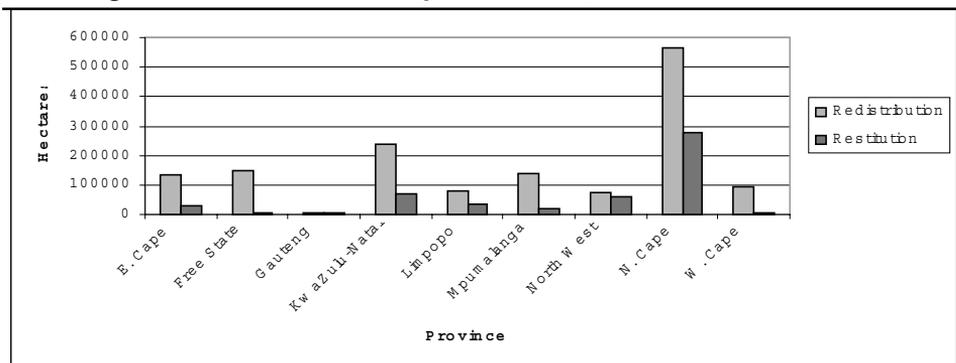
To the extent that the poor are accessing LRAD, it offers a higher level of grant than was available in the past, but to fewer people. Despite some gains in terms of delivery, then, poor and rich compete for limited resources. Some of the central challenges encountered under the previous programme are yet to be addressed. These include problems of the availability of land for sale at reasonable prices in areas of high demand and in parcels appropriate to the needs of applicants; financial and practical obstacles to the poor accessing the programme; and limited post-transfer support in the form of extension services, training, infrastructure development and access to credit and markets.

Land Restitution: Limited Restoration to the Dispossessed

Forced removals of black people in support of apartheid laws like the Group Areas Act and the Natives Land Act, and in processes of homeland consolidation and clearing 'black spots', were features of apartheid repression and formed a potent basis in the 1990s for the dispossessed to demand that their land be returned to them. A restitution programme was adopted in 1994 as a separate process of redistributing land rights from white to black South Africans, to restore land rights to people dispossessed of land since the Natives Land Act 27 of 1913. Claimants could return to their land or opt for other redress, for instance in the form of cash compensation. A Commission on the Restitution of Land Rights (CRLR) was established to assist claimants to make their claims, to investigate claims and prepare them for adjudication by a specially constituted Land Claims Court (LCC). A total of 63 455 claims were lodged by the deadline for submission of claims in December 1998, of which most were urban claims to residential land made by individual households. In the rural areas, though, claims by entire communities to large tracts of land – including prime commercial farmland – numbered nearly 20,000.

Processes of accumulating evidence in support of these historical claims proved to be arduous and time-consuming. Only one claim was settled by 1997. By 1999 it was clear that the programme was in trouble, having resolved only 41 of the 63,455 claims. The rate at which land restitution claims have been settled increased dramatically since the adoption of an administrative route (where the state seeks negotiated settlements with claimants) rather than a court process, and peaked at nearly 18,000 in one year in 2001/02. At the same time, the number of households

Figure 2: Land Transferred per Province, 1994 to December 2002



Sources: DLA 2003 and CRLR 2003b

per claim settled has dropped sharply from 432 in 1998 to 2 in 2002, and the number of hectares restored per claim dropped from 5,185 in 1998 to 8 in 2002. Together, these indicate that the vast majority of claims settled over the past few years have been individual household claims in urban areas, settled through cash settlements (Hall, 2003). Very few rural claims have been settled and rural land had been earmarked for transfer in respect of only 185 of the 36,488 claims settled by March 2003, again indicating that the bulk of complex and costly rural claims involving large numbers of people and large tracts of rural land remain unresolved (CRLR, 2003b; Hall, 2003).

According to the Commission, just over 800,000 hectares had been earmarked for restoration by March 2004, though only a proportion of this had actually been transferred to, or settled by, claimants (CRLR, 2004). Yet a perspective on *where* this has happened, and what quality of land has been restored, indicates that both restitution and redistribution have disproportionately provided black people with access to relatively low-value land, making few inroads, as yet, into white ownership of the profitable high-value sectors of agriculture. As evident in Figure 2, more than half of all land earmarked for restitution, and more than half of all land redistributed by the end of 2002, was in the semi-arid regions of the country in the Northern Cape. Since then, the pattern has altered somewhat as a few large claims have been settled in Mpumalanga (CRLR, 2004).

With most urban claims now settled, and as the focus of restitution turns to the rural claims, the programme will inevitably confront current owners unwilling to sell. To date, the state has relied on negotiated sales and, where these are not possible, has offered claimants cash instead. This is not likely to be a durable strategy, since many rural claimants insist on returning to their land and in a handful of cases have staged illegal occupations of the land in question to highlight their grievances over delays in finalising their claims (Steyn, 2002). It remains to be seen how the state will navigate the contradiction between black communities' historical claims to land, and the property rights of its current owners, and whether or in what circumstances more interventionist strategies, like expropriation, will be used to force the pace of change.

Reforming Tenure: at the Margins

Attempts to reform tenure relations on farms, or to provide farm dwellers and labour tenants with land of their own, have raised but not realised possibilities of further redistribution in the countryside, not least because securing tenants' rights is anathema to the overarching policy emphasis on the property rights of ownership and owners. People living and working on commercial farms, often seen as a rural proletariat, are among the poorest South Africans, some of whom are engaged in struggles to retain and secure their access to land for independent production through various forms of cash, share and labour tenancies. Laws introducing new labour and tenure rights for farm dwellers in the 1990s have been notoriously difficult to enforce (RSA, 2001). These came at a time of wider changes in the sector and, together with economic pressures and a hostile response from many farmers, contributed to job losses, casualisation and evictions of farm dwellers – thereby promoting the process of proletarianisation and bringing to completion long trajectories of dispossession by separating rural workers from access to land. A policy review process was initiated in early 2002 to find new policy solutions but is yet to yield a new policy or legal framework for public input or for implementation.

Since the end of legislated apartheid, few improvements have been seen in the communal areas, where systems of land administration have collapsed and there is widespread uncertainty about the status of land rights. After six years of drafting legislation to address the situation, the Communal Land Rights Bill (CLRBB) is due to be tabled in parliament ahead of the 2004 elections amidst widespread controversy.¹ It provides that title to communal land can be transferred from the state to the communities already residing there – but on the basis of ministerial discretion to determine who will get which resources and without addressing the problems of the disarray in communal land administration and discrimination against women (Claassens, 2003). Meanwhile, in the absence of clarity on tenure rights, and with the focus of redistribution falling on commercial farming, the urgent matter of making additional land available to ease the overcrowding in the former ‘native reserves’ remains unaddressed. In this sense, ‘tenure reform’ is being addressed in isolation from the wider question of how to overcome the divide between the overcrowded and under-resourced communal areas, and the wealthy commercial farming areas.

Big Policy & the Shrinking State

The extent of land dispossession in colonial and apartheid South Africa dwarfs that of other Southern African states, yet South Africa’s attempts to reverse this through land reform have been cautious. The current policy approach evidently cannot achieve its own limited targets, let alone restructure the rural economy and overcome the apartheid legacy of dualism in the agrarian structure. Here, I consider why the programme of rural reform has fallen so far short of expectations, but also how, and why, it has changed character, arguing that the current direction of land reform is limited in its scale and objectives and maintains the structure of the commercial farming sector. The first reason is the problem of ‘big policy and the shrinking state’, in that land policy bears little relation to the institutions, budgets and political environment in or through which it is to be realised.

Within the market-led paradigm, the state is to fund or subsidise the purchase of land and related infrastructure – an enormous undertaking. However, while adopting ambitious policy and targets, we have a shrinking state with inadequate institutional and financial resources.

Fiscal restraint is one reason why the redistribution of land has been so limited. A total of only 2.9% of agricultural land was transferred in the first decade of democracy, and during this period, the budget for land reform has remained at or below 0.5% of the national budget (DLA, 2004; National Treasury, 2004). While land prices have fluctuated substantially over the past ten years, rising sharply in some regions while declining in others, the cost of acquiring land and creating a class of black farmers in the image of the white agricultural sector is likely to be prodigious (DLA, 1999). The purchase of land alone might come to tens of billions of rands. Based on past experience, the cost of land to settle the outstanding rural restitution claims alone is likely to be well over R10 billion (Hall, 2003). National budgets do not approximate these levels. It is in this context that a premium has been placed on mobilising private capital and the reliance on a central role for the Land Bank in making credit available to LRAD participants. Even so, in terms of both delivery and budget allocation, the scale of the shortfall is staggering.

The state’s constraints are also felt in the area of operating budgets and staffing. A greatly constrained and overburdened bureaucracy in the DLA is itself reliant for success on cooperation and contributions from other overburdened and cash-

strapped institutions, most notably local government (district and local municipalities) and the national and provincial departments of agriculture. Regardless of how land is acquired, substantial investments are needed to provide investments in infrastructure, extension services, access to inputs including credit, and access to markets – what has been termed ‘post-transfer support’ or ‘post-settlement support’.

While the financial and institutional challenges of implementation are very real, experience points to further factors that constrain change in the countryside. The limited public resources made available for land reform result from the macro-economic policy environment that favours limited state involvement in the economy.

Macro-economic Perspectives on Land Policy

The South African government’s growth, employment and redistribution (GEAR) macro-economic strategy adopted in 1996 is principally defined by its aim of reducing government spending below revenue in order to address debt (National Treasury, 1996). GEAR embraces a neo-liberal paradigm in which the state plays a limited role in the economy. As a result, GEAR is hostile to social spending and promotes partnerships with the private sector as a means of maximising the impact of limited state programmes. GEAR also focuses on public works programmes as a means of job creation which, while not a panacea, could be an important counterpart to land reforms as part of a multi-faceted strategy to support rural livelihoods through increasing labour-intensity and opportunities for self-employment.

The restructuring of agriculture in South Africa, to the extent that it is happening, is largely as a response to South Africa’s self-imposed structural adjustment in the late 1990s. For agriculture, this involved the removal of direct state support in the form of soft loans, tax breaks, state-run cooperatives and single channel marketing and the opening up of South Africa’s markets to international competition through the dismantling of tariff barriers. All of this was exceedingly badly timed for that small class of black commercial farmers – or ‘emerging’ farmers which, in the South African lexicon, refers to black entrants into commercial farming – who anticipated that the end of apartheid would enable them to access the public resources previously reserved for whites. One result of the deregulation and liberalisation process has been a growing rift in the sector between ‘winners’ and ‘losers’, with a rise in the rate of bankruptcies and the consolidation of landholdings into fewer hands – a trend at odds with land reform (RSA, 2001). The state’s support of an emerging class of black commercial farmers now sits uneasily with its removal of subsidies and other supports, which have combined to produce a uniquely hostile environment for new entrants into agriculture.

South Africa’s market-led land reform is consistent with government’s macro-economic orientation and notions of the roles of the state and market. Specifically, the replacement of SLAG with LRAD at the end of the 1990s brought land reform in line with GEAR’s emphasis on entrepreneurship as a means of building a black middle class, with limited direct involvement in the economy by the state and reliance on partnerships with the private sector. However, ownership of agricultural land is not a top priority for black economic empowerment (BEE), since more significant opportunities for capital accumulation lie in joint ventures and value adding industries in secondary agriculture. ‘Redistribution’ as BEE, then, has been more actively pursued in the high value sectors of the economy – for instance in the form of the mining charter.

The commercial agricultural sector itself generates only about 4% of South Africa's gross domestic product, but is more significant as an earner of foreign exchange, bringing in about 14% of earnings of imports. It is also, though, a source of livelihoods for a good proportion of the country's poorest citizens – the nearly one million farm workers and their dependents (possibly five to six times this number) and the bulk of the residents of the communal areas, whose subsistence agriculture constitutes one important source of sustenance and income in a diversified package of livelihood strategies. Agriculture is of immense strategic importance in that a sizeable proportion of the South African population is dependent on agriculture for survival; it provides 39% of rural incomes and has significant forward and backward linkages into manufacturing (RSA, 2001). Since the mid-1990s, though, agriculture has been shedding jobs as the sector responds to macroeconomic changes. Any successes of land reform must therefore be seen against the backdrop of the structural erosion of poor people's livelihoods in rural areas.

The current perspective of government on the trajectory of agrarian change is one of progressive capitalism – a deepening of capitalist relations within the agricultural sector and its deracialisation that, together with foreign investment, is to pave the way for economic growth. The macro-economic imperatives of GEAR in turn form the context for the state's ideological attachment to commercial agriculture, which tends to undervalue the land uses of the poor.

The Privileging of Commercial Agriculture

The limitations of land reform relate not only to its scale but also to how resources are to be allocated, for what purpose, and to whom. A key point of contention in the debates on land reform in the early 1990s was the perennial 'farm size debate' about the relative efficiency of large and small units. World Bank advisors, buoyed by 'success' in smallholder farming in Kenya, argued for the economic efficiency of smallholder agriculture (Hall and Williams, 2003). However, the National Department of Agriculture (NDA) and its provincial departments have been widely recognised as failing to reorientate their services to meet the needs of a new clientele and to provide this at scale to poorer land reform beneficiaries (DLA, 1997b).

Powerful discourses of the economic efficiency of commercial farming, and the inefficiency of low-input agriculture by the poor, appear to persist within the state bureaucracy. This ideologically driven preference for commercial farming is evident even among those tasked with implementing land reform, where commercial farming criteria have been deployed in assessing applications for land grants. For instance, KwaZulu-Natal's provincial department of agriculture has adopted income criteria to assess LRAD applications, requiring projections of R20,000 profit per person within the first year of operating. For poor applicants unable to access above the minimum grant level, this would mean generating a 100% return on investment within the first year – somewhat unfeasible in low-input or subsistence agriculture (Jacobs, Lahiff and Hall, 2003). Agriculture departments have also attempted to control land use through business planning – including by prohibiting the expansion of settlement on agricultural land and dictating the terms of inheritance. Instead, officials have promoted joint ventures and inverse rental markets as options whereby black people might own land but not farm it themselves – satisfying both the demand for racial transformation and the imperative of retaining existing modes of capital-intensive production (Jacobs, Lahiff and Hall, 2003).

Transferring land in isolation from wider changes in access to resources and infrastructure has also left beneficiaries with constrained choices: to engage in low-input agriculture that they can reasonably finance themselves or to engage in joint ventures with public or private sector partners. Where land has been transferred, some have started to farm it themselves as a group, often combining resources. In other cases, they have leased it back to its previous white owners, as they lack the capital to farm it commercially. Though in some cases this may prove more profitable than other uses to which it might be put, rental income has to be divided among large communities, often bringing limited benefit to individual members. In others, joint ventures have been set up between land reform beneficiaries and commercial partners, including sometimes the previous owner, offering shareholdings in businesses and possibilities of access to jobs.

The privileging of large-scale capital-intensive uses of agricultural land, particularly for export, makes sense in the context of GEAR. The special status of commercial agriculture is about scale and capital intensity, and explains the state's continuing unwillingness to confront the issue of subdivision of agricultural landholdings in a proactive manner. The commercial emphasis within land reform is a product of the balance of social forces that is tipped in favour of gradual deracialisation without a restructuring of property relations. The relatively weak articulation of demands for land is one part of this equation.

Demand for Land & Mobilisation from Below

It is commonplace in South Africa for urban intellectuals, businesspeople and politicians to argue that it is anachronistic to be pursuing land reform in an economy so dominated by industry and where, so the logic goes, people are moving to the cities in search of work, and that what the poor need are jobs and houses, not land. In fact, very little is known about the demand for land, and existing measures are of limited use. A survey in the mid-1990s, now possibly outdated, found that 68% of poor black people living in rural areas wanted land, but of these most wanted very small parcels of land with half wanting one hectare or less (Marcus, Eales and Wildschut, 1996). These findings reinforce a growing body of literature on livelihood strategies, which argues that the rural poor seek, in the first place, a secure place to live and land for small-scale cultivation of food crops, largely but not exclusively for consumption, plus access to (additional) grazing land. While some may aspire to producing for markets near and far, or increasing their scale of operation, most are unable to sustain the risks involved with full-time commercial farming, unless with substantial support from the state (Andrew, Ainslie and Shackleton, 2003).

The demand for land has become more apparent through land occupations in urban and rural areas. A pivotal moment in the recent past was the illegal occupation of peri-urban land at Bredell outside Johannesburg, and Khayelitsha outside Cape Town, in the winter of 2001 by shack dwellers whose homes had been flooded. Meanwhile, in parts of KwaZulu-Natal in particular, there have been reports of increases in encroachment by the landless on white commercial farmland where they have established their homes and, in some cases, started to engage in some agricultural production of their own. Elsewhere, groups of restitution claimants have tried to force the hand of the state by occupying both private and state-owned land to which they have laid claim (Steyn, 2002). Struggles for land are often interwoven with wider rural struggles for survival and for control of the

countryside, evident in the levels of violence on farms, including murders of both farm workers and farm owners, the rise of farm commandos and patterns of fence cutting and stock theft.

Redistributive land reforms around the world have been premised on the question of capital – that agrarian transformation is to redistribute capital assets. Bernstein (2003) argues instead that this era ended with the advent of globalisation and the enormously increased mobility of capital, proposing instead that the agrarian question is now one of labour. Responding not only to dispossession but also to retrenchment both in agriculture and from urban industry, the rural poor and landless in South Africa have articulated broader demands for livelihoods – demanding jobs alongside, rather than instead of, demands for land (Hart, 2002). The demand for land, then, is likely to be contingent on whether the poor see opportunities for themselves in a growing urban industrial economy. The past decade has instead seen substantial job losses (see Makgetla in this issue). Into this growing divide between rich and poor, HIV/Aids is a largely unaccounted factor which appears to be rapidly changing the profile of households, and structure of the labour force, in ways that underline the vulnerability of the poor.

A Landless People's Movement (LPM), influenced by the Landless Workers' Movement (MST) in Brazil, was launched at the World Conference Against Racism (WCAR) in 2001 with a campaign entitled 'Landlessness = Racism' and, since then, has had an impact disproportionate to its size and level of organisation, not least because it has been able to touch a raw nerve in South African society – the question of whether South Africa will become 'another Zimbabwe'. Its 'Week of the Landless' during the World Summit on Sustainable Development (WSSD) in 2002 showed the extent to which its slogans demanding land, food and jobs resonated with thousands of rural people, bussed in from all provinces, but also with residents of Johannesburg's townships and informal settlements (Greenberg, 2002).

Although explicitly non-aligned, the LPM has navigated between straightforward demands for delivery by government and anti-ANC sentiment defined by opposition to GEAR, privatisation and the New Partnership for Africa's Development (NEPAD). As it has grown, it has brought together a range of interests in a 'broad church' including farm workers, people from communal areas, traditional leaders, residents of urban informal settlements and people with historical claims. In a constituency of the rural poor that has been largely invisible in national politics, the advent of the LPM has given a proverbial 'voice to the voiceless', bridged some of the divides between rural and urban struggles and, despite its weakness and internal divisions, has had an impact on the national political landscape.

The emphasis on building a new class of black commercial farmers, as a primary thrust within land reform, is made possible by the relative weakness of the landless lobby but clinched by the emergence of more powerful alliances.

Deracialisation & Accumulation from Above

Agricultural capital has long been a white preserve in South Africa, and a crucially important political constituency for successive apartheid governments. The rapid deregulation of the sector in the 1990s led to its reorganisation, with implications for class formation and changing racial politics. Agri South Africa (AgriSA) and the National African Farmers' Union (NAFU) are the associations representing established white and black farmers, respectively, both of which have privileged

access to the highest levels of executive authority in the country. Together, they constitute a presidential working group on agriculture, with which the President meets a few times each year. Though sometimes at odds with one another, these representatives of white and black farmers, together with the state, represent an emerging alliance forged through their participation in the working group where they developed a Strategic Plan for Agriculture to guide their future partnership and to frame government policy (NDA, 2001).

NAFU, the embodiment of a small but important class of black commercial farmers, was established in 1991 out of a committee of the National African Chamber of Commerce (NAFCOC) as a project of emerging black capitalists to lobby both government and donors to support black commercial farmers with access to land, markets, finance, research and technology (Mothabela, pers. comm.). Its members are individual black farmers (rather than agribusiness), some of whom are businesspeople who are investing profits from urban enterprise in agriculture (Matlala, pers. comm.). In some respects, then, the accumulation of agricultural capital by black South Africans is not clearly distinguishable from capital accumulation more broadly, whether through individual business ventures or BEE partnerships in industry. While NAFU appears not to be a large or powerful interest group in its own right, it does provide a black counterpart to existing white agriculture – and a ready partner for a programme of deracialisation in the commercial sector.

The Strategic Plan sets out the means by which further growth in the commercial sector of agriculture will be pursued by the public and private sectors. It places emphasis on the need to improve perceptions of the sector as key to boosting investor confidence in agriculture and supports LRAD's 'philosophy of market-assisted land redistribution' as a means of farmer settlement (NDA, 2001:7-9). It sets out a vision of privatising communal resources in the former homelands, by transferring resources to 'qualified farmers' (NDA, 2001:9). Most importantly, by recasting the issue as one of agriculture, those with existing interests in the commercial sector have been able to create the framework for land reform policy.

The plan is an example of post-transition pacting between the state, white agricultural capital and a small but politically significant class of black commercial farmers. The alliance that has emerged through this process involves, in the first place, *white commercial farmers and agricultural capital*, which has an interest to maintain property prices and confidence in the land market, and to acquire black neighbours engaged in the same forms of production – including for the purposes of protecting access to international markets. Secondly, it involves *government*, whose interests lie in revenue and stability, and therefore the growth of the commercial sector alongside its deracialisation, and the growth of a black middle class, not least as a political buffer. Finally, and possibly most marginally, it involves *black 'emerging' commercial farmers*, whose interests are to gain access to state resources and become beneficiaries of the deracialisation of the sector and related BEE initiatives.

While AgriSA and NAFU maintain distinct identities at a national political level – NAFU in particular is interested in maintaining a distinct identity as a black constituency – in practice, their members have discovered some common interests. AgriSA has actively recruited black members since the late 1990s and in both KwaZulu-Natal and the Eastern Cape, the provincial affiliates of AgriSA and NAFU have amalgamated (Crosby and Bosman, pers. comm.). Encouraged both by government and by donors, AgriSA and NAFU have convergence on some matters of

policy, arguing that 'We should not divide along colour lines, but according to size and sector. This is the way to divide the agricultural sector' (Mothabela, pers. comm.). In the process, AgriSA's white members, organised into district and provincial level farmers' associations and commodity sector organisations, have been able to retain influence on policy at the top echelons of the state, and NAFU has acquired a special status within the state's project of black empowerment in agriculture.

The alliance of the state with white and black farmers is of course contingent and susceptible to change. The South African state faces economic and political risks if much of the population remains marginal, which is likely to have an impact on the rule of law, investments, and property values, particularly if the rural poor become a politically articulate force in alliance with other social forces – for instance the urban poor and landless. The absence of a clear cost to the state of *not* pursuing a radical programme of restructuring in rural areas lies at the heart of explaining the current direction of policy.

Conclusion

The notion that black South Africans, with minimal support from a fiscally constrained state, can buy out white privilege is logically flawed and is increasingly discredited in practice. The cul-de-sac with redistribution, a policy vacuum in tenure policy for both the communal areas and the commercial farming areas, the failure to get the department of agriculture on board to support land reform and the slow progress of the Land Claims Commission in restoring land to claimants, all add up to a disappointing track-record of land reform in the first ten years of democracy. While there are successes on the ground, these do not add up to the structural change envisaged in the RDP, the ANC's post-apartheid manifesto of 1994. The redistribution of land has been limited and increasingly defined as commercial production of the model established in the white farming sector – even if sometimes on a smaller scale – bringing land reform just about full circle to 'business as usual' in the commercial farming areas.

It is a common wisdom in South Africa that the parameters of policy to confront the legacy of apartheid were constrained by the terms of the negotiated transition and that compromises made in the early 1990s are reflected in post-apartheid policy. However, the constitutional protection of property rights does not alone explain the path of reform. A political economy perspective enables us to see both why land reform has been so limited, and in whose interests it has been remoulded. While land reform falters, new alliances are emerging as powerful arbiters and shapers of what land reform is to become. Reliance on the market and on willing sellers to make land available for redistribution, and a relatively 'hands-off' state, means that land reform falls short of confronting and transforming entrenched forms of exclusion and marginality. While providing crucial resources to some, land reform is proceeding alongside the deepening of capitalist relations of production in the countryside. In this context, a focus on transferring assets to the poor is anomalous, since they lack the means to engage in capital accumulation in commercial agriculture.

That land reform is entrenched in the constitution and in government policy was a victory for a transformative agenda in South Africa. The challenge remains to root this in a wider agrarian restructuring but this is not likely in isolation from wider changes in the political economy.

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Endnote

1. The communal Land Rights Bill was passed by Parliament in February 2004.

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Between Marginalisation & Revitalisation? The State of Trade Unionism in South Africa

Edward Webster & Sakhela Buhlungu

This article provides an overview of the structure and organisation of the contemporary trade union movement in South Africa. It identifies seven broad trends in the labour market and their impact on the labour movement. It then examines the variety of initiatives by unions to tackle the problems generated by these trends. The article suggests that these initiatives are largely ad hoc and uncoordinated. It concludes that there is a need to go beyond traditional union structures to explore imaginative ways of engagement with the unemployed, the new working poor, their own members, employers, government, the new social movements and labour movements in other countries. However, it suggests that it is premature to pronounce the marginalisation of labour in post-apartheid South Africa. If well-coordinated and prioritised, the revitalisation initiatives identified in the article open up the opportunity for labour to contribute towards the emergence of a new job-creating developmental path in South Africa.

During the 1980s and early 1990s the South African trade union movement emerged as a model of a militant and progressive movement simultaneously improving the wages and working conditions of its members while engaged in a successful struggle for democracy against the apartheid regime (Adler and Webster, 2000; Buhlungu, 2001). However with the transition to democracy and processes of elite formation in post-apartheid South Africa, this combination of workplace and community struggle – labelled social movement unionism – has undergone an ‘erosion as solidarity has fractured along new and old lines’ (Von Holdt, 2001).

The advent of democracy has opened up new opportunities for the labour movement to both consolidate its organisational gains and to win further concessions from employers and the state. The first of these concessions was the creation of the National Economic Development and Labour Council (NEDLAC) in 1994. This was followed by the new Labour Relations Act in 1995, which provided for the right to strike, organise at plant level and created the Commission for Conciliation Mediation and Arbitration (CCMA). In addition, the new government confronted the legacy of the apartheid regime by introducing a Skills Development Act to accelerate skill development and an Employment Equity Act to provide equal opportunities for previously disadvantaged sections of the workforce. The institutional innovations that flow from this new labour regime created a new terrain for labour.

However, concurrent with these changes, labour was confronted with a new set of challenges arising out of globalisation. In particular, there were increasing pressures on the South African economy to compete in the global market in the context of a new work paradigm. This work paradigm encouraged enterprises to distinguish between a core of skilled workers and a growing pool of unskilled, casual and therefore dispensable workers. Thus the transition is paradoxical for labour in that on the one hand, it strengthens the rights of labour, while it erodes them and bypasses the new institutions, on the other.

As a response to this changed environment in 1996 COSATU commissioned a report on the future of trade unionism in South Africa known as the September Commission, after the commission's chairperson, Connie September, COSATU's Vice-President at the time. The report (September Commission, 1997) constituted an important intervention as it was the first systematic analysis of the changing political and economic environment facing trade unionism under the new generation of post-apartheid leaders. The report recommended that in order to move towards a scenario of high growth, COSATU needed to embrace what it described as social unionism. Six years have now elapsed since the release of the September Commission report. In 2002 COSATU began an Organisational Review that culminated in its 8th Congress in September 2003. This article is an assessment of the state of the labour movement ten years into South Africa's new democracy.

The need to revitalise the labour movement has been the central focus of a group of labour scholars in recent years. The most extensive research has focused on the reawakening of the American labour movement under new leadership and new strategic directions (Voss & Sherman, 2000; Turner, Katz & Hurd, 2001). At the heart of this revitalisation strategy is an attempt to shift labour away from traditional business unionism to a new 'social movement unionism'.

In this article we engage with the 'revitalisation debate' from a Southern perspective, that is, from a country which has been engaged in a century-long struggle for political liberation and now faces the daunting challenge of overcoming a legacy of under-investment in social and human development. However, unlike labour in the North, the South African labour movement is relatively young and is not subject to the same oligarchic tendencies that animated the revitalisation debate. Thus the challenge of union revitalisation in South Africa and, indeed the rest of the South, entails more than simply trying to strengthen existing union organisations. There is a need to go beyond traditional union structures to explore imaginative ways of engagement with the unemployed, the 'new working poor', their own members, employers, governments, the new social movements and labour movements in other countries.

The article is divided into three sections. First we provide an overview of the structure and organisation of the trade union movement since 1997. Second, we identify seven broad trends in the labour market and their impact on the labour movement. Finally, we examine the variety of attempts to tackle the problems generated by these trends. Our central concern is the impact of the transition in South Africa – both the transition to democracy, as well as the transition to a more competitive and open economy – on labour as an economic, political and organisational actor. To what extent is labour being marginalised in post-apartheid South Africa or has a process of revitalisation begun?

We conclude by suggesting that it is a little premature to announce the marginalisation of labour in post-apartheid South Africa. Instead we identify a range of initiatives that, if well coordinated and prioritised, could reposition South African labour as a key actor in shaping a new job-creating developmental path.

Section I: Structure & Organisations: An Overview

It is important to begin this overview by examining the structure and organisation of the South African labour movement. As illustrated in Table 1 below, currently there are 3.6 million union members in 485 registered unions. Although there was a slight drop in the latest figures, union membership has remained remarkably stable around 3.5 million. It has been estimated that in three sectors of the economy – education, public administration and mining/construction – union density is as high as 60 per cent (Torres, et al. 2001:51).

The structure of the labour movement continues to mirror the past. The first aspect is the large number of unions and union federations. In 2002 there were 16 union federations registered with the Department of Labour (Department of Labour, 2002). Indeed, as Table 1 shows, over the last seven years the number of registered unions has nearly doubled, from 248 in 1995 to 485 in 2002. Importantly, many of these unions are small and are struggling to survive. Those that are large tend to be a result of mergers that have taken place over a relatively long period of time.

A second feature of union structure is that the majority of unionised workers are concentrated in a few unions in three federations, as Table 2 (over) illustrates. In the case of COSATU there are 10 affiliates with more than a 100,000 members each. By contrast, none of the National Council of Trade Unions’ (NACTU) 22 affiliates has more than 50,000 members, with many being 5,000 members and below.

Table 1: Unionised Workers & Registered Unions, 1995-2002

Year	Registered Unions	Members
1995	248	2,690,727
1996	334	3,016,933
1997	417	3,412,645
1998	463	3,801,388
1999	499	3,359,497
2000	464	3,500,000
2001	485	3,900,000
2002	485	3,600,000

Source: Department of Labour. 2002; *Annual Report*.

Third, in spite of the growing concentration and coordination of union activities through such institutions as NEDLAC where there is a common labour caucus, the labour movement remains highly fragmented, racially, occupationally, politically and by organisational style as illustrated by Figure 1 (over). As Figure 1 shows, COSATU, the largest federation, remains predominantly black, blue collar, politically aligned to the ANC and the SACP and relies on a combination of strategic engagement and militant mobilisation in the workplace and on the streets using traditional tactics such as strikes and stayaways. By contrast, and in spite of its attempts to distance itself from its white staff association image of the past, the Federation of Unions of South Africa (FEDUSA) continues to draw its membership from the upper end of the labour market, which is predominantly white, coloured and Indian, and white collar. Their largest affiliate, the Public Servants Association (PSA) consists largely of white civil servants from the apartheid era. This federation is non-aligned politically and relies heavily on lobbying to influence the political process. It also emphasises the

Table 2: Membership of the Largest Labour Federations in SA, 2003

Federation	Membership
COSATU	1,864,121
FEDUSA	527,628
NACTU	300,000

Source: Compiled from union reports and interviews with key union leaders.

individual provision of services and benefits for its members.

NACTU, the smallest of the three represents distinct political traditions - Pan-Africanism and Black Consciousness - which have not yet found an effective voice in the new South Africa. To some extent their constituency is similar to COSATU's¹ but its organisational style relies on influencing informal political networks. According to NACTU general secretary, Cunningham Ngcukana, the federation sees its role as a 'partnership in transformation' (interview, 11 August 2002) rather than as an oppositional social force.

However, largely as a result of a drop in foreign funding, NACTU has seen 'a steady erosion of its membership and has been forced to close down most of its provincial offices and retrench staff' (Andrew Levy Employment Publications, 2003; *The Star*, 3 September 2003; an interview with Ngcukana, 14 August 2003). The recent formation of Solidarity (previously MWU-Solidarity) in 1997 and the Confederation of South African Workers Unions (CONSAWU) in 2002 mirrors and deepens these divisions.

The fourth feature of union structure is that the federations are driven by their affiliates and therefore exhibit a high degree of decentralisation. The majority of federation structures have limited organisational resources and decision-making lies with affiliates, thus diminishing the capacity of federations to mobilise workers or to exercise any control and monitor the activities of workers. FEDUSA has a small head office staffed by 10 full time officials funded from an annual budget of about R4 million. It has no regional offices or staff. NACTU also has a small head office of 16 officials and two regional offices in Durban and Cape Town. It also means that it is difficult to coordinate and articulate a coherent set of common economic and political policies.

The final aspect of union structure is the strikingly uneven distribution of resources between and within federations. This results in uneven participation in the new labour market institutions that have been created since 1994 such as NEDLAC, the National Skills Authority, and the South African Qualifications Authority, as well as the traditional collective bargaining structures such as bargaining councils. On

Figure 1: Fragmentation of Labour in South Africa, 2002

	COSATU	NACTU	FEDUSA
Race	Predominantly black	Black	Majority non-black
Occupational categories	Predominantly blue collar	Blue collar	White collar
Politics	Aligned to ANC/SACP	Origins in Pan-Africanism & Black Consciousness but non-aligned	Non-Aligned
Organisational Style	Mobilisation & lobbying	Lobbying	Lobbying

Source: Based on interviews with key union leaders, August 2003.

the one hand, these unions and federations have relatively large head offices and regional offices. COSATU's 19 affiliates have a combined total of 1,831 full-time officials, with 275 of these in belonging to one union alone, the National Union of Metalworkers Union (NUMSA) (COSATU, 2003).² They have regular newspapers or journals, use e-mail for communication and have up-to-date websites. Some of them also have specialised departments focusing on research and union education (see Figure 2 below). COSATU, in particular through the establishment of the National Labour and Economic Development Institute (NALEDI) in 1992 has access to in-house research expertise. NALEDI employs 13 full-time research staff providing union leadership with up-to-date information on issues such as labour market and economic trends for processes such as the job summits and the NEDLAC policy processes. COSATU has also established a policy unit consisting of seven staff members, one of whom has a PhD in economics and three have masters degrees. In addition, there are five members in the federation's parliamentary office in Cape Town.

By contrast neither NACTU nor FEDUSA has a dedicated research department and both are forced to 'outsource' their research to consultants and labour service organisations. As a consequence these federations often struggle to keep up with the constant demand for inputs on policy on a range of fronts with employers and the state.

A similar inequality exists in the field of union education and training. Only COSATU and most of its affiliates have specialised education departments and full-time education officers. COSATU affiliates have a total of seventy full time educators at national and regional level (COSATU, 2003). In addition, both COSATU and FEDUSA created in 1997 a joint labour education institute, the Development Institute for Training, Support and Education for Labour (DITSELA), dedicated to the design and delivery of trade union education and training programmes. From March 2002 to March 2003 DITSELA trained 3,076 'learners' in a variety of education activities including short courses and advanced courses in organising, labour law, union educators and a leadership course for women. Currently the institute employs 17 full-time staff members and has a budget of nearly R5 million (DITSELA, 2003).

We have suggested that the legacy of past divisions and organisational practices continues to shape the structure of the contemporary labour movement. Is it possible for labour to break from this legacy of fragmentation and potential marginalisation and revitalise its structures? To answer this question we need to examine current trends in the workplace, the labour market and industrial relations.

Figure 2: Distribution of Resources

Resources	COSATU	FEDUSA	NACTU
Education Dept	Yes Participates in Ditsela	No; Participates in Ditsela	No
Research Dept	Yes Internal policy unit & Naledi	No	No
Internet Usage	Yes	Limited	No
Media (e.g. Newspaper)	Yes	Yes	Came out once, discontinued
E-mail	Yes	Partial + fax	Fax
Mergers	Many	Some	Few

Source: Based on interviews with key union leaders, August 2003.

Section II: Restructuring of Work & Industrial Relations

Changing Structure of the Labour Market

A key feature of the labour market today is a growing informalisation of work, which can be seen in the rapid growth of street vendors and homeworkers in the urban areas. Using the various October Household Surveys (OHS) and the more recent Labour Force Surveys (LFS) a recent report suggests that the informal economy has increased from 965,669 in 1997 to 1,873,000 in 2001 (Devey et al. 2002).

The changing structure of the labour market is creating new divisions between workers and creating organisational dilemmas for the labour movement. These divisions can be conceptualised as shown in Figure 3 below.

As they grapple with the challenges of transition, trade unions face a 'crisis of representation' that involves two dimensions. The first dimension is an external one as trade unions lose their capacity to provide a voice for the 'new working poor'. The rights of a growing number of formally employed workers (Figure 3, Quadrant 1) are increasingly under threat from those workers who are either outsourced into precarious and lower paid jobs (Figure 3, Quadrant 2) or are retrenched and attempt to become self-employed (Figure 3, Quadrant, 3 and 4). For the new working poor, trade union rights do not exist and they have no representation in the new labour relations system. For many in this new social group 'work' does not involve a regular income: in fact for many there are no income at all, but rather 'payment in kind'.

For most of the new working poor their employment status is a temporary one as they oscillate between 'employment', 'self-employment' and 'unemployment'. The official unemployment rate for 2001 was 26.4%, using the narrow definition of unemployment, while the broad rate is 37%, a figure that includes those who are not actively seeking work and are characterised as 'discouraged' workers. This level of unemployment implies a jobless total of 7 million, with more than 40% of the rural population unemployed (Bhorat & McCord, 2003). Unemployment takes its most extreme form amongst African women in rural areas (a high of 47.2%). These are the 'truly disadvantaged'. In the context of economic liberalisation and cost-recovery in social services such as health and education, they become a potential constituency for the new social movements whose leaders are regarded by some as 'ill-informed demagogues' (interview, Ngcukana, 14 August 2003).

Figure 3: The Changing Social Structure of the Labour Market

Employed			
'Casual'	Quadrant 2 Outsourcing Contract workers No benefits	Quadrant 1 New work order Team work Participation	Formal
Informal	Quadrant 4 Hawkers Home workers	Quadrant 3 Formal SMMEs (Small, Medium & Micro Enter prises)	Formal

* We would like to thank Johann Maree for suggesting this conceptualisation of the South African labour market.

The Internal Crisis of Representation

The internal dimension of this crisis of representation involves those in Quadrant 1, many of whom have experienced a marked decline in the quality of service provided to members in certain unions. According to a survey of union organisers by NALEDI, a 'central reason for poor delivery of union services to members ... (is) the weakness of shop steward structures' (Denga, Yanta & Marie, 2001).

This internal crisis of representation has led, in some cases, to workers breaking away from established unions to form rival ones. Sometimes, as in the case of the Workers' Mouthpiece Union, these breakaways have been fueled by ethnic differences, opportunistic behaviour by management, and unscrupulous people who play on the workers' grievances.

The crisis is exacerbated by the fact that union membership today consists of a large number of skilled workers who have different needs to the members of the 1980s. As the NALEDI report argues,

These members tend to be less trustful of union leadership and are difficult to mobilise into action. The new member challenges the abilities of union organisers, who developed their skills and strategies organising unskilled and semi-skilled workers (Denga, Yanta & Marie, 2001:4).

In the past the power of unions in the workplace derived from a close relationship between leaders, shop stewards and the rank-and-file. But according to union veteran Bobby Marie today this relationship is being diluted by the emergence of an alternative set of relationships, between union leaders and the new political and economic elite (Marie, 1995:8).

A manifestation of this gap between leadership and the rank-and-file are growing instances of financial mismanagement among the larger unions, such as the South African Commercial, Catering and Allied Worker's Union (SACCAWU) and the National Education, Health and Allied Workers' Union (NEHAWU). Financial mismanagement, the COSATU Organisational Review report argues, arises from the failure to control expenditure, especially when income declines (COSATU, 2003:27). The extent to which this has led to corruption remains unclear as in some cases it is simply a case of misuse of resources such as cellphones. However, in certain cases it has led to instances of serious corruption, while in others it arises from expenditure on lavish items such as expensive luxury cars, accommodation at five star hotels, and first class air travel.³

The Introduction of New Human Resource Management Practices

The traditional system of industrial relations, where wages and conditions of employment are regulated or negotiated collectively, at national, sectoral and enterprise level is under challenge. The parameters have changed and the new global environment is characterised by greater mobility of capital, more autonomy for individual enterprises, and increased competition on wages and labour costs. Employers have adapted to this new environment by restructuring production, establishing new patterns of work organisation and/or by relocating production units. More specifically there is a general trend towards decentralised bargaining at enterprise level. Consequently, there is a move towards individualism, coupled with new strategies to make employees identify more closely with the company.

Trade unions are responding to these new trends in contradictory ways. On the one hand, there is a strong commitment in COSATU to traditional centralised bargaining, a commitment that is reflected in the successful campaigns of several affiliates for sector-wide bargaining. It can also be seen in the new levels of cooperation with management emerging at sector-level through sector job summits. Eight sector level strategies designed to ensure job-creating growth have been developed by labour based research conducted by NALEDI, the COSATU Policy Unit, affiliates and labour service organisations over the past two years (interview, David Jarvis, 15 August 2003).

In contrast to these sector innovations, unions at the workplace level have failed to engage effectively with the new human resource management practices introduced by management. As COSATU argues in its organisational review: 'one of the critical obstacles facing unions is the absence of a COSATU strategy for workplace change' (COSATU, 2003:6).

Reconfiguration of the Alliance

Another trend that continues to shape labour in post-apartheid South Africa is the tripartite alliance between COSATU, the ANC and the SACP. This alliance has been reconfigured by virtue of the transition and especially the move of the ANC into government since 1994. During the late 1980s COSATU was the *de facto* leader of the internal anti-apartheid movement. However, the unbanning of the ANC in 1990 and then its success at the polls in 1994 and again in 1999, enabled the ANC to assert its dominance over both the SACP and COSATU. Instead of COSATU and the SACP drawing the ANC into their redistributive politics, the ANC was increasingly drawn into orthodox economic policies, thus marginalising COSATU and the SACP's redistributive programmes (Adler & Webster, 2000).

The dominance of the ANC inside the alliance increased significantly after the passage of the Growth, Employment and Redistribution strategy (GEAR) in June 1996. Policy differences within the alliance came out into the open in 2001 as the government attempted to step up the 'restructuring of state assets'. In August 2001 they culminated in a general anti-privatisation strike called by COSATU in the midst of South Africa hosting the third World Conference Against Racism. The ANC National Executive Committee responded angrily in October alleging, in a confidential 'Briefing Notes' document, that an 'ultra-left' tendency had emerged that was attempting to 'transform COSATU into a political formation independent of the ANC' (ANC, 2001:4).

In the wake of this unprecedented and angry name-calling, two bilateral meetings were held between COSATU and the ANC on 12 January and 9-10 February 2002. For a while it seemed as if these bilaterals had defused the public conflict and a public statement was made after the second bilateral affirming the common commitment of both parties to the 'National Democratic Revolution (NDR)'. However, since then there were no meetings of the alliance and public mud-slinging occurred once again when COSATU went on another general strike against privatisation in October 2002.

The Rise of New Social Movements

Running side by side with this political conflict within the alliance, and for the first time in post-apartheid South Africa, a significant challenge from below emerged

from outside the alliance. Modelled on the anti-globalisation movement that emerged after the protests in Seattle in 1999, these decentralized new social movements constitute the beginnings of what some have described as a global civil society.

These movements, such as the Anti-Privatisation Forum, and the Soweto Electricity Crisis Committee, emerged in response to the growing commodification of basic social services, such as health, water and electricity (Desai, 2002). The emphasis on cost recovery arises out of the government's macroeconomic policy, which stresses fiscal austerity. Some of these movements such as the Treatment Action Campaign are drawing on the rights-based discourse of the new constitution in order to bring about a shift in power, with an appeal to the Constitutional Court for the provision of anti-retroviral drugs.

The Globalisation of Capital

A key part of workplace change is the process of restructuring of capital through financial deregulation. With the permission of the state, key corporations such as Anglo-American, South African Breweries, and Old Mutual, have shifted their headquarters to London. In addition, parastatals such as TELKOM have listed on the major international stock exchanges, such as the London Stock Exchange and the New York Stock Exchange. Others, such as De Beers diamond mining, have delisted from the Johannesburg Stock Exchange, while GENCOR has 'unbundled' i.e. decentralised into separate operating units.

The Colonial Legacy of Underdevelopment

South Africa's colonial past continues to impact on the lives of working people through the lack of social infrastructure in the townships and rural villages. Furthermore the white minority continues to dominate all levels of the economy. As part of its attempt to deal with this lack of black economic ownership the government has actively promoted Black Economic Empowerment (BEE). Labour's response to this legacy has been multi-pronged: they have contributed to the development of an industrial policy, they have been actively involved in the sector job summits, they have made important contributions to the Growth and Development Summit in 2003 and some have established union investment companies.

The decision to set up union investment companies was a dramatic shift in union policy and practice. The growing gap between union leadership and their members allowed the new 'union entrepreneurs' to undertake their investment activities in virtual secrecy. Whatever the explanation for this new development, the age of 'comrade capitalism' had arrived in COSATU.

Today there are more than twenty union investment companies (two of which are currently registered on the Johannesburg Stock Exchange) and there is no turning back although, with the exception of two, they are all struggling (Iheduru, 2001).

Section III: Strategies of Union Revitalisation

Unions are clearly overburdened by the multiplicity of demands that are being made on them by the seven trends identified above. There is a sense in which union leaders are realising the limitations in their responses to the new work order and are searching for new forms of trade union organisation. This includes the need for new

organising strategies for new kinds of workers, as well as organisational forms for workers that cross sectors, or organisations that connect with the new social movements emerging outside the workplace. It is to these innovative responses that we now turn.

Over the last decade both federations and unions in South Africa have gone through processes of strategic planning in response to the trends identified above. Arising out of these organisational change processes some have failed to implement new strategies and meet the challenges highlighted in the previous section. They include affiliates in NACTU who have failed to maintain membership of bargaining councils due to lack of representivity or are unable to implement congress decisions on mergers (NACTU, 2001:30). However there are also individual unions in COSATU, such as SACCAWU, which have failed to implement congress decisions (COSATU, 2003).

There are, on the other hand, unions, and indeed federations, that have developed initiatives that have the potential to result in the revitalisation of labour. Revitalisation, Mantashe, general secretary of the National Union of Mineworkers (NUM) argues, is a long process, which involves 'rebuilding brick-by-brick'. In other words, there is no quick turnaround to revitalisation (interview, Mantashe, August 2003).

As we suggested earlier labour world-wide has been engaged in attempts to revitalise itself. In their comparative study of union revitalisation Frege and Kelly have identified six strategies of union revitalisation; an organising strategy that focuses on the acquisition of membership; organisational restructuring that focuses on internal reorganisation including mergers; partnerships with employers; political action; international links; and coalition building with other social movements (Frege & Kelly, 2003:9).

Although all six of the above strategies can be identified in South Africa, labour has also attempted to deal with the colonial legacy of underdevelopment. Below we build on these six and add a seventh development initiative to show how each one is a response to a trend identified in Section II above.

Membership Recruitment

A key trend identified in the previous section is the growing informalisation of work. The September Commission report devoted two chapters to the possibilities and pitfalls involved in organising vulnerable sectors of workers. It identified two options for the labour movement. First, that it fails to organise or defend the growing layers of flexible workers, that the unions' bargaining position is undermined, and that it ends up 'being based in a shrinking section of the working class' (September Commission, 1997:140). The second option is that it commits itself to organise flexiworkers, and wins a floor of acceptable conditions thus preventing 'flexibility, from undermining workers' rights' (September Commission, 1997:140). While the Commission (and COSATU) supported the second option the federation has been less successful in implementing it.

However, NUM has in its recent collective bargaining agreement in August 2003, succeeded in introducing a number of clauses which attempt to regulate outsourcing. First, the primary employer, that is, the mining company has full responsibility for the contracted worker. Second, the secondary employer, that is, the labour broker

who provides the services, must be registered (and must show proof of payment of registration fees). Third, the employer must provide basic coverage for such benefits as retirement or death. Mantashe believes that employers have begun to realise that outsourcing does not offer a solution to their employment problems (interview, Mantashe, 2003).

Innovative activists since the early nineties have been responding 'on the ground' to the changing nature of work. Based on the model of SEWA in India, the Self-Employed Women's Union (SEWU) was formed in Durban in 1994 with the aim of representing the interests of self-employed and survivalist women engaged in the informal economy in the rural and urban areas.

The South African Clothing and Textile Workers' Union (SACTWU) took a formal decision in 1999 to actively recruit informal workers, mainly home workers, but also those informally employed in so-called residential factories (Bennett, 2003). It began recruitment on a pilot basis almost exclusively in the residential areas of Cape Town. Cape Town is a major centre of clothing production and with the introduction of trade liberalisation many workers were retrenched. Industrial homework intensified as a result; 150 trade union members have been recruited on the 'Homeworker Project'.

The clearest case of a union 'reinventing' itself to adapt to the changed circumstances in South Africa is Solidarity.⁴ In 1990 it expanded its membership to include steel, chemical, electricity and telecommunications. In 1997 it appointed a new general-secretary Flip Buys and new, more professional staff were appointed. In 1998 it removed race from its constitution. At the core of this 'reinvention' was a shift towards a more service-oriented approach to its membership or what could be called 'entrepreneurial unionism'.

Organisational Restructuring

In response to the crisis of representation, all unions have been involved in attempts at organisational restructuring through internal reorganisation and/or mergers. This process, what could be called 'organisational modernisation', is a response to the competing imperatives in a trade union to be 'democratic, on the one hand, and the desire to achieve administrative efficiency, on the other' (Buhlungu, 2001:vi). Buhlungu argues that these tensions are subject to contestation, which takes the form of different approaches to organisational modernisation. He identifies three possible approaches to organisational modernisation, namely entrepreneurial, ideological and career/professional. This can be illustrated through the different responses amongst South African unions and federations.

An example of the first, the entrepreneurial response to the representation crisis, is that of Solidarity but this tendency can also be found in other unions and federations. Indeed the general secretary of COSATU, Zwelinzima Vavi, was referring to this tendency when, in an address to the 2003 SAMWU Congress, he warned the labour movement that it was under threat from 'opportunism, self centredness and naked careerism' (*Business Day*, 20 August 2003).

An example of the ideological response is the breakaway group in the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU), which emphasises greater accountability of leadership to the rank and file and mass mobilisation. In a press statement CEPPWAWU accused the breakaway group 'of

being members of the leftist Anti-Privatisation Forum (APF) who were trying to impose their political beliefs on union members' (*Sowetan*, 14 May 2003). The breakaway group has demanded a national workers' referendum to decide on the desirability of COSATU's alliance with the ANC. They feel that CEPPAWWU is 'trying to impose the relationship between the ANC and COSATU on union members who are not necessarily ANC members' (CEPPAWWU Shop Stewards of the Wits Region, 2003).

An example of the third response, the career/professional approach, can be found in many of the affiliates in COSATU and FEDUSA. This approach tends to emphasise administrative efficiency and functional bureaucratic structures as a key component of revitalisation. Fedusa, as part of a strategy of rationalisation, reduced the number of affiliates from 27 to 21 (interview, Milani, 11 August 2003).

In response to recommendations of the September Commission, COSATU decided in the late 1990s to establish 'super-unions' which brought together existing unions in allied sectors. The rationale was to pool resources to achieve economies of scale in an environment where some sectors of the economy were in decline. Since then at least three super unions have been established in the mining/construction sectors, paper/printing/chemical sectors and the transport/security sectors.

Furthermore, the commission made a strong case for COSATU to 'adopt a systematic and long-term programme for organisational renewal focusing on building effective, democratic and innovative organisation' (September Commission, 1997:173). However, while the report was tabled at the 6th Congress in 1997, COSATU 'failed to adopt such a systematic programme of organisational renewal' (COSATU, 2003:9). The main weakness, the report suggests, was that 'the organisational renewal programme was not driven and co-ordinated by the federation and was generally not prioritised by both affiliates and the federation' (COSATU, 2003:9). Against this background, COSATU established an organisational review commission whose recommendations were tabled and discussed at its 8th Congress in 2003.

Co-operation with Employers

Since the late 1980s, when management in South Africa companies began to introduce new human resources management practices, there has been a trend towards developing closer co-operation between unions and employers. This culminated in the establishment of the National Economic Forum in 1992, which later became the National Economic Development and Labour Council (NEDLAC) institutionalising social dialogue. These co-operative relationships between employers and unions were designed to position companies on the 'high road', a route that emphasises skills through training and co-operative relationships between employers and unions. These ideas are captured in the Workplace Challenge (WPC) initiative, an agreement between the Department of Trade and Industry, trade unions and employers. The main objective of the WPC initiative is to deal with the challenges faced by industries due to South Africa's re-entry into the global market and to assist industries to be more competitive (NEDLAC, 1997).

Political Action

COSATU believes that there is a tendency within the ANC that is promoting a narrow form of unionism where 'workers are only interested in shopfloor issues' (COSATU, 2003b:7). In response to the reconfiguration of the alliance, COSATU has

developed a two-pronged programme of political action to recapture working class influence over the ANC. The first prong involves a return to mass mobilisation through the stayaway tactic, a tactic that has been used every year since 2000 over the federation's opposition to privatisation.

The second prong of COSATU's political strategy involves an attempt to recapture the ANC by contesting the hegemony of the right wing within the party. As COSATU president, Willie Madisha puts it, to ensure that 'the bourgeoisie does not run away with this revolution' (interview, Willie Madisha, 14 August 2003). In the words of the 2015 Discussion Document, 'In the current ANC National Executive Committee there is not a single serving trade unionist or an activist of the mass formations' (COSATU, 2003b:17). The document goes on to complain that,

Once elections are over we go back into the painful reality of being sidelined for another five years. All too often, COSATU's letters do not even get the courtesy of a response, and we are routinely told that 'government must govern, there is no dual power, there is no co-determination, and COSATU must not treat the Alliance as a bargaining chamber' (COSATU, 2003b:18).

In the words of Joe Nkosi, COSATU's vice president, COSATU's strategy is intended to 're-own and redirect the ANC' (Interview: Joe Nkosi, 13 August 2003). This is in sharp contrast to the strategies pursued by FEDUSA and NACTU which depend almost exclusively on lobbying government officials (see section II above). An important arena for this lobbying process is the Presidential Working Group on Labour where all three federations are represented. In these forums this lobbying approach is sympathetically received and contrasted with that of COSATU's 'confrontational style' (interview, Chez Milani, 11 August 2003). Which strategy is likely to succeed is a matter for speculation. However, a careful reading of COSATU's documents suggests that if COSATU fails in its strategy to reclaim the ANC it is likely to be drawn closer to the other federations with the aim of creating one powerful federation.

Coalition Building

A crucial question arising from the emergence of the new social movements is whether they will establish links with the labour movement and whether, in turn, the labour movement would like to establish links with them. So far there have been very few formal links, although when mass campaigns have been run quite often many of the participants, such as in the October 2002 stayaway, were drawn from the members of these movements such as the Treatment Action Campaign (TAC) and the Anti-Privatisation Forum (APF). It is important to stress, however, that many of these movements are more akin to single issue non-governmental organisations, which remain fragile and may not be sustainable.

However, there is a sense in which union leaders are realising the limitations in their responses to this new wave of social activism and are searching for new responses. As Willie Madisha argues,

COSATU must find ways of pulling the new social movements close to COSATU. It must find ways of working closely with them. COSATU, the ANC and the SACP were involved in the formation of the APF, the TAC and LPM (Landless Peoples' Movement). Now they have abandoned them and see them as an enemy (interview, Willie Madisha, 14 August 2003).

Indeed, it is worth mentioning that a resolution was passed at the COSATU Congress in September 2003 agreeing to attempt to establish links with the new social movements where it was felt there was common ground between them. This resolution reflects the ambivalence of COSATU towards at least some of the new movements. The divisions between COSATU and some of these new movements are quite sharp, as can be illustrated by the fact that for the first time since 1950 there were two May Day celebrations in major centres in 2003.

International Trade Union Links

As a response to the globalisation of capital, South African unions have become actively involved in the established international trade union organisations such as the ICFTU. Indeed, for the first time in 2000 the ICFTU Congress was held in the South, in Durban. South African unions also remain active in the global union federations (GUF) such as the International Chemical, Mineral and Energy Federation (ICEM) as well as the International Transport Federation (ITF). Many of these GUFs, such as the International Textile, Garment and Leather Workers' Union, have been active in the Southern African region and have successfully organised workers across borders. Although a regional trade union co-ordinating body, the Southern African Co-ordinating Council (SATUCC) exists, it is largely donor-driven and seems incapable of developing any regional campaigns. A particular innovative response to globalisation is COSATU's involvement in SIGTUR, the Southern Initiative on Globalisation and Trade Union Rights.

Developmental Initiatives

The lack of jobs opportunities in rural areas led the NUM to establish co-operatives. The Mineworkers Developmental Agency (MDA) evolved from a co-operative into a small business development agency for retrenched miners and their dependents. A number of other unions, including SACTWU and NUMSA, have established co-operatives designed to create jobs.

However, the establishment of co-operatives, as well as the attempt to organise the self-employed, raises conceptual and organisational problems. First, are self-employed workers to be classified as 'workers' or are they are seen as aspiring entrepreneurs? Of course they are not workers in the traditional sense as they do not earn a wage, or when they do earn a wage in a co-operative, it is very small. Furthermore, if they are self-employed they are not employees and therefore do not have an employer to bargain with.

Figure 4: Assessment of Revitalisation Initiatives

TRENDS	RESPONSES
Changing structure of labour market	Membership recruitment
Crisis of representation	Organizational restructuring
New human resource management practices	Cooperation with employers
Re-configuration of alliances	Political action
The emergence of new social movements	Coalition building
Increasing globalisation of capital	International trade union links
Colonial Legacy of Underdevelopment	Developmental initiatives

Conclusion

The pressure on unions to identify with the goals of national development, as defined by the new political elite, is considerable under a government elected by all South Africans. In post-colonial Africa, for example, governments have expected unions to play a dualistic role: first, that of sacrificing their 'narrow' interests to the overall demands of national development; and second, the representation of the job interests of the ordinary members. The argument for this reversal of the primary role of unions to be developmental rather than representational has been based on the belief that trade unions represent a small and allegedly privileged proportion of the labour force in Africa (Pillay & Webster, 1991).

The latter assertion is, of course, only partially true. First, as we have argued, one needs to distinguish between those in secure employment and those in precarious employment, what we have described as the working poor. Second, the gap between the employed and unemployed is narrowed through the redistributive mechanisms of extended families. In many households, without this redistribution many families would have no income at all.

Indeed COSATU claims to represent not only the employed, but also the working poor and the unemployed. We have identified seven initiatives that labour has undertaken in order to revitalise itself and to move beyond its existing members and structures to engage with the unemployed, the new working poor, government, the new social movements and labour movements in other countries. It would be premature to conclude that these initiatives are succeeding. However, what is clear is that these initiatives are largely ad hoc, inchoate and uncoordinated. This, we have argued in Section I, is partly the result of the structure of the labour movement in South Africa, which retains much of the fragmentation that it inherited from the past. In particular, the fact that the federations remain affiliate-driven and decentralised makes it difficult for South African unions to develop and implement a coherent revitalisation programme. The result is to reproduce the same zigzagging, or as it was picturesquely described by the September Commission as the *skorokoro* option, with growing fragmentation and a strong culture of self-enrichment. These contradictions in union practices are most clearly captured in the deeply problematic involvement of trade unions in the stock market, what we have called 'comrade capitalism'.

But it would be premature to announce the marginalisation of labour in post-apartheid South Africa. There are critics who argue that the days of organised labour are numbered and that the decline of the industrial working class is irreversible (for example, Castells, 1996). In stark contrast, there are others who see the decline of labour as a phenomenon essentially associated with the developed industrialised North. They point towards the rapid spread of fordist-type production in parts of the South, such as China, and see the re-emergence of traditional labour (see Silver, 2003). Our approach is that neither of these extremes reflects the state of labour in South Africa, as the industrial base of the economy remains relatively strong. However there are trends, such as the growth of the service sector and the informal economy, that demand new forms of organisation by labour. We have identified some of these revitalisation initiatives which open up the opportunity, if well-coordinated and prioritised, for labour once again to shape a new job-creating developmental path in South Africa.

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Endnotes

1. One significance in constituency is the presence of the union for black journalists, the Media Workers Association of South Africa (MWASA). Another historic difference is the existence of a small but influential group of white officials in COSATU (Buhlungu, forthcoming) and their absence in NACTU.
2. It should be noted that statistics on the actual number of unions and the membership of each union remain fluid. For example at the September 2003 Congress COSATU's affiliates had increased to 21.
3. Some visiting overseas unionists have expressed shock at this blatant display of conspicuous consumption in the context of widespread poverty. Of course we are not suggesting that this is the norm amongst unionists in South Africa. But the failure to sanction those individuals who do use the system gives the impression that it has become part of individual enrichment and display of power, which has been observed. Indeed, as the ex-general secretary of COSATU boasted recently, 'I was driving a Jeep Cherokee while still general secretary of COSATU, just as I had a better house then than now' (*The Star*, 12 June 2003). He is now the premier of Gauteng Province.
4. Formerly the conservative whites only Mynwerkers Unie. It changes its name and constitution in 1997 to open membership to other races and categories of workers. However, the union remains essentially white.

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Women's Human Rights & the Feminisation of Poverty in South Africa

Kristina Bentley

This article assesses the range of measures in place in South Africa to protect the human rights of women and establish their equality. The Constitution, the National Action Plan, ratified international law and domestic law all aim, or claim, to prioritise the 'right' treatment of women in South Africa. On paper then, there is a human rights 'culture' which is particularly nuanced to take account of gender difference and women's particular vulnerability to the effects of poverty, HIV/AIDS and violence. In practice however, women comprise the majority of the most marginalised, impoverished and least empowered sector of South African society. The paper assesses this marginalisation in the context of an enduring patriarchal culture. The retention of this 'under-blanket' of patriarchal power underlies the virtual exclusion of women from the mainstream of South African economic life.

[T]he effectiveness of the translation of the theory of equality and non-discrimination into the practice of empowerment and socio-economic upliftment of women and the poor will be one of the main criteria determining success or failure of South Africa's transformation process (Kehler, 2001).

A decade down the road of democracy, economic inequality remains one of the greatest challenges to fulfilling South Africa's commitment to human rights. According to the most recent Human Rights Watch World Report (2003),

South Africa's vast internal economic disparities continued to generate human rights abuses. It was estimated that twenty-two million people lived in abject poverty and went hungry almost every day.'

Furthermore, while poverty, privation and economic inequality continue to reflect racial inequalities, they also entrench gender inequalities. Poverty in South Africa has a gender dimension that challenges the equal status of women in law, and poses a threat to the realisation of their equal human rights in practice. The 'feminisation' of poverty is significant because, according to the UN Economic Commission for Africa (UNECA), poverty is experienced differently by women than by men. The problem is therefore not only statistical – revealing the quantity of women who are affected by poverty – but rather that poverty for women tends to be more severe, and poses greater challenges for women who bear the burden of caring for children under these circumstances.

Patriarchy, present in all races and cultures in South Africa, has endured in the post-apartheid era but, as it has to exist alongside a regime of human rights and equality before the law, which it previously did not, has taken on new guises. And one of the

most effective of these is the claim that gender inequality is a feature of 'culture' and tradition and, therefore, to challenge it is to tamper with the fabric of society in a way that violates the right of groups to self-determination. What these claims in fact do is perpetuate the unequal treatment of women – in the home, the family and the mainstream economy.

The issue is often portrayed as culture *versus* rights, and it is at the heart of that debate – multiculturalism and the 'right' treatment of individuals – that this analysis is situated. It is argued that the unequal status of women culturally is what underlies a national culture of discrimination against them, reflected in both their economic disenfranchisement and staggering levels of violence. Women's *de facto* treatment as human beings of lesser value is not mitigated by their *de lege* equal status. As Frene Ginwala (1991:62-63) remarks:

Discrimination is more a symptom than a cause. It is the product of the whole way society works. To attack it, then, we have not only to legislate and act against it itself, but also to work for shifts in the deeper causes which underlie it ... What we must address therefore are the power relations in society. Given that gender oppression is socially constructed, we must examine and aim to change the social relations which construct it. Our main aim must be to reform gender relations so that they exist on a more equitable foundation and provide the basis for the full and free development of both men and women.

Here are outlined the extensive, comprehensive and robust measures in place in South Africa to protect the equal human rights of women. The Constitution, the National Action Plan for the Promotion and Protection of Human Rights, ratified international law (such as CEDAW) and evolving domestic law all aim, or at least claim, to prioritise the 'right' treatment of women in South Africa. On paper then, there is a human rights 'culture' which is particularly nuanced to take account of gender difference and women's particular vulnerability to poverty, HIV/AIDS and violence. In practice however, women comprise the majority of the very poorest and most marginalised of South Africa's citizens and, frequently, their claims for equal treatment are muffled by louder claims that their place is elsewhere. The paper seeks to challenge claims made in the name of traditional patriarchal culture in South Africa which is hierarchical, disenfranchising, and often dismissive of the rights of women. It is argued that the retention of this 'under-blanket' of patriarchal power underlies the ongoing economic marginalisation of women. As UNECA's *Report on the Status of Women in Africa* argues, the available data reveals that,

the issue of human rights of women is perhaps one of the more difficult ones to deal with because it is shrouded in deeply entrenched and rigid attitudes and practices that militate against positive change of legislation or practice in favour of women [sic]. They are experienced as emotive issues that could easily destroy the whole social fabric. Often the bottom line is power and having to share it with women or to even recognise them as having equal rights to resources or to a different perspective of life.

Women's Rights: Constitutional, International & Domestic Law

As noted above, South African legal provisions – constitutional, international and domestic – provide a robust commitment to the protection of the basic rights of women. Furthermore, much of this law is intended to redress the marginalised and subordinate role to which women have traditionally been consigned. Thus, while it is a cause for concern that these laws still exist mainly on paper, their existence is also a cause for optimism in the sense that the state's commitment to the rights of

women is clear and unequivocal, and also in the sense that the state's duties correlative to those rights are clarified as a result. The challenge is to make them a part of everyone's lives, not just women's. However, these provisions are undermined, often paralysed, by deeply entrenched cultural norms of patriarchy. According to *Human Rights Watch: Women's Human Rights*:

Arguments that sustain and excuse these human rights abuses – those of cultural norms, 'appropriate' rights for women, or western imperialism – barely disguise their true meaning: that women's lives matter less than men's. Cultural relativism, which argues that there are no universal human rights and that rights are culture-specific and culturally determined, is still a formidable and corrosive challenge to women's rights to equality and dignity in all facets of their lives.

Worth noting here is the position that women's rights are an inextricable component of their human rights. This is what Hodgson (2002:3) refers to as 'the "women's rights as human rights" approach to female equality and empowerment' and it echoes Article 18 of the Vienna Declaration on Human Rights of 1993, which states that:

The human rights of women and the girl child are an inalienable, integral and indivisible part of universal human rights. The full and equal participation of women in political, civil, economic, social and cultural life, at the national, regional and international levels, and the eradication of all forms of discrimination on the basis of sex are priority objectives of the international community (cited in Hodgson, 2002:3).

Women are therefore not a special interest group whose rights need to be weighed against other interest-generated rights (Kramer, Simmonds & Steiner, 1998), such as those of groups to cultural self-determination. At the heart of the 'women's rights as human rights' approach is the assumption of the equal worth and value of the individual implicit in, and integral to, the very notion of human rights itself.

The South African Constitution & the National Action Plan

South Africa's constitution developed out of a process of negotiations in the progression towards democracy. As a result, it contains many provisions that reflect the spirit of compromise of the negotiation process as well as an extensive set of rights. It is worth exploring briefly the rights (and their limitations) set out in the Constitution.

Chapter 2 of *The Constitution of the Republic of South Africa* (Act 108 of 1996) contains the Bill of Rights. Section 7(2) outlines the duty of the state to 'respect, protect, promote and fulfil' the rights there enshrined, and Section 8 deals with the application of the Bill of Rights in terms of its extent and who the subjects of rights are. It is significant that the Bill of Rights applies to all laws, as well as binding all branches of government and organs of the state because the intention is clearly to give human rights overriding importance as a matter of policy and law. This reinforces Section 7(1) which states that:

This Bill of Rights is the cornerstone of democracy in South Africa. It enshrines the rights of all people in our country and affirms the democratic values of human dignity, equality and freedom.

Section 9 of the Constitution establishes equality before the law in Section 9(1) and full and equal enjoyment of rights and freedoms including mandating the

promotion of equality by legislation in Section 9(2). Section 9(3) prohibits unfair discrimination on the basis of, *inter alia*, gender, sex, pregnancy, marital status, ethnic or social origin, sexual orientation, and culture. Section 10 establishes the right to be treated with equal dignity, and section 11 the right to life.

Section 12 deals with the freedom and security of the person, and in particular Section 12(1)(c) establishes the right 'to be free from all forms of violence from either public or private sources'. This is significant as it would seem to indicate that the domain of the home and family, which are traditionally regarded as 'private', and therefore beyond the reach of the law, are for the purposes of this right a matter for public enquiry and policy. However, it is interesting to note further that this section is not included in the table of non-derogable rights included in the Constitution, and it is therefore implicit that this right is subject to limitations.

One such limitation would be the right to privacy, in particular within the home, which is enshrined in Section 14 and possibly Section 15 which establishes freedom of religion, and the potential legislative recognition of 'systems of religious, personal or family law' – although this would be subject to the limitations of Section 9.

Other possible limitations in this regard could be the rights enshrined in sections 30 and 31 which recognise linguistic, cultural and religious communities. Again these are subject to the limitation that they do not violate any other provision of the Bill of Rights, but it could be argued that by omitting section 12(1)(c) from the list of non-derogable rights, a loophole has been left in the constitution itself forming the basis upon which to argue that the treatment of women within the home is not a matter for intervention, and that there is a cultural 'right' to mete out unequal treatment free from outside scrutiny.

Most importantly from the perspective of women's economic status, Sections 23 and 25 establish the right of equal treatment with regard to labour conditions and property. Again, the extent to which these may be challenged or limited by sections 14, 15, 30 and 31 is uncertain. In particular the right of women to inherit property has been challenged in the courts on the basis of the rights enshrined in sections 30 and 31.¹

Chapter 9 of the Constitution establishes the State Institutions Supporting Constitutional Democracy. Section 181(1) establishes the Human Rights Commission, the Commission for the Promotion and Protection of the Rights of Cultural, Linguistic and Religious Communities, and the Commission on Gender Equality. The Commissions are independent and are charged with promoting respect for the relevant rights outlined above, as well as having a monitoring role. In addition they have the power (if not always the capacity) to carry out research and make recommendations as legislation and the establishment of other bodies they regard as useful to the task of protecting and promoting the rights in question. In terms of section 181(1)(5): 'These institutions are accountable to the National Assembly, and must report on their activities and the performance of their functions to the Assembly at least once a year.'

The constitutional establishment of these Chapter 9 institutions is therefore intended to give the declared rights in Chapter 2 'teeth that can bite' to use Hoebel's phrase (cited in Riddell, 1999:17). The intention is clearly to carry them out actively, rather than merely declare them passively. However the Constitution contains other provisions that may be seen as a challenge to the enforcement of the declared rights, most importantly the equality clause.

One of the compromises agreed to in the negotiation process leading up to the drafting of the Constitution was the recognition of traditional leaders. South Africa has a dual system of law, which recognises alongside the ordinary 'western' law (a combination of Roman Dutch common law, with Anglo-American law superimposed, all subject to the constitution) traditional African customary law. The latter applies only to black South Africans and only in certain instances, and only applies in respect of civil matters, primarily those in the domain of family law (see Bennett, 1991).

To a large degree, the sustenance of customary law was a product of the apartheid system, as it was maintained and shaped to fit the complex discriminatory laws intended to separate the races. As a result, there was an appeal to traditional authorities to assist in maintaining the parallel system of law, and it is these – unelected, usually male, senior members of cultural or linguistic groups – that today make the claim to retain their 'traditional' powers and authority (Nhlapo, 1991:112-3). And that claim is rooted in the right to cultural determination. It is no great leap from acknowledging this traditional patriarchal authority to tolerating patriarchy as a national institution. It may be politically unpopular to argue that the retention of these hierarchical norms, formalising the role of traditional leaders, undermines democracy and human rights but, it is argued, doing so contributes to entrenching the unequal status of women in South Africa.²

Chapter 12 of the Constitution deals with the recognition of traditional leaders and outlines their role but, most importantly, it allocates to them the power to deal with matters pertaining to African customary law and the communities which observe this law. This allocation of power to those whose authority does not derive from democratic processes underscores the unequal treatment of women, and serves to promote the idea that this inequality is tolerable, because it is 'traditional'. In particular this may serve to reinforce the limited proprietary rights of women in traditional African culture, and so the retention of these hierarchical norms creates the backdrop to the continued economic subordination of, in particular, rural women.

These ambiguities are even more marked in the *National Action Plan for the Promotion and Protection of Human Rights* (NAP) of 1998 which was drafted in response to the recommendations of the World Conference on Human Rights of 1993, which resulted in the Vienna Declaration and Programme of Action. Article 71 of Part 2 of the Vienna Declaration recommends such a national action plan in order to identify the steps the state ought to take in order to promote and protect human rights.

It is significant that while the NAP reinforces the constitutional grounds for equality and non-discrimination in the section on Civil and Political Rights, it does not focus specifically on either gender or the rights of women. Moreover, the historical factors it identifies as contributing to South Africa's past poor human rights record are colonial domination, racial discrimination, political oppression and economic exploitation; gender oppression does not make it onto the list. Furthermore, racial and socio-economic inequalities are cited (following the 1995 World Bank report) as the main causes for concern and action in terms of Section 9 of the Constitution, but gender-based inequalities are again taken to be implicit.

In the section on Economic, Social and Cultural Rights in the NAP, again it is interesting to note that Freedom of Culture, Religion and Language merits special attention (including a reiteration of the powers of traditional leaders), and the rights

of children and young people are also singled out as requiring further attention. However the social and economic rights of women are not identified specifically.

These two key documents therefore seems to acknowledge the gender inequalities that riddle South African society but do not go far enough in ameliorating this situation. The bias seems to be strongly in favour of the retention of traditional power hierarchies, and certainly this is borne out in fact. I do not mean to suggest that the South African constitutional dispensation *condones* this inequality and discrimination. I do want to argue that by leaving the basic human rights norms deliberately so ambiguous, they create room for the *tolerance* of inequality and discrimination on the basis of cultural norms and traditions, and it is this implicit tolerance that undermines the implementation of the specific international and domestic laws, outlined below, which are aimed at equalising the status of women.

International Law

Since 1994 there has been a concerted move towards accession to the major human rights treaties and conventions in keeping with the avowed priorities of the government in promoting and protecting human rights. The provisions of the *Universal Declaration of Human Rights* (UDHR) are sufficiently well established that they do not need to be recounted here, except to comment that the UDHR has as its core the belief that human rights are informed by the norms of *equality* and *universality*. The former rests on the belief that human rights are normatively those of all people, and all people are regarded as being of equal worth and dignity; and the latter rests on the assertion of a 'common standard of achievement for all people's and all nations' as, while the UDHR recognises cultural diversity, it does not conceive of this as being in conflict with basic human rights norms. South Africa is also a party to the two 1966 covenants on Civil and Political, and Economic, Social and Cultural Rights.³

As far as regional human rights instruments are concerned, South Africa is bound by the *African 'Banjul' Charter on Human and People's Rights* of 1985. The Banjul Charter retains all the standard basic human rights clauses, but it also has a distinctly 'liberationist' flavour in that it emphasises the struggle against colonialism and apartheid in its preamble. It is also mindful of the more collective conception of rights which is often associated with non-western cultural traditions in that it includes the rights of 'peoples' (as collectives) as well as the rights of 'humans' (as individuals).

Article 18 of the Banjul Charter also emphasises the family as 'the natural unit and basis of society' and as 'the custodian of morals and traditional values recognised by the community' (Sections 1 and 2). However article 18(3) goes on to indicate that the state also has a duty to ensure that discrimination against women is eliminated, and to protect their rights. The Banjul Charter also differs from other human rights instruments in that it contains a chapter on the duties of the individual, in particular duties towards the family, and in the case of children, a duty to respect their parents. There is thus implicit within the Banjul Charter the idea of the retention of 'traditional' norms, including hierarchical ones.

The *Convention on the Elimination of All Forms of Discrimination Against Women* (CEDAW) of 1979 was intended to overcome the ongoing 'extensive discrimination that continue[d] to exist' in spite of the numerous human rights instruments that preceded it that held the equality of women to be an implicit facet of human rights.

Two articles are particularly worth noting with reference to the present discussion. Article 5 places on states the responsibility of taking measures to 'modify social and cultural patterns of conduct of men and women with a view to achieving the elimination of prejudices and customary and all other practices which are based on the idea of the inferiority or the superiority of either of the sexes or on stereotyped roles for men and women'; and Article 16 places a duty on the state to act against discrimination against women within marriage and the family, and to ensure that men and women have equal rights within marriage and the family.

Furthermore, CEDAW commits state parties to equalising the role and status of women in all areas of social and economic life (article 13), and in particular employment (Article 11). Article 14 recognises the particular difficulties faced by rural women in terms of their economic position as supporters of dependents and their activities within the informal economy. It commits states to incorporating women in decision-making about rural development and economic planning, as well as to ensure their access to basic services and benefits. This has resonance in the South Africa context as rural women bear the brunt of the burden of poverty and inequality, usually have the least access to social services, and are most vulnerable to exploitation.

South Africa signed and ratified CEDAW without reservations in 1995, and since then efforts have been made to equalise the position of women in law. However, the role of the family, and the customary inequalities therein has not been entirely resolved. As Tomasevski (2000:234, citing UN Doc. RS/CEDAW/1992/WP.1, 24 March 1992) notes:

[CEDAW], as much as any other human rights treaty, lays down human rights norms which are necessarily worded in abstract terms. Human rights treaties are negotiated during protracted and sometimes conflictual intergovernmental meetings. In the case of the Women's Convention, 'the drafters had to face the difficult task of preparing a text applicable to societies of different cultural characteristics and traditions. The ways in which discrimination against women manifested itself varied from one culture another. The Convention therefore represents a constructive compromise'.

She comments that the reporting process of CEDAW creates a 'yardstick to monitor the realisation of the human rights of women' (Tomasevski, 2000:234). The reporting mechanism consists of country reports prepared by governments. The Committee of CEDAW frequently questions issues not addressed in the report, as well as commenting on the consistency of specific laws and policies of that state with the articles of the Convention. The reporting mechanism therefore represents 'constructive dialogue' rather than a decisive forum for declaring states to be in breach of their obligations (for which CEDAW has sometimes be criticised).

South Africa reported for the first time to CEDAW in 1998. The report noted the establishment of the Office on the Empowerment of Women in the Office of President, the Office on the Status of Women located in the Office of the Deputy President and the Commission for Gender Equality, all of which are aimed at gender mainstreaming and giving effect to the equality of women. However, South Africa's representative also noted,

that continuing deep entrenchment of patriarchy and customary, cultural and religious practices contributed to widespread discrimination against women in South Africa. She informed the Committee that violence against women and children was increasing, including

domestic violence, sexual violence and sexual harassment (Report of the Committee on the Elimination of Discrimination Against Women, 1998:59).

As far as women's economic situation is concerned, it was reported that only 6% of African women over the age of 20 held tertiary qualifications, and 20% of African women had no formal education. Unemployment was higher among women than men, and more women were self-employed 'with little job security and lower incomes than those in the formal wage employment sector.' The representative also noted the prevalence of HIV/AIDS among poor and marginalised African women (Ibid.).

The Committee, in responding to the South African delegation's report, noted stereotypical attitudes towards women and emphasised that these attitudes needed to be addressed. The Committee further noted that 'the legacy of apartheid for women includes widespread discrimination and underdevelopment, and is visible in areas such as women's high levels of unemployment, illiteracy and poverty and in the violence against women' (Ibid. p.60). The Committee also reiterated its concern for the plight of rural women who are especially vulnerable to poverty as a result of low levels of education and literacy, unemployment, and lack of access to in particular health and fertility services. The Committee further emphasised that women needed to be included in land reform programmes (Ibid. p.61). South Africa's international law obligations with regard to the equal rights of women and, in particular, women's rights to economic equality are therefore extensive. Furthermore, in accordance with these obligations, the domestic law of the country is rapidly evolving to meet these obligations. The most relevant legislation is briefly presented here.

South African Domestic Law

The *Promotion of Equality and Prevention of Unfair Discrimination Act*, (4) (2000), and its amendment by Act 52 of 2002 includes, *inter alia*, the prohibition of discrimination on the grounds of gender. The act identifies 'the system of preventing women from inheriting family property' as one prohibited form of 'discrimination' [section 8(c)] as well as 'any practice, including traditional, customary, or religious practice, which impairs the dignity of women and undermines equality between women and men, including undermining the dignity and well-being of the girl child' [section 8(d)]. Furthermore, the Act prohibits 'any policy or conduct that unfairly limits access of women to land rights, finance and other resources' [8(e)]; 'limiting women's access to social services or benefits, such as health, education and social security' [8(g)]; 'the denial of access to opportunities' [8(h)]; and 'systemic inequality of access to opportunities by women as a result of the sexual division of labour' [8(i)]. The framers of this law were clearly mindful of the obligations created in this regard by the Constitution and South Africa's international law obligations.

These provisions are supported by the *Domestic Violence Act* (116) 1998, section 1 of which recognises economic abuse as a form of such violence. This can take the form of withholding resources to which the complainant is entitled by law (such as maintenance or child support), or disposing unreasonably of property in which the complainant has an interest. Furthermore, the Act created the duty on the part of police attending an incident of domestic violence to assist complainants (for example, in finding shelter, or obtaining medical treatment) and inform them of their rights.

Also worth noting is the *Recognition of Customary Marriages Act* (120) 1998 (amended by Act 42 of 2001). This act was designed not only to formalise the law with regard to marriages entered into in accordance with African customary law, but to 'provide for the equal status and capacity of spouses in customary marriages'. The Act seeks to equalise women's proprietary status within customary marriages but marriages entered into under customary law before 2000 remain unaffected (and so women in such marriages remain legally minors) and customary marriages which are not registered also do not fall under the Act. The protection it offers to women is therefore contingent upon the goodwill of their partners in co-operating in following the legal steps required to formalise the union.

Yet, despite the recognition of women's rights in law they still need to be mirrored by women's emancipation in fact, and this remains the greatest challenge to the 'right' treatment of women in South Africa today. The following statement, made by Susan Bazilli in 1990 prior to the drafting of the post-apartheid interim constitution, continues to be the context in which women's entrenched poverty in South Africa today should be seen:

When 'rights' intersect with 'law' the real issue is 'power'. Who has the power to demand and who has the power to cede these rights? How do we attain our rights in the face of structural and systemic inequality? And in South Africa, the legacy of the legislated and instituted inequality of apartheid is legion. The history of 'rights' has developed from the liberal notion of equality under the law in an individual capacity, and not from the structural inequalities of race, class and gender. But the extension of 'rights' is associated with the foundations of democracy and freedom: the protection of the weak against the strong, the individual against the state ... Where we must be vigilant is to recognise that if the gender power relations remain the same, legal individual rights do not resolve problems, but rather transpose the problem into that which is defined as having a legal solution (Bazilli, 1991:13-14).

Women's rights in South Africa continue to exist largely on paper. While this is a significant improvement from the prior situation where they were actively legislated against, it nevertheless remains a challenge to translate this law into practice, given the deeply embedded attitudes towards women in South Africa.

Inequality & the Feminisation of Poverty

As was noted in the introduction, poverty affects women differently than men. According to UNECA's *Report on the Status of Women in Africa*, which cites the UNDP Human Development Report of 1997 in this regard,

the problem with the feminisation of poverty is not so much the numbers of women who are poorer than men, but rather with the severity of poverty and the greater hardships women face in lifting themselves and their children out of poverty ... In addition they are likely to have fewer job opportunities. If they are the heads of households under these conditions, probably without access to land, or if they do, it is user rights that they have no control of, they are more likely to find themselves on the margins of society than men.

The *Human Development Report 2003* reveals enormous disparities between men and women in South Africa at the level of their economic access and activity. South Africa is ranked 111 out of the 175 countries measured, and is in the middle of the Medium Human Development band with a Human Development Index (HDI) of 0.684. The estimated number of people in South Africa living on US\$2 a day or less is 14.5% of a total of just under 45 million people. However, the *disparities* between the

wealthiest and poorest are revealing. South Africa's Gini index is a high 59.3, reflecting the fact that the poorest 20% of the population's share of income or consumption is just 2% compared with the wealthiest 20% who account for 66.5%. Material inequality in South Africa is therefore vast and it is growing.

When the data are further broken down to consider gender disparities, these inequalities are even starker. According to the Gender-Related Development Index which is included in the overall report, there is no remarkable difference between women and men in South Africa in terms of life expectancy (slightly higher for women), literacy, and enrolment for primary, secondary and tertiary education (78% for both men and women). However, what is remarkable is that despite women and men being at similar levels of development of their skills in this regard, women's estimated average per capita income (US\$7,047 per annum) is less than half that of men (US\$15,712 per annum).

This would support the contention that women are marginalised in terms of their access to the mainstream economy and employment opportunities, which in turn is consistent with the position that there is an enduring patriarchal cultural bias in this regard. As the World Bank's Report on *Gender, Equality and the Millennium Development Goals* (2003:3) notes:

While achieving equal access to education is an important step towards gender equality, it is by no means sufficient. Even as gender disparities in education are reduced, other gender differences tend to persist – in labour market opportunities, legal rights and the ability to participate in public life and decision making.

The data on Gender Inequality in Economic Activity are further indicative of this bias. The rate of female economic activity (for women over the age of 15) is just 47%, which is 59% of the male rate. However, women work longer hours than men (122% of the male rate). Overall, South Africans spend 51% of their working hours in market-related activities, and 49% on non-market related activities. However, for men the split is 70% market and 30% non-market related activities, while for women the split is 35% market and 65% non-market activities. What these figures reveal is that women do more work, for less pay, and are the primary actors outside of the formal economy, as well as in the domestic sphere. (However it is important to note that these data do not reflect the massive disparities *between* women in South Africa, as inequality is as much an issue of *class* as it is of race or gender (see below)).

As far as women's political representation is concerned, South Africa's levels are relatively high. Women comprise 30% of parliamentary representatives, and 38% of posts at ministerial level are occupied by women. This is good news for the empowerment of women, as overall the HDI figures reveal that a higher human development ranking is in proportion to more equal political representation between men and women. This is supported by the World Bank Gender and Development Group's Report *Gender Equality and the Millennium Development Goals*, which argues that gender equality is a *sine qua non* for sustainable development. The Report states that:

[t]here is now a shared understanding within the development community that development policies and actions that fail to take gender inequality into account and fail to address disparities between males and females will have limited effectiveness and cost implications ... an approach to development that strives to increase gender equality has high payoffs for human well-being (2003:4-5).

There are of course many reasons why this may be the case, but it is feasible that a larger proportion of women in power will go some way towards putting women's issues on the national agenda. However, this is not a *necessary* outcome – rather formal equality and representation have to be matched by 'turning presence into power' (Hassim, 1999:14). It is only when women have the power to access resources as equal citizens that their formal equality will have any effect on their lives substantively (Ibid. p.16). Therefore the presence of women in the higher echelons of the state and the economy should not obscure the far larger proportion of women who live in abject poverty.

Furthermore, women who are marginalised in this way are more vulnerable to the effects of HIV/AIDS, which is inextricably linked to poverty in South Africa. As Wayne Ellwood (2002:12) observes:

Poverty doesn't cause AIDS. But it is the ideal incubator. And gender and poverty are inextricably combined: 70 percent of the world's poor are women and poor women are most susceptible to HIV. Violence against women and sexual assault are cornerstones of the AIDS epidemic.

This position is backed up by the findings of UNAIDS's *Gender Analysis: Fiscal 2004-2010 Strategic Plan*, which investigates the links between poverty, violence and AIDS, and links this to 'the subordinate social status of women and girls, which makes it difficult or impossible for them to negotiate safe sex' (2003:42). With particular reference to South Africa, the UNAIDS report cites Vetten and Bhana's 1991 study, *Violence, Vengeance and Gender: Investigation into the Links between Violence Against Women and HIV/AIDS in South Africa* in this regard, which argues that strategies to address HIV/AIDS and violence against women need to be 'complementary' rather than 'parallel' (Ibid. p.43). Such strategies rely upon empowering women as economic agents, rather than dependents, as it is that which frequently forms the backdrop to their physical abuse.

In turn, vulnerability in this regard cannot be separated from the poverty and exploitation faced by rural women. Burnett (2002:28) argues that patriarchy in South Africa is a unique hybrid of indigenous and settler cultures. This has been influenced and exacerbated by other forms of inequality, particularly imbalances in power 'organised around social, political and economic hierarchies of race and class' which has in turn produced 'unique forms of gender oppression for women who have been divided along racial lines, being products of their circumstances and coerced by national loyalties to struggle for national freedom prior to freedom for women'.

It is not being suggested that the socio-economic context described here, and the attendant cultural norms of gender inequality that underlie it, are appropriate to all women in South Africa. It is acknowledged that the experience of women who find themselves on the sharpest edge of poverty is not one that is shared by most white women (urban or rural), nor indeed women of other races, cultures, and class who live under very different circumstances. What needs to be emphasised is that the strongest argument for retaining patriarchal inegalitarian norms – that presented by the challenge of traditional African custom – is one which is constitutionally entrenched, and which thus creates the confusion of pitting women's rights *against* 'culture', and makes it at least arguably tolerable to afford them a lesser status in both the private and the public spheres. Thus by allowing this ambiguity at the level of the constitution, gender discrimination can be justified, as 'culture' in a way that,

significantly racial discrimination would not. As argued, the Constitution leaves room for *tolerating* gender inequality on this basis, and so contradicts the egalitarian foundations of the notion of human rights.

These divisions between women can disguise the particular burdens faced by rural women. Of the overall population who live in poverty in South Africa, 72% live in rural areas. Of these, women comprise the majority, not least because women are 'lower on the social hierarchy' (Burnett, 2002:29). According to Kehler, citing the *UN Human Development Report of 2000*, African rural women comprise 49% of the poorest of the South African population as a whole (Kehler, 2001). As many as 60% of female-headed rural households are below the poverty threshold because the gender element to poverty 'finds expression in the lack of facilities, energy and time-consuming domestic work, lack of time, transport and unequal access to market-related employment, education, mobility and security' (Burnett, 2002:30).

Kehler (2001) is also concerned with the plight of poor rural women in South Africa. She emphasises that women's inferior economic status is a reflection of 'prevailing cultural and social norms which regard women as less "valuable" members of society' and this not only affects the way they are treated, but also fuels the belief that women's contribution to sustaining the family is less valuable than men's. Kehler furthermore argues that the privatisation of social services in South Africa has a greater impact on poor women, as it is primarily women as caretakers who are the recipients of those services. This additional dimension of the 'feminisation of poverty' has particular resonance for rural women. As Kehler describes it:

African rural women's lack of access to resources and basic services are combined with unequal rights in family structures, as well as unequal access to family resources, such as land and livestock. This explains further why African rural women are not only poorer in society as a whole but also in their own families, and defines why their level and kind of poverty is experienced differently and more intensely than that of men. This translates into reality where African rural women are not only burdened with multiple roles concerning productive and reproductive responsibilities, but also subjected to discrimination and subjugation both in and out of their homes.

Kehler goes on to argue that both statistically, and in terms of their lack of access to resources, services and support, black rural women in South Africa comprise the very poorest of the poor. Further, in their role as sole breadwinners and heads of households these women are exposed to health and safety hazards, as the lack of basic services requires many hours a day to be spent walking long distances to fetch firewood and water, which is often not potable. Kehler argues that basic social services for rural women need to be made not only accessible but also affordable, which requires a more gender-nuanced understanding of poverty.

The conclusion to Kehler's study of women farm labourers in South Africa is that while the laws in South Africa aimed at protecting women are adequate (she refers in particular to the laws on employment standards and equity), the problem is with their enforcement in the face of deep, culturally embedded, resistance to the 'right' treatment of women:

For the majority of women in South Africa, existing socio-economic rights, as guaranteed in the constitution, remain inaccessible resulting in the perpetuation and increase, as well as the feminisation of poverty. Furthermore, especially for rural women and women on farms the constitutional guarantees of equality and non-discrimination remain merely theoretical rights

that lack practical implementation. What remain are women's day-to-day realities marked by the struggle for pure survival that is additionally determined by deteriorating socio-economic conditions and lack of development (Ibid.).

Conclusion

Women's economic marginalisation reflects a broader culture of gender inequality in South Africa. By way of conclusion, some possible ways forward are suggested in order that women's basic human rights might be honoured in reality and not just declared in law. Economic inequality and endemic violence against women are symptoms of a deeper inequality. The idea of women as human beings of equal worth and dignity is one that has still not taken root in South Africa. Women's lives, agency and well-being are regarded as being of less value than men's.

One way of redressing this imbalance would be to create greater options and choices for women, by facilitating their access to resources. The possibility of a Basic Income Grant (BIG) in South Africa has been mooted,⁴ and even a small allocation of such resources that was placed beyond the reach of traditional patriarchal power and authority would go some way towards allowing women to choose their circumstances, rather than keeping them as economic hostages of particular situations. An additional method of enforcing women's equal access to resources and property is to ensure that court judgements on matters that have traditionally disenfranchised women (such as the traditional law of succession) are consistent and unequivocal in their insistence on the equal rights of women and girl-children to such property and resources.

Another powerful source of change in this regard is women's participation in decision making, especially about development policy. While this complex subject needs more treatment outside this discussion, it is worth noting that participatory approaches to poverty reduction and development are themselves now widely accepted but that often women's voices in these initiatives are nevertheless lost. The way forward has been suggested is to move away from the 'add women and stir' approach and take into account the power inequalities that arise out of gender difference (Cornwall, 2003:1338). Entrenched poverty and gender inequality in South Africa is a glaring example of this assertion, and provides an opportunity to devise strategies of participation designed to overcome the impasse.

Finally, as long as attitudes towards women in South Africa remain as they are, there will be a continued tolerance of cultural inequality and denigration and abuse of women. Changing people's attitudes is difficult, but change they must. Those who are in power bear the responsibility for leading the way in this regard, but another strategy would be to increase both the likelihood of a remedy in the event of abuse of women and the sentences for such abuse. Here again the courts have a role to play in unequivocally striking down claims of culture and tradition that violate the equal rights of women and children.

The issue of women's substantive equality and access to economic resources is critical to sustaining democracy in South Africa. Inasmuch as democracy rests on assumptions about equal entitlement to the running of the state, it is contingent on the acknowledgement of the equal worth of all citizens. This is why democracy and human rights are often regarded as being inextricably linked. The basic ethos underlying a human rights dispensation is also that every person in the state counts for as much as everyone else. South Africa's declared policy priorities according to

the Constitution, international and domestic law, make it an imperative of the democratic dispensation that the human rights of women are honoured in fact as well as law. And these cannot proceed from the assumption that women have lesser claims to a share of basic economic goods and services from which they have been traditionally excluded.

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Endnotes

1. The basis of this challenge is the cultural 'right' of male primogeniture in African customary law, which stipulates that in the event of a husband's death, his wife (or wives) and children's entitlement to the estate can be overridden by the claim of a senior male relative, even if that person is a stranger to them. Furthermore, it is unclear what responsibility, if any, that senior male has towards them in terms of maintenance out of the estate. See the case reported by Khadija Magardie in the *Sunday Independent*, 8 December 2002: 4. This is clearly in breach of the common law of inheritance, according to which children have a primary claim on a deceased parent's estate, as well as the laws on maintenance and testation. The justification for the suspension of the equal treatment of women, and indeed children, in these cases, on the basis of 'culture' is therefore in conflict with their basic human rights.

2. In December 2003, the Traditional Leadership and Governance Framework Act was passed. The Act signs into law the functions and roles of traditional leaders, some of which are regarded as potentially perpetuating traditional gender inequalities, especially in so far as the succession to leadership positions is concerned, as there is no 'tradition' of female authority in community decision making. The Act is further shored up by the recently passed Communal Land Rights Act of 2004, which has entrenched the powers of land allocation, exceeding those that traditional leaders enjoyed under apartheid. Again there is no "tradition" of women owning land, and it is therefore feared that these powers will be used to disenfranchise and dispossess rural women.

3. In the case of the latter, signature has not yet been followed by ratification.

4. This suggestion is supported by Beth Goldblatt (2003) and Gail Smith (2002) who both consider the potentially enfranchising effect of the BIG for women, as well as the possibility that the BIG may in some sense serve as reparations for past inequalities.

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The Post-apartheid Economy

Neva Seidman Makgetla

South Africa's post-apartheid economy has been characterised by low growth and investment, and a rise in unemployment (at 30%, higher than any other middle income country). Government economic policy has stressed the encouragement of investment through deregulation, privatisation and fiscal restraint. However, the failure of this strategy to promote growth and create jobs points to the need for a more interventionist strategy, one in which government must do more to stimulate equitable growth. This proposition is highly contested. Nonetheless, in response to the crisis within the economy, the government has adopted limited reforms involving increased spending on basic social services and housing, greater emphasis on job creation and equity, a renewed stress on planning and coordination and greater support for cooperatives. Yet these new initiatives do not constitute a systematic plan for transforming the economy and more integrated policies are required to overcome dualism and stimulate job-creating growth.

Since 1994, the performance of the South African economy has been at best disappointing. The most obvious problem has been the increase in unemployment, which at over 30% is now higher than in any other middle-income country. In addition, the economy has grown only slightly faster than the population, at around 2% a year, and investment remains low.

Faced with these challenges, the economic policy discourse has largely reflected the long-standing debates of development economics, with some new accents around globalisation. The main arguments centre on three hardy perennials: the relationship between growth and redistribution, the relevance of structural factors in underdevelopment and, by extension, the role of the market and the state.

Government economic policy has largely reflected the contention that apartheid depressed growth by repressing markets. This contrasts sharply with the ANC's historic focus on structural inequalities. Government's arguments have underpinned measures to free up markets through deregulation and privatisation, and to encourage foreign investment through conservative fiscal and monetary policies. The state separates anti-poverty measures from its economic policy, treating them purely as assistance for the poor rather than as an integral part of its growth strategy.

The failure of existing policies to bring about growth or create jobs on the necessary scale has led to two responses. In one view, weak outcomes reflect the temporary costs of liberalisation, as less productive enterprises go under. In this view, South Africa is on the verge of 'turning the corner', having laid the foundation for rapid growth. By extension, no fundamental shift in economic policy is required. A second view, reflected in the agreements arising out of the Growth and Development Summit in mid-2003, argues that inadequate results so far point to the need for a

more interventionist strategy. This approach suggests that the government must do more to restructure the economy toward equitable growth. While it has gained ground since 2000, it remains highly contested within the state.

In the event, the available evidence gives little hope that the 'tide has turned'. The strategies adopted by key sections of capital in response to the opening of the economy and the end of apartheid have deepened dualism and inequality, rather than supporting broader development. It follows that stronger government leadership is required to address poverty and unemployment.

This paper first explores the main outcomes of the post-apartheid economy, focusing on employment, growth and investment. The second section outlines key policy debates. The final part then evaluates these arguments in light of the strategies capital has followed since 1994.

Economic Outcomes

The following table compares economic outcomes for South Africa and other middle-income countries at the turn of the century. South Africa performed substantially worse than comparable economies in terms of growth, investment and employment. It did improve compared to the deep crisis of the late 1980s and early 1990s, primarily due to capital flight in the face of rising unrest plus the decline in gold mining as Table 1 shows.

Table 1: Growth, Investment & Unemployment Compared to other Countries

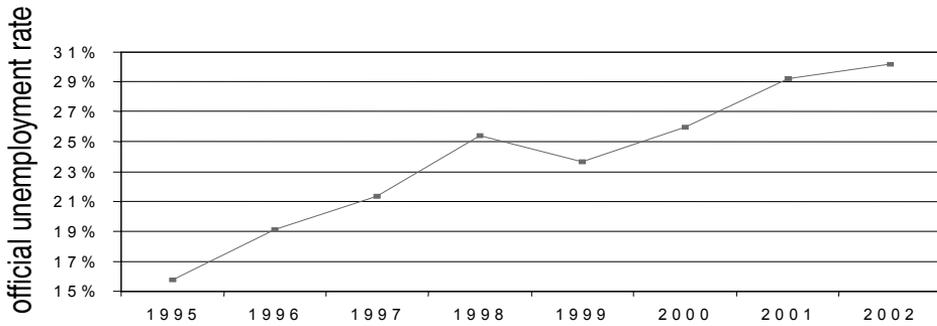
	GDP growth 1990-2001	GDP per capita ¹ 2001	investment as % of GDP 2001	unemployment rate 1998-2001 ²
South Africa	2.1%	10,910	15%	23%
<i>Middle-income countries of which</i>	3.4%	5,390	24%	5%
Malaysia	6.5%	7,910	29%	3%
Chile	6.3%	8,840	21%	10%
South Korea	5.7%	15,060	27%	4%
Egypt	4.5%	3,560	15%	8%
Brazil	2.8%	7,070	21%	10%

Source: World Bank, *Development Indicators 2003*, Washington, DC. Notes: 1. The GDP per capita is here calculated in terms of purchasing power parity, which seeks to measure actual output without taking exchange rate fluctuations into account. 2. The unemployment rate is given for one year between 1998 and 2001.

We here first analyse unemployment, as the most pressing economic challenge, and then growth and investment.

The Unemployment Crisis

Between 1995 and 2002, unemployment officially climbed from 16% to 30.5%. Figures for early 2003 put the figure at over 31%.¹ These data do not include workers too discouraged to seek work. If they were included, the unemployment rate would be over 40%.

Table 2: Unemployment Rate, 1995-2002

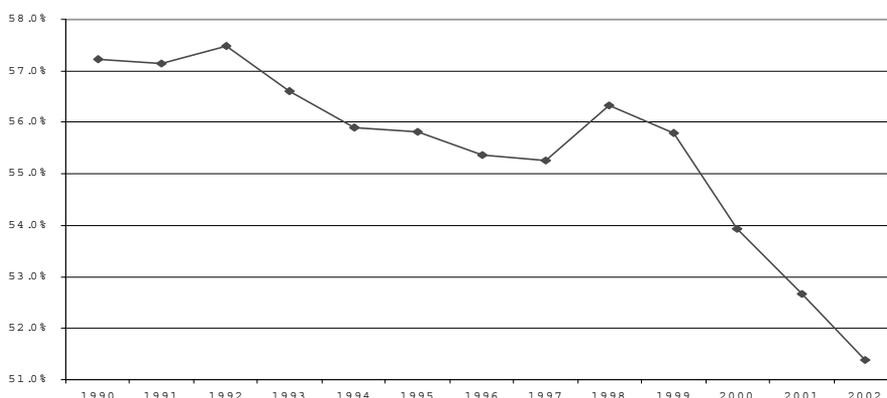
Source: Figures calculated from StatsSA, *South Africa in Transition* (Pretoria, 2001) for 1995-1999, and from StatsSA, Labour Force Survey, September 2002, electronic database. Note: The official definition of unemployment, used here, reports workers too discouraged to seek work as outside the labour force, rather than as unemployed.

Unemployment in South Africa is extraordinarily high by world standards. According to the World Bank, in the early 2000s the unemployment rate in middle-income countries as a group averaged well under 10% (World Bank, 2003). The discrepancy does not seem to reflect data problems. Many middle-income countries, like South Africa, use household-based labour force surveys based on definitions and methodologies endorsed by international institutions. Moreover, the 2000 time-use survey supports the unemployment figures (Wittenberg, 2002).

Rising unemployment is associated with a shift into informal work and falling remuneration. Between 1995 and 2002, the share of the informal sector in total employment climbed from 17% to 20%. The percentage of workers earning under R1,000 a month rose from 36% to 39% (calculated from StatsSA, 1995, 2002a). In this period, inflation cut the purchasing power of 1,000 rand by almost half.

Unemployment is highest for young people, blacks and women. In 2002, people aged under 30 made up 24% of formal employment, but 55% of the unemployed. These figures include only those who would take a job immediately, excluding students. The unemployment rate for people under 30 was 61%. Overall, unemployment for Africans came to 47%, compared to 8% for whites. It was 53% for African women (calculated from StatsSA, 2002a).

The data do not give a clear picture of the implications of these trends for overall inequality. In the early 2000s, Statistics South Africa – the official central statistical agency – released a comparison of household survey data pointing to a sharp fall in incomes for African households, and improvements for whites (StatsSA, 2002b). A few months later, its 2001 Census claimed that incomes had risen for all groups (StatsSA, 2003b). In neither of these studies did the income figures correspond to changes in GDP per capita reported in the national accounts. Certainly, however, rising unemployment has been associated with a falling share for labour in the national income. In 2002, remuneration accounted for around 51% of national income, the lowest level in any year since records began in 1946 except for 1980 (which saw a soaring gold price). Labour's share fell particularly sharply in 1999-2002. In this period, profits rose from 29% to 34% of national income (calculated from SARB, 2003).

Table 3: Remuneration as Percentage of National Income, 1990-2002

Source: Calculated from, SARB, long-term data series on national accounts; www.resbank.co.za, downloaded July 2003.

Growth & Investment

Overall, since 1994 GDP has grown only slightly faster than the population, so that GDP *per capita* remains almost unchanged. Growth was particularly slow in the late 1990s, but picked up somewhat in the early 2000s. In 2003, however, it declined to 1.9%, largely because rapid appreciation in the rand cut into exports while encouraging imports (National Treasury 2004:26). Slow growth has been associated with very low investment. Most economists agree a country must invest between 20% and 25% of the GDP to maintain growth. In the late 1990s, however, investment in South Africa fell to around 15% of the GDP, and it had not recovered by 2003. As Table 5 shows, a substantial increase in foreign investment in the late 1990s, almost entirely in the form of short-term portfolio inflows, did little to stem the decline in total capital formation.

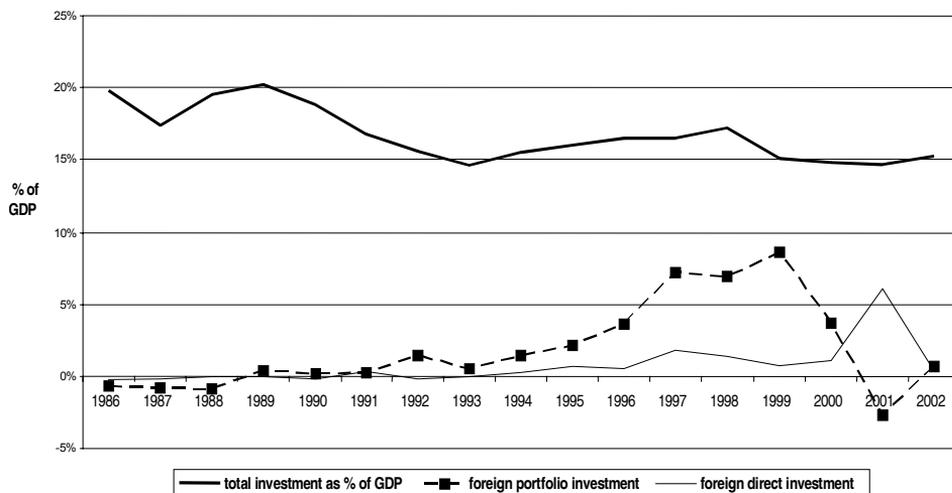
A rapid decline in government investment largely explained the fall in total capital formation. The state's share in total investment dropped from 36% in 1990 to 25% in 2002 – the lowest level since 1946, when the available figures start. State investment relative to GDP was also lower in 2002 than at any time since 1946. The decline mostly reflected commercialisation of the national parastatals plus budget cuts in the late 1990. Almost invariably, reductions in real government expenditure lead to sharper falls in investment, since it is easier to end projects that cut back on established delivery systems.

Table 4: Growth in the GDP, 1990-2002

Period	Average annual growth
1990-1994	0.3%
1994-1997	3.4%
1997-2000	2.1%
2000-2002	2.9%
2003	1.9%

Source: Calculated from SARB, long-term data on national accounts StatsSA, GDP figures, downloaded from www.statssa.gov.za December 2003. GDP at market prices, constant 1995 rand; downloaded July 2003. www.resbank.co.za; Statistics South Africa.

In sum, the post-apartheid economy has been characterised by soaring unemployment, slow growth and an extremely low rate of investment. The next section outlines debates about the causes of this situation.

Table 5: Foreign & Domestic Investment as Percentage of GDP¹

Source: Calculated from SARB, time series on the balance of payments; downloaded July 2002. www.resbank.co.za. Note: 1. The increase in foreign direct investment and decrease in foreign portfolio investment in 2001 reflected the restructuring of Anglo American and De Beers. This restructuring led to an exchange of shares and was associated with the movement of Anglo American's headquarters to London.

Debates on Economic Policy

Since the late 1980s, at least, debates on economic policy in South Africa have revolved around the relationship between growth, inequality and economic structure. In essence, the main points of contention remain:

- Whether or not rapid growth can be achieved without strong measures to address South Africa's unusually large inequalities in income and wealth; and
- Whether or not mass unemployment arises principally because of inequalities in access to productive assets and the structure of production; or the restructuring of the public sector; or the low skill levels left by apartheid.

From the mid-1990s, government policy² seemed largely predicated on the argument that apartheid repressed markets for labour, international trade and capital flows, particularly in agriculture and the financial sector. As a result, the economy could not benefit from the globalised division of labour that arose especially from the late 1980s. Inefficient producers survived with little pressure to raise productivity.

Following from this analysis, the government essentially adopted a competitiveness strategy. That is, it generally sought to improve productivity without guiding investment toward particular industries or activities, although it did provide special incentives for the motor industry and substantial funding for some large-scale refineries. In contrast to this type of competitiveness approach, a development strategy generally aims to restructure the economy to achieve greater equity and employment and to build domestic value chains. The competitiveness strategy supported three kinds of intervention by the state:

Table 6: Private & State Shares in Investment

	% of gross fixed capital formation (investment)		total investment as %
	Private	General government & parastatals	of GDP
1970	56%	44%	24.3%
1980	50%	50%	25.9%
1990	64%	36%	19.1%
1994	73%	28%	15.2%
1998	67%	32%	17.0%
2000	74%	26%	14.8%
2002	75%	25%	15.1%

Source: Calculated from, SARB, data series on national accounts; downloaded July 2003. www.resbank.co.za.

1) Freeing up markets through deregulation and privatisation. This approach was pursued most rapidly in agriculture, but also extended to aspects of the financial sector, telecommunications and transport, amongst others.

2) Ending subsidies on production and reducing tariffs, but expanding government support for increased productivity, especially for exports. This type of support, which is allowed by WTO rules, includes assistance with work re-organisation, improved infrastructure, and skills development. It does not target particular sectors, but rather provides assistance on demand from companies. In this vein, the Department of Trade and Industry (DTI) provided a variety of 'supply-side measures' to assist exporters. In 2003 the government announced large new investments in trade-related infrastructure, especially the ports and rail. From the late 1990s, the Department of Labour initiated a large-scale skills development strategy, which has unfortunately tended to bog down in bureaucracy.

3) Following conservative fiscal and monetary policies in an effort to attract foreign investment. Government cut its spending by around 1% a year in real terms in the late 1990s. It let nominal interest rates rise above 20% in the late 1990s. In 2003, real interest hovered over 4%.

From the standpoint of a competitiveness strategy, falling employment and slow growth are unavoidable consequences of restructuring – the shake-out that results from opening markets which disciplines unproductive firms. The pain forms the unavoidable precondition for establishing more productive enterprises to drive rapid growth in future. The date of the turnaround may be uncertain, but it will inevitably follow, as competitive industries and enterprises adapt.

In this strategy, anti-poverty measures may cushion the poor against restructuring. But they are an add on, not an integral part of the growth strategy. Thus, there are virtually no linkages between government's main social programmes and the economic departments.³

When the government adopted this approach to development, it certainly did not anticipate the soaring unemployment and slow growth of the past nine years. Its Growth, Employment and Redistribution (GEAR) strategy set ambitious economic goals for 1996-2000, but virtually none were met. The main exceptions were targets for policy instruments – the government deficit and average tariffs – as well as inflation. Supporters of the strategy argue that, despite the unhappy record so far, the turnaround is just around the corner. They suggest that it has been delayed by:

- The new dispensation for the labour market, which is seen as causing labour market rigidities. In effect, while the rest of the economy has been deregulated, the state introduced modern labour relations, which required considerable intervention to overturn apartheid practices;
- Low skill levels amongst Africans as a result of apartheid;
- Unfair international trade rules, with continued protectionism by the EU and the US. In response, government pursued a range of bilateral trade agreements, including with the EU, the US and Mercosur;
- Investors' perceptions that any investment in Africa is risky. This view, in turn, has led to NEPAD and other initiatives seeking to stabilise the continent.

In the event, the competitiveness strategy has serious methodological weaknesses. It essentially derives, not from research into the South African economy,⁴ but from the theoretical argument that given a free market, capital will inevitably discover some kind of productive activity. The perception of a turnaround reflects the theoretical argument that any shake-out – whether from a cyclical crisis or liberalisation – will ultimately reduce factor costs enough to open up new opportunities. How long that will take remains unclear, which is why Keynes pointed out that in the long run we are all dead. Unpacked, this approach assumes:

- A closed system for capital, although not for trade in goods and services, and
- Good information flows about innovative investment opportunities.

If these conditions do not exist, investors may respond to the downturn following a shake-out by seeking opportunities in other countries, or they may fail to identify potential projects at all for long periods. In the real world, of course, neither of these conditions holds. Like the rest of us, managers have only bounded rationality. Faced with massive, market-driven restructuring, they may play it safe by looking for apparently lower risk opportunities in other countries. They may simply ignore new opportunities that require a move into new sectors with new customers. In fact, as of 2003, the shake-out arising from the freeing of the market showed no signs of leading

Table 7: GEAR Projections & Actual Achievements, 1996-99

	Annual average, 1996-99 Projected in GEAR	Actual
Intermediate targets		
Fiscal deficit as percentage of GDP	3.7%	3.1%
Average tariff as % of imports	7.6%	4.4%
Real bank rate ^a	4.4%	12.3%
Real private sector investment growth	11.7%	1.2%
Real non-gold export growth ^b	8.4%	6.7%
Economic outcomes		
GDP growth	4.2%	2.4%
Inflation (CPI)	8.2%	6.6%
Annual change in formal, non-agricultural employment ^c	270,000	-125,200

Sources: COSATU, *Secretariat Report to the Seventh National Congress*, 2000. www.cosatu.org.za. Calculated by Fiona Tregenna from South African Reserve Bank, *Quarterly Bulletin*, June 2000; Department of Finance, *Budget Review 2000*; Department of Trade and Industry, Economics Database. Notes: a) for actuals, residential bond rate less CPI. b) for actuals, real non-mining export growth. c) figures for 1996 to 2000.

to job-creating, equitable growth in the near future. Instead, South Africa saw rising outflows of capital and profits, as the dominant companies sought opportunities overseas. In these circumstances, rising productivity in key sectors, underpinned in part by new foreign investment, deepened dualism and inequality. In effect, a new export enclave developed, but did little to ensure greater equity, job creation or even rapid growth. A growth model that increasingly excludes particularly African youth seems unsustainable in the longer run.

The competitiveness model adopted by government contrasts with the more traditional development strategy that guided the Reconstruction and Development Programme (RDP), which the ANC adopted in 1994 (ANC, 1994). In this document, the inequalities and dualism entrenched by apartheid in themselves are seen as the central obstacle to equitable growth and employment. On the one hand, they reduce the ability of the poor to generate incomes for themselves outside the formal sector. On the other, they dampen domestic demand especially for basic goods and services which are relatively labour intensive.

The RDP analysis pointed to the importance of production for the domestic market both to build productive capacity and to support greater equity. Export industries, while an important component of any development strategy, by themselves would not create adequate employment or meet the needs of the majority. Instead, government should use large-scale anti-poverty programmes while expanding domestic demand and skills.⁵ The RDP therefore emphasised land reform and support for co-operatives and micro enterprise, as well as a massive expansion in basic infrastructure, housing, education, welfare and health care for poor communities.

This strategy has important implications for the formal sector (a subject on which the RDP itself was markedly unclear). In particular, it requires a re-orientation to meet growing domestic demand for basic goods and services for the poor, for instance housing, basic infrastructure, education and healthcare. Much of this demand would be funded through the state. In addition, the developmental approach generally necessitates a shift to more labour-intensive production as the basis for job creation and viable small-scale enterprise. In South Africa, that implies in particular a move from heavy industry – mining and refining minerals and petrochemicals – to services and light industry (clothing, food processing and consumer equipment) as well as further fabrication of metal products (see COSATU, 2003b).

This approach places relatively heavy demands on the state. Above all, it requires an ability to integrate social and economic development strategies. Moreover, the state needs to define ways to build economically viable industries that can also create jobs. Finally, the state must have the capacity to drive programmes to increase the assets and incomes of the poor and to restructure formal production. Achieving these aims requires substantial changes in the inherited institutional structures. In particular, national government departments now enjoy considerable independence from overall control, and no authority is responsible for ensuring the economy supports equity or employment. More fundamentally, the structure of decision making on economic policy favours business rather than the ANC's historic constituencies. The poor remain largely excluded from policy-making processes. In contrast, government officials interact consistently with business and generally rely heavily on consultants for information and ideas. That in itself militates against a strong development strategy.

The next section explores the response of different sectors of big business to the changes in South Africa since 1994. In the event, the available evidence suggests that liberalisation is not about to bring a turnaround toward equitable or job-creating growth.

Globalisation & Restructuring Class Formation

Apartheid left behind a profound dualism in the economy and the society (see, amongst others, COSATU, 2003b; Terreblanche, 2003). On the one hand, the colonial and then the apartheid state essentially stopped the majority from engaging in the formal economy except as underpaid labour, depriving most Africans of high-level training, land, mineral rights and, in the cities, industrial and retail infrastructure. It also hindered their interactions with formal financial and retail institutions. Extensive un- and underemployment resulted, especially in the so-called homelands. On the other hand, a modern economy was built up around mineral exports, strategic industries (arms and energy) and the production of relative luxuries for the high-income (white) group. Here, too, the state played a central role by providing cheap, largely migrant labour, low-cost energy and transport and an industrial strategy backed by tariffs and an extensive network of parastatals.

After 1994, government anti-poverty efforts aimed to improve living standards in African communities, rather than to help the poor earn higher incomes. Restrictions on government spending, especially since GEAR's fiscal targets led to budget cuts in the late 1990s, limited these programmes, which revolved around provision of housing and infrastructure, support for small and micro enterprise, skills development and transformation of the financial sector. Government substantially improved access to basic infrastructure and housing after 1994 but the services were often at a low level and relatively high cost. As a result, they generally did not fulfil the RDP's expectation that they would help the poor develop new productive activities. Thus, almost all new housing was still located far from city centres and economic opportunities. They improved access to household infrastructure, but not to employment. Similarly, relatively high tariffs and low levels of supply meant poor households often could not use water or electricity for home-based production.⁶

Land reform and other programmes to support small and micro enterprise remained very limited. Government essentially gave up on the RDP target of redistributing 30% of farm land. Most studies found that the programmes to support small and micro enterprise were not very effective.

In the late 1990s, government introduced a new skills development strategy based on sectoral co-ordination and 'learnerships', which resembled low-level apprenticeships. The new training system established an extensive new bureaucracy at sectoral level, which in many sectors moved only slowly to expand opportunities for skills development. In addition, the general education system remained highly inequitable and largely unable to provide relevant skills. Virtually all young people had access to some schooling but African children, especially in rural areas, mostly had worse facilities and were more likely to drop out. In September 2002, 34% of Africans under 30 had less than eight years education, compared to 17% of non-Africans – and 45% of Africans over 30 (calculated from StatsSA, 2002a). In 2000, almost 43% of schools, mostly in the former homelands, still had no electricity. Only 12% – almost all in historically white areas – provided computers for learners (Department of Education, 2000).

In the early 2000s, under pressure from COSATU and the Communist Party in particular, government agreed that the financial sector had to do more to serve the poor. That, in turn, required amendments to banking legislation to permit formation of savings unions and other third-tier institutions. Although government formally agreed to introduce these amendments at a Financial Sector Summit in August 2002, a year later it had not made any visible progress.

In short, government undertook substantial efforts to transform government services to poor communities. But it focused on improvements in living standards without doing much to enhance access to economic opportunities. As a result, the first decade of democracy did little to transform the highly inequitable structure of ownership and control inherited from apartheid, and the associated economic and spatial dualism.

The Response of the Formal Sector

We can understand the response of the formal sector to government's competitiveness strategy in terms of changes in the structure of production and ownership. With the opening of the economy combined with cuts in government spending, growth has largely resulted from rising productivity rather than expanded demand and output. These trends have led to a decline in formal employment, even in sectors that have raised exports substantially. In this context, current policies on black economic empowerment seem unlikely to broaden ownership and control significantly.

The main shifts in the production structure, all of which are associated with job losses, include:

- A move from gold to platinum in export earnings and – largely due to government support – continued growth in aluminium refining;
- In manufacturing, aggressive export growth in a few sectors, combined with rising import penetration overall;
- Increasing productivity in manufacturing, agriculture and services, including government, combined with only modest increases in output;
- Stagnation in construction, as government investment lagged behind the expectations raised by the RDP.

Minerals accounted for half of all exports in the early 2000s. Shifts between sectors, however, meant declining employment. By the early 2000s, platinum rivalled gold as South Africa's main export but it employed far fewer people. Government used IDC support to encourage minerals refining, particularly for aluminium and iron, apparently to raise the value added of exports. Refining is highly capital intensive, however, and created few jobs at a huge cost. The aluminium smelter planned for Coega will cost US\$2 billion, but directly create only a few hundred jobs. Downstream industries, producing manufactures based on refined minerals, are far more labour intensive – but very few have emerged in the past decade. The only large exception was the production of catalytic converters using platinum, mostly for export.

The aluminium refineries moved to South Africa to take advantage of cheap electricity. Electricity prices are, however, expected to increase in the next ten years, due to commercialisation and the need to build new power plants. In the case of the

Coega smelter, it appears that the government guaranteed low electricity prices nonetheless, which means other electricity consumers will likely end up subsidising the project.⁷

In manufacturing, the opening of the economy from 1989 led to rising competition for domestic and regional markets. As Table 9 (over) shows, imports actually grew more rapidly than exports for the period as a whole, although both fluctuated greatly.

Given low incomes and slow growth in South Africa, rising imports and foreign investment largely displaced local producers, leading to a loss of capacity and jobs. The problems were particularly marked in production of consumer equipment, dairy, pharmaceuticals and clothing (COSATU, 2002). Some local producers sought export markets, largely in southern Africa, to compensate for stagnant domestic sales. To compete on increasingly contested domestic and foreign markets, producers had to raise productivity just to maintain sales. To do that, many slashed employment. Even sectors that enjoyed substantial growth in exports, such as the motor industry, saw job losses from 1996 after rapid growth in 1994-96. As a whole, manufacturing experienced slow output growth combined with downsizing.

Given domestic producers' growing reliance on export sales, the strong fluctuations in the value of the rand in 2000-03 had a substantial impact on manufacturing. The 40% decline in the rand in late 2001 led to a spurt in exports and employment since it made South African exports cheaper on world markets. Unfortunately, the subsequent strong recovery from mid-2002 had the opposite effect. As the world price of South African exports rose, some manufacturing companies – mostly in clothing and equipment – had to cancel contracts and laid off workers.

From 1990, agriculture experienced a rapid shift to a free market after decades of strong state regulation and support. The democratic government argued that state support for white farmers under apartheid had raised the price of food while undermining efficiency. It rapidly terminated most subsidies to white farms and privatised the big farmers' co-operatives, which were essentially taken over by the white farmers themselves.

Table 8: Employment in Mining, 1987-2002

	all mining	gold mining	non-gold	gold as % of total
1987	763,003	560,924	202,079	74%
1994	607,688	392,846	214,842	65%
2000	416,131	217,885	198,246	52%
2002	402,515	194,168	208,347	48%
Change in numbers				
1987-1994	(155,315)	(168,078)	12,763	
1994-2000	(191,557)	(174,961)	(16,596)	
2000-2002	(13,616)	(23,717)	10,101	
% change				
1987-1994	-20%	-30%	6%	
1994-2000	-32%	-45%	-8%	
2000-2002	-3%	-11%	5%	

Source: Calculated from, Statistics South Africa, Survey of Employment and Earnings. Long-term data series. www.statssa.gov.za. Downloaded July 2003.

Table 9: Average % Change in Exports, Imports & Formal Employment, 1985-2002

Time periods	Exports	Imports	Formal manufacturing employment
1985-1990	2.4%	4.8%	1.5%
1990-1993	3.0%	3.1%	-2.5%
1993-1996	10.1%	15.3%	0.7%
1996-1999	1.2%	-2.1%	-3.4%
1999-2002	1.8%	3.3%	-1.4%

Source: Calculated from, South African Reserve Bank. 2002. Electronic data bases on national accounts and international capital flows. www.resbank.co.za; Statistics South Africa. 2003. *Survey of Employment and Earnings*. Electronic database. Downloaded March 2003.

Unfortunately, government does not report on the number of farms or ownership in agriculture. Still, it appears that the shift to a free-market led to a classical shake-out. A number of smaller estates went under, leading to increased concentration of ownership and control. The surviving farms rapidly reduced employment and investment. Thus, investment and employment fell through the late 1990s, with virtually unchanged production. Investment fell by a third, but output dropped only 5% (calculated from SARB, 2003). In 2000-02 investment recovered, but according to the Labour Force Survey heavy job losses persisted amongst farmworkers (StatsSA, 2000; 2002a).

Public sector employment dropped precipitously from the mid-1990s, becoming the main cause of overall formal job losses (Altman, 2003; Bhorat, 2002). On the one hand, the public service responded to falling budgets after 1996 by freezing vacancies. As a result, it lost close to 150,000 jobs in the past ten years, and half as many again between 2000 and 2002. On the other hand, the big parastatals responded to commercialisation and growing private competition by shedding tens of thousands of jobs.

Downsizing in the public service had a particularly negative impact on African women. Traditionally, jobs as teachers and nurses formed the main professional career available to them. But this option is increasingly closed, as government essentially froze these occupations, with virtually no new intake of staff. Thus, 24% of employed African women over 30 work in community services – mostly in government – compared to only 15% for those under 30. In 1995, government employment accounted for over half of employment for African women (calculated from StatsSA, 1996, Table 2.1, and 2002a).⁸

The RDP expected government spending on infrastructure to make construction a major source of employment as well as growing the asset base of the poor. With cuts in government spending under GEAR, however, state construction investment dropped rapidly in the late 1990s. Although it had picked up somewhat since 2000 in real terms, by 2002, state investment in construction was lower as a percentage of GDP than at any time since data collections started in 1946. This situation was associated with a dramatic decline in construction employment, which fell by 30% from 1998 (when the data series start) to 2002 (calculated from StatsSA, 2003a).

Class Formation

Changes in the production structure were associated with a transformation of ownership and control in the wake of the transition to democracy and the opening of the economy. Local business remains heavily concentrated, almost entirely in white hands. But it has been increasingly reintegrated into international capital in ways that constrain local investment and employment. This section analyses the development of mining-finance capital, foreign investment, commercial agriculture and state-owned enterprise.

Mining and finance capital historically formed the backbone of the South African economy. From the early days of mining, it was characterised by heavy foreign investment funnelled through mostly locally-controlled firms, dominated by Anglo American. The big mining companies worked closely with foreign-owned banks, especially Barclays (now FirstBank) and Standard. Under apartheid, sanctions and exchange controls limited the ability of the mining and finance companies to invest outside southern Africa. They therefore increased their holdings in local manufacturing and services.

With the transition to democracy, they found new opportunities abroad. Today, the dominant mining and finance companies apparently view themselves as part of global mining capital, rather than as South African. They see core growth areas as being abroad. They also pick the most profitable of the new minerals opportunities in South Africa, notably in platinum production.

Table 10: Employment,¹ Output & Exports by Sector, 1994-2002

Sector	Average annual growth, 1994 to 2002			% of total, 2002		
	formal employment	gross exports	output	formal employment	exports	gross output
Agriculture, forestry & fishing	-2.1%	3.2%	2.4%	9.9%	4%	3.8%
Gold & uranium ore mining	-8.3%	-3.4%	-4.6%	2.6%	12%	2.0%
Other mining & metals	0.0%	2.7%	4.3%	5.0%	31%	10.1%
Light industry	-1.0%	2.2%	1.3%	9.4%	13%	13.1%
Heavy chemicals	-3.6%	8.2%	4.8%	2.1%	13%	7.3%
Motor vehicles, parts & accessories	0.7%	19.3%	6.7%	1.0%	8%	3.4%
Other machinery & equipment	-1.2%	12.6%	2.7%	2.4%	8%	2.9%
Electricity & water supply	-0.8%	4.5%	3.8%	1.0%	0%	2.3%
Construction	-6.8%	-7.1%	2.5%	2.8%	0%	4.6%
Wholesale & retail trade	2.1%	10.0%	3.2%	11.5%	4%	10.3%
Communications, finance & insurance	-0.9%	14.2%	11.4%	3.7%	3%	10.2%
Other private services	0.7%	6.6%	3.5%	29.1%	6%	19.2%
General government services	-1.0%	0.0%	0.9%	19.5%	0%	10.8%

Source: Calculated from TIPS EasyData. Downloaded March 2004. *Note:* 1. Data on employment derive from the official survey of large formal companies, the Survey of Total Employment and Earnings, which undercounts small and new companies.

The result has been that key mining and finance companies, notably the top-ten firms Anglo American, Old Mutual, SA Breweries and Liberty Life, have moved their financial operations to London. This, in turn, has led to a massive increase in outflows of capital and profits from South Africa, contributing to stagnant investment. Since the mid-1990s, dividend payments abroad have multiplied tenfold, from R2 billion in 1995 and 1996 to R22 billion in 2001 and 2002. Dividends and interest payments together rose from around R10 billion in the mid-1990s to over R40 billion in the early 2000s. In 1995, the outflow of profits came to 2.3% of the GDP. It was 5% in 2001, and 4.1% in 2002 (calculated from SARB, 2003). As a result, net inflows shrank considerably, although they remained positive.

With the opening of the economy in the early 1990s, foreign direct investment has generally centred on manufacturing and the financial sector and has been associated with the re-integration of South Africa into the international division of labour of multinational corporations. In the financial sector, the result has been increased competition for company accounts and a tendency to cut down on less profitable activities in poor communities. The closure of branches has led to large job losses. In manufacturing, multinational companies have frequently re-asserted their control over local subsidiaries, while new investors have bought up or forced out local producers. This trend was particularly marked for the dairy, consumer equipment, clothing, pharmaceuticals and capital goods industries. The loss of basic productive capacity and expertise in pharmaceuticals and capital equipment, in particular, could have a long-term impact on development prospects.

The motor industry represents an important exception. The major car companies are virtually entirely foreign owned, although producers of components are often local. In the late 1990s, the value of auto exports rose by close to 30% a year. The fastest growing sectors were reportedly catalytic converters and leather car seats. Government has tended to point to auto's export success as a model for other sectors, arguing that it demonstrates the export potential of South African manufacturing. But the motor industry has two unique factors: its exports fit into the division of labour of multinational, especially German, car companies; and it enjoyed substantial tariff incentives from government under the Motor Industry Development Programme (MIDP). In any case, despite export growth, the auto industry shed jobs over the past decade.

As noted above, the rapid deregulation of commercial agriculture apparently increased concentration in land ownership, crop storage and trading. Weaker farmers went under while larger ones entrenched themselves. The combination of concentrated ownership and deregulation fuelled profiteering in basic foods. From the end of 2001, the maize price doubled, causing immense hardship and pushing up inflation and ultimately interest rates. The available evidence points to speculation as the main cause. In late 2002, the amount of maize in storage was 25% higher than in the equivalent period in 2001 (SAGIS, 2003). That was enough to have a substantial impact on the price. Moreover, traders report that a single company was responsible for most of maize deals on the futures market in this period.⁹

Finally, state capital – the ownership of productive assets by the state – has seen very extensive restructuring since 1994. The main driver has been the government's emphasis on deregulation and commercialisation. In addition, government has argued that it should support only infrastructure, not productive activities. These strategies have resulted in massive job shedding and rising infrastructure costs, especially for low-income communities, together with support for the small new

black capitalist class. State capital has always played a central role in the economy. Historically, it led the way in developing infrastructure and basic manufacturing. The Development Bank of South Africa (DBSA) and the Industrial Development Corporation (IDC) were critical in guiding private investment into new activities, including clothing and other light industry in the '50s and '60s, iron and steel exports in the '70s, petrochemicals and aluminium in the '80s. In addition, most of the former homelands had parastatals to support manufacturing and agriculture. The apartheid state reduced and commercialised parastatal activities from the mid-1980s. Even so, in the early 1990s, parastatals still accounted for 16% of total investment, down from a peak of 25% in 1980.

Soon after 1994, provincial governments simply closed down most of the smaller homeland enterprises, on the grounds that government should not subsidise production directly. This policy led to heavy social and economic costs in remote rural regions that had depended on government development projects.

From 1994, the democratic government intensified the commercialisation of the big parastatals. It partially privatised Telkom and sections of Transnet, and now plans to privatise 30% of Eskom. It also opened up sectors of infrastructure to private competition – notably through cellphones and privatised transport. While government argues that it will regulate prices to ensure affordability, it has actually loosened controls on parastatal pricing. As a rule, government officials argue that as far as possible, tariffs for services should reflect the costs of production. In line with these policies, the big parastatals have increasingly required that households pay a market price for basic services. The result, as discussed above, has been soaring user charges for poor households and rural areas.

Meanwhile, the share of parastatals in total investment has fallen to 11%. That is lower than any time since the early 1970s (calculated from SARB, 2003). Moreover, the parastatals have begun to rely on imported inputs, sometimes with a devastating impact on local employment. At the same time, the big parastatals have seen the installation of black boards and senior management. In effect, they represent the only area where a new black ruling class exercises great economic power.

In short, the ten years since 1994 have seen a substantial restructuring of capital, without broadening its base. This restructuring has been associated with increased concentration in agriculture, growing foreign ownership and imports in manufacturing, and the movement abroad of major companies. In this context, the role of state capital has been largely reduced to a springboard for big black capital. Taken together, these trends form the basis for low investment and job losses.

Black Economic Empowerment (BEE)

Outside the big parastatals, the restructuring of capital since 1994 has done little to open new opportunities for black entrepreneurs. Ownership remains highly concentrated, and slow growth means there are few opportunities for new businesses. At the same time, a few relatively educated black people have benefited greatly from new opportunities as a result of democracy. This situation has led to a growing demand from the black upper class that government do more to help them penetrate big business. The new black upper class effectively comprises:

- Leaders and managers in the public sector, including the national and provincial public service, local government and the parastatals;

- Senior black management in the dominant private companies. While this group has grown rapidly in the past eight years, it remains small and largely concentrated in public relations and personnel;
- Various independent entrepreneurs, especially in the financial sector, many of whom have taken advantage of union investment companies and pension investments;
- Black professionals in the media, academia and other occupations.

As Table 11 shows, despite the emergence of a black governing class, whites and men still dominated senior positions. Whites made up 14% of the labour force, but held half of all senior management positions.

The structure of income reflected Africans' subordinate position in terms of ownership and control. In 2000, according to Statistics South Africa's Income and Expenditure Survey, half of all white households earned over R8000 a month, compared to 3% of African households. In the high-income group, Africans earned half as much as whites from investment income, reflecting their lack of assets. The state has four main instruments to increase the opportunities available to the black upper class.

- The senior levels of the state bureaucracy pay more than many officials could earn elsewhere. In the longer run, these positions give access to senior jobs in private companies.

Table 11: Employment by Occupation, Race & Gender, 2002
Occupations by Race & Gender, 1995 & 2002

	Women	African	Coloured/Asian	White	Total
senior management & professionals					
1995	28%	32%	11%	56%	100%
2002	34%	35%	15%	50%	100%
technical & associate professionals (mostly nurses and teachers)					
1995	52%	52%	11%	37%	100%
2002	54%	56%	17%	27%	100%
clerks, service & sales workers					
1995	53%	51%	17%	33%	100%
2002	56%	58%	21%	21%	100%
skilled production					
1995	12%	62%	17%	21%	100%
2002	19%	77%	15%	9%	100%
domestic plus elementary					
1995	47%	83%	16%	1%	100%
2002	59%	78%	21%	1%	100%
total employees					
1995	38%	62%	16%	23%	100%
2002	44%	68%	18%	14%	100%
Population, 2001					
	52%	79%	11%	10%	100%

Source: Calculated from, StatsSA. 1996. *October Household Survey 1995*, Table 2.2; 2003. *Labour Force Survey September 2002*.

- Government can bias regulation and government procurement to promote black interests. Although it has taken some steps in this direction, black companies still complain that procurement favours established white companies.
- Government can sell state assets relatively cheaply to black buyers, and outsource its activities to private black providers.
- Government can encourage business to adopt codes supporting black ownership and control.

Government has increasingly focused on using procurement and privatisation to strengthen black ownership and control, and on supporting sectoral BEE charters. These measures cannot, however, do much to challenge overall concentration of ownership and control. That would require greater emphasis on employment creation, skills development, support for public ownership and small producers, and the extension of housing and basic services. In practice, then, black economic empowerment has increasingly come to mean making the existing, concentrated structures of ownership more representative, rather than broadening the structure of capital overall. Government departments have largely reduced 'black economic empowerment' to support for medium and large black companies, without challenging overall inequality and concentration.

Toward a Development Strategy?

Analysis of business responses to globalisation in the context of government's competitiveness strategy points to serious problems. South Africa has seen a rising outflow of capital, loss of some industrial capacity, and increased speculation in basic foods. At the same time, the shrinkage in the public sector has fuelled declining investment and employment. While job losses may bottom out or even begin a slow rise, there is little evidence that investment will recover in the present policy environment.

Largely in response to this crisis, the past three years have seen important, although still limited, reforms in government policy. Above all, because of extraordinarily high unemployment, sections of both government and big business now see that the conventional free-market approach is socially and politically unsustainable. As a result, they are willing to discuss a stronger role for government to bring about equity and create jobs. The new approach manifests itself in:

- Rising government spending, which has accelerated delivery of basic services and housing since 2000. Government has also done more to implement its policy – adopted under union pressure in 2000 – of providing free basic services for poor households. Moreover, it has encouraged lower interest rates compared to the late 1990s;
- Increased emphasis on job creation and equity in economic policy, particularly through sectoral strategies and BEE;
- A renewed stress on planning and co-ordination, particularly at local level, and a greater recognition of the need for stakeholder support of and mobilisation around major policies;
- Greater support for co-operatives.

From this standpoint, the agreements at the Growth and Development Summit (GDS) reflected and consolidated a longer-term, although modest and often uncertain, move toward building a developmental state. The reforms in government policies, however, do not constitute transformatory development strategy or a systematic plan for transforming the economy. Such a strategy would have to do more to integrate social and economic strategies and to redirect the formal sector toward job-creating growth. That, in turn, would require both more co-ordination with government, and policy-making mechanisms that encourage inputs from the majority of South Africans.

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Endnotes

1. The 2003 survey data were reweighted using the 2001 Census, and so may not be comparable to the earlier figures that used the 1996 Census. They are, however, presumably more accurate.
2. This view was initially consolidated in the Growth, Employment and Redistribution (GEAR) strategy adopted in 1996 (Department of Finance, 1996). It emerged in various government documents since then, including the Department of Trade and Industry's Integrated Manufacturing Strategy (DTI, 2001), the agricultural strategy (Department of Agriculture, 2001) and the policy on restructuring state enterprise (DPE, 2000).
3. At the Growth and Development Summit in 2003, government resisted any reference to social policies, much less an effort to ensure they explicitly supported economic restructuring.
4. GEAR itself was only tested through simulations on macro models, which essentially built in a 'crowding out' hypothesis, although there is virtually no historical evidence for it in South Africa. See Department of Finance, 1996, Appendix 16.
5. This strategy resembles the policies pursued in the 1950s in the high-performing East Asian countries. See Campos and Root, 1996.
6. Significantly, access to electricity for lighting rose from 64% to 77% in 1995-2002, but use of electricity for heating and cooking remained virtually unchanged. Moreover, in 2000, although most poor households did not pay anything for water or electricity, those that did use, on average, around 10% of their incomes. See COSATU, 2003b; StatsSA, 1996, 2000, 2002a.
7. This project was in doubt by early 2004, as the company concerned was taken over by Alcan and announced that it would review its plans for Coega. See *Business Report* (Johannesburg), 29 March 2004.
8. Figures for 'community, social and personal services', which are almost exclusively government services, are here used for government services.
9. Traders say that the company bought of maize in anticipation of a local and regional maize shortage, which would lead to higher prices. In the event, the local shortage never emerged, while neighbouring countries could not afford South African maize at 2002 prices. As a result, the company lost huge sums of money, funded largely by a pension fund for local government management. But the farmers and other maize traders obviously benefited from the higher prices in the interim.

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South Africa's Post-apartheid Foreign Policy: From Reconciliation to Ambiguity?

Chris Alden & Garth le Pere

This article focuses on South Africa's rehabilitation from international pariah status during the apartheid years to its de facto status as leader of the African continent. Its ambitious foreign policy agenda and the pan-African revivalism of Mbeki are discussed in the context of the many constraints (the need to attract foreign investment, limited institutional capacity, ambiguities over the nature of South Africa's identity) that circumscribe its capacity to achieve these goals. While under Mandela South Africa is portrayed in foreign policy terms as an over-stretched state striving to meet the idealistic demands placed upon it by a fragile world, Mbeki's pragmatism and moderation has seen South Africa recast its role in a manner more commensurate with its size and resources. The primary aims of the Mbeki presidency are seen as a reshaping of current international norms, institutions and processes to further global justice for Africa and the South.

One of the defining moments of the late 20th century was the emergence of a non-racial democracy in South Africa and, with that, the ending of its longstanding international isolation. Building upon the paradoxical legacy of the apartheid state and the liberation movement, the new South Africa faced contradictory tensions in developing an activist role in foreign policy premised upon a belief in the compatibility of human rights norms, solidarity politics and its own development needs. Nelson Mandela and his successor Thabo Mbeki have sought to invigorate the conduct of international affairs with reference to South Africa's unique transition and moral stature.

South Africa's dramatic rehabilitation from international pariah during the apartheid years to bastion of African democracy is itself the product of a carefully crafted transition. Such is the hold of this (arguably) unique transformation that it continues to exert influence over the shape and conduct of foreign policy through the formulation of post-apartheid objectives. This can best be seen in the manner in which South Africa's assumption of a place in the international system has been accompanied by policy choices that emphasise human rights and development, its preference for pursuing its foreign policy through multilateral channels and, implicitly, the enduring notion of South Africa's presumed status as *one of the de facto* leaders of the African continent.

However, South Africa's ambitious foreign policy agenda, the product of international expectations fostered in part by figures such as Mandela and the pan-African revivalism of Mbeki, needs to be tempered by an appreciation of the constraints that inhibit or circumscribe its ability to achieve these objectives. These limitations are

manifested in: South Africa's pressing need for financial resources and foreign investment which has caused it to trim its support for a range of policies; limited institutional capacity due to difficulties experienced in the transformation of key foreign and security institutions of the state; continuing misapprehension on the part of South African officials about the complexity and content of Africa's international politics; and persistent ambiguity over the nature of South Africa's identity viewed both from within the country, which remains a deeply divided society, and by African partners, who often appear skeptical towards South Africa's aspirations to continental leadership. Nonetheless, in spite of these limitations, South Africa's post-apartheid foreign policy will continue to play a determining role in security and development in the African continent and the broader relations between North and South.

Constructing a New Foreign Policy

Nelson Mandela's declaration on the eve the elections that '(h)uman rights will be the light that guides our foreign policy' set the tone for the shape and conduct of South African diplomacy (Mandela, 1993). By incorporating the experiences of the anti-apartheid struggle into the conduct of foreign policy, the ANC leader sought to imbue the practice of international affairs with an explicit orientation towards the promotion of civil liberties and democratisation. Moreover, the new government maintained openness towards the concerns of non-state actors as well as a willingness to engage them.

Putting Africa at the centre of post-apartheid foreign policy had been a priority of the incoming government. Within this framework, special recognition was given to southern Africa where South Africa had held economic sway for well over a century. South African involvement in the regional economy, whether as providers or recipients of migrant labour, transport services, hydro-power or trade has historically been of considerable significance to both South Africa and other Southern African Development Community (SADC) countries (O'Meara, 1991).¹ Moreover, there was a strongly held belief that South Africa could not remain 'an island of prosperity in a sea of poverty' and that only through concerted regional development would some of the deep-seated negative inter-dependencies (unfettered migration and undocumented trade, civil war and social disintegration, traffic in illegal arms, contraband and drugs) be addressed (Landsberg & Masiza, 1996). Finally, the ANC (and South African business) believed that greater involvement by South Africa in regional trade, sectoral co-operation projects and joint development of regional resources and infrastructure could prove salutary for efforts to promote growth and development in both South Africa and the region (ADB, 1993:277-317).

Active internationalism, primarily through multilateral institutions, was another feature of post-apartheid foreign policy. The government sought to re-invigorate these institutions with reference to South Africa's own unique transition and the concomitant moral authority that had come with measures such as the unilateral dismantling of its nuclear programme. In particular African-based institutions, such as the OAU, and organisations with a 'South' orientation, such as the Non-Aligned Movement, were seen as the proper setting for a reformist agenda that reflected South African concerns for democratic practice and development imperatives.

These themes were outlined in a number of influential articles and documents produced by the ANC in advance of the elections. Once in power, the government

launched a consultative process which sought to engage civil society through a series of public meetings and, concurrently, the circulation of a discussion document. While the consultative exercise elicited substantive responses from a range of actors, from independent foreign policy think tanks to anti-land mines campaigners, it never resulted in a government White Paper on Foreign Policy, as initially intended. In spite of this, it played an important part in raising awareness of future directions for a post-apartheid foreign policy as well as beginning the slow process of re-legitimising the country's foreign policy institutions.

Transforming the Instruments of Foreign Policy

The incoming Government of National Unity was confronted with the challenge of reconstructing the institutions charged with foreign relations. In its apartheid incarnation, the official business of the Department of Foreign Affairs (DFA) had been directed almost exclusively at attempts to ward off international sanctions and diplomatic isolation.

However, the DFA's post-apartheid role as the new custodian of foreign policy has been mired in controversy and contestation. Achieving representative racial and gender balances has been a particular source of acrimony and tension. While most of South Africa's career diplomats abroad are now black, the total staff complement of missions remain skewed: 40% black and 60% white. The department was also perceived to suffer from a lack of assertive leadership capable of decisive policy and organisational transformation or of managing the culture-clash between seasoned but suspicious and insecure 'old order' bureaucrats and inspired but inexperienced liberation cadres. Although attempts were made to develop conceptual coherence, strategic direction and operational codes, cleavages of race, gender, style and ideology persisted. At the same time, while the skills and abilities of incoming ANC diplomats were generally high, with experienced personnel primarily located in the multilateral sector and occupying senior postings abroad, those with lesser abilities increasingly took refuge in the politics of patronage.

The main problem for post-apartheid South African foreign relations was the multiplicity of actors shaping and implementing policy. This might not be surprising given the importance of global financial markets, regional economic blocs, international trade linkages, information technology and new forms of multilateral governance. The DFA often found itself at odds with a range of other actors with claims upon the foreign policy process. It was precisely this multiplicity of actors which encouraged accusations of incoherence, inconsistency and opaqueness in policy formulation (Muller, 1997:69). The important players included the President, Nelson Mandela, the Deputy President Thabo Mbeki, the Cabinet, Parliament, parliamentary committees dealing with foreign affairs and trade, other state departments such as Trade and Industry, Defence and Finance. The critical voices of civil society components added to the cacophony.

In the case of President Mandela, it was no surprise that his dominance over every *major* foreign policy decision was so complete as to overshadow the role of DFA, Cabinet and Parliament. Mandela's international renown was such that 'it has meant South Africa's image (and its foreign policy) tends largely to be equated with the President's profile. As a result, policy has often followed his public statements, rather than the other way around' (Mills, 1997:24). Mbeki, as Mandela's Deputy President and heir apparent, was the prime architect in reconfiguring South Africa's relations with the United States, Europe, the South and Africa. An experienced

diplomat in his own right, during his long years in exile he emerged as the ANC's chief international spokesman and has retained his distinctly internationalist outlook (Makgoba & Mazwai, 1998). Little of what they and the DFA did escaped public scrutiny or comment. Civil society has moved from being in the vanguard of the anti-apartheid struggle to reorienting its focus and association with the new government and promoting the norms and values enshrined in its democratic constitution. In drawing the new borders between it and government, there have been tense and strained relations and at times open criticism of the ANC-as-government. This is because,

many of the assumptions and affinities inherited from the anti-apartheid struggle have translated poorly into the new context. Disaffection with statist routes of transformation has coupled with the perception of the state 'withered away' by globalisation, yielding hugely amplified assessments of the scale and role of civil society (Marais, 1998:205).

What emerges from these brief considerations is that the DFA – on the basis of its history and evolution – was a rather weak and ineffective bureaucratic player, lacking clarity of purpose and a long-term strategic perspective. Its internal fragmentation and inertia together with the centrifugal effects of competitive networks conspired (in most instances) to make it rather peripheral to shaping and influencing policy during the Mandela years. These trends were to be further exacerbated, albeit for somewhat different reasons, under Mandela's successor.

The ANC's idealistic leanings and the realist inclinations of a globalised world brought into stark relief a range of tensions and contradictory impulses in implementing foreign policy. In practice, a calculus of financial, commercial, political and defence interests supplanted the carefully crafted ethical dimension in foreign policy. This reflected perhaps, the government's adoption of 'an eclectic synthesis of neo-realist and neo-liberal principles, which remains cognisant of a globalising world economy' (Williams, 2000:73).

In less than a year after the founding democratic elections of 1994, South Africa had established full diplomatic relations with most states, including 46 African countries, and had been (re)admitted to full membership in the UN, to the Commonwealth, to the Organisation of African Unity (OAU) and to the Southern African Development Community (SADC). For differing periods, it was chair of UNCTAD, of SADC, of the 1998 54th session of the UN Commission of Human Rights and of the Non-Aligned Movement. Without a hint of hyperbole, Mandela could therefore declare on the eve of stepping down from the presidency in 1999,

for a country that not so many years ago was the polecat of the world, South Africa has truly undergone a revolution in its relations with the international community (Mandela, 1999).

Yet a palpable tension remained between prioritising the country's perceived commercial, trade and political interests *and* its role as moral crusader in the promotion of human rights and democracy. Furthermore, the institutions of foreign policy making were seen by many in the ANC to be insufficiently responsive to the concerns of the majority of South Africans, not to mention that they continued to be dominated at the middle ranks by old regime officials. Reconciling these differing foreign policy priorities and institutional tensions became an overriding objective of the incoming government when it took over in 1999.

Mbeki & the Foreign Policy of Consolidation

The incoming president, Thabo Mbeki, recognised that the contradictions in policy and implementation were too debilitating to be allowed to dominate South Africa's conduct of international relations. There was a need to give further substance to closer engagement with multilateral partners in Africa and the South. There was also a desire to reinvigorate South Africa's foreign policy in terms of a broader continental – and even global – agenda that conformed, in the first instance, with the requirements of a developing country in an impoverished region and, second, with the normative precepts of Mbeki's own articulation of an 'African Renaissance'.

Realising these ambitions occupied the early years of the Mbeki administration. Reconciling South African diplomacy with its domestic policies became a key priority for the government, coupled to a drive to consolidate the instruments of foreign policy making within the framework of larger reworking of government decision-making structures. Both tasks were aided by the fact that Mbeki had secured overwhelming political control within the ANC and, with a close circle of colleagues at the helm of policy making, actively sought to reshape the contours of foreign policy so as to replace it with a stronger sense of purpose and vision. Nevertheless, as Pretoria was to discover, the move towards greater policy coherence and centralisation did not always result in better implementation strategies or policy outcomes.

Integrating South African foreign policy with domestic policies and capabilities was one of the hallmarks of the search for a post-Mandela approach to international relations. In brief, although South Africa dominates the African region economically, in global terms it is a middle-income economy and maintains a medium human development ranking on the United Nations Development Programme's index. This is indicative of the troubling nature of its social and economic base. Its income inequality, which significantly divides the country into a rich white minority and a poor black majority, is amongst the highest in the world (Marais, 2001:7-11). Since 1994, it has experienced jobless growth, resulting from trade liberalisation and global competition, financial turmoil in emerging markets, a dearth of skilled human resources and structural deficiencies in its economy (Marais, 2001:100-105). These and other factors have exacerbated a number of negative social trends, such as spiralling crime and creeping corruption as well as serious social disparities – not only between black and white but also between the newly enriched and ostentatious black middle class and a poor, mostly uneducated mass. Disparities between urban and rural households further compound the inequities.

The reconfiguration of South African foreign policy began in earnest in February 1999 when the new Director-General (DG), Jackie Selebi, led an initiative that reformulated the DFA mission statement. This exercise, which brought together senior civil servants and heads of missions, as well as selected members of civil society, resulted in the promotion of 'security and wealth creation' as the DFA's new leitmotif. Mbeki also articulated a strong commitment to facilitating the renewal of the African continent through the concept of the 'African Renaissance' (Mbeki, 1998). Inspired by the pan-Africanist discourse of the 1960s, the President's vision for an African revival nevertheless introduced contemporary concerns for institutional accountability and democratic governance coupled to a neo-liberal emphasis on foreign investment led growth and open markets. Finally, the new approach emphasised the need for South Africa to champion the cause of developing countries by adopting a leadership role in various multilateral institutions.

While human rights was an important canon of policy under Mandela, South Africans had learnt through its human rights fiascos with Nigeria and East Timor² and commercially-inspired arms sales to countries with dubious human rights records that rectitude and idealist leanings were difficult to sustain in a world where *realpolitik* and champions of free markets held sway. There would, therefore, be a gradual retrenchment of human rights concerns under Mbeki, the preference being that support for human rights should occur through relevant multilateral institutions and quiet bilateral diplomacy.

Foreign Policy Decision-making Structures: The Changing Bureaucratic Context

Following Mbeki's inauguration in June 1999, several changes were made to the existing bureaucratic and policy-making machinery, which was characterised as fragmented, costly and inefficient. Key to this was a restructured Presidency – the locus of foreign policy formulation and decision making. Careful planning went into the restructuring process, which itself had been initiated in 1996 and finally took effect in late 1999. The new 'integrated governance' system has as its vision a commitment to 'efficient and effective management of government by the president together with the deputy-president and cabinet ...' (Chikane, 2001:2). The President, Deputy President and Minister (without Portfolio) are brought together in the same office with an integrated administrative establishment managed by a Director General. Their work is supported by six cabinet committees: social sector; economic sector; investment and employment; international relations, peace and security; justice, crime prevention and security; and governance and administration. To ensure the translation of Cabinet decisions into practical policy and legislative measures, the functions of Directors General (DG) were also re-organised into clusters (Chikane, 2001:32).

The three key incumbents in the Presidency are supported by a sophisticated administrative apparatus, namely, the private office of the President, the office of the Deputy President; the Cabinet office and the Policy Co-ordination and Advisory Services (PCAS) unit all of whom report to the DG. The latter two branches play an important role in foreign policy decision making. With the assistance of the PCAS unit, the Cabinet operations chief directorate assesses the content of matters to be tabled within Cabinet to ensure the necessary policy synergies and alignment. The PCAS unit advises the President (as well as his two colleagues in the Presidency) on all aspects of policy co-ordination, implementation and monitoring and assists on cross-cutting projects and programmes. Its core function, then, is to facilitate an integrated approach to all policy development and implementation.

Assessing the Foreign Policy of Consolidation

South African government's foreign policy objectives are extremely ambitious and aspirational. At times they represent a strategic approach better suited to more influential and larger players on the world stage. Some analysts argue that South Africa has ambitions of acting as a so-called middle power in international politics in keeping with countries such as Canada and Sweden (see Nel et al., 2001:16-18). Others maintain that the South African approach is typical of a semi-peripheral state whose hegemony is bounded by its accepted and putative benevolent role in regional and continental affairs (see McGowan & Ahwireng-Obeng, 1998:165-195).

South Africa's continental and global ambitions have to do battle with and are tampered by three cold realities. Firstly, it is questionable whether it has the required domestic strengths and resources that will allow it to play an activist regional and international role, especially as far as continental peacekeeping and -making, and the reform of the International Monetary Fund (IMF), the World Bank and UN are concerned. The spectres of continuing and rising poverty, chronic unemployment, anaemic economic growth, a fluctuating currency and increasing xenophobia are all interwoven in a fragile social fabric and conspire to impede the realisation of lofty foreign policy goals.

Second, the capacity deficit in human infrastructure underscores the magnitude of the challenge in managing the intricate wheels and cogs of so complex a policy machine. The transformation of the bureaucracy has resulted in the unintended consequence of gaps across the DFA due to retirement and, in some cases, the hasty appointment of ill-qualified individuals to key middle management positions within the Department. It would seem that the 'careerist' has too often replaced the apartheid bureaucrat of old.

Third, while the general framework of policy priorities is much more coherent than it was during the Mandela years, there appears to be a disjuncture between the hard coal-face of President Mbeki's global objectives – reform of the Bretton Woods Institutions, deepening regional integration, the revival of Africa, a better deal for the global South in world affairs – and the normative basis from whence he conducts his crusade. A world-view driven by ambition to do good and a belief that the coin of idealism still holds value in an increasingly Darwinian world suggests an absolutism that might be difficult to hammer out on a pragmatic anvil of means and ends. This dilemma will continue to occupy South African foreign policy makers as they struggled to reconcile increasingly utopian aims with harsh the realities of African and international politics.

South Africa & Regional Conflicts in SADC

The crucible upon which South Africa's post-apartheid foreign policy will be judged is in the regional and continental context, and in terms of its ability to manage conflict ('security') and promote development ('wealth creation') therein. In this sense, South African foreign policy is experiencing its greatest challenge in its wish to manage conflict in its own region. The post-war reconstruction of Angola, the problematic and tentative peace agreements in the Congo and Burundi and the mounting economic and political crisis in Zimbabwe threaten the integrity of these states as well as regional stability and with that, the very prospects for development. With an explicit commitment to 'play a catalytic role in ending Africa's wars', the South African government has embarked on a set of initiatives that aim to tackle the immediate causes of these crises as well as efforts to address its more enduring sources. Complicating South Africa's engagement with the region, however, is its own history of intervention in regional affairs, much of which centred upon destabilising regional co-operation, and a contemporary desire to undo that legacy through active consultation with member states. Moreover, the continuing ambivalence towards democracy and human rights amongst key SADC leaders has made South Africa's promotion of these values all the more problematic (Malan, 1998).

South Africa's attempts to play a key role in the resolution of conflict within southern Africa highlights the difficulties Pretoria experiences in realising its ambitious foreign policy agenda for Africa. Whereas concerns for democracy and

human rights have been able to feature in the debate on foreign policy in the immediate post-apartheid period, recourse to SADC – despite its formal commitment to these issues – has tended to circumscribe substantive action in support of these values. This in turn has had a direct effect upon the selection of tools available to policy makers in Pretoria, limiting them to public statements through SADC that emphasised organisational cohesion over expressions of concern or condemnation of actions by fellow members. Furthermore, for the South African state itself, the hurdles to effective implementation of foreign policy continue to be determined by administrative and analytical capacity as well as financial means, all of which are in relatively short supply in the post-apartheid government.

The southern African region, thought to be the area where South Africa could readily exercise its influence, has proven to be a much more problematic theatre of operation than expected. Even in those crises – Zimbabwe in particular – where South African interests were most directly effected and leverage was assumed to be considerable, the range of actions available that would not exact costs in terms of SADC unity, domestic politics and relations with all-important G-8 countries, turned out to be far fewer than policy makers in Pretoria had anticipated. By adopting the ‘quiet diplomacy’ approach towards Zimbabwe, Mbeki had hoped to underscore the limitations of South Africa’s willingness to overtly challenge the non-interventionist norm in SADC while arguing that it was respecting (flawed though it was) that Mugabe and ZANU-PF had been democratically elected. But, the rising chorus of international condemnation of Mbeki’s position and its uncomfortable spillover within the South African political landscape were to bring about unanticipated pressures to shift policy in new directions.

South Africa, Africa & the South: Leadership & Revival

Southern Africa, Africa and the South form the regional axes of South Africa’s post-apartheid foreign policy. While the management and resolution of conflict represents one crucial aspect of this foreign policy, it is matched by a desire to play a leadership role in the promotion of an ambitious agenda for regional and continental development. Faced with economic and political upheaval in these areas, coupled to the deleterious effects of globalisation, South African diplomacy has sought to reconstruct and revive regional institutions to meet the challenges of the twenty-first century. Central to this effort is Mbeki’s call for an African Renaissance, a discourse emphasising African responsibility for transforming the continent, which has inspired leaders of the North to give unprecedented consideration to South African-instigated plans for Africa’s revival. Concurrently, South African officials have sought to use an activist approach to multilateralism as a means of redressing the global imbalances that plague both Africa and the South in general.

The tenor of the African Renaissance discourse was set when, as Deputy President, Mbeki delivered an exultant address to Parliament in 1996, declaring ‘I am an African’. Mbeki’s speeches have been replete with calls for African leadership to observe norms and standards of good governance and sound economic management as valuable correctives to their hubris, mean-spiritedness and predatory behaviour. Though the Mbeki Renaissance vision generated considerable intellectual enthusiasm at home, it largely failed to resonate across the continent. While the idea was not entirely abandoned – it remains an important pillar of the Mbeki foreign policy and a key orientation of his administration – it had become clear that it was an ‘empty policy vessel’ (Van Nieuwkerk, 1998:45).

Whether by fortuitous circumstance or design, a complementary development – the Millennium Africa Programme (MAP) – was to imbue the African Renaissance with the continental policy buoyancy it so lacked. The genesis of MAP is really grounded in institutions aimed at promoting South-South co-operation. In a historic first and in their capacities, respectively, as Chairmen of the Non-Aligned Movement (NAM), the OAU and the Group of 77 (G-77), Presidents Mbeki, Bouteflika (of Algeria) and Obasanjo (of Nigeria) represented the collective concerns of developing countries to the G-8 summit at Okinawa in July 2000 and again in Genoa in July 2001. The three leaders formed this strategic front on the basis of two important multilateral mandates. The first was for Presidents Mbeki and Bouteflika to represent the interests of Africa on debt cancellation on the basis of a mandate from the Extraordinary OAU Summit held in Sirte in September 1999. This was reinforced by the second mandate of the G-77 South Summit held at Havana in April 2000 where Obasanjo was elected chairman.

After they reported back to a summit held in Lomé, Togo in 2000, the OAU heads of state then enjoined the three leaders to develop a Special Programme for the Development and Renewal of Africa, which would not only be a uniquely African-owned initiative for addressing the continent's perennial developmental woes but would also assist more resolutely in engaging Africa with the processes of globalisation and address its marginalisation in world markets. Mbeki unveiled the framework at the World Economic Forum meeting in Davos, Switzerland in January 2001. It subsequently became known as the MAP. Bearing a distinct imprimatur of the African Renaissance, the MAP focused on the following priority areas: the creation of peace, security, stability and the promotion of democratic governance; investing in people through a comprehensive human development strategy; increasing investment in information and communications technology; improving the development of infrastructure, especially the transport and energy sectors; and mobilising sources of domestic and foreign financing for development. Very soon after the release of the MAP, the President of Senegal, Abdoulaye Wade, launched the Omega Plan, which was widely seen as a Francophone-inspired alternate and competing framework. Whatever tension and rivalry might have existed between the MAP and Omega Plan was resolved through a deft compromise plan, which synthesised and reconciled the two into the New African Initiative (NAI) (DFA, 2001).

With the additions of Egypt and Senegal, South Africa, Nigeria and Algeria constituted the core MAP Steering Committee countries that jointly presented the merged NAI for approval to the OAU Summit in Lusaka in July 2001. This meeting was followed by an intensive lobby effort with the G-8, the EU, the UN and Bretton Woods Institutions. Another important development at the Lusaka Summit was the establishment of a Heads of State and Government Implementation Committee to drive the NAI project. This committee has been expanded to 15 members.³ They met in Abuja in October 2001 to finalise the initiative and develop a definitive text. It was at this meeting that the NAI was replaced and superseded by the New Partnership for Africa's Development (NEPAD). A management structure was set up, made up of the Implementation Committee which will meet three times a year and report to the OAU summit. It will be supported by a Steering Committee, comprising personal representatives of the five initiating presidents and a Secretariat, now based in South Africa.⁴

The impetus to transform the OAU, which had been unable to promote the unity expressed in its Charter or arrest the malaise and paralysis in African governance,

came with the adoption of the Abuja Treaty of 1991 and its ratification in 1994. Its implementation covers six phases over 34 years, concluding with an African Economic Community (AEC) by 2028. The proposals of the Abuja Treaty received the full endorsement of the OAU at the Heads of State and Government Summit held in Sirte, Libya in September 1999. A complementary development and important outcome of the meeting was the decision to reform and revitalise the OAU by replacing it with the African Union (AU).

The OAU summit in Lomé in July 2000, adopted the *Constitutive Act of the African Union* (Genge, 2000:6). The AU was declared at the heads of state summit in Lusaka in July 2001 and held its inaugural summit as the AU in South Africa in July 2002. In a related development, in November 2000 South Africa hosted a meeting of African parliamentarians where the protocol for the establishment of the AU's Pan-African Parliament was finalised. South Africa, in all likelihood, will be the host country for the PAP. Contentious and difficult issues regarding its composition, jurisdiction and powers have yet to be resolved.

As currently being considered, the AU objectives depart fundamentally from those of its predecessor. In a continent renowned for bad governance and egregious human rights abuses, the Act commits members to promote democratic principles and institutions and to promote and protect its peoples' human rights. Mbeki in large measure has shaped the good governance discourse in the OAU. As early as the OAU summit in Algiers in July 1999, he called on Africa's political leadership to adhere to norms and standards of governance based on considerations of '... ethics, equity, inclusion, human security, sustainability and development' (Mbeki, 1999). Without hectoring or condescension, Mbeki has highlighted the need for African governments to accept the imperatives of change in their domestic policies in order to realise the higher goals of sub-regional and continental integration. The new continental architecture is meant to overcome the many structural deficiencies and institutional deficits of the OAU and South Africa – under Mbeki's leadership – has used the opportunities to influence these changes to further shape its Africa diplomacy.

It is therefore an irony (and in some circles an indictment) that Mbeki is reticent in taking aggressive positions in matters of bilateral diplomacy where these concern sensitive and delicate matters relating to governance and human rights. This has clearly been demonstrated in the case of Zimbabwe where his approach of 'quiet diplomacy' seemed anathema to those at home (but also western governments) who demanded a more assertive and forceful stance.

Mbeki has elevated South Africa's commitment to and solidarity with other developing countries to another important foreign policy priority. Their marginalisation and increasing poverty in the global system is of particular concern. During the Mandela years, South Africa used its 'moral capital' to build bridges of understanding and co-operation between the North and the South, notably as chair of UNCTAD but also as the chairs of NAM and SADC. This approach has continued and been reinforced under Mbeki after assuming the chair of the Commonwealth and the AU, and in other multilateral forums.

The South African government has been active in developing positive trade and development agendas for African, SADC and least developed countries. Mbeki has been particularly outspoken about the role of the Bretton Woods institutions in perpetuating the debt crisis and their undemocratic structures and practices which

militate against more open and participative forms of global governance. These sentiments presumably informed the South African government's decision to take part in an initiative that saw the establishment of a 'Group of 22' emerging economies to examine ways of restructuring the international financial architecture. South African trade officials have sought to give substance to the call for South-South co-operation through the promotion of special trading arrangements with Brazil to the west and India and China to the east and Africa to the north (the so-called 'butterfly strategy'). South Africa has also emerged as an important voice in the World Trade Organisation.

The Mbeki multilateral agenda is very much driven by a collective search for global redistributive justice and both widens and deepens the range of South African engagements initiated during the Mandela era. Under the Mbeki presidency, South Africa hosted the UN World Conference on Racism, Xenophobia and Related Intolerances in 2001 and the World Summit on Sustainable Development in 2002. Mbeki has also emerged as one of the key advocates in the global campaign for unconditional debt relief to Highly Indebted Poor Countries (HIPCs). Of the HIPC family, 33 are in Africa and their estimated debt is US\$300bn. Using his position as Chair of the NAM, Mbeki pressed the members of the G-8 at their Okinawa summit in 2000 to live up to the commitments made at the Cologne summit to reduce the stock of nominal HIPC debt by up to US\$70bn and he has used every bilateral meeting with G-8 heads of state to remind them of this promise. South Africa's trade diplomacy is also motivated by reformist impulses and is aimed at a strategic collaboration with a South bloc to change the foundations of the global trading system and to transform the institutional architecture of the WTO in ways that ameliorate their marginalising effects on developing countries.

Assessing South African Leadership in Africa & the South

The terrain South Africa has chosen for cultivating its multilateral diplomacy is not an easy one. It will always be subject to cross-currents and countervailing tendencies where the calculus of choice is made more difficult because of conflicting demands, which flow from domestic interests – especially as regards democratic consolidation and social transformation – and international pressures where South Africa carries the burden of meeting high expectations to consistently punch above its weight. There are three concerns in this regard.

First, the South African government, particularly under Mbeki's stewardship, is often accused of having become increasingly distant and aloof from civil society (Le Pere & Vickers, 2004). Foreign policy oriented civic actors have viewed as perfunctory whatever efforts have originated in government to engage them, a situation that has only been aggravated by the installation of the 'integrated governance' system. Social movements are increasingly making their displeasure felt (Mathews, 1999) that Mbeki's multilateral diplomacy is out of step with global trends and ignores the rich tapestry of civic actors who can assist in driving his policy initiatives, especially those in Africa.

Second, insofar as South African foreign policy is identified with and the product of one man, the President, it becomes tied to perceptions of that individual. The international outcry surrounding the South African president's stated views and policy approach towards HIV/AIDS affected international (and domestic) perceptions of his presidency. This trend has only been exacerbated by the public equivocation on the Zimbabwean crisis. While the unprecedented international

exposure given to the policy positions of an African leader is something Mbeki courts in the name of advocacy of South Africa and the developing world, the resultant bad publicity that has accompanied his position on the pandemic has had a debilitating effect on other areas of South African diplomacy (*Newsweek*, 2002).

Third, South Africa is still wrestling with the dialectic of identity construction in the global arena (Le Pere & Lambrechts, 1999:24-32). Under Mbeki, the country has certainly moved more purposefully – compared to the sometimes-inchoate approach under Mandela – to locate its interests in Africa and the global south. However, suspicions persist about its bona fides in the region, the continent and beyond. For example, South Africa's historically close relationship with the US and Europe has resulted in institutionalised frameworks of engagement. It has negotiated a free trade agreement with its largest trading partner, the European Union, which is seen as problematic for the SADC region. The legacy of its past will remain an indefinite incubus until South Africa unequivocally projects itself as an African country with interests which distinctly reflect its own national priorities and concerns.

Conclusion

South Africa's transformation had to confront a range of difficult challenges and sometimes-intractable problems in a globalising world. The instruments, institutions and processes of its foreign policy had to be radically altered to meet the exigencies of a capricious and turbulent world order. While a heady mix of idealist and aspirational principles drove foreign policy during the Mandela era, it soon became evident that implementing these would be difficult. During the Mandela years, South Africa resembled an overburdened state trying to come to terms with this fragile world order. By virtue of its 'miraculous' transition, South Africa was expected by the international community to 'punch above its weight', a view that South African officials tended to encourage.

In this sense, the changes wrought by Mbeki can be seen as inspired by a large dose of pragmatism and moderation in recasting South Africa's role in a manner more commensurate with its size and resources. He established a new set of priorities and normative principles more in keeping with South Africa's strategic interests and capabilities in the geometric configuration of its foreign policy thrust in the SADC region, Africa, the global South and the global North.

Of equal importance, under Mbeki, the machinery of government and foreign policy has been overhauled to provide greater coherence and co-ordination among multiple state actors. The Presidency, as the primary locus of policy, now sets goals and is the architect of an overarching policy philosophy. It is a vision that is sensitive to the entropic tendencies and structural weaknesses in the system of governance in international relations, both at the level of the state and international institutions. It remains an open question whether the new instruments and approaches of foreign policy under Mbeki's stewardship will have contributed to better decision making and stronger outcomes, much less its loftier aims to play a key role in reshaping current international norms, institutions and process to further global justice for Africa and the South.

South Africa's foray into strengthening regional security, both in terms of direct intervention and mediation of conflict as well as institution building at the SADC level, is strongly suggestive of its limitations. While having many of the trappings of a hegemonic power, South Africa is nonetheless experiencing difficulty

operationalising these attributes into concrete policy gains in the region. This gap between intention and outcome can be explained in part by the inadequacies within foreign policy institutions. However, there is considerable doubt as to whether any country, hegemony or otherwise, would be in a position to mediate solutions to the deep-seated ethnic, political and economic problems which plague southern Africa.

South Africa's desire to lead the continent in a revival through the NEPAD process and the restructuring of regional organisations, such as the OAU, along more democratic lines is also demonstrably difficult to achieve. On the one hand, these initiatives remain elite-driven exercises that rely upon the introduction of new structures and mechanisms of decision making that are meant to enhance transparency and greater accountability by African governments. For Mbeki's approach, as currently construed to succeed in the short term, it needs to win over leaders whose inclinations are authoritarian (if not outright anti-democratic); his hope is that the benefits of NEPAD in the form of increased foreign investment and aid will inspire leaders into participation. On the other hand, for Mbeki's long-term ambitions to succeed in reshaping the *modus operandi* of the African state system, in both its economic and political aspects, it needs to transcend the emphasis on elite consensus and reach out to and engage African societies as a whole.

South Africa's activist record in the broader international sphere also raises fundamental questions about the extent to which the global system is capable of being reformed under present circumstances. The principal axis of reform – North-South dialogue – has been reduced to a desultory state. Mbeki and a strategic core of leaders who share this worldview, have been calling on the South to reposition itself in order to exert more influence in recasting the international system on terms which are more equitable. The governments of the South are therefore exhorted to focus on fundamental processes of governance; infrastructural and utility investment, minimum levels of social income expenditure, and human capital development. In the wake of 11 September, a chastened North appears more willing to give cautious consideration to development concerns and in this sense Mbeki sees a unique opportunity for improving the fortunes of the South through collective action.

While much can be made of the differences between South African foreign policy under Mandela and Mbeki, there is a case to be made for the underlying continuities that they share. The transformist idealism that was espoused by Mandela has continued, albeit in somewhat different form, through its incorporation into Mbeki's reformist programme for African and multilateral institutions. This 'embedded idealism' proposed by Mbeki is predicated on the assumption that international institutions are indeed open to reform and, crucially, that the leading powers and economic forces can be reigned in through recourse to the universalist principles upon which they were founded. While the former president aimed at particular targets as they arose, the current administration has undertaken to rework international institutions and practices in step with new norms on sovereignty emerging primarily out of the Northern milieu. This is at the same time that South Africa has attempted to reconfigure its foreign policy to reflect a new sense of its own identity as a leading African state, to target a new arena for activism in continental Africa and to (re) build a global constituency amongst the states of the South.

A faith in the ethical foundations of multilateralism and the moral certitude of South Africa's foreign policy position that would be sufficient to eclipse narrower considerations of national interest, both on the part of the G-8 powers and that of small states within Africa itself, seem increasingly to be unfounded. How far a

broadly transformative agenda aimed at regional and international institutions can succeed is a troubling indication of the limitations imposed upon a post-apartheid foreign policy still rooted in idealism.

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Endnotes

1. Since 1910, South Africa has been a member of a customs union with three neighbouring countries, Botswana, Lesotho, and Swaziland, with Namibia joining in 1990 when it became independent. Namibia, Lesotho and Swaziland are also joined with South Africa in a monetary union.

2. In November 1995, following the execution of Ken Saro-Wiwa and eight other Ogoni minority rights activists by the Abacha regime in Nigeria, Nelson Mandela called for tougher measures, including the expulsion of Nigeria from the Commonwealth and the imposition of an oil embargo. However, South Africa found itself alone in this crusade in Africa, failing to galvanise support for the initiative and invoking criticism that its behaviour was too 'pro-West' and 'un-African'. In the case of East Timor, despite calling for its autonomy and historically close relations with East Timor's Fretilin Movement, South Africa abstained from resolutions criticising Indonesia's human rights violations at the UN Commission on Human Rights in 1997 and 1998. This was a consequence of increasingly closer bilateral relations with Indonesia's despotic regime under its President Suharto, who is said to have provided generous financial assistance to the ANC before and after the 1994 elections.

3. They are Nigeria, South Africa, Algeria, Senegal, Egypt, Mozambique, Botswana, Tunisia, Mali, Ethiopia, Mauritius, Rwanda, Sao Tome and Principe, Gabon and Cameroon.

4. See 'NEPAD: A Historical Overview.' www.dfa.gov.za/docs/nepad2.htm

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Trade Unions, Social Policy & Class Compromise in Post-apartheid South Africa

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The poor benefit greatly through redistribution through the budget in South Africa: Poor children attend public schools in large numbers and poor households benefit from a public welfare system that is exceptional in comparative terms. Trade unions have championed these apparently pro-poor policies, even though the trade union movement is not a movement of the poor in South Africa (there are very few union members in the poorest half of the population). Trade unions' record in acting as a movement for the poor is shaped by their primary objective of looking after their members' interests. In education, teachers and unions engage with the state as the employer more than as the provider of a social service. Teachers' unions were primarily responsible for securing more expenditure on poor schools in the mid-1990s, but this was the result of increased salaries. Self-interest has led teachers and their unions to oppose, block or impede some reforms that would improve the quality of schooling for poor children. In welfare reform, trade unions have championed the cause of the basic income grant, which is in the interests of the poor. A close analysis suggests that organised labour is also acting here in part out of self-interest. The socialisation of welfare costs will reduce the burden on working people and would deflect criticism of union-backed policies that, arguably, contribute to an economic growth path characterised by high wages but low employment. In previous work I argued that post-apartheid South Africa entailed a double class compromise, between capital, labour and the poor. The evidence from these areas of social policy suggests that this argument overstated the power of the poor and underestimated that of organised labour.

Class Compromises in Post-apartheid South Africa

The African National Congress (ANC) likes to present itself as 'social democratic', located somewhere between the free market fundamentalism of the 'neo-liberal' right and the socialism of the 'ultra-left'. Critics from the so-called 'ultra-left' deride this claim, arguing instead that the ANC serves the interests of a nascent black bourgeoisie as well as domestic and international capital. They point to 'neo-liberal' policies, including fiscal conservatism, trade liberalisation, cost recovery in the provision of basic services, tax cuts for the rich, and privatisation. Persistent (and probably rising) inequality and unemployment are not what one would expect in a social democracy. In some other respects, however, the ANC-led government has shortened title to two lines enacted the kinds of policies that are associated with social democracy, including most notably labour market policies that favour organised

labour (including, especially, the Labour Relations Act) together with corporatist institutions for the discussion of a range of public policies (primarily, the National Economic, Development and Labour Advisory Council (NEDLAC)).

It is this mix of pro-capital and pro-labour policies that led Webster and Adler (1999) to describe South Africa as moving towards a class compromise. Curiously, Webster and Adler overlooked a key ingredient in class compromises under capitalism: social policy and the 'social wage'. In the classic work of the 1980s, Korpi (1983), Przeworski (1985) and Esping-Andersen (1985, 1990) argued that the European social democracies were class compromises in that the working class conceded its demand for the socialisation of the means of production in return for the capitalist class accepting a high level of redistribution through the budget. The welfare state was the institutional embodiment of 'social citizenship', as Marshall (1949) had earlier put it.

Social policies have long been neglected by South African social scientists. For supposed 'marxists', it was production that mattered, not distribution or redistribution. For supposed 'liberals', it was racism rather than inequality *per se*. The marxists were right in that South Africa's welfare system developed on the basis that the welfare of white people would be safeguarded primarily through policies affecting the workplace – especially the colour bar and the institutional architecture for wage bargaining. 'White' South Africa was, like Australia, a *wage earners'* welfare state, in which the 'living wage' was maintained through labour market policies and the social wage played a relatively residual role (Nattrass & Seekings, 1997). The 'liberals' were also right, in that racism played a central part in the welfare system, with systematic discrimination in favour of white South Africans and against black South Africans in the allocation of public funds.

These different bits of the story amount, even together, to only one half of the whole story (Seekings & Nattrass, forthcoming). Despite the importance attached to ensuring that white men were paid a living wage that supported their families and allowed them to live at a level appropriate for white people (meaning, they could employ a black domestic worker), and despite the racial discrimination that pervaded social policies, South Africa nonetheless developed an unusually *advanced* and wide-ranging welfare state. One pillar of this welfare state was public education. Public education was integral to the apartheid project. It provided the mechanism for ensuring that the children of poor white parents acquired skills, faced good opportunities and in time would no longer need the overtly racist colour bar and so on to maintain their economic privileges. The second pillar was the provision of public welfare through old-age pensions, disability grants and support for families with poor children. These took the form of non-contributory social assistance (supplementing a more conventional system of contributory social insurance for working people). From 1944 most of these grants were extended to black South Africans, even if benefits remained discriminatory.

In the late apartheid period, the benefits of both public education and the public welfare system were extended more and more generously to black South Africans. School enrolments rates were high and rising among black and even poor black children, and the old-age pension system provided ever-more generous pensions to almost all poor and even not-so-poor elderly people. When the ANC came to power, committed to reducing both poverty and inter-racial inequality, it inherited social policies that required high levels of public expenditure: More than 20% of the budget and over 6% of GDP on public education, about 10% of the budget and 3% of GDP on

welfare programmes, and about as much again on public health. Since 1994, the ANC has made social policies more redistributive, primarily through making education expenditure more egalitarian. As Van der Berg (2001) shows, between 1993 and 1997 there was a marked swing in the allocation of public resources to poor families. Overall, by 1997, the first or poorest quintile (i.e. fifth) of households in South Africa received approximately 33% of the total value of benefits paid in cash or kind through the government's social policies. The shares of the other quintiles were estimated at 25%, 19%, 14% and 8% for the fifth, or richest, quintile (Van der Berg, 2001:148). Since 1997 there has been further reallocation of public resources towards the poor through education. All of this is substantially overlooked in most work on political economy in South Africa.

Trade Unions & Social Policy

Until recently the dominant explanation of the expansion of the welfare state in the advanced industrialised societies of the north emphasised the role of the industrial working class, and especially organised labour. In these societies, workers had both an obvious interest in and the solidarity and organisation to act on redistributive social policy. Countries with stronger labour movements (Europe, generally) thus saw more extensive welfare provision than those with weaker labour movements (such as the US or Japan). More recent work, however, has emphasised other dimensions of policy reform: the political imperatives of providing for mothers and war veterans (Skocpol, 1992), alliances between the working class and small farmers or other middle classes (Baldwin, 1990), and even the self-interest of capital (Swenson, 1999).

The picture is even more complicated in the later industrialising societies of the south, where the organised working class occupies a different position in the social and economic structure than that of their counterparts in Europe. In South Africa, at the end of the 20th century, there were still few union members in the poorest half of the population, because there are few workers in the poorest half of the population and those there are (the 'working poor') are in poorly organised, 'marginal' sectors (especially farm-workers and domestic workers). South Africa's poor comprise, above all, the jobless. The core working class, as well as increasingly unionised white-collar and service occupations, mostly lie above the median but below the mean in the distribution of incomes in society. They are certainly poor relative to managers and professionals, but at the same time they are advantaged relative to the jobless and the working poor (Seekings, 2003a, 2003b, 2003c). In a series of articles, Nattrass and Seekings (1996, 1997, 2001) argued that the interests of the poor need to be distinguished from those of the organised 'working class'.

The consequence of this in societies like South Africa is that pro-poor social policies do not necessarily benefit organised labour. Indeed, in Brazil, the trade union movement has long been ambivalent (if not hostile) to pro-poor welfare reforms (Malloy, 1979; Weyland, 1997). Yet, in post-apartheid South Africa, the labour movement has been at the forefront of calls for some apparently pro-poor policies. One of the criticisms made of government policy by the Congress of South African Trade Unions (COSATU) and its constituent unions has been that the government has starved social programmes of the funds required to tackle adequately the challenges of poverty and inequality. The unions' position has been articulated through, *inter alia*, the 'People's Budget' initiative. The People's Budget comprises an alternative to government policies, developed by the unions together with churches

and NGOs. One of the pillars of the People's Budget proposals is a call for increased state spending on the 'social wage', i.e. the benefits provided in cash or in kind through the government's social policies. The People's Budget (2001) called for increased social spending, by between R44 billion and R56 billion by the 2002/03 financial year. This would raise government spending (by about 20%) and, in the absence of matching increases in taxation, the budget deficit. The additional spending would cover apparently pro-poor policies, including treatment programmes for HIV/AIDS, education, infrastructure in poor areas, and perhaps even a 'basic income grant' payable to all South Africans.

Why have unions been strong proponents of some pro-poor reform, when very few of their own members are among the poor? Can the labour movement be a movement for the poor even if it is not a movement of the poor? This article provides summary analyses of two case studies, welfare and education; further elaboration is available in two much longer and more detailed accounts (Seekings, 2003d; Matisonn & Seekings, 2002). I argue that organised labour has adopted positions that are consistent with the interests of the unionists most affected. Pro-poor education spending can be in the interests of teachers and welfare reform can serve the interests of workers who are supporting poor dependants. Calls for 'pro-poor' reforms have been driven, in part at least, by the self-interest of sections of the non-poor.

Education

Education is the largest area of public expenditure, accounting for between 21% and 24% of the total budget. This is equal to about 6% of GDP, placing South Africa in the very top rank of international spenders on education. Moreover, the proportion of the public education budget spent on schools, as opposed to universities, is also unusually high, which means that South Africa is investing far more of its GDP in public schooling than almost all other developing countries. Yet pupil achievement in South Africa is greatly inferior to other countries. Cross-national studies have shown repeatedly that South African students performed worse, on average, than students in almost any other developing country that participated in these studies. In recent years the pass rate in the South Africa's formal school-leaving examination – 'matric', at the end of Grade 12 – has risen, but primarily because the number of candidates has actually been in decline (as weak candidates have been deterred from writing the examination). The uneven but generally low quality of schooling in South Africa impedes economic growth and underpins continued inequality.

Since 1994, the post-apartheid state has achieved some apparently progressive reforms. It has restructured the schooling system, consolidating the former racially segregated system. It has sought to revise the curriculum, replacing the rote learning of 'Christian National' and 'Bantu Education' with a supposedly skill-oriented 'Outcomes-Based Education'. And it has transformed the allocation of public expenditures, reallocating funding from children in rich areas to children in poor areas (as we shall see further below). Yet these reforms have been slow to achieve major changes in the *quality* of schooling provided to poor children. Spending more money on the schools attended by poor children and reforming the curriculum do not seem to have resulted in those children actually acquiring more skills in school. The reasons for the failure of many schools are evident in studies of so-called 'dysfunctional' schools: They are badly managed, their teachers use inferior teaching methods, there are too few textbooks, physical conditions are not conducive to learning, teachers and pupils are too often absent, and many teachers do not display even basic subject competence.

Teachers are at the heart of efforts to achieve a higher quality of schooling. First, teachers' salaries absorb the lion's share of public spending on education. The major shifts in resources towards poor children are really shifts towards teachers in schools attended by poor children. Secondly, teachers are of very uneven quality. Many teachers are diligent, exceeding 'even the high expectations placed on them by the system and the community', as the Department of Education has acknowledged: 'these are the heroes of our schooling system, and there are many of them' (DoE, 2003b:11). But there are also teachers who break the rules, fail to prepare for classes, or are simply incompetent.

Third, teachers and their unions comprise a powerful vested interest willing and able to delay if not thwart policy reforms. Teachers are a powerful political force. As the Department of Education itself recognises: the 350,000 educators working in public ordinary schools represent about 3% of all employed adults in the country, and are therefore a powerful political, cultural and economic group (DoE, 2003b:7). The South African Democratic Teachers' Union (SADTU) is one of the largest unions within COSATU, and the current COSATU president (Willie Madisha) is a former teacher and SADTU president. SADTU supports the ANC in elections, but explicitly links its support to the ANC continuing to act in pro-SADTU ways. Teachers are also a relatively affluent and well-educated constituency, and are influential within the ANC as well as civil society. Former SADTU leaders serve as ANC Members of Parliament (where they are especially influential in the parliamentary Education Portfolio Committee), in government (including the current Minister of Labour) and in the Department of Education (including the current Director-General). Unsurprisingly, teachers exert strong influence on education policy, including both reforms that are enacted and the kinds of reform that fail to get onto the agenda.

Teachers' Salaries & the 'Pro-poor' Reallocation of Public Resources

Since 1994 the post-apartheid state has directed considerably more resources to children from poor families, primarily through reallocating expenditure. Data for spending in the mid-1990s is unreliable, but the trends are clear: spending (both in total and per pupil) rose sharply in real terms to 1996, then fell for three years, and has been rising slowly since 1999 (DoE, 2003a: Figure 2). Critics are correct to view the 1996-99 period as one of mild fiscal retrenchment, with cuts in real spending of about 12% over three years. But the overall period 1995-2003 has seen a small real increase in public investment in education. More importantly, however, the allocation of funding has been transformed since 1994. Van der Berg (2001:148, 155) calculates that the share of public expenditure on schooling that went to children from the poorest income quintile in the country (i.e. from the poorest 20% of South African households) rose from 23% to 29% between 1993 and 1997. At the same time, the share spent on white children declined from 22% to 10%. Since 1997, resource allocation has shifted further towards children from poor families. Expenditure per pupil remains unequal, but very much less unequal than in the past.

The pro-poor shift in education expenditure was not entirely or even primarily due to the government's commitment to the education of poor children. Improved equity in the allocation of public funds was in part the product of a salary agreement that the government was pushed into in 1996. The purpose of the agreement was not equity *per se* but rather securing acquiescence from a powerful constituency with its own interests: teachers. Greater equity in the incidence of expenditure is in large part the product of changes in teachers' salaries. More money is being spent on poor children because more money is being paid to the teachers who teach poor children.

Fiscal incidence analysis suffers from a serious flaw with respect to the value of public services delivered in kind (such as education) rather than cash (such as the old-age pension). Paying higher salaries to teachers entails directly a cash transfer to a non-poor group (three-quarters of South Africa's teachers are in the top decile of earners and the rest are in the next richest decile; the mean earnings of teachers are approximately three times the mean earnings of all working people¹). Paying higher salaries to teachers benefits the poor only if teachers then provide a superior quality education to poor children. In South Africa, greater 'equity' in expenditure does not appear to have led to any levelling of educational outcomes for pupils.

Remuneration is, of course, a primary concern of teachers and their unions. The salary increases that drove the supposedly pro-poor shift in expenditure were agreed in March 1996. Remuneration increased sharply, in part through re-grading teachers onto a new grading system. Lower-paid teachers benefited most from the increases, with some seeing their salaries double in real terms between 1993 and 1997 (Baskin, 2000:162; see also Garson, 2000:214-215). Overall, personnel expenditure rose by 20% in real terms between 1995/96 and 1997/98 (DoF, 2000). 'It is hard not to see the three-year agreement as a major gain for public sector unions', assesses Baskin; the government 'clearly miscalculated the cost of the deal' (2000:152). Because teachers in schools in poor areas enjoyed the sharpest increases in salaries, the result was an apparently 'pro-poor' reallocation of funds.

The deal bought acquiescence from teachers: 'teachers have been relatively calm because of this agreement', commented a former SADTU official (quoted in Garson, 2000: 215; see also Garson, 2000: 215-216; Adler, 2000: 20-21). But, as Crouch (1997:1, emphasis in original) showed: ... **educator salaries and related costs are very high in South Africa**, compared to other countries at similar levels of GDP per capita, and this represents a major burden on taxpayers that makes it difficult to lower learner: educator ratios. This is one incontrovertible fact. Salary and related costs are also higher than appears to be fully justified by the age **of educators, their level of education, and other labour market factors**. The ratio of the average cost of a teacher to GDP *per capita* in South Africa was about double that in countries with similar levels of GDP *per capita* (Crouch, 1997:5). The following year, a joint team from the Departments of Education and Finance went so far as to call for real wages to be decreased by about 5% in real terms (DoF, 1998:28).

Fiscal Crisis & Teacher Redeployment

As in any other sector, unions in education have protected their members against retrenchment at the same time as lobbying for wage increases. Indeed, teachers' unions have consistently sought smaller class sizes, which would require that *more* teachers are employed. In practice, teachers in post-apartheid South Africa have failed to prevent 'down-sizing'. The massive salary increase of 1996 led directly to a 15% reduction in the number of teachers employed in public schools. But teachers have dictated some of the terms on which this happened. They fought successfully to preserve centralised procedures for 'post provisioning' that impeded progress toward a more equitable fiscal allocation to poor schools. And they negotiated agreements over redeployment and retrenchment that were very costly in terms of both skills and finances.

The ANC came to power in 1994 with a pre-election commitment to improve schooling in poor areas by redeploying teachers from relatively over-resourced schools. The obvious way of doing this would be to allocate funds to schools on the

basis of pupil numbers; schools that attracted better and hence more expensive teachers (perhaps because they were in more attractive locations) would end up with fewer posts. But the teachers' unions were resolutely opposed to the decentralisation of decisions over post provisioning to schools, for fear that it would undermine teachers' bargaining position. The Department of Education's concession on this issue was, in Fleisch's assessment, 'perhaps the most important education decision that was taken immediately after the election' (2002:45). In 1998, following a three-day strike, the teachers' unions prevented the government devolving post-provisioning policy to the provinces (Fleisch, 2002:57-58; Garson, 2000). The unions also negotiated an agreement that redeployment would be largely voluntary; the 'right-sizing' of over-staffed schools would be achieved primarily through generous voluntary severance packages. The result was a temporary net *increase* in the number of teachers as under-staffed schools recruited new teachers faster than over-staffed ones lost them, whilst large numbers of the most experienced teachers took voluntary severance.

The consequence of the redeployment policy combined with the 1996 pay increases – i.e. two areas of policy driven in significant part by teachers' unions – was a fiscal crisis for the provincial governments (because they were responsible for administering public schooling). Actual expenditure in 1996/97 exceeded the budgeted amount by a massive R6.5 billion. Non-personnel budgets – including for textbooks and teacher support programmes – were squeezed to the bone (Department of Finance, 2000: 32), to the clear detriment of the quality of teaching. The state chose to respond by reducing overall employment (Baskin, 2000:153-157, 166). By demanding – and securing – higher salaries, teachers plunged education into a fiscal crisis in the late 1990s and ensured that fewer teachers would be employed. By protecting the rights of existing teachers, unions contributed to the failure to implement redeployment. On both of these issues, there was a tension between the interests of teachers, as workers, and the goal of expanding educational opportunities for poor children.

Appraisal & Accountability

On salaries and deployment, teachers forced the government into agreements that had real benefits to teachers but a range of direct and indirect costs to the quality of education. But perhaps the most important achievement of teachers and their unions has been elsewhere: in preventing efforts to render teachers (and principals) more accountable for their performance. The actual and prospective opposition of the teachers' unions, especially SADTU, has deterred the state from even attempting major reforms.

The background to the contemporary politics of teacher appraisal was the collapse of the apartheid educational inspectorate in the early 1990s, when SADTU concluded a 'No to Inspectors' campaign. The union's campaign had the possibly unintended consequence of eroding all authority in schools. In the Eastern Cape, as recently as 2000, principals were said to be unable even to enter teachers' classrooms. There was no way of holding teachers to account for their performance. Better-paid but incompetent teachers are of little value to poor children.

The post-apartheid state has made weak efforts to introduce reforms 'from above', generally in the face of opposition from teachers and their unions. Parents were given increased roles in running schools (over-riding opposition from SADTU) in new 'school-governing bodies', but these did *not* include the power to hold teachers

to account. A South African Council of Educators was established (over-riding opposition from SADTU), with responsibility to formulate a disciplinary Code of Conduct for teachers, but the focus is with clear breaches of discipline not incompetence. In 1998, after seven years of negotiations, unions and state reached an agreement on a new performance appraisal system for teachers. But the system, designed in part by the unions, lacks bite, and implementation is still being negotiated. Classroom visits have finally been reintroduced, but improving teacher performance continues to rely almost entirely on effectively voluntary in-service training.

Recently the national Minister of Education has begun to criticise his department's over-reliance 'on the good will of our teachers' (who proved to be less 'motivated and altruistic' than in the 'years of struggle' – Asmal, 2002). But the only rewards for good performance are symbolic and there is no general system for penalising poorly-performing teachers. One constraint on teacher (and school) appraisal is the lack of reliable indicators of the quality of schooling in terms of the skills acquired by pupils. Teachers and their unions have been strong opponents of the introduction of *external* assessment of pupils' performance just as they have opposed external appraisal of their own performance. Recently some provincial education departments have begun to experiment with more radical approaches to accountability. Probably the most innovative of these is the Education Action Zones (EAZs) programme of the Gauteng Department of Education. Workshops, in-school support and additional resources for textbooks were provided to poorly-performing secondary schools. At the same time, there was close monitoring by specialist teams (that would arrive in schools unannounced). A range of action could be taken against teachers and principals. Pass rates in the matric examination in the schools improved dramatically (Fleisch, 2002:111-112). Unsurprisingly, the EAZs have been opposed by SADTU. Similar programmes have not been implemented in the provinces where education is poorest, because those provinces lack the managerial capacity and probably political will to do so.

Symbolism & Power in Policy Reform

The appearance of reform in the Department of Education belies a lack of real reform on some of the fundamental obstacles to the provision of good schooling opportunities to poor children. Teachers' power in salary and deployment negotiations have constrained the availability of funding for non-personnel items and resulted directly in reduced employment levels (and hence larger class sizes). And teachers' power in negotiations over performance appraisal and rewards has resulted in the reforms that are largely toothless. Jansen (2001) has recently suggested that 'non-change' in education policy is perhaps because policies were *not* really intended to transform the realities of teaching and learning in classrooms. Policy was driven by a concern to be seen to be doing the right thing – i.e. breaking with apartheid – rather than to implement meaningful change. Syllabus revision, for example, was 'simply about achieving a symbolic and visible purging of the apartheid curriculum in order to establish legitimacy for an ANC-led government under unprecedented criticism for its failure to deliver in education' (Jansen, 2001:275). One of the reasons for this emphasis on symbolic change, according to Jansen (2001:281), was fiscal: 'in the absence of fiscal capacity to enact new policies in education, the state has no alternative but to resort to playing up the symbolic value of policy'.

Contrary to Jansen's interpretation, greatly increased funds have been allocated to poor schools. This is a very substantive change – but one that was atypically easy to implement, in that it entailed primarily salary adjustments that enjoyed the support of the teachers' unions. What has been very difficult to change is what happens *inside* the classroom. And here it has not simply been a problem of implementation. Rather, teachers' unions have impeded the enactment of substantive reforms. On what happens inside the classroom, the government's rhetoric of reform may well reflect its very failure to address the fundamental labour relations (and, ultimately, *political*) problem.

Social Welfare

In social welfare, unlike education, the overwhelming bulk of public expenditure goes to the recipients of grants, in the form of cash. Whereas salaries absorb 90% of the schooling budget, administration absorbs only 15 to 20% of the welfare budget. The politics of welfare reform is thus more a matter of delivery than of employment; the state provides a service rather than being the employee. This means that the unions have engaged with the state in a very different way than in education. They have less direct interest, and less power. But they still have interests, and act on these. This is clear in the case of the biggest issue in welfare reform, i.e. the proposal to introduce a basic income grant. In May 2002, a government-appointed Committee of Inquiry recommended that the introduction of a basic income grant (BIG), i.e. a grant of R100 per month to every South African citizen, regardless of income. This would represent a major extension to public welfare in South Africa. A major increase in taxation would be required (Le Roux, 2002), but the benefit would be a massive reduction in poverty (Samson, 2002).

Major extensions of public welfare are uncommon in the South because the prospective beneficiaries are poorly organised and weak, whilst a variety of more powerful players have a vested interest in maintaining the status quo. In countries where organised working-class and public sector workers have secured corporatist welfare arrangements, trade unions may be among the constituencies with an interest in the status quo, and may therefore be ambivalent about, or even oppose, the establishment of a universal welfare system. When organised labour enjoys privileged access to scarce welfare funds, for example, through a state-subsidised, employment-based social insurance system, then they have a clear incentive to resist replacing the existing system with a universal social assistance scheme (or even an extended social insurance scheme where the very poor will have superior claims to public monies). In South Africa, however, the trade unions have been vocal supporters of progressive welfare reform. The BIG is on the agenda not as a result of support from the ANC, which might have been concerned with its electoral appeal, but because of pressure from civil society. Churches and civil rights NGOs (such as the Black Sash) have also played important roles in promoting the BIG (see Makino, 2003), but it has been the unions that have provided most of the momentum and political muscle behind the proposal.

What makes radical welfare reform imaginable in South Africa is, above all, the fact that South Africa already has a welfare system that is exceptional in terms of Southern countries (Seekings, 2002). Since the 1940s, when non-contributory oldage pensions and disability grants were extended to black people, South Africa has enjoyed *de facto* universal provision for the elderly and disabled (albeit with racially discriminatory benefits).

In the 1980s, the National Party government raised the benefits paid to black pensioners such that the welfare system became generous and highly redistributive. Whilst exceptional in comparison with other Southern countries, South Africa's social safety net is all too obviously full of holes (Nattrass & Seekings, 1997, 2002): provision is made for the elderly, the disabled and children, but not for the long-term unemployed or their dependants. Deep poverty persists, especially in rural areas. In the 1994 elections, the ANC campaigned under the slogan 'A Better Life For All', with an election manifesto (its Reconstruction and Development Programme) promising (among much else) 'basic welfare rights' that included the right to 'income security ... with special provision made for those who are unable to provide for themselves because of specific problems'. Social and economic rights were explicitly recognised in the final Constitution adopted in 1996. For its first few years, the ANC-led government was distracted by the administrative chaos it inherited. Critics, worried that the government was renegeing on the bold promise of 1994, pushed for consideration of the extension of the welfare system to reach all of the poor. After COSATU raised the idea, the relevant government departments began to explore the possibility of a BIG. In 2000, the government appointed a Committee of Inquiry into a Comprehensive System of Social Security for South Africa (the 'Taylor Committee').

The Taylor Committee found that half the population would remain below the poverty line even if there were a 100% take-up of existing grants. The Committee therefore proposed the phased introduction of a BIG. The government was less than enthusiastic and commissioned research into possible flaws in the Taylor Report. Ministers raised doubts about the capacity of the state to administer the grant and worried about the overall cost. In June 2002, a government spokesman told the press that the Cabinet was moving toward a rather different 'philosophy' to that underlying the Report: only the disabled or sick should receive 'hand-outs', whilst able-bodied adults should 'enjoy the opportunity, the dignity and the rewards of work', to be made possible through massive public works programmes and renewed support for small businesses (*Sunday Times*, 28 July 2002). At the ANC's policy conference in September 2002 and its national conference in December 2002, advocates of a BIG mobilised sufficient support to block attempts by the ANC leadership to pass resolutions rejecting the BIG. Finally, in July 2003, the Cabinet finally announced its rejection of the BIG proposal, although grants for poor children would be extended.

Trade Unions & the Socialisation of Welfare

South Africa's trade unions (and union-linked intellectuals) have played the leading role in calls for a BIG. This unusual stance on the part of a relatively privileged section of society may be driven in part by altruism or ideology, but it also has a clearly rational and self-interested base. Trade union members stand to gain financially from the socialisation of welfare even if most of the recipients are not members of trade unions and even if trade union members end up paying more in taxes (negating in whole, or in part, the direct benefits of a basic income grant). This is largely because of the persistence of a private welfare system in South Africa, in the form of remittances, and the relationship between public welfare transfers and remittances. In addition, an emphasis of the social wage allows unions to defend high wages (and a high wage growth path) against criticisms that there is a trade-off between high wages and job creation (such that high wages are bad for the poor and inequality). Moral concerns and self-interest combine to push the unions toward welfare reforms that are, in the first instance, pro-poor.

As the trade unions and their ideologues have frequently pointed out, the 'working class' has played a major role in mitigating poverty in South Africa through the private welfare system of remittances. For example, the Labour Caucus at NEDLAC claimed it is the employed workers who provide the social security net for the unemployed ... Given the absence of a publicly-funded welfare net in South Africa, workers provide accommodation, food *and other help to the unemployed family members* (cited in Borat & Leibbrandt, 1996:144). Similarly, Torres (1996) wrote that 'there is no doubt as to who is currently carrying the major burden of redistribution, it is the working class'. About 5% of all wage income is redistributed through inter-household transfers (or remittances), with substantial redistribution from the richer half of the population (including trade union members) to the poorer half. For the poor as a whole, remittances are slightly less important than old-age pensions. But working people also support dependants living in the same households. If the value of inter- and intra-household support is combined, then the poor are certainly supported more through private than public channels.

Trade unions supported the socialisation of welfare because they preferred the burden of supporting the poor to be shouldered by taxpayers rather than by their own members. In South Africa, the top 20% of households pays the lion's share of both income and sales taxes, primarily because its share of income and expenditure is so high. Most trade union members are in income quintiles that pay small shares of total taxation. Shifting from a private remittance-based welfare system to a public welfare system (such as a BIG) funded out of taxation serves to focus the burden of supporting the poor from the richest half of the population in general to the richest quintile in particular. Of course, workers *might* not reduce their support for the poor if a BIG was introduced. But there is weak evidence from survey data suggesting that public welfare transfers do have a 'crowding-out effect' on remittances: private remittances already vary in inverse relation to the value of old-age pensions received by poor kin (Posel, 2000). In South Africa, unions have a clear self-interest in socialising welfare provision because their members currently bear much of the responsibility for looking after the poor but pay little tax.

A second reason why unions have a real interest in welfare reform is their need to deflect criticism that the high wages they bargain for are bad for job creation and hence maintain poverty and inequality. The unions have been strong advocates of improving skills and productivity in order to make possible increased wages. But such a strategy is only defensible in the short term if there is some compensation for the unskilled who are squeezed out of employment. Union-linked intellectuals are clearly alert to this criticism. Many argue that unions should adopt 'social movement unionism' or 'social dialogue' approaches to avoid the risks of unions becoming the vehicles for protecting a labour elite; the unions need to work together with other organisations, including NGOs, that have stronger bases among the working poor and other poor (see, for example, Naidoo, 2001).

Conclusions

Social policies are integral to the compromises struck to mitigate inequality in capitalist market economies. In the North, organised labour has advanced its interests through promoting such compromises. In the South, the self-interest of organised labour results in more complex patterns of political behaviour.

Unions' position on education policy is dominated by the fact that the most affected unions are those representing teachers as employees, not unions representing

citizens as consumers of public schooling. Teachers' self-interest pulls them and their unions in directions that have ambiguous or mixed effects on the poor. Increases in teachers' salaries were a key reason for the apparently 'pro-poor' reallocation of education spending in the mid-1990s. Whether this reallocation of spending had any positive effect on the educational opportunities facing poor children is very unclear. Little progress has been made in addressing the quality of what actually happens inside the classroom in part because teacher power and self-interest has inhibited reform. Teachers' salary increases in 1996 and teachers' influence on the redeployment process contributed to the fiscal crisis of the late 1990s and hence to the constraints on non-personnel expenditure. Further, teachers have successfully blocked the introduction of a teaching appraisal system with any real teeth. Indeed, teachers have impeded severely the introduction of the monitoring systems that provide the information necessary to monitor the performance of schools. As Jansen has argued, much reform in education has been 'symbolic' rather than substantive. I argue that this was not simply due to fiscal constraints, but also due in significant part to the power of teachers and their unions. Teachers ultimately want a well-paying public school system, not necessarily an efficient one.

Other unions represent workers who may be consumers of public schooling in that they are parents of school-going children. Their perspective on public schooling might be somewhat different. But the public sector unions are a powerful constituency within COSATU. Indeed, the 1990s saw a massive increase in the importance of the public sector unions and decline in the importance of the industrial unions, within COSATU (see Naidoo, 2001). It would not be easy for other unions to challenge the teachers' union.

COSATU appears to be acting more altruistically with respect to welfare reform. Unlike in education, organised labour does not have a major vested interest in welfare policy as employees. COSATU has been the champion of the proposed basic income grant, in the face of opposition from ANC leadership. But organised labour is not acting entirely altruistically. The unions have good reasons for socialising welfare provision, because at present union members play a major role in supporting poor dependents within their households and especially living elsewhere, through remittances. Even if union members are not themselves net beneficiaries of a BIG, taking into account increased taxation to pay for the programme, they would be indirect beneficiaries if the provision of a BIG allowed them to reduce their support for the poor. In addition, the BIG would deflect criticism from the unions' support for policies that, it can be argued, promote an economic growth path characterised by high wages and high productivity but low employment.

These two case studies reveal both some of the strengths and some of the weaknesses of organised labour in South Africa. The teachers' unions could block or impede a variety of reforms, but have been unable to secure further big salary increases since 1997, and were unable to prevent the reduction in teacher numbers. Similarly, organised labour had sufficient interest in welfare reform and strength to get the issue on the agenda, but not to secure policy reform in the face of opposition from the ANC leadership and government. On some issues unions can be expected to fight strongly: privatisation and labour market policies are the most obvious examples, given the vested interests of public sector or parastatal workers in the former and of all current formal sector workers for the latter. But an issue like BIG is of insufficient importance to the unions for them to adopt a confrontational strategy.

In previous work, Natrass and I argued that the distributional effects of social policy indicated that post-apartheid South Africa enjoyed a double class compromise: A capitalist economic system with neo-liberal macro-economic policies (in the interests of capital) in return for a high wage growth path and public expenditure on urban working and middle classes (in the interests of organised labour) and some redistribution through taxation and the prospect of job creation (in the interests of the poor). We suggested that the poor could secure some benefits in part because they constituted an important electoral constituency for the ANC. But a closer examination of some of these supposedly pro-poor policies suggests that the force for change was not the poor, as consumers of the public schooling, but the non-poor teachers, as the salaried employees in this sector. Similarly, the force behind the BIG was in part the self-interested, non-poor labour movement, not the political party competing for the votes of the poor. The double class compromise seems less inclusive than first thought. We should beware *over*-estimating the power of the poor in influencing 'pro-poor' social policy reform.

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Endnote

1. According to the September 2002 Labour Force Survey data.

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The ANC & Black Capitalism in South Africa

Roger Southall

The emphasis initially laid by the African National Congress (ANC) on national reconciliation after 1994 meant that its ideas about Black Economic Empowerment (BEE) were non-threatening to white interests. However, the government's recent strategy is more assertive, having the aim of creating a black capitalist class, which is both 'patriotic' and productive, as laid down in the ANC's guiding theory of the 'National Democratic Revolution'. Corporate capital is responding with recognition of the inevitability and potential advantages of BEE. However, given the centrality of the state to the deliberate task of creating black capitalism, there are considerable dangers of the latter's lapse into Asian-style cronyism. The 'patriotic' nature of black capitalism is therefore in sharp contestation with its 'parasitism'.

'Black economic empowerment' (BEE) is one of the most contested terms in South Africa today. Some fear that 'affirmative action' points to the ANC wanting to 'take over everything whites have built up' (De Lange, 2002). In contrast, Moeletsi Mbeki, the President's brother, has declared BEE a sham, dreamed up by white capital to seduce the ANC away from nationalising the economy and hence to produce a predatory black elite (Msomi, 2003). Between these poles of the argument there is widespread confusion about the justifications and purposes of black empowerment.

The emphasis by the ANC-led government upon national reconciliation after 1994 meant that its initial ideas about BEE were non-threatening to white interests. However, its more recent approach is becoming increasingly assertive with the aim of creating a prosperity-making, 'patriotic' bourgeoisie. Yet this project remains immensely more problematic, not least because of the ambivalence with which it is regarded by the Congress of South African Trade Unions (COSATU) and the South African Communist Party (SACP), (the ANC's partners in the Tripartite Alliance), on the one hand, and domestic and international capital, on the other. The starting point for understanding these developments is the ANC's conception of the 'national democratic revolution' (NDR).

The Ambiguities of the NDR

In government the ANC has adopted policies that are recognisably capitalist. Even so, given the ANC's historic identification as a liberation movement, it remains necessary for it to maintain a certain ideological, or at least a rhetorical commitment, to the schemas of old. In particular, this requires its formal adherence to the notion that post-apartheid South Africa has embarked upon a 'national democratic revolution'.

In terms of the old 'two-stage' theory of revolution, the NDR was theorised as the precursor to socialism. However, given the collapse of the Soviet-style state socialist model, revisionist thinking emphasised that there was no 'Chinese wall' between capitalism and socialism (Cronin, 1996). This assisted the ANC, leading elements of which had always maintained that the movement had a nationalist rather than a socialist character, to quietly abandon the transition to socialism (as opposed to 'social justice') as an historical goal. Nonetheless, the NDR continues to frame the official discourse whereby the ANC and its alliance partners discuss South Africa's long-term strategy, its inherent ambiguities allowing for the papering over of recurrent differences between them.

The theory of the NDR argues that South Africa was incorporated into world capitalism as a mineral producer, but this was based on institutions in which a white settler minority oppressed the majority of people who were black. This allowed for the vast accumulation of wealth for the few at the expense of the many, until, by the late 1980s, growing mass resistance to national oppression paved the way for the negotiated political transition.

Having conceded democracy in 1994, the objective of the white capitalist class is to provide for a limited deracialisation of the economy. In contrast, the objectives of the NDR are to overcome the legacy of racial oppression of the black majority and to thereby forge a united nation; to achieve democratisation; and to transform power relations as a basis for societal equality. Market forces, previously constrained by the requirements of apartheid now play a more important role in the economy. However, the state must assume the critical role of ensuring equitable economic growth and providing for political stability (ANC, 1997:7).

The problem for the ANC is that the very success of the NDR will lead to the development of a black capitalist class and the major growth of intermediate black middle strata. This is far from being unwelcome, as black – notably African – people cannot be denied education, wealth and upward mobility. However, it may easily lend itself to the project of counter-revolutionary elements that are prepared to concede relative privilege to a minority of blacks in order to maintain the principle contours of social inequality. How, then, is this to be avoided? Or at least, if it cannot be avoided, how can it be presented as still consistent with the NDR?

Even under apartheid, capitalism spawned the existence of intermediate black classes, such as teachers and lawyers, petty business operators, and subordinate officials. Frustrated by racial restrictions, such elements provided an important source of recruits to the liberation movement. However, because the size of these strata was very small, and because it was the black majority as a whole who suffered national oppression, the struggle against apartheid was a truly national one, led by 'the collective of black workers whose class position and social existence placed it at the head of the struggle for freedom' (ANC, 1997:10).

Democracy has set in motion a rapid mobility whereby propertied and professional sections of the black community gain from advancement. From this perspective, 'the rising black bourgeoisie and middle strata are objectively important motive forces of transformation whose interests coincide with at least the immediate interests of the majority' (ANC, 1997:10). However, their relative advantage could easily render such elements antithetical to the interests of the poor. Vigilance is therefore needed to prevent them from becoming the tools of monopoly interests, or parasites that thrive on corruption. According to Pallo Jordan (1997:12), this 'implies that the ANC's

engagement with the emergent black bourgeoisie should involve the elaboration of certain standards of conduct that will speed the realisation of the postponed goals of the national liberation movement'. Elements with such standards of conduct are often referred to as a 'patriotic bourgeoisie' (Netshitenzhe, 1996).

The task of conscientising this bourgeoisie will fall on the ANC, which is charged not only with mobilising all the classes that stand to gain from social change, but also with winning over those which have previously benefited from inequality. It is the vanguard of the NDR (ANC, 1997:12). In short, the theory of the NDR (1) legitimises the 'historic' role of the party in leading South Africa; (2) validates the needs for an interventionist state to radically transform society within the context of a 'mixed economy'; (3) justifies the existence, expansion, wealth and function of a black bourgeoisie, so long as it plays by the rules laid down by the party; and (4) endorses the need for close co-operation with white capitalists of the old order, whose objective interests (for instance in political stability) may eventually lead to their incorporation into the 'patriotic bourgeoisie'.

Nonetheless, despite the progressive role mapped out for it, black capitalism in post-apartheid South Africa has only grown by fits and starts.

Black Capitalism Before 1994

Segregation and apartheid demanded that black capitalism should be deliberately inhibited. Whilst this did not fully prevent the development of something of an Indian merchant class in Natal, it had crippling effects upon African capitalism more generally. To be sure, even after white appropriation of the vast majority of land had eliminated the competitive threat posed by African agriculture, there were Africans who survived under immensely difficult conditions by managing their own small businesses in both town and country. However, significant capital accumulation was denied to them by restrictive legislation, job reservation and limited educational opportunity (Southall, 1980).

After 1948, African capitalism was structured by 'separate development'. Severe restrictions were imposed upon African businessmen in urban areas albeit complemented by the official encouragement of African capitalism in the ethnic homelands. This was achieved via the establishment of development corporations, and limitations imposed upon competition by white business in sectors of bantustan economies where only low levels of technology and finance were required. If in the townships this meant that even the *existence* of African capitalism hovered at the edge of legality, in the homelands African capitalism became an adjunct of official policy and closely identified with the dependent petty state machineries that it established. In these circumstances, African petty capital responded with the formation of nascent organisations, notably the National African Federated Chambers of Commerce (NAFCOC), which not only sought to protect the fragile monopolies over trade it enjoyed in the urban areas and homelands, but to lobby for the removal of all legal restrictions upon African private enterprise (Southall, 1980).

After the 1976 Soweto uprising, the government cautiously enacted measures to promote African business as a buffer between the white minority and black masses. Alongside more energetic efforts to expand African capitalism to buttress the dependent homeland regimes, it began a steady relaxation of restrictions upon African trade and business in the urban areas, most importantly, the introduction of

freehold ownership rights for Africans in urban areas (Hudson & Sarakinsky, 1986:177-182). Even so, despite these improved conditions for black business, its development was to remain severely inhibited. Just as African capitalists in the homelands became entangled with the latter's oppressive regimes, so did urban African businessmen become identified with the black urban authorities under which they operated and on which they often participated.

Such capitalists scarcely qualified as a 'patriotic bourgeoisie'. However, Randall (1996:666) may be premature in suggesting that few of the older generation of apartheid-era black capitalists have survived into democratic times. Indeed, whilst it may well be that many had difficulty in adjusting to the opening up of protected racial zones to post-apartheid competition, it seems intuitively unlikely that they committed class suicide in 1994. Some will undoubtedly have survived in business, even if in the less visible parts of the economy, if only because they had acquired something of a headstart in terms of capital accumulation and experience. Some, too, have managed to ride the political transition with aplomb, the most notable of whom is Sam Motsuenyane, President of NAFSOC from 1968 until the mid-1990s and by 2001 a Director of Corporate Africa, and who in 1993 was appointed by the ANC to head its commission into human rights offences against dissidents which were committed in its camps in exile. A rather different example is Herman Mashaba, who started the hair care and beauty enterprise *Black Like Me* in Garankuwa in 1985 and sold out to Colgate-Palmolive in 1997 (*Sunday Times*, 29 November 1998). Most certainly, as Hart and Padayachee (2000) record, the post-apartheid experience of established Indian capitalists has been much more varied, with some failing, but many adjusting successfully to the new order. Even so, Randall (1996) appears to be correct in observing that those who have prospered in *big* business during the early years of democracy are *largely* composed of a new generation of black capitalists.

This new generation of black capitalists Randall identifies are composed of five groups. First, there are the 'Activist Capitalists', recruited by large corporations and/or appointed to guide parastatals, who are drawn from ex-Robben Islanders and former leaders of internal anti-apartheid groups. Possessing high political standing, they are deemed to be sympathetic to the ANC. Yet few have significant personal capital, financial or technical training, or business experience, so their contribution to companies is largely advisory. This category constitutes archetypal 'Comrades in Business' (Adam, Van Zyl Slabbert & Moodley, 1997), veterans of 'the struggle' who have overcome whatever past reservations they might have had about capitalism to now making it work for themselves, and in theory at least, for the wider black community.

Second, 'educated exiles' are blacks from the post-1976 generation who, although not so well politically connected as the 'Activists', have acquired education and experience overseas. Yet few of them obtained training in subjects, which would have provided a formative basis for their development as entrepreneurs, even if many acquired qualifications in relatively 'soft' areas such as industrial relations and marketing.

Third, 'corporate sophisticates' have been recruited by corporations under 'equal opportunity' programmes introduced as a response to increasing international pressure, such as the corporate codes of conduct introduced from the early 1970s. Again, many of them occupy 'soft' positions in marketing, personnel and public relations. Nonetheless, many have become sought after by virtue of their knowledge about how business operates as well as for their personal connections.

Fourth, 'consultants of change' began to emerge in the 1980s. Combining black skins with silvery tongues, they promote themselves as helping white business to adjust to political change. Similar, fifth, are the 'conference circuit champions' who, having emerged from black business organisations such as NAFCOC and the Black Management Forum (BMF), have established strong contacts with the white corporate world (Randall, 1996:666-669).

Randall (1996) characterises the early experiences of the new capitalists as a 'depressing litany', noting that African capitalists have no independent base in the economy and that corporations largely employ them in advisory, non-operational positions. Their portfolios are likely to be oriented to promoting the public image of companies as engaging in transformation, whilst many are specifically employed to use their political influence with government. This latter aspect has on occasion caused considerable controversy, as with Thebe Investment Corporation. Founded by Vusi Khanyile, head of finance in the ANC from 1990 until he founded the company in 1992, Thebe was chaired by the ANC-aligned Enos Mabuza, former Chief Minister of the KaNgwane homeland, and included Tokyo Sexwale, fresh from Robben Island, on its board of directors. Anticipating that foreign support for the ANC would dry up as the political situation 'normalised', Khanyile persuaded prominent individuals close to the ANC of the need for an investment trust, officially to provide financial support to community projects, but unofficially to provide an alternative source of funding for the party. However, given that the firm was founded without any substantial cash, its efforts to raise capital depended upon promises being made to potential investors of future good access to the incoming government. Whilst this tactic initially worked relatively well, it suffered marked setbacks after 1998, when the value of the rand fell and equity markets crashed. Two high-profile companies in which it had significant investments hit major problems, and then, in 1999, a consortium led by Thebe's entertainment arm, Moribo Leisure, failed to secure a lucrative contract to run the national lottery. These 'lean years' hastened the company's shift away from reliance upon political influence towards more conventional investment activities (Joubert, 2002; Randall, 1996:669-672).

Although having characterised black business as having no independent base, Randall (1996) argues that the potential exists for the emergence of a significantly empowered black capitalist class, particularly via joint ventures with white companies. He cites as examples Kagiso Trust Investments, joint partners in two successful companies, Kagiso Publishers and Kagiso Khulani Supervision Food Services, and Thebe's subsidiary, Moribo, and its joint venture with the cinema chain Ster-Kinekor in Ster-Moribo. The distinguishing feature of these enterprises, he argues, is the substantial degree of power, which the black capitalists deploy, as well as the commitment of the white partners to skills transfer and to creating genuine black companies out of their joint ventures. Hence, he concludes, 'South Africa is witnessing the empowerment of African entrepreneurs who can exert a decisive influence in their business interests', this a product of four major factors: the political insecurity of white capital, the promotion of black business by a competent policy-making regime, the mobilisation of opinion against whites using black companies as 'fronts', and last, the existence of a relatively sophisticated economy, including an active equity market and a well organised financial sector. In contrast to the rest of Africa, where on the whole such conditions do not exist, South Africa seems set to see 'the development of a viable black capitalist class' (Randall, 1996:673-686). We may now consider how his prognostication stands up against the experiences of black capitalism during the first ten years of South Africa's new democracy.

Black Capitalism after 1994

According to one overview, since 1994 corporate South Africa has seen 'the rapid growth of black corporations in depth, breadth and credibility.' A few black-owned firms have merged into sizeable players; some large corporations are now black controlled; and black business 'has grabbed the headlines and initiative in an unprecedented manner'. In 1999, Metlife, the largest black empowerment investment in the financial services sector had an asset base of R11 billion, making it the 26th largest company in the country. The media, forestry and paper, pulp, food and beverages, and fishing sectors have all attracted large-scale black investments (Carter, 1999). However, whatever progress has been made has been both uneven and difficult to quantify.

Following 'an initial flurry of politically driven deals', black business reportedly captured about 10% of shares on the Johannesburg Stock Exchange (JSE) between 1994 and 1997 (Jacobs, 2002). Yet most inroads were made into sectors, which were highly vulnerable to fluctuations in the global market, and in 1997, when the JSE crashed, many deals came unstuck. Hence by the end of 1999 or early 2000 the black stake in the JSE had dropped to between 1% (Jacobs, 2002) and 3.8% (Singh, 2001).

The value of BEE ventures dropped sharply in 1999 to R3.4 billion involving 45 empowerment firms compared to R21 billion involving 110 firms in 1998 (Segal, 2000). Meanwhile, in 1999, the single firm of Johnnic accounted for fully 78% of market capitalisation of black-controlled companies on the JSE. Furthermore, BusinessMap's empowerment index, which monitors 'empowerment' from the perspective of corporate influence rather than control, found that all black companies on the JSE, with the exception of Kagiso and Metlife, had recorded shareprice declines of more than 50%, this despite a near 50% recovery in the overall JSE in 1999. The *number* of BEE deals had dropped significantly, too, with the deal flow in 2000 having been the worst since 1996, with new investments in established blackcontrolled companies amounting to R2.5 billion compared with R3.4 billion in 1999 (Singh, 2001).

In 2001, according to Ernst and Young, some 101 BEE deals were valued at R25.1 billion, but 104 deals in 2002 were valued at only R12.4 billion (*Sowetan*, 9 April 2003). However, Empowerdex reports that by late 2002 that nearly 10% of the total share value (R143.5 billion) of the top 115 firms listed on the JSE was owned by blacks, 'five times as much as had been previously thought' (BBC, 2002), although BusinessMap (which was tracking the JSE's 20 top black controlled companies) argued that a truer figure was 2%, and that black owned stakes in pension funds and investments which were not 'actively managed for the benefit of black shareholders' could not be counted as 'real empowerment' (*BD*, 10 December 2002). With the number of black companies on the JSE dropping from 26 to 21, 'real black ownership was becoming a mirage' (*City Press*, 11 May 2003).

The private sector remains overwhelmingly in white hands: 98% of executive director positions of JSE-listed companies in 2002 were white (and mostly male). Only 64 such directors were black (*City Press*, 11 May 2003), and only eight of 387 companies surveyed by Empowerdex were headed by a black chief executive (BBC, 2003). Let us unwrap what these types of data means.

First, we clearly need to differentiate the statistics. Simply put, the various indices produced by bodies attempting to quantify 'black empowerment' are measuring different things. For instance, there is no firm agreement about what constitutes

'ownership'. For its purposes, Empowerdex includes government, municipal and parastatal pension funds, as well as government agencies such as the Industrial Development Corporation (IDC). Hence it could conclude that in 2001 black equity ownership of the top 115 firms on the JSE was just below 10%. In contrast, BusinessMap, which adopts a much narrower definition, tracking the JSE's top 20 black-controlled companies, settles for only 2% of equity being in black hands. McGregor, meanwhile, proclaims a figure of 3.9% (*BD*, 10 December 2002). Whilst we may therefore glean a sense of overall direction by comparing figures emanating from different indices, care must be taken with the specifics. There is also the issue that political correctness presently forbids disentangling 'African' from 'Indian' capitalisms, yet as Hart and Padayachee (2000) suggest, these may have considerably different trajectories.

Second, by far the most important point is that blacks have made extremely limited inroads into the ownership, control and senior management of the private corporate sector. Early initial progress made in the first half of the 1990s was reversed, mainly by the crash of 1997, and the advances since then have been relatively modest. Yet this does not mean that corporate ownership patterns are unchanging: McGregor reports that Afrikaner control of the JSE is increasing sharply in the face of the departure of certain corporations and individual English speakers from South Africa, climbing from 24% in 1996 to 32% in 1998 (English control dropping to 54% from 63%) (Bennet, 2000). Hence the importance to the ANC of appointing blacks to head parastatals like Transnet, Spoornet and Telkom, and of structuring their privatisation for blacks to pick up the pieces.

Third, it would appear that if black capitalists are going to make more rapid inroads into the private sector, then new and innovative ways are going to have to be employed to spur their advance. The basic dilemma, of course, remains the quandary of how black aspirant *capitalists without capital* can be capitalised. The answer is that *they either have to be given it or they have to borrow it*. Until 1998, special purpose vehicles (SPVs) were the most widely used mechanism to propel black investors into the ranks of corporate South Africa.

Corporate South Africa sought to facilitate black empowerment by selling businesses to black investors, who in turn were assisted by financial institutions through SPVs. Empowerment groups financed purchases in shares in firms offered to them by, in part, offering preference shares to institutional investors. However, whilst black investors retained voting control of the SPV through ordinary shares, the preference shares held by the institutions were paid a dividend linked to the prime lending rate. Any difference between the dividend income received by the SPV and the dividends payable to the preference shares was rolled over and paid when the preference shares were redeemed. To redeem the preference shares and any accumulated dividends, the SPV would then have to sell off the shares in the underlying business (TIPS, 1999).

This originally appeared to work well, but fell foul of the plunge in share prices, which resulted from the Asian crisis of 1997. Yet in any case, black investor groups typically took up less than 20% in the companies offered to them, which meant that they did not acquire executive control. So in effect, black groups simply became investment trusts and were not operationally involved in the underlying investments. Indeed, because the principal financial risk lay with the institutional investors rather than the BEE group, the latter were not really motivated to add value because they had little to lose. For their part, institutional investors failed to

appreciate that, unlike their other investments, BEE groups often needed specialised support.

A related mechanism was the sale of 'N' shares, the principal case in point being New African Investments Limited (Nail), one of the biggest empowerment groups. In pursuit of growth and control, Nail offered two types of shares: ordinary shares, with superior voting rights, were issued to black investors; and N shares with limited voting rights were issued to the general public. Not surprisingly, as more and more of the N shares were issued, the discount between them and ordinary shares widened, as investors became uneasy (TIPS, 1999).

Overall, from 1990, the promotion of black capitalism rested heavily upon blacks obtaining stakes at the apex of corporate pyramids, these being purchased at high share prices against high debt levels, or on special deals crafted for a minority with privileged access. Such strategies proved unable to cope with a turbulent period of dramatic currency volatility, interest rate increases, share price fluctuations, declining per capita GDP growth and the external shocks of 1996 to 1998.

Meanwhile, the state was coming under criticism for failing to back its commitment to black empowerment with effective strategies. For instance, Telkom was partially privatised in 1997. Ten per cent of the shares sold were set aside for black investors, but when the deal was complete, 30% of what had previously been a wholly South African-owned enterprise was now owned by Malaysians and Americans. Again, when the state sold the Airports Company, the empowerment stake was set at 10% of the shares, but due to the high prices that foreign bidders offered and a shortage of finance, only 4.2% of the shares were transferred to black owners. In other words, even small share options require expensive borrowing by black investors who in the past have had limited opportunity to accumulate capital. Again, the attempted sale of the state-owned Aventura Resorts to a union investment company also collapsed due to difficulties in raising finance, and eventually a management contract with a major hotel company was negotiated instead (*Promoting Empowerment*). In these circumstances, black business could have done with a body competent to express its collective interests and aims to both government and the wider public. However, by this time, NAFSOC was in total disarray, divided by leadership struggles (which appear to reflect tensions between 'new big' and 'older small' capitalists), and allegations of corruption.

Finally, the most worrying aspect for black capitalism was the perception that black empowerment had worked mainly for the enrichment of a tiny black elite. Inevitably, there was some moral ambivalence with, for instance, former Deputy Minister of Trade and Industry, Ms Phumizile Mlambo-Ngcuka, glorying in the chance for some blacks to become, like whites, 'filthy rich'. However, when the ordinary mass of blacks continued to live in dire poverty, pride in the achievements of the few easily translated into outrage, especially given various highly publicised instances of greed, as when two of Nail's black directors were exposed as having awarded themselves massive incentive packages. In these circumstances, a 'minimalist' approach which defined BEE as centred around the promotion of black business came by the late 1990s to be rivalled by a 'maximalist' position, which emphasised 'a comprehensive restructuring of institutions and society ... rather than the replacement of white individuals with black ones' (Edigheji, 1999). But how could such an approach be implemented?

The Activist State & the 'Blackening' of South African Capitalism

By the early 2000s, BEE was widely deemed to be in crisis (Helen Suzman Foundation, 2000). This was probably an exaggeration. As pointed out by Professor Wiseman Nkuhlu (who held as many as 13 directorships), black ownership on the JSE may have slumped, but there were still a lot of smaller groups listing. 'They are less complex but show meaningful empowerment, and there are many more which won't list for the next five year' (*BD*, 13 February 2000). Yet whatever the assessment, the severe problems which nascent black capitalism was encountering had already begun to prompt serious thinking. There were some calls for the constitution of a 'black broederbond', which would single-mindedly plan black economic advance (*BD*, 13 February 2000). But more influential were demands that *the state* begin to assume a more activist role in promoting black empowerment.

The Black Economic Empowerment Commission (BEEC)

The interventionist perspective took shape most significantly in the report of the BEEC presented to President Mbeki in April 2001. Chaired by Cyril Ramaphosa, formerly secretary-general of both the National Union of Mineworkers and the ANC but by now Chairman of media giant Johnnic, this had had its origins in a resolution of the BMF 1997 national conference that blacks should develop a new vision of BEE. The BEEC was formally established in May 1998 under the Black Business Council, an umbrella body of 11 black business organisations, and thereafter engaged in extensive consultation. When it finally reported, it recommended adoption of a wide-ranging, state-driven programme which would create a 'coordinated, simplified and streamlined set of guidelines and regulations that (would) provide targets and demarcate roles and obligations of the private sector, the public sector and civil society over a period of ten years' (BEEC, 2001).

Based upon maximalist assumptions, the report noted that neither the numerous initiatives by the post-1994 government to democratise society nor efforts by the private sector to promote empowerment had translated into a 'meaningful transfer of ownership to the black majority'. Only concerted activity by the state, alongside recognition of its 'collective responsibility to invest in the country' by the private sector, would allow for the realisation of development goals (BEEC, 2001). The key components of the national strategy which were recommended were therefore:

- An *Investment for Growth Accord* should be forged between business, labour and government. Government should commit to: investing 10% of the assets of its employees' pension fund in areas of national priority over three years; investing a portion of privatisation proceeds in a rural development agency; implement its restructuring of state assets programme to increase levels of foreign direct investment and divert an increased proportion of its budget to capital expenditure. The private sector should: invest a specified percentage of its total assets in productive investments of national priority, commit to participation in rural development; adopt targets for black participation in the economy, including human resource development, and the promotion of small and medium businesses. The trade unions should: design investment guidelines for union trustees on the boards of life assurance companies in which its members have savings; and design projects to which union pensions can be directed.
- A *Black Economic Empowerment Act* should: provide an unambiguous definition of BEE; set uniform indicators against which the private and public sectors can

measure their performance in achieving BEE; set procurement targets for the public sector at national, provincial and local levels; and require all government departments to submit an annual BEE report.

- A *National Procurement Agency* should: revamp the national tendering and licensing system to ensure the centrality of empowerment; and set up an accreditation unit to rate companies tendering for government contracts, and other companies, regarding their BEE performance. 50% of public-sector procurement and 30% of private-sector procurement, 30% of public-sector contracts and concessions, and a minimum of 40% of incentives should go to black companies.
- A *National Empowerment Funding Agency* (NEF) should improve government efforts providing funding for black economic initiatives including community ownership, retail schemes, broad-based share schemes and co-operatives through the creation of four specialised agencies designed to provide 'appropriate packages' to different types of entrepreneurs. Blacks should own 25% of the shares of companies listed on the JSE, with at least 40% of executive and non-executive directors being black within ten years. At least 50% of loans from development finance institutions should go to black-owned enterprises.
- An *Integrated National Human Resource Development Strategy* should increase production of blacks with requisite skills and to enhance black participation in the professions.
- A *Rural Development Agency* (RDA) should gear up present activities aimed at ensuring the availability of funds for land acquisitions, land use and infrastructural development. 30% of land should be in black hands within ten years.
- An *Empowerment Framework for Public Sector Restructuring* should restructure the public sector to improve service delivery, protect workers' rights and achieve BEE. Sales of state assets should help finance the RDA and the NEF should facilitate the sale of shares in privatised assets to black companies, which would otherwise have acquired smaller shareholdings. Black companies should own at least 30% of the equity of restructured state-owned enterprises within ten years.

The banking and financial services sector should be transformed to provide for *Community Re-investment* in order to counteract the disadvantaging of the black majority, particularly women, by the biased allocation of resources. Equality legislation should end discrimination against blacks in this sector and provide for the monitoring of banks' activities (BEEC, 2001). When questioned about whether such measures were necessary to avoid 'another Zimbabwe', Cyril Ramaphosa answered: 'If we don't move quickly now ... yes, it could happen. For this reason we want the white private sector ... to heed that warning' (*Business.iafrica*, 8 August 2001).

The Response to the Report

Avowed liberals decried the report as articulating a race-based preference policy, which negated individual freedoms, and was likely to encourage an over-extended state and endanger employment creation and economic growth. Any BEE measures should therefore be of limited duration and not limited to a small elite (Christianson,

2003). An enabling state should restrict itself to providing freedom and security, combating inflation, providing education and basic health care, and outlawing anticompetitive practices (Kane-Berman, 2002/3).

Government response was cautious, even though President Mbeki, addressing NAFCOC, was to admit that black empowerment had moved at a 'snail's pace' (*BD*, 25 September 2002). On the one hand, the ANC leadership remained entranced by Malaysia, where since 1970 high economic growth has been combined with a significant redistribution of assets by an interventionist yet investment-friendly state from the minority Chinese to the indigenous Malays (Southall, 1997). On the other, although the government had sought to promote the new black bourgeoisie, it was acutely aware of its failings, and at times, Mbeki himself had roundly criticised black businessmen for having become nothing more than rentier capitalists. Meanwhile, the governing elite remained divided about the wisdom of a heavy hand and wary of too roughly offending corporate sensitivities: 'if we think the state is going to drive this process we are making a mistake', argued Reserve Bank Chairman Tito Mboweni (*Fast Facts*, 5, 2001).

Even so, the government moved swiftly towards a more interventionist posture. Speaking at the ANC's 51st national conference, Mbeki committed the government to drawing up a 'Transformation Charter' that would set BEE benchmarks, timeframes and procedures, and eliminate uncertainty amongst investors (*Sowetan*, 18 December 2002). This statement was soon to have significant consequences.

Mining

The first major initiative to see the light of day, albeit via a leak, was a proposed mining charter introduced by the Department of Mines and Energy in July 2002 which proposed that all mining operations would have to be 51% owned by blacks in ten years, whilst to secure a new mining license a company would have to have an empowerment partner with at least 30% equity stake in existing operations. This brought a dramatically negative response from the mining industry, and shares in South African mining companies immediately slumped, not least because the government had only just emerged from a bruising battle over a mineral and resources development bill.

The intention behind this bill was basically to vest sovereignty over South Africa's natural resources in the hands of the state, and to impose a 'use it or lose it' principle upon mining companies, whilst at the same time making provision for the assistance of historically disadvantaged persons to conduct prospecting or mining activities. Whilst the corporates had fought a vigorous campaign against what they decried as an erosion of property rights, organised labour had criticised the government for doing nothing to challenge the monopoly structure of the industry (*BD*, 25 June 2002; COSATU/NUM, 2001). Although the bill in final form had made certain concessions to the industry, the latter's reaction to the proposed charter was that it expressed a conviction that the great mining houses were intent on cheating blacks of their rightful stake in the industry (*BD*, 29 June 2002). Consequently, following intense negotiations, when the final Charter emerged, it did so in a much milder form. Government had reduced its empowerment targets considerably, requiring all mines to be 15% black owned in five years and 26% in ten years, with the industry agreeing to raise R100 billion to fund the transfer. The Charter also laid down that companies should aspire to achieving a target of 40% of blacks in management within five years, although it promised flexibility in that a scorecard 94

approach to such goals as ownership, employment equity, improved community and rural development, worker housing and living conditions, procurement, and beneficiation could be offset against each other (*BD*, 11 and 12 June 2002).

Even if the government had made major concessions, the problem of how to finance a partial transfer of ownership remained. It soon became apparent that one source would be a loan made to the IDC that would be sourced from the IMF and the World Bank, with other potential participants being the African Development Bank, local commercial institutions and the mining companies themselves (*M&G*, 18-24 October 2002). A resultant 'New African Mining Fund' (which would be separate from the R100 billion pledged by the mining companies) would grow from R500 million to R2 billion over ten years and be aimed at 'green field' projects to be undertaken by black entrants to the industry (*Sunday Independent*, 24 November 2002). Meanwhile, a queue of black aspirant participants in the industry began to be matched by established mining houses positioning themselves to find black partners who would boost their empowerment credentials. Vuka Alliance, a black consortium led by former Mpumalanga premier Mathews Phosa, acquired a 50% stake in a R100 million a year contract mining company, Rosslyn Mining and Plant Hire (*Sowetan*, 7 February 2003). Similarly, De Beers was preparing to sell a quarter of its local operations to one or more of the more established empowerment companies (*Sunday Independent*, 9 March 2003).

However, the major move was made by Harmony Gold, which announced a R4.9 billion merger with African Rainbow Minerals Gold (ARMgold), less than a year after the latter had become the first black-owned gold company to list on the JSE. This new company then announced that it would buy Anglo-American's stake in Anglovaal Mining for R1.77 billion. In effect, ARMgold chairman Patrice Motsepe converted his personal control of a small gold company (built up through acquisition of mining operations that major companies had come to consider as marginal) into a significant stake (14%) in a major industrial player, for under the deal, the new company not only became the fifth largest gold producer in the world, but immediately achieved the level of black ownership it needed to comply with the charter, as well as teaming up with a small group of black shareholders who were extremely well politically connected. (One of Motsepe's sisters is married to Public Enterprises Minister Jeff Radebe, another to Cyril Ramaphosa), whilst Motsepe himself is now chairman of NAFCOC) (*BD*, 5 and 6 May 2003; interviews, Gule and Simelane).

Gold Fields South Africa rapidly followed suit with the sale of 15% of its shares to Mvelaphanda Resources, a company chaired by former Gauteng premier Tokyo Sexwale. Mvelaphanda incurred a debt of R2.8 billion in funding this purchase, with some R300 million coming from Gold Fields while the further inflow was intended to come from a R1 billion plus share issue (*M&G*, 13-19 June 2003). This was followed by the announcement that mining magnate Roger Kebble's Randgold & Exploration was to link Phikoloso Mining, an empowerment group made up of some ten black companies including Leswikeng (headed by *Black Like Me's* Herman Mashaba), Dyambu (headed by former ANC underground operative and Western Cape provincial representative Hilda Ndude), New Line Investments (led by Chris Nissen, a former Western Cape ANC chairperson), Ituseng Mining (led by Lunga Ncwana, a former ANC Youth League leader), and Ikamva (headed by Sharif Pandor, husband of National Council of Provinces Chairperson Naledi Pandor). In return for R.8 million shares in Randgold, valued at about R268 million, Phikoloso agreed to exchange its mining assets (which included 7.3 million shares in gold-

mining company Afrikander Lease, interests in platinum and other mineral rights) (*BD, Sowetan*, 29 June 2003).

Financial Services

Alarmed by the prospect of direct state intervention, the financial service sector had by July 2003 drawn up its own, pre-emptive draft charter. Like the mining charter, this adopted a 'scorecard' approach to empowerment with regard to categories such as access to financial services, management and procurement, employment equity and so on, yet ownership targets – in contrast to the DTI's recommended 25% in ten years – were rumoured as being pegged at 10% by 2008 and 20% by 2014 (*M&G*, 4-10 July 2003). Resistance to higher ownership targets reflected the huge amounts of finance involved. For instance, there was much noise made about the completion, by Investec, South Africa's fifth largest bank, of a R810 million deal whereby black empowerment partners acquired 25% of its equity (6.8% by Tiso and Peu Investments, 6.8% by an entrepreneurship trust and 4.7% by a trust for Investec black staff), this being financed through an 8-year loan from the Public Investment Commission. However, it had only been made possible by Investec's local share price having plummeted from R160 at the time when it was listed on the UK stock market (as well as remaining on the JSE) in July 2002 to R90 at the time of the deal. However, the purchase of 25% in any of the four larger banks (Absa, FirstRand, Nedcor and Standard) would cost up to R10 billion, well beyond the reach of black companies (*BD, Sowetan*, 16 May 2003). Standard had earlier announced that it was selling business valued at R60 million to establish a new venture, Andisa Capital, which would be 49% owned by the Bank and 51% owned by a consortium led by Saki Macozoma (the Chair of media group Nail), Safika Holdings, Nduna Trust, Simeka and an empowerment trust (*Sowetan*, 4 April 2003).

An Empowerdex survey indicated that the asset managers – responsible for investing R1.24 trillion (three times SA's GDP) annually – were well ahead of their counterparts in banking, more than half of the top 28 companies having black ownership of more than 25%. This presumably reflected black inroads having been made into purchase of shares at the apex of financial pyramids, as well as the significant assets owned by companies managing union pension funds. Yet it was also a response to expectations that the government was about to put out a significant amount of its R400-500 billion pension funds to the private sector to manage. This was instrumental in Stanlib (a 2002 merger of Liberty's and Standard's asset management arms) taking on a consortium led by Safika Holdings as a 25% empowerment shareholder, this financed by a loan to be repaid to Liberty and Standard over five to seven years (*BD*, 6 March, 19 June 2003).

Other Sectors

Other industries also began to respond to the challenge being laid down by government. A key deal was announced by SABMiller, which in December 2002 announced a R1.9 billion deal with Tsogo Investments. Both would transfer their interests within the hotel and gaming sectors into a new company, Tsogo Sun Holdings, which would be controlled by Tsogo Investments. Meanwhile, Sol Kerzner, the man who had founded Sun (before offloading his interest and moving to London amidst controversy in the late 1980s), announced his forthcoming return to South Africa, where he would team up with Moss Mashishi's Matemeku Investments to develop hotels and game lodges. Matemeku is a partner of RAI Amsterdam, the global communications group which holds the contract for the new

Cape Town International Convention Centre, whilst Mashishi shares a 20% holding with Graca Machel and Wendy Luhabe in O&M Rightford, an advertising agency which had the contract to conduct public relations for the ANC during the 2004 election campaign (*Sunday Times*, 25 March 2003; RAI/ Matemeku Press Release, 5 February 2003). Meanwhile, Bidvest, a diversified industrial group, has announced sale of a 15% stake in an 'innovative' deal whereby Dinatla Investments (a black consortium) will pay between R42 and c.R60 a share in three years' time, depending on performance (*BD*, 10 July 2003). These, and numerous other similar ventures, indicate that the corporate sector is beginning to take black empowerment seriously.

The ANC, the State & Black Capitalism

Having acquired political power, the ANC has now embarked up a more assertive approach to BEE with the objective of promoting a 'patriotic' capitalist bourgeoisie. Three issues immediately present themselves.

The first relates to the nature of the class project that is involved. The theory of the NDR validates the creations of a black bourgeoisie, whose historic function will be to not merely challenge white economic domination but to raise productive forces, thereby providing for redistribution of wealth to the black working class, and the urban and rural poor. Stripped of its marxist jargon, this is an essentially neoclassical argument, which elevates the importance of private entrepreneurs, in this case black ones, in the creation of wealth. On the other hand, the marked ambiguity of the theory of the NDR towards black capitalism, as – indeed – reflected in the tensions between the ANC and its partners within the Tripartite Alliance, stresses the necessity of the black bourgeoisie being socially responsible at the same time as they become 'filthy rich'.

The ANC, black capitalists and the unions alike have come to straddle this contradiction by adopting an increasingly 'maximalist' stance towards BEE. Emphasis upon companies and institutions achieving targets concerning equity employment, skills training, procurement and community development as well as black ownership not only deepens empowerment, but extends the benefits to the ANC's wider political constituency. Meanwhile, to fend off the allegations that they are merely constructing a self-serving black elite, many empowerment consortia (themselves often trusts to benefit women, rural communities, or former political prisoners and so on) are deliberately attempting to construct their deals so that they can demonstrate benefits to the wider, black community in terms of partial share ownership, rural- development projects, or whatever. *Indeed, it would seem that their very political exposure requires of the relatively small number of significant black capitalists some indication that they are being 'patriotic'.*

The second issue concerns the role of the state. The ANC has been widely criticised for having embraced a neo-liberal, capitalist strategy entailing a minimalist state. Yet this is wrong, for the ANC is rather leaning towards construction of a procapitalist, interventionist state prepared to use its power, influence and divestment of assets to create a black bourgeoisie, expand the black middle class, and to generally produce a seismic transfer of wealth from white to black over a ten to twenty year period. Inevitably, with the state being so centrally involved in the task of class creation, the political connections enjoyed by individual capitalists become crucial in pulling down official loans, decisions and favours, with outright corruption a not uncommon outcome. Not surprisingly, therefore, there is already considerable evidence of Asian style, 'crony capitalism'. In short, there is often a very

thin line between *patriotism* and *parasitism*. Nonetheless, the number and magnitude of the empowerment deals presently being enacted suggests that Randall may be correct in arguing that the complexity and size of the economy foreshadows nonstate opportunities which will make for the development of a relatively independent black capitalist class, although his more recent argument is that this can only be achieved via espousal of a maximalist strategy which focuses upon small and medium enterprises, so that 'hundreds and thousands of blacks own their own businesses that in turn employ other blacks' (Randall, 2003).

Finally, white capital is beginning to wake up to black empowerment as a political and economic imperative. The growing fear of a Zimbabwe-style expropriation of assets is combining with a more strategic awareness of how black empowerment can be re-shaped to provide advantages to large corporations, with the Oppenheimer family having recently announced a 'Brenthurst Initiative' whose basic idea is that government should provide tax breaks to companies which are demonstrably committed to 'transformation'. To be sure, the choices are easiest for the transnationals and corporate giants, for their ambitions are commonly global and continental, so that, in effect, loans extended to black partners can, ironically, provide them with the opportunity of moving their assets outside South Africa. Meanwhile, changes in ownership patterns on the JSE appear to foreshadow potential partnership between expanding Afrikaner and black capitals.

Yet even as these changes take place, macroeconomic data demonstrates that demographic growth is overtaking the rate of economic expansion, and that informal employment and unemployment are growing rapidly apace. At least one of the ANC's major motives for the rapid expansion of black capitalism is the presumed political stability to be attained through the containment of class conflict via a dramatic economic redistribution. However, continued slow growth of the economy is likely to test the patriotism of any bourgeoisie, and is likely to place class conflict at the centre of the political arena.

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The Arms Deal Scandal

Terry Crawford-Browne

To people in South Africa and millions around the world who supported the struggle against apartheid, it is incomprehensible that the ANC government's first major decision was to buy warships and warplanes when there is no conceivable foreign military threat and when the real threat to the consolidation of democracy is poverty. Instead of houses, schools and clinics being built, instead of money to tackle AIDS, South Africa bought submarines.

The 'arms deal' has been described both as a betrayal of the struggle against apartheid and as the litmus test of South Africa's commitment to democracy and good governance. A public opinion survey conducted by Lawrence Schlemmer in July 2002 for the Helen Suzman Foundation found that 62% of ANC voters wanted the arms deal cancelled, 19% wanted it cut, and only 12% supported it. On no other issue, including AIDS, was the government seemingly so out-of-touch with the electorate.

Why did it happen? At the outset, it needs to be said that the arms deal scandal had its roots in both the Cold War and the apartheid system. It was shaped by the nature of the arms business which grew out of the arms race and which now bestrides the global economy. During the 45 years of the Cold War, the United States alone spent an estimated US\$5.5 trillion just on nuclear weapons, a sum which, invested differently, was enough to eradicate global poverty. During that time, proxy wars in places like Vietnam, Africa and the Middle East left people visibly poorer than they had been four decades before. Moreover, hopes of a 'peace dividend' resulting from the fall of the Berlin Wall in 1989 proved illusory as the bogey of communism was replaced by the new enemy of 'fundamentalism' and new arms spending. The Bush administration has come to be defined by business cronies like Lockheed Martin, by far the world's largest armaments company. Its counterpart in Britain is BAe Systems and in Germany the steel industry dominated by Thyssens. President Eisenhower's often-quoted warning in 1961 about the rise of a military-industrial complex and the threats it posed for democracy have proved remarkably prescient:

In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military industrial complex. The potential for the disastrous rise of misplaced power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defence with our peaceful methods and goals, so that security and liberty may prosper together (Farewell address, 17 January 1961).

More directly, the arms scandal was shaped by the arms policies of the apartheid state. Apartheid fed off the Cold War and, as there, militarists exaggerated the 'communist threat' to justify its obscene misadventures. Deliberate destabilisation of neighbouring countries was estimated by the United Nations (1989) to have resulted in:

the deaths of up to one and a half million people, four million refugees and displaced persons, economic damage of US\$60 billion, and the deaths of 100,000 elephants and rhinos whose tusks and horns compensated South Africa for supplies of weapons to Renamo in Mozambique and Unita in Angola.

Far from making the apartheid regime secure, expenditure on nuclear weapons and all manner of military paraphernalia actually proved useless against mass democratic action. The militarist rhetoric of the 'total response to the total onslaught' today sounds bizarre. Professor Sampie Terreblanche estimates the cumulative expenditure on military security between 1977 and 1994 at about R130 billion in pre-1994 values. The consequence, as the journalist Ken Owen (*Sunday Times*, 25 June 1995) observed, was that:

The evils of apartheid belonged to the civilian leaders: its insanities were entirely the property of the military officer class. It is an irony of our liberation that Afrikaner hegemony might have lasted another half century had the military authorities not diverted the national treasure into strategic undertakings like Mossgas and Armscor that, in the end, achieved nothing for us but bankruptcy and shame.

The confluence of this global arms trade and the interests of the local arms industry were decisive in influencing the diversion of national resources into this negative and non-productive arms spending. Anthony Sampson, author of *The Arms Bazaar*, his definitive 1978 account of corruption and malpractice in the armaments industry, observed in 2002:

From the evidence I have seen and heard over the last two years, the arms deal between the South African government and several European companies showed clear signs of excessive pressure from both companies and foreign governments, which the South African government did not effectively withstand. It resulted in an agreement which has not been shown to be in the best interests of South Africa, or to correspond with its realistic defence needs.

From an historical perspective, then, the South African arms deal is not unique in its shortcomings, and blame must be shared by both foreign companies and governments for exploiting their financial leverage. But I believe the South African government should have been aware of the dangers of corruption and excessive pressure in this deal, particularly in the light of extensive corruption in arms dealing under apartheid. And the evidence I have seen suggests there is a strong basis for invalidating and renegotiating the agreement.

Contracts Tainted by Corruption through External Influence

It is an internationally accepted principle of commercial law that contracts tainted by corruption are null and void. Although it is always difficult to prove corruption, there is now a precedent in Lesotho's courageous decision to prosecute the world's leading dam construction companies involved in the World Bank-funded Highlands Water Project for bribery (Hawley, 2003). In 2002 Transparency International identified armaments as the most corruption-prone industry.

In the case of the South African arms deal, there would seem to have been external influence in government-to-government contracts. Germany would win navy contracts thanks to pressure by former Chancellor Helmut Kohl, reflecting the political influence in Germany of the steel industry and related armaments industry. Britain and Sweden would win warplane contracts, the rationale being that BAe

Systems offered South Africa's Denel the opportunity to 'piggy-back' into the international armaments market. A tender to supply utility helicopters was excluded simply because of Chippy Shaik's personal antipathy towards the United States (*Mail & Guardian*, 15-21 August 2003). Instead, the contracts went to Italy, to a company with a recent record of corruption.¹ Under no circumstances, it is suggested, can the arms deal be considered to have complied with the constitutional criteria of Section 195 regarding basic values and principle governing public administration or Section 217 regarding procurements, which declares:

When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.

Reports to the Cabinet sub-committee responsible for the arms procurements, made by the International Offers Negotiating Team's (IONT) 'affordability study', confirm that the ministers were warned about the foreign exchange and other risks inherent in the arms deal, and of the effects that these would have on government's ability to meet social and economic priorities such as education, housing, health and welfare.² Despite such warnings, the Cabinet signed the arms deal contracts in December 1999. The Minister of Finance was instructed to complete the European export credit agency financial arrangements that give effect to the purchases. Within two years of signature, costs had escalated from R30 billion to R52.3 billion. Given the volatility of foreign exchange markets and the rand's propensity to depreciate, the government can have little notion of the final financial liability to which it has committed South Africa. On the projections of rand/dollar exchange rates by the government's own consultants, the rand liability could reach R158 billion by 2010 and R370 billion by 2019,³ when the final payments are due.

Nor, given the crises of poverty facing South Africa, can the arms deal be reconciled with the EU Code of Conduct on Arms Exports, whose criteria include consideration of the socio-economic conditions in recipient countries. Tony Blair promoted this code in the early days of his government's 'ethical foreign policy' and the British, Swedish, German and Italian governments are signatories to the Code, which imposes a special responsibility on arms exporting states.

The Code's Criterion Eight, in particular, requires consideration of the social and economic conditions in recipient countries, and states:

The compatibility of the arms exports with the technical and economic capacity of the recipient country, taking into account the desirability that states should achieve their legitimate needs of security and defence with the least diversion for armaments of human and economic resources

Member States will take into account, in the light of information from relevant sources such as UNDP, World Bank, IMF and OECD reports, whether the proposed export would seriously hamper the sustainable development of the recipient country. They will consider in this context the recipient country's relative levels of military and social expenditure, taking into account also any EU or bilateral aid.⁴

When allegations arose that BAe Systems had paid £1 million to various South African politicians (including Tony Yengeni) as a 'first success fee', they were referred for investigation to the British Secretary of Trade and Industry, Stephen Byers. Byers delegated the task to the London Metropolitan Police who, with desultory indifference, reported back that there was insufficient evidence to pursue

the matter. The British government, however, was at that time under pressure from BAe Systems to stall on implementation of the 1997 OECD Anti-Bribery Convention. It was apparently then not illegal in Britain to bribe officials of foreign countries and, accordingly, it would seem that there was a feeling in London that there was no crime to investigate.

When Blair visited South Africa in January 1999, he was informed that church leaders were resolutely opposed to the arms deal. The response on his behalf was that 'South Africa has the right to take its own decisions on its defence requirements and secure maximum job creation through industrial participation programmes'. Similar representations were made to the Swedish and German governments, with similar responses. When Swedish Prime Minister Goran Persson visited South Africa in November 1999, his international adviser Roger Hallhag first praised offsets as a 'brilliant' strategy to attract foreign investment. Under severe pressure from the audience, Hallhag then conceded that offsets are discredited in Europe because of their propensity for corruption and, finally, that 'lower standards apply in third world countries!'⁵

The Arms Deals, Business Influence & South African Politicians

The impact of this view on South African politicians soon became apparent. Thabo Mbeki had intervened as early as 1995 to ensure that naval contracts were awarded to Germany.⁶ A former German Ambassador to South Africa confirmed in 1996 that his government had been determined at all costs that Germany would win the contracts.⁷ In short, the 1996-1998 Defence Review and the procurement tenders were shams; the deals had already been decided. South Africa's inexperienced politicians were putty in the hands of their European counterparts and the corporate interests who fund them.

By July 1999 Tony Yengeni's Mercedes Benz 4x4 had begun to attract comment around Parliament, but eighteen months elapsed before the *Sunday Times* newspaper finally broke the story. It transpired that Yengeni was only one recipient of 33 discounted Mercedes Benz's. Yengeni was sentenced in due course to four years' imprisonment for fraud, but related corruption charges were dropped lest they jeopardise the German warship contracts for frigates and submarines.

In September 1999 a memorandum to Patricia de Lille, MP from 'Concerned ANC MPs' caused a political uproar when it named Deputy President Jacob Zuma, Jay Naidoo and other prominent ANC officials and politicians as beneficiaries of arms-deal related contracts. Ms De Lille introduced the 'whistleblowers' to the Heath Special Investigating Unit, which found that their allegations and evidence corroborated many other corruption investigations. In November 1999 Ms De Lille held a news conference when she formally announced that the evidence had been handed over to the Heath Unit. Judge Heath acknowledged receipt, and declared that he would make his findings known in January 2000.

Noseweek magazine endeavoured to trace the arms deal contracts to the four Shaik brothers and other influential Muslim fundraisers. These fundraisers were in turn connected with Saudi Arabian interests, including Prince Bandar, Cell C (a firm 60% owned by Saudi interests) and Rafik Hariri (the Lebanese Prime Minister who made his fortune in Saudi Arabia as a building contractor to the royal family), and with Al-Baraka Bank (which, incidentally, has been alleged to be connected with Al-Qaeda and Osama Bin Laden and a variety of money laundering operations). The

'whistleblowers' further alleged that the arms deal was merely one aspect of inter-related scams, including oil deals through the Strategic Fuel Fund and Central Energy Fund, Cell C, Smartcard technology, drugs and weapons trafficking, and diamond and money laundering.

A common denominator in these allegations and investigations was the claim that there were 'kick-backs' in the form of contributions to ANC funding. President Mandela was reported by the *Mail and Guardian* to have declared publicly that Saudi Arabia provided the ANC with US\$60 million in campaign funding prior to the 1994 elections. Other Muslim country donors to the ANC were said to include Indonesia, Malaysia, Algeria, Libya and Iraq. *Noseweek* 33 (June 2001) commented:

The threat posed by the investigation went far beyond the possibility of the exposure of individual corruption. It is becoming increasingly clear that the arms procurement is intended to play a key strategic role in the President's ambitions in South Africa and Africa. Following the failure of the government's conservative fiscal policy to attract foreign direct investment, the President appears to have naively accepted assurances from the likes of German chancellor Helmut Kohl that the arms deal could be used to leverage foreign investment (via offset or counter-trade requirements) and thereby kick-start domestic growth. The ability to pose a significant military threat also played an obvious role in Mbeki's ambitions for pan-African influence.

Both Mr Mandela and President Mbeki maintained close relations with the Saudi Arabian ambassador to the United States, Prince Bandar. The prince is an aspirant to the Saudi throne on King Fahd's death. He has also been named as one of the primary agents for Saudi Arabia's enormous purchases of armaments, transactions notorious for the enrichment of the Saudi elite.

It became public knowledge by late 1999 that heavy political pressures were being applied to close down the Heath Unit, and to quash its investigations. Even so, the Auditor General's report presented in September 2000 to the Parliamentary Standing Committee on Public Accounts (Scopa) found serious shortcomings in the acquisition processes in at least five areas: conflicts of interest on the part of decision-makers; the awarding of the fighter/trainer contract to BAe Systems; the inadequacy of offset guarantees; a disregard for personnel requirements to operate the equipment; and the allocation of a naval sub-contract to French interests at a very substantial increase in costs over a local company tender.

Scopa's 14th report was unanimously adopted by the National Assembly, and resulted in a joint investigation by the Auditor General, Public Protector and National Director of Public Prosecutions. Their Joint Investigation Report was tabled in Parliament in November 2001 and was derided by opposition parties as a 'whitewash'. Its key paragraph 14.1.1 declares:

No evidence was found of any improper or unlawful conduct by the Government. The irregularities and improprieties referred to in the findings as contained in this report, point to the conduct of certain officials of the government departments involved and cannot, in our view, be ascribed to the President or the Ministers involved in their capacity as members of the Ministers' Committee or Cabinet. There are therefore no grounds to suggest that the Government's contracting position is flawed.⁸

In contradiction of this key paragraph, every chapter of the report's 380 pages finds that the arms deal tender procedures and safeguards were riddled with irregularities. For example, Chapter Four (paragraph 4.1.13) reveals that:

during January 1997 the British government tabled a package proposal for the supply to armaments to South Africa. This included, inter alia, the replacement of the Impala with the Hawk jet trainer or a combination of the Hawk and the Gripen fighter via British Aerospace (BAe).⁹

Paragraph 4.1.15 reveals that 'in July 1997 the President was advised by DoD and the SANDF of the reasons why the British proposal was not acceptable.' In the subsequent two years, however, the scoring procedures were altered twice to favour BAe. The Minister of Defence, Joe Modise, intervened in April 1998 to declare (paragraph 4.5.1.10):

that a visionary approach should not be excluded, as the decision on the acquisition of a new fighter aircraft would impact on the South African defence industry's chances to be part of the global defence market ... In terms of this vision, the most inexpensive option might not necessarily be the best option. The Minister requested the DoD acquisition staff to bear this vision in mind during the acquisition process.¹⁰

The report goes on to quote the minutes of a special ministerial meeting in August 1998 which noted:

It was decided by the ministers present that the HAWK should be recommended as the preferred option. This decision to recommend the HAWK was based on national strategic considerations for the future survival of the defence aviation sector and the best teaming-up arrangement offered by the respective bidders. Strategically important industrial participation programmes offered with the best advantage to the state and local industries were also a determining factor in the final recommendations for the preferred bidders per programme.¹¹

The former Secretary of Defence noted in September 1998 that 'the Hawk is not the best option from a military point of view – the fact that its acquisition cost would solicit substantially more IP [offsets] apparently carries the day. The SAAF however, will have to absorb considerably higher operating costs during its life cycle'.¹² Although the SAAF preferred two Italian Aermacchi proposals over the BAe Hawk, a 'non-costed option' was introduced to favour the Hawk, which cost twice as much as the Aermacchi MB339FD.

Nor did the SAAF want the BAe/Saab Gripen. In May 1999 the IONT recommended to the Ministers' Committee that the fighter aircraft purchases should be deferred. The SAAF already had 50 supersonic Cheetah aircraft which would be operational until 2012.¹³ In June 1999, DTI reported to the Ministers' Committee that BAe still had virtually no offset package in its proposals and, in any event, had radically inflated the Hawk offset offer.¹⁴ BAe/Saab was asked to defer the Gripen programme, but BAe responded with a combination package of 24 Hawk and 28 Gripen aircrafts. The BAe counter-proposal was so structured with front-end loading of non-recurrent expenditures that the costs of deferring the Gripen purchases became prohibitive.¹⁵

Allegations of corruption around the arms deal have been reported with monotonous frequency in the South African media. A Cape Town company, c2i2, alleged that its tender for the main battle suite software to be installed in the German frigates was superior, both in terms of cost and technology, to that awarded to the French company Thomson CSF.¹⁶ In addition, Thomson CSF (in which the French government is the controlling shareholder) had been allowed to amend its offer one day after the close of tenders.

It transpired that Shabir Shaik, financial adviser to Deputy President Jacob Zuma, was a director of Thomson CSF's South African subsidiary. Zuma, in turn, was investigated by the Scorpions unit over allegations that he solicited a R500,000 per annum bribe in order to quash investigations into this contract. The Scorpions eventually announced that whilst there was *prima facie* evidence of corruption, it would not prosecute Zuma. The Scorpions also complained however, about the lack of co-operation by French authorities. *Business Day* (25 August 2003) noted:

The conclusion is inescapable that the French government is complicit in defending one of its own. If the French government and its parastatals cannot be relied on to assist in the fight against corruption, their South African counterparts have to consider whether it is the interests of the country and their own long-term interests to do business with the French in future.

A Public Interest Lawsuit

With support from church leaders, trade unionists, NGOs and other representatives of civil society, Economists Allied for Arms Reduction-South Africa (ECAAR-SA) has taken another approach through its litigation to cancel the arms deal. ECAAR is an international NGO established in 1988, and now has affiliates in thirteen countries including the UK and South Africa. Of the very distinguished economists on its board of trustees, ten are Nobel laureates. Its purpose is to promote objective economic analysis and appropriate action on global issues relating to peace, security and the world economy. The Anglican Archbishop of Cape Town, Njongonkulu Ndungane, is a patron of ECAAR-SA.

In November 2001 – more than five years after the arms deal saga began and having exhausted all other remedies – ECAAR-SA filed a court application for nullification of the loan agreements that give effect to the transactions. It has done so as a class action suit in the public interest on behalf of poor people in South Africa in terms of Section 38 of the Constitution.¹⁷

The basis for this action stems from the fact that, unbelievably, there is no parliamentary authority for the arms deal. The government claims to have acted in terms of parliamentary approval following the Defence Review held during 1996-1998. ECAAR-SA was amongst the NGOs invited to participate, and did so on behalf of the Anglican Church. The Defence White Paper entitled *Defence in a Democracy* was premised upon the recognition that the South African government was no longer at war with its own people, and that addressing poverty – and the consequences of violence, crime and social degradation – was the country's major priority. It also noted that there was no discernible foreign threat to South Africa. Parliamentary approval of the Defence Review specifically declares that:

*The approval of a force design by the parliamentary defence committee, Cabinet or Parliament does not constitute blanket approval for all implied capital projects or an immutable contract in terms of the exact numbers and types of equipment. At best, it constitutes approval in principle ...*¹⁸

Nor evidently, was there any executive authority for the arms deal. Examination of the Exchequer Act – under which the government claims to have acted in terms of Section 85 of the Constitution – reveals that the Act does not confer authority for such transactions.

ECAAR-SA's litigation does not rest on the allegations of corruption that have accompanied the arms deal. The lack of parliamentary or executive authority for the arms deal may well be sufficient to void the contracts. ECAAR-SA's focus, however, is upon constitutional arguments that public power vested in the executive and other functionaries must be exercised in an objectively rational manner. Executive action that fails the minimum threshold of rationality is inconsistent with the requirements of the Constitution, and is therefore unlawful even if well intentioned.

The South African Constitution adopted in 1996 is regarded as being perhaps the world's most progressive constitution for it goes beyond classical notions of democratic rights. It applies to all law, and binds the executive, the legislature, the judiciary and all organs of state to include commitment to socio-economic rights. The Constitutional Court is tasked as the final arbitrator to ensure that human rights are upheld as the culture that holds the country together. ECAAR-SA's key points are set out and discussed below.

First, ECAAR-SA argues that the arms deal is *strategically irrational*. South Africa's geo-strategic position makes it virtually free of any foreign military threat. Instead, the real threat to South Africa's security is internal and stems, as we have said, from the crises of poverty inherited from apartheid. Section 198 of the Constitution reinforces this view through its commitment to human security based the needs of people rather than to traditional notions of military protection of the sovereign. Jobs, housing, education, health services, crime prevention and the environment are of far greater relevance to South Africans than the need to prevent attacks by neighbouring states.

This contrast is now underscored by the AIDS pandemic. An estimated 600 people per day now die of AIDS-related diseases. The death toll by the year 2010 is likely to exceed six million people, a casualty rate that would be inconceivable even in full-scale war. The pandemic will have enormous consequences for South Africa's social and economic future. AIDS is a catastrophic security issue that overrides all traditional perspectives of risk analysis. It also demands a complete rethinking about the use of South African soldiers. Unlike policemen, soldiers are normally stationed away from home. Being removed from social mores and/or family ties, Lindy Heineken (2000) of the Centre for Military Studies at the University of Stellenbosch suggests that soldiers are more prone to HIV infection and to transfer the contagion to the population at large.

Indeed, military leaders have informed parliamentary committees that the costs of the arms deal have paralysed the SA National Defence Force financially, resulting in inadequate funding for adequate medical treatment for AIDS or to maintain existing equipment, let alone to undertake peacekeeping operations elsewhere in Africa.¹⁹ Given the new government's priorities there is thus every reason to cancel the arms deals and apply the funds saved to appropriate purposes.

Second, ECAAR-SA argues that the arms deal is *economically irrational*. The deal is premised upon thoroughly discredited ideas that expenditure of R30 billion on armaments would translate into offsets worth R110 billion to create 64,165 jobs. The arms deal was heavily promoted by government spin-doctors as a unique opportunity to fast track industrial development and job creation.

Offsets are prohibited in civil trade arrangements under World Trade Organisation rules because they distort market forces.²⁰ They are notoriously impossible to

monitor and, accordingly, are an invitation to corruption. The armaments industry however, has negotiated exemptions from such prohibitions by citing national security considerations.

As noted earlier, Section 217 of the Constitution sets out the parameters for government procurements. They must be conducted 'in accordance with a system which is fair, equitable, transparent, competitive and cost-effective'. These requirements have recently been upheld by the Supreme Court of Appeal which, in setting aside a municipal housing tender, declared that:

Any state organ is legally bound to act fairly and equitably, and in a transparent, competitive and cost-effective manner. Their tender processes must be lawful, procedurally fair and justifiable, and they must always follow tender procedures for the procurement of goods and services (The Star, 23 September 2003).

Illustrating the irrationality of linking economic development to offsets on arms procurement has been the bizarre saga of buying three German submarines against the promise of a billion dollar stainless steel plant. Government announcements boasted that against expenditure of R5.2 billion on three submarines, the offset benefits would amount to R30.3 billion to create 16,251 jobs. The stainless steel plant failed to materialise. It morphed briefly into a condom factory to create 520 jobs but this, too, has subsequently been cancelled (*Business Day*, 19 October 1998).

Lloyd J Dumas, Professor of Political Economy at the University of Texas at Dallas, asserts that even with offsets, the South African arms deal is clearly economically irrational on the following grounds:

The definition of rational activity in economics is activity that accomplishes the goals for which that activity is undertaken. If the goal of the arms deal is to improve South Africa's strategic security, and there is no plausible foreign military threat to South Africa that can be addressed by the acquisition of such equipment, the arms deal is irrational in economic terms. In that case, the issue of offsets is wholly irrelevant, even if they were real.

If the goal of the arms deal is to improve South Africa's economic situation, then economic rationality requires that the economic benefits of alternative expenditures of equivalent resources be compared to those of the arms deal, and the expenditures that achieves the greatest net economic benefit must be chosen.

If the criterion of economic benefit is to be the number of jobs created, there have been many studies in many places that have repeatedly shown that military expenditures generate fewer jobs than almost all alternative forms of government expenditure.

The idea that offsets will more than make up for the lesser job creation of military expenditures relies on the contention that these offsets can be guaranteed, that they will not be cancelled or even sharply reduced. What means can be provided that would guarantee this, in the face of unpredictably changing economic and political realities in the countries that are offering the offsets or in their economic and political allies?

More importantly, if the criterion of economic well-being is to be the furtherance of South Africa's economic development, who will get the jobs that might be created? If those who will benefit are primarily those who are already amongst the best off economically, then the arms deal will merely extend or exacerbate distributional inequities, and therefore cannot be considered a contribution to real economic development.

Alternative expenditures on badly needed infrastructural development, health care, housing, education could be carried out in ways that provide double development-oriented economic benefits: taking care of pressing human needs and providing for job creation that will target the part of the population that is economically disadvantaged. Whatever the distribution of the jobs created might be, alternative expenditures of equivalent resources would be likely to provide more benefit, both in terms of the short-term alleviation of economic suffering and the long-term development of the South African economy. The economic case against arms expenditures and in favour of alternative resource use is overwhelming at this last and most basic level.²¹

What is evident is that the arms deal was driven not by the needs of South Africans, but by the European armaments industry. The political influence in Germany of the steel industry with former Chancellor Helmut Kohl was paramount whilst in Britain the manipulative role of BAe Systems was decisive.

Even government spokesmen now concede that the job target of 64,165 jobs was grossly overstated. At best, perhaps 2,500 jobs might result from the arms deal, but attempts to monitor the offsets are blocked by bureaucratic insistence that the contracts are 'commercially confidential'. The BBC reported the offset benefits to be virtually non-existent.²² An investigation by the London newspaper, *The Guardian* (17 July 2002), found that BAe's investments include an ailing timber mill and manufacture of a type of chewing tobacco that is banned in Europe because of fears of cancer. The notoriously corrupt £20 billion Al Yamamah arms deal between Britain and Saudi Arabia is instructive. Offsets were supposed to create 75,000 jobs for Saudi Arabians. Now that those contracts are complete, research by the analyst Ron Matthews (1996) indicates that 1,600 jobs resulted – of which 1,300 were for imported expatriates and only 300 for Saudi citizens.

Third, ECAAR-SA argues that the arms deal is financially irrational. Whilst offsets drove the arms deal and induced South African politicians to believe that it was 'affordable', warnings about its financial implications were ignored and brushed aside. An affordability study presented to cabinet ministers in August 1999 in considerable detail drew their attention to the financial risks. The study declares:

It should be stressed that, given the unique size of the packages and the tenor of the associated financial agreements, the impact of the package expenditures will extend far beyond the procurements themselves. Any decision on these procurements and the magnitude of their claim on the budget will inevitably also constitute a decision about the future level of defence spending in South Africa, hence about how this priority weighs against government's other spending priorities.²³

The ministers were warned that spending on the arms deal could crowd out socio-economic priorities such as education, health and welfare. They were also warned about the foreign exchange risks. The study noted:

The South African government is fully exposed to the depreciation of the Rand against foreign currencies, which accounts for about 75% of the total purchase amount. There is no effective means of hedging the currency risk inherent in the procurements. Although the forward exchange rate used in the affordability assessment incorporates a premium for exchange rate risk, there is clearly a possibility that currency depreciation could be even more rapid. Should this occur, additional costs are for the account of government, with the obvious implication that the costs of the packages and their financing could be considerably higher than expected?

The proposed armaments procurements are distinguished from other government procurements by four key characteristics. The sums involved are extremely large: they involve fixed contractual commitments extending over long periods with high breakage costs; they are heavily import-biased; and their costs are offset by a set of associated activities (the NIPS) which cannot be guaranteed.

These characteristics create a set of important and unique risks for government. The analysis of these risks suggests that as the expenditure level increases these risks escalate significantly. In fact even expenditure of R16.5 billion may create a situation in which government could be confronted by mounting economic, fiscal and financial difficulties at some future point. Ultimately the decision about expenditure levels really constitutes a decision about government's appetite for risk.²⁴

The arms deal contracts are not denominated in rands, but in euros, sterling, Swedish krona and dollars. The arms deal was costed at R6.25 per US\$1, and was publicly announced as costing R30 billion. Within two years the cost escalated to R53 billion. Moreover, these figures exclude finance costs, escalation costs, management fees and export credit agency premiums, all of which were withheld from public scrutiny. No one knows what the costs will be by 2019 when the final payments are due. In a worst-case scenario, South Africa could face financial and social anarchy like Argentina or Zimbabwe. There would be no funding for education, health services, housing or the socio-economic commitments contained in the Bill of Rights. South Africa's experiment with democracy would be imperilled. In disregarding such warnings and risks, ECAAR-SA argues that the Minister of Finance was derelict in the performance of his duties.²⁵

Loan agreements between BAe Systems, Barclays Bank, the British government and the South African government give effect to the warplane contracts. The Minister of Finance, Trevor Manuel, signed these on 25 January 2000.²⁶ The government's initial response to ECAAR-SA's application in November 2001 for cancellation of the arms deal was to argue that these loan agreements stand independently of the arms deal.²⁷ The loan agreements expose this as blatantly untrue, the purpose of the loans being declared as being to finance the purchase of BAe Hawk and BAe/Saab Gripen fighter aircraft.²⁸

The government, seeking to resist having to make full disclosure, also argued that the affordability study was irrelevant to the issue and was confidential and privileged to the Cabinet on grounds of national security. Its legal representative argued before the court that

Exposure of the content of these arrangements by way of the production of the documents requested would, in the considered view of the Second Respondent and National Treasury, be contrary to the public interest. The transactions in question are part of the financial business carried on by the Government and the terms and conditions upon which it does so ought not to fall within the public domain.²⁹

Such reticence is not surprising. The documents about the government's purchase of BAe Hawk and BAe/Saab Gripen fighter aircraft confirm that in signing the loan agreements, the Minister acted recklessly and irrationally. In conceding in March 2003 that the British loan agreements presented in court were authentic, the government's counsel also drew the Court's attention to their default and penalty clauses. The covenants and encumbrances set out can be described as disastrous. Indeed, the loan agreements can be compared to the snare of debt obligations that

have brought the rest of Africa to collapse. The terms are such that the Minister of Finance has ceded effective control over areas of South Africa's economic and financial policy to European banks and governments and to the IMF.³⁰ Such reckless behaviour, ECAAR-SA argues, is surely unconstitutional.

Judgement that the agreements signed by the Minister are unconstitutional would, we assume, collapse the arms deals – it being highly unlikely the supply of warships and warplanes would continue without payment. In terms both of South African and international law, the Constitution takes precedence over any international agreements. Accordingly, judgement that the arms deal is unconstitutional would mean that European rather than South African taxpayers would have to bear the costs of cancellation. Hopefully, Europeans might then ask why their governments are so heavily complicit in the arms trade.

In March 2003, the Cape High Court ordered the President, the Minister of Finance and the Government within ten court dates to make discovery of the documents containing the advice of the International Offers Negotiating Team and the Financial Working Group (i.e. the full affordability study that went to Cabinet in August 1999). By August 2003, those documents had not yet been delivered. Two applications by November 2003 for contempt of court judgement finally produced only 224 pages out of an estimated 643 pages.

In March 2004 the Cape High Court ruled against ECAAR-SA, holding that suit should have been directed against the Cabinet instead of the Minister of Finance. The judges found that the arms deal was a Cabinet decision and that the Minister of Finance's role in negotiating the loan agreements was merely to implement it.

In June 2004 ECAAR-SA submitted a petition to the Supreme Court of Appeal. The petition towards overturning the judgement notes that Cabinet decisions are concealed behind a veil of secrecy. They are not accessible to citizens and are inadmissible as evidence in court proceedings. Thus, whenever the Cabinet reaches a decision which threatens a citizen's constitutional rights, such a decision would be beyond the reach of the courts thus contradicting constitutional guarantees of accountable and transparent public administration.

Moreover, the State Liability Act of 1957 – confirmed by the Supreme Court as recently as March 2003 – requires that any suit against the government must be directed against the Minister of the responsible department. ECAAR-SA argues that 'the buck stops with the Minister of Finance' who cannot be oblivious to the social and economic needs of the majority of South Africans. It is the Minister's signature on the loan agreements 'for and on behalf of the Republic of South Africa' which are integral to the supply agreements, and thus give effect to the arms deal.

Governments Being Held to Account

The milestone Irene Grootboom case established that the Constitution imposes an obligation on the State to operate in a rational manner in delivering its commitments to social and economic rights. The Constitutional Court held that it was not reasonable that Mrs Grootboom's only recourse when applying for shelter was to place her name on 20-year waiting list.³¹ The Court recognised that the legacies of the apartheid era could not be redressed immediately but held that the state was also required to make provision for emergency circumstances. The crises of poverty and AIDS that South Africa faces are such emergencies and pose serious challenges for

the country's transition to democracy. This judgement imposes obligations on government to act rationally in the interests of people.

That no one, least of all the Minister of Finance who signed the agreements that give effect to the arms deal, could estimate what the positive benefits to development, if any, might be or knew what the final costs of the deal would be, confirms the irrationality of the government's decision to enter into the arms deal. Indeed, the ignoring of warnings by the affordability study of the risks involved compounded the irrationality of the decision. Such irrationality is compounded by repeated claims that the country lacks the financial resources to redress the need to tackle the demands for housing, education and the treatment of AIDS.

A successful judgement to cancel the arms deal would have enormous implications internationally. International relationships in the 21st century will increasingly be determined not by governments, but by a network of non-governmental organisations, faith-based institutions, activists and other representatives of 'civil society'. Governments and politicians are increasingly distrusted, as is their manipulation of fear and paranoia to silence civil dissent.

The lesson of 11 September 2001 that massive military expenditures on highly sophisticated equipment could not prevent the attacks on the World Trade Center and Pentagon is clear. Bush's attempts to impose a Pax Americana on the world have failed in the Middle East, creating new tensions and insecurity around the world. It places the South African arms deal, undertaken by a new democratic government which faced no external threat to its territorial integrity, in proper perspective.

The arms deal was undertaken cynically by Western governments and companies, perhaps making the assumption that African standards of governance were not an issue of which they had to take account. The tendency to believe that Africa is inherently corrupt is challenged, however, by Lesotho prosecuting international companies for bribery. It vindicates the thesis that, in global terms, African corruption is petty corruption whereas big corporations to a large extent drive grand corruption exported from Europe and North America.

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Endnotes

1. The Agusta-Dassault scandal involved bribery payments to Belgian politicians.
2. Testimony by Roland White to the Public Protectors hearings, July 2001. The Cabinet committee included the Deputy President, Defence Minister, Trade and Industry Minister, Finance Minister and Public Enterprises Minister.
3. Warburg Dillon Read in the affordability study presented to the Ministers' committee, August 1999.
4. European Code on Conduct on Arms Exports, June 1998.
5. Sweden-South Africa Civil Society Encounter, Cape Town, November 1999.
6. 'Battle of the corvettes', *Cape Times*, 19 May 1995 and 'Corvettes – Thabo all at sea', *Weekend Argus*, 21 May 1995.

7. Ambassador Stabreit was the writer's houseguest in March 1996.
8. Joint Investigation Report into the Strategic Defence Procurement Packages, November 2001, page 373.
9. *Ibid*, p. 68.
10. *Ibid*, p. 86.
11. *Ibid*, pp. 98-99.
12. *Ibid*, p. 101.
13. *Ibid*, p. 105.
14. *Ibid*, pp. 91-92.
15. *Ibid*, p. 106.
16. Thomson CSF has during the course of the saga changed its name to Thales.
17. Application 9987/2001 filed in the Cape High Court. ECAAR-SA and Terry Crawford-Browne vs. the President of the Republic of South Africa, et al.
18. South African Defence Review, as approved by Parliament, April 1998.
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Post-apartheid South Africa's Corporate Expansion into Africa

John Daniel, Jessica Lutchman & Sanusha Naidu

Perhaps no issue more dramatically illustrates South Africa's metamorphosis from apartheid pariah than the mushrooming South African parastatal and corporate presence in Africa.

From a time only 15 years ago when that presence was limited to the South African Customs Union (SACU) states and Zimbabwe, South African corporates are now running the national railroad in Cameroon, managing power plants in Mali and Zambia, controlling banks and supermarkets in Tanzania, Mozambique and Kenya, dominating the huge telecommunications markets in Nigeria, Uganda and Swaziland, taking a majority share in Ghana's 'flagship' mining house, Ashanti Goldfields, to cite just some of the larger ventures in what has sometimes in the popular media been referred to as the 'South Africanisation' of the African economy'. This is of course an exaggeration but may not be so in a decade or two if current trends are maintained.

'Push' Factors

Two factors have in the main fuelled South Africa's penetration of the African marketplace. One was South Africa's political transition to democracy and its return thereby to international respectability. The other was the fact that this

transition coincided with the end of the Cold War, the dismantling of the state-directed commandist economic model and the triumph of its neo-liberal alternative. This prescribed, amongst other things, the adoption of a liberal political dispensation, a deregulated market system that called for the privatisation of state owned assets, foreign direct investment, market-based pricing, flexible labour relations, controlled budget deficits, and increased market access for foreign investors.

With the major European and other investors focussed in the 1990s on Eastern Europe while also being generally disillusioned with Africa, South African capital was well placed to take advantage of the new market opportunities opening up in Africa. Having been frozen out of the global economy for the better part of the 1980s as a result of sanctions, South African corporates had a surplus of investible capital and Africa's disintegrating transport, tourism and other infrastructures, as well as its state-controlled assets, were seen as soft and potentially profitable targets for a willing investor.

Two sets of indicators provide a picture of the degree and extent of South African capital's penetration of the African marketplace since 1990. One pertains to Africa as an export destination for South African products while the other reflects Africa as an investment arena which in the South African case has been by way of mergers, acquisitions, joint ventures and new so-called 'greenfield' investments.

South African Trade Exports into Africa

As Figure 1 below demonstrates, exports to the continent have over an 11-year period grown from R5 billion in 1992 to R44.5 billion in 2002, an increase over the period of approximately 780% – a rapid rate of growth off admittedly a low base.

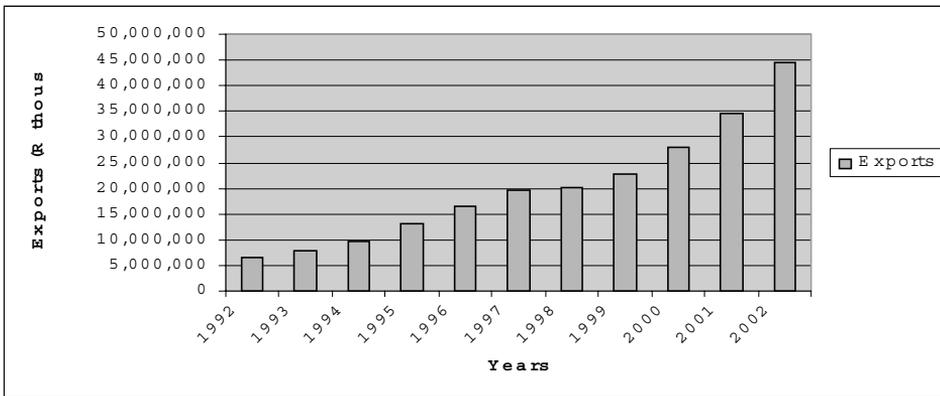
As a result of this growth in South Africa’s African export trade, the continent had by 2001 become South Africa’s fourth-largest export market (see Table 1). There are good grounds for suggesting that within a short period of time Africa will overtake NAFTA and move into third place as an export destination by region. This is based on the accelerating growth rate of that trade between 2001 and 2002 (see Figure 1), the new trade opportunities opening up in terms of the American Growth and Opportunities Act (AGOA) and the cessation of hostilities in two of Africa’s largest and potentially most lucrative markets, The Democratic Republic of Congo and Angola.

What these statistics do not reveal, however, is the imbalance in the South African-African trade relationship and the extent to which South Africa domi-

nates the African economy. Figure 2 reveals that the degree of the imbalance is increasing year by year. With each one of its African trade partners, South Africa enjoys a surplus. For example, of South Africa’s R20.3 billion trade with the member states of SADC in 1999, R17.7 billion were exports to the region. This is an imbalance of almost 7:1 and one which, according to *Business Report* (19 June 2002), rose to 8:1 in 2000 and 9:1 in 2001.

What these aggregate statistics for SADC also mask are the huge variations in the imbalances between South Africa and individual SADC members. For example, the balance in favour of South Africa in its trade with Angola stood at some 22:1 in 2002. In 2002, South African exports totaled R2,784 billion, while imports amounted to only R127 million. This gap can, as suggested above, only increase as South Africa reaps the benefits of peace in Angola. Writing in *Business Report* (12 August 2002), Dasnois argued that South African capital viewed Angola as a massive construction site littered with lucrative contracts for the rehabilitation and/or repair of some 20,000km of roads, 350 bridges, 1,650km of power lines, as well as the country’s airports and harbours.

Figure 1: South Africa's Exports to Africa, 1992-2002



Source: Data adapted from SA DTI Trade Database (<http://wwwdti.pwv.gov.za/econdb/raportt/rapmenu1.html>)

Given this favourable balance for South Africa, it is little wonder that Africa features so prominently in the trade and investment strategy of South Africa's Department of Trade and Industry (DTI). This is evidenced by the establishment since 1994 of DTI offices in Angola, Egypt, Ethiopia, Ivory Coast, Kenya, Tanzania, and Zimbabwe, with more in the pipeline.

South African Investment in Africa

South Africa has for decades been the largest foreign investor in the Southern African region. Likewise, in the larger region represented by the Southern African Development Community (SADC), South Africa has since the mid-1990s been the largest source of foreign investment exceeding the combined value of British and US foreign direct investment. By the turn of the century, according to an UNCTAD report released in 2002, South Africa had become the African continent's largest source of new FDI.

Figure 3 (over) illustrates the growth in South Africa's investments post-1994. What it shows is that the value of all investments grew from some R8 billion in 1996 to R26 billion in 2001, a more than threefold increase. According to the research group Liquid Africa, this investment flow reflected the fact that the continent offered South African capital

Table 1: South Africa Export Destinations by Region or Trading Block

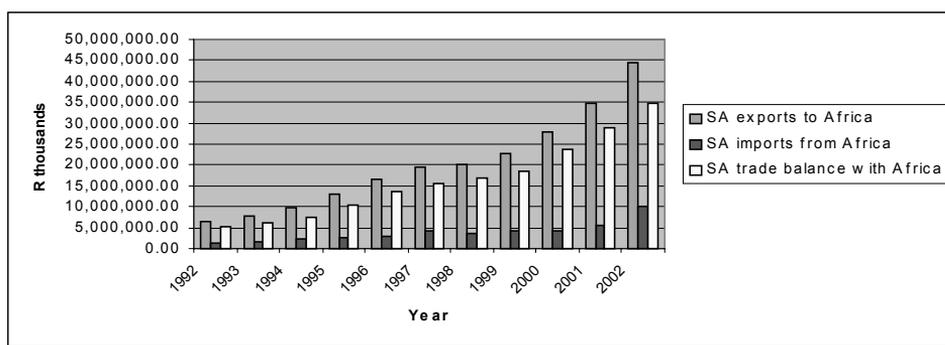
Region	1991	2001
Africa	4%	12%
North America	0%*	-
South America	8%	4%
NAFTA	-	17%**
EU	15%	22%
Far East	57%	40%
Middle East	14%	4%
Others	2%	1%

Source: *Engineering News* 3-9 May 2002; * Trade between South Africa and US was restricted at the time following the imposition of sanctions in terms of the 1986 *Comprehensive Anti-Apartheid Act*; ** NAFTA embraces USA, Canada and Mexico and came into being in 1992.

'high growth opportunities and impressive profit margins' and went on to predict that investment in Africa by South African corporates would 'continue to accelerate' (quoted in *Business Day*, 3 July 2003).

Amongst many features of this investment pattern, two are of relevance here. The first is that all six primary sectors of South Africa's economy (mining, retail, manufacturing, financial services, telecommunications and tourism/leisure) not only form part of this African investment portfolio but tend also to work collaboratively to secure the investment. This applies particularly to the financial

Figure 2: South Africa's Trade Relations with the rest of Africa 1992-2002



Source: Data adapted from SA DTI Trade Database (<http://wwwdti.pwv.gov.za/econdb/raportt/rapmenu1.html>)

services (credit and insurance) sector. For example, Standard Bank of South Africa (Stanbic) has representation in the form of retail banking operations in 17 African countries outside of South Africa, as well as other forms of representation (like an offshore unit in Mauritius) in other countries. Though less visible, other South African banks like Absa, Nedbank and Rand Merchant, as well as the insurer Alexander Forbes, have African operations.

The large-scale expansion of major retailers such as Shoprite,¹ Metro Cash and Carry and Pep Stores, as well as food chains like Nandos and Steers, across the continent has been mirrored by an accompanying movement of South African property developers who are building shopping centres to house these chains. In addition, growing business travel stemming from the trade and investment activities of South African companies has created new opportunities for hotel interests like the Protea group, which has expanded a line of hotels from eastern and central southern Africa (in Kenya, Tanzania, Zambia, Mozambique, and Swaziland) to the west coast of Africa (Ghana, Nigeria and Angola).

The second feature of South Africa's penetration of the African economy has been the promotional role played by the state through such parastatal entities as the Development Bank of Southern Africa (DBSA) and the Industrial Development Corporation (IDC). The latter is a state-owned finance institution that is required to fund itself through an involvement in commercially-sustainable development projects. Not surprisingly, it had under apartheid a reputation for caution and conservatism and it was not until the late 1990s that even looked beyond the southern African region. Having taken the plunge, however, it has 'busted out all over', so to speak, and as of the end of 2002 its African portfolio comprised 60 projects in 21 African

countries under implementation or consideration. The IDC is particularly active in Nigeria where it has invested \$1.4 billion in projects in the telecommunications sector, oil and gas, infrastructure and the hospitality sector. Outside of SADC, Nigeria is the biggest market for IDC-funded projects. This reflects the fast-growing nature of South African involvement in the Nigerian economy. As of September 2003, more than 60 South African companies were represented in Nigeria.

Where the IDC has not been available, other African partners have been sought. In general, South African operatives have been keen to invest new capital in refurbishing and expanding local businesses and infrastructure through joint venture arrangements with African partners. This not only helps assuage the resource/capacity void in African countries but also mitigates against the notion of an ascendant and influential South African dominance.

Not Always a Winner

South African corporates are on the whole doing well from their business ventures in Africa. According to the *Financial Mail* (7 February 2003), the return on South Africa's investments in Africa are 'routinely 30% – in some cases 50%-60%', an allure which it describes as 'irresistable'. The MTN Group's returns from its operations in Africa entered the profit column in 2002, a full two years ahead of schedule. According to a report by research analysts Liquid Africa, Africa beyond South Africa 'now accounts for one-third of MTN's annual turnover and its assets' (quoted in *Financial Mail*, 7 February 2003). It also made the point that the African operations of major companies listed on the Johannesburg Stock Exchange showed better or similar returns than their domestic operations. There is, however, a less positive side to this picture as involvement in the region has not been without its

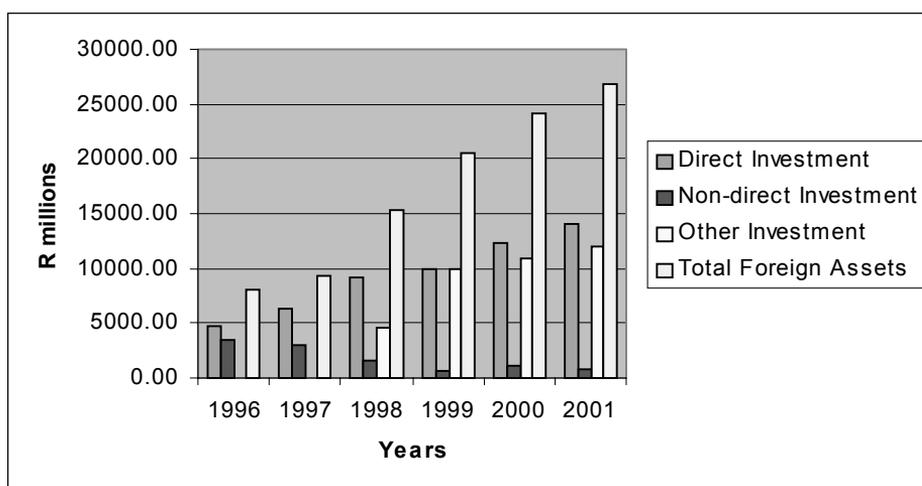
difficulties and setbacks while some South African corporates have been accused of some unsavoury practices. A 2002 UN report to the General Assembly named 12 South African companies in a list of firms accused of looting mineral resources in the DRC during its recent civil war. They included such 'blue-chip' names as Anglo American, Anglovaal Mining (Avmin), De Beers and Iscor.

The spin-offs from investments in the region have not always been in South Africa's favour and neither has the new investors always been welcomed with open arms. During his last years in office, former President Moi of Kenya complained on a number of occasions of the activities of South African firms in Kenya, such as one that gave a South African bottling company control of one of Kenya's largest bottling businesses in 2001. Speaking in the same debate, an opposition party legislator, Matu Wamae, warned that the South African invasion had to be stopped before it was too late:

If we continue doing this we'll end up owning nothing in Kenya ... They bulldoze their way around. It seems like they still have the old attitudes of the old South Africa.

Predictably, Nigeria has proved to be a difficult operating environment. Despite its overall profit for 2002, MTN's expenditures have been far higher than anticipated as infrastructure costs are 2.5 times as much in Nigeria as in South Africa. A number of South African companies have experienced payment problems in several African countries. Murray and Roberts, for example, have had delayed contract payments problems over three of its road-construction projects in Benin, Mozambique and Uganda, while AngloVaal Mining downscaled its copper and cobalt operations in Zambia for similar reasons, finally selling them off in September 2003 after incurring losses in the region of R2 billion. There are likewise tales of woe from South African investors in Zimbabwe.

Figure 3: South Africa's Foreign Assets in the Rest of Africa 1996-2001



Source: HSRC Corporate Mapping Database: statistics derived from the Reserve Bank of South Africa's Quarterly Bulletins; Notes: Direct investments – investments by South African residents with undertakings abroad in which they individually or collectively in the case of affiliated organizations or persons have at least 10% of voting rights. (Long-term investments); Portfolio Investment: investment that covers all outright securities transactions between residents and non-residents) (e.g. purchases of new issues, trading and redemptions). Other Investments: investments that are mostly long-term and short-term deposits and loans not recorded under financial account items.

Conclusion

These problems and setbacks notwithstanding, the African 'invasion' will continue. Not only are most making lots of money, but such investments are critical to revitalizing the continent within the context of the African Renaissance and the New Partnership for Africa's Development (NEPAD). Yet, in judging this expansion as a positive contribution to development on the continent, sight must not be lost of what this expansion means to the corporate executives. As Absa Bank's Roger Pardoe recently put it, Absa was

not investing in Africa for altruism. We're investing in Africa to make some money.

What this admission raises is the question as to whether this South African corporate expansion is proving to be developmental or extractive to the host economies. This is an aspect that will need to be monitored carefully in the years ahead.

It also raises crucial questions about the South Africa state's own engagement with Africa either as a partner or hegemon. And whether the behaviour of corporate South Africa can be separated from that of South Africa's political elites? It would seem that in the current trajectory of the global economy and the signs that Africa is slipping off the radar screens of important global foreign director investors, South African investors are best positioned in filling this void. Too small to compete in the developed world, Africa is the one arena in which they find they have a comparative advantage. But in so doing, South Africa could compromise its state project of partnership and cooperation and revert back to its old image of bullying big brother.

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Much of the data presented in this briefing is drawn from a database of the Human Sciences Research Council's South African Corporate Mapping project. Administered by Sanusha Naidu and John Daniel, the project collects data on South African corporate activity in Africa. For a similar analysis see John Daniel, Varusha Naidoo and Sanusha Naidu (2003), 'The South African Have arrived: Post-Apartheid Corporate Expansion into Africa' in John Daniel, Adam Habib and Roger Southall (eds.) (2003), *The State of The Nation 2003/2004*, Cape Town: HSRC Press. Copies can be obtained from:

<http://www.hsrdpublishers.ac.za> or booksales@hsrc.ac.za

Endnote

1. As of August 2003, Shoprite had grown into Africa's largest retail chain with 641 stores in 14 African countries. Of these, 66 supermarkets, 18 fast-food stores (*Hungry Lion*) and 13 furniture stores are outside of South Africa. In the 2003-04 financial year, Shoprite plans to open 32 further stores outside of South Africa, all but one of them in Africa. In the process, it will invest R134 million in capital expenditure outside of South Africa.

Traditional Leadership in South Africa's New Democracy

Prince Mashele

Colonialism heralded a transformation that saw (what is now) South Africa's indigenous leaders being subordinated to an alien state. This subordination was deepened by the system of separate development introduced after 1948, which divided Africans along ethnic lines and rendered chieftaincy increasingly dependent. It is therefore scarcely surprising that the advent of democracy has generated intense debate about the role that chiefs should play. This note will argue that traditional leaders should forgo involvement in politics in favour of playing an important cultural role in a democratic South Africa.

Traditional Leadership in Historical Context

In pre-colonial times, traditional leaders performed a wide variety of functions vis-à-vis their societies, these ranging from guaranteeing safety and security, and safeguarding tribal sovereignty, through land allocation and distribution to the administration of justice and provision of spiritual leadership (Naudascher & Kgatlhanye, 1997). For the colonisers, however, the dilemma was how best to pacify the indigenous people, to which the British responded by engineering a policy of indirect rule whereby traditional leaders were incorporated into the colonial architecture as subordinate rulers (Nwomonoh, 1994). In short, the British sought to use traditional leaders to legitimate their own rule.

The British policy of indirect rule was first introduced in South Africa in the mid-19th century by Sir Theophilus Shepstone, who worked arduously to

tame the Zulus. But the application of the policy was initially uneven, and only came to fruition with the passage of the Native Administration Act No. 38 of 1927, some seventeen years after the formation of the Union of South Africa. This Act gave the Governor-General powers to appoint and destool traditional leaders, thus making him the supreme Chief of all African peoples.

This placed traditional leaders in a highly ambiguous situation. On the one hand, they had an obligation to serve their people, yet at the same time, the colonial government required them to minister to its interests. Those who chose to side with their people were deposed and those who chose to collaborate with the colonial government undermined their popular legitimacy.

Worse was to come under apartheid, which from the passage of the Black Authorities Act of 1951 provided for the balkanisation of 'black South Africa' into a system of ethnic 'homelands'. The apartheid government saw chiefs as the leaders of these newly created tribal entities. Consequently, subsequent legislation was to provide for homeland legislatures to be overwhelmingly composed of chiefs, with only minorities of elected members. As during the colonial era, traditional leaders who dared to oppose apartheid were deposed, as in Transkei, where about 30 recalcitrant chiefs were destooled between 1955 and 1958.

Apartheid intellectuals argued that the homeland system syncretised traditional leadership and modern democracy. Yet in reality, the homeland legislatures and governments were tailored to strengthen traditional leaders relative to commoners, and to draw them into a de facto alliance with the government. Chiefs became rural policemen, employed to ensure stability by guarding against anti-government activities; and to implement influx control measures intended

to regulate the supply of migrant labour to the mines, farms and factories of the white economy.

Traditional Leaders in Post-apartheid South Africa

It was to be expected that there was considerable pressure for the abolition of traditional leadership in post-apartheid South Africa, yet there were those who cautioned against the exclusion of traditional leaders from modern systems of governance. This view found considerable support in ANC circles, although the need to align traditional leadership with democratic principles was emphasised (Skweyiya, 1993). This approach was to take root in the post-apartheid constitutional framework.

The position that the post-1994 constitutional dispensation expresses evolved out of the multiparty negotiations of the early 1990s, which finally resolved that:

- Traditional authorities shall continue to exercise their functions in terms of indigenous law as prescribed and regulated by enabling legislation.
- There shall be an elected local government, which shall take political responsibility for the provision of services in its area of jurisdiction.
- The (hereditary) traditional leaders within the area of jurisdiction of a local authority shall be ex officio members of the local government (cited in Hendricks & Ntsebeza, 1999:120).

The first point was to be embodied in Section 211 (1) of the 1996 constitution, which reads thus: *'The institution, status and role of traditional leadership, according to customary law are recognised, subject to the Constitution.'* Yet it is clear from this section that traditional leaders are not to

have right or capacity to veto laws, which may be passed by Parliament. The Congress of Traditional Leaders of South Africa (Contralesa) was to challenge this constitutional provision by arguing that:

The provisions of customary law and the bill of rights should be placed on an equal footing, which means they should be interpreted in as harmonious a manner as possible. Only when an irreconcilable conflict occurs, should the provisions of the bill of rights be binding on all. The bill of rights should therefore state explicitly that all its provisions should be interpreted in a manner that respects, upholds and furthers the interests and beliefs of customary law (cited in Keulder, 1998).

At issue is the very basis of authority. For Section 211 (1) to subject traditional leadership to the constitution is a clear indication that modern democracy *supercedes* traditional rule. This is also evident in the Department of Local and Provincial Government's vision statement on traditional leaders, which calls for the transformation of the institution of traditional leaders into *'... an institution, which is in harmony with the Constitution and the Bill of Rights'* (DPLG, 2000). Meanwhile, whilst Section 212 (2) (a) of the constitution provides for the creation of houses of traditional leaders at both national and provincial levels, their role being merely to *advise* on matters relevant to tradition and customary law.

The restriction of traditional leadership to an advisory status stands in sharp contrast to the position it enjoyed under the homeland system, where chiefs exercised legislative as well as administrative authority. The current constitutional order has therefore transformed power relations between politicians and traditional leaders in favour of the former. As Bennett (1998) observes:

... the new (house of traditional leaders) have only limited powers. They may propose legislation; they cannot generate

statutes of their own accord. They may advise and they may insist on being consulted about bills concerning customary law, but they can do no more than delay the passing of an act.

This arrangement has seen traditional leaders crossing swords with politicians, arguing that they should have veto powers over their spheres of authority. Disagreement has strained the relations between the ANC and traditional leaders, triggering some of the latter to move from the ANC to join other parties like the United Democratic Movement that have taken advantage of their grievances.

The constitution gives expression to the second principle enunciated above by providing for the creation of local government structures across the country. However, in so doing it omits any mention of traditional leadership. This leaves the third principle unfulfilled, leaving the role of traditional leaders undefined and creating an impression that they are dispensable.

Traditional Leaders & Local Government

The Municipal Structures Act No. 117 of 1998 deals largely with the categorisation of municipalities. However, it does touch cursorily on issues related to the interaction between elected local government structures and traditional leadership as follows:

... traditional authorities that traditionally observe a system of customary law in the area of a municipality, may participate through their leaders ... in the proceedings of a municipality ...

This provision seems to open doors for traditional leaders to influence issues at local government level through municipal structures. However, participation is conceptualised as follows:

... the traditional leader ... may, subject to the rules and orders of the municipality ... participate in any debate on a matter if she/he is a councillor. This would include the right to submit motions, make proposals and ask questions.

This provision does not address the concerns of traditional leaders in that, as well as denying them voting powers, the Act limits representation of traditional leaders in municipal structures to less than 10%.

Subsequently, in attempting to deal with traditional leadership, DPLG (2002) issued a discussion document, which invoked the White Paper on Local Government, which views traditional leaders as:

- Acting as head of the traditional authority, and as such exercising limited legislative power and certain executive powers;
- Presiding over customary law courts and maintaining law and order;
- Consulting with traditional communities through imbizo/lekgotla;
- Assisting members of the community in their dealings with the state;
- Advising government on traditional affairs through the houses of traditional leaders;
- Convening meetings to consult with communities on their needs and priorities and providing information
- Protecting cultural values and instilling a sense of community in their areas;
- Being the spokespersons of their communities;

- Being symbols of unity in the community;
- Being custodians and protectors of the community's customs and general welfare.

Specifically, the role of traditional leaders in the development of the local government area and community is said to be:

- Making recommendations on land allocation and the settling of land disputes;
- Lobbying government and other agencies for the development of their areas;
- Ensuring that the traditional community participates in decisions on development and contributes to development costs;
- Considering and making recommendations to authorities on traditional licenses in their areas in accordance with the law.

The majority of these functions are not a source of contention. However, the provision that traditional leaders should exercise limited legislative and executive roles is something that infuriates chiefs, as they regard this as reducing them to a merely ceremonial status.

Furthermore, the White Paper favours a situation where traditional leaders are consulted on issues of development, regarding them as advisors to local government and mobilisers of their people. Yet this is unacceptable to traditional leaders, who tend to regard local councillors as having usurped their rightful role. In particular, traditional leaders view the White Paper's proposal restricting them to an advisory status with regard to land allocation as anathema because of their view that a chief without land over which to preside cannot be a

leader. Consequently, they view the taking away of their powers to allocate land as tantamount to demolishing the foundations of their being.

This state of affairs has remained unchanged in the *Draft White Paper on Traditional Leadership and Governance* issued in October 2002 as well as in the *Traditional Leadership and Governance Framework Bill* released in 2003. Although the functions of traditional leaders are elaborately outlined in these two documents, the role of traditional leaders remains that of advising and carrying out certain functions referred to them voluntarily by elected structures.

Can Traditional Leaders be Politicians?

Traditional leaders are divided over whether chiefs should be enabled to engage politically. However, a majority of them think that they should not be prevented from taking an active part in politics. Contralesa articulates this view:

Traditional leaders have the right to put their names forward for election to public office, provided that once they are elected, they must vacate their position as traditional leaders (cited in Keulder, 1998).

This argument is in line with Section 19 (3) (b) of the constitution guaranteeing all citizens the right to stand for election at all levels of government.

The principal difficulty concerns traditional leaders who stand for election and lose. According to Contralesa, such individuals should be allowed to retain their positions as traditional leaders. The silence of the constitution in this regard seems to concur with Contralesa's position. Yet this situation has severe implications for the integrity of traditional leadership, which would likely become entangled in the web of politics and abused by both opportunistic chiefs and politicians alike. A traditional leader

who has lost an election is not someone who would be likely to transcend political divisions thereafter. In this case, it would not merely be the integrity of the particular chief concerned which would be at issue, but that of traditional leadership as a whole. Besides, allowing traditional leaders to actively participate in politics would encourage political parties to fight over traditional leaders.

The best way to avert this would be via a strict prohibition upon overt political alignment by traditional leaders and upon their standing for election at any level of government. Traditional leaders would have a simple choice: either they remain traditional leaders or they become politicians. If they chose to remain traditional leaders they would be treated as such by the constitution, but if they opted for the politics, they would be treated like any other politician.

Insulated from active politics, the institution of traditional leadership would serve as a source of communal unity, which would cut across party political lines, thus bringing the people together on matters of cultural importance. Traditional leaders must understand that they need to adapt to democracy. As Ndebele (1972) has argued:

... customs and culture are man-made, therefore they can be changed according to whether man continues to find value in them. ... When customs no longer cater for proper development of adequate human expression, they should be removed.

If traditional leaders insist that their institution must have the powers it used to wield in the pre-colonial era, they invite the risk of its being abolished.

The Way Forward

Contralesa argues that:

The powers of the provincial Houses of Traditional Leaders should in general be

strengthened and expanded – the same applies to the National Council of Traditional Leaders. The fact that the houses ... have only advisory powers and that their advice can be ignored by the provincial legislature and parliament, undermines their credibility and legitimacy. The respective Houses of Traditional Leaders should at least have a veto regarding those matters pertaining to the powers and functions of rural local governments, the demarcation of rural areas, the organisation of district councils and matters that directly affect the culture, customary laws, communal land, conventions and usages of communities served by traditional authorities (cited in Keulder, 1998).

However, if traditional leaders were to wield veto powers, as Contralesa proposes, no bill relating to customary matters or rural local government could be passed into law without their approval. This would clearly be untenable, leading to impasse on matters where the traditional leaders and democratically elected politicians hold sharply divergent positions. The wisdom of the various houses of traditional leaders having only advisory powers, as the constitution presently maintains, is therefore sustained.

However, it is at the local level that the constitution presently causes traditional leaders the greatest concern, precisely because, historically, they have considered local government in African areas to be their exclusive domain. Hence they continue to call for the redefinition of their role in local government. Given that traditional leadership is viewed as the source of communal unity, it would therefore seem reasonable to suggest that traditional leaders within local government should assume a developmental role, especially in a post-apartheid context of huge social deficits in rural areas. Rural people do need houses, hospitals, good roads, etc. So if, in this context, traditional leaders were to be found blocking the implementation of development programmes, they would have no

one but themselves to be blame if they were to undermine the image and integrity of the entire institution of traditional leadership.

Conclusion

In spite of having collaborated with past repressive regimes, the institution of traditional leadership is still relevant to most South Africans, especially those who live in rural areas. What is needed is for the institution to come to terms with democracy. It is therefore imperative that traditional leaders:

- should not participate actively in politics;
- should focus principally on preserving the customs of their respective communities;
- must make efforts to transcend tribal/ethnic barriers and contribute to nation building;
- should make strides to promote the status of women;
- should continue to play an advisory role via the national and provincial houses of traditional leaders;
- should be restricted to an advisory and developmental role at local government level.

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From 'African Renaissance' to Re-empowering Chiefs

Lionel Cliffe

Two new Acts of Parliament just before the elections are likely to have decisive effects in bolstering the position and status of chiefs and relate directly to two articles in this Issue. Mashele's Briefing on Traditional Leadership and the Ruth Hall's discussion on land tenure / land reform were both written before these new laws took effect. It is also worth asking why South Africa is the latest to follow the seemingly continent-wide trend of reinforcing the waning power of chiefs.

The Traditional Leadership and Governance Framework Act (TLGFA) does clarify the confused situation of the role, status and powers of chiefs to which Mashele

refers. But in the opposite direction from his democratic proposals, which urged they retain a ceremonial role but be limited to an advisory position on legislative, political and development issues. Instead, the TLGFA contains a 'transitional arrangement' which deems existing 'tribal authorities' (created by the repressive Bantu Authorities Act of 1951) to be 'traditional councils'. Tribal authorities are given four years in which to include 30% women, and 25% elected members; the bill provides no sanctions whatsoever if they fail to do so.

Tribal authorities were apartheid creations designed to bolster that system. They sparked rural rebellions and mass arrests throughout South Africa. The TLGFB gives them perpetual life. The Communal Land Rights Act (CLRA) goes on to give them unprecedented powers over communal land that surpass any that they previously enjoyed.

Hall's article states how the government have had years of debating and drafting of proposed bills and how the latest version under discussion in 2003 did not go the whole way to individual, alienated property rights but combined a process of privatisation under state and community control. It also allowed for a category of 'common' land, which would belong to 'communities'. The version of the bill gazetted on 3 October 2003 did not contain the shock provision about the powers of traditional leaders. This was added at the eleventh hour later that month in a new clause (Sec 22.2) that gives land allocation, land administration and ownership powers and functions to the 'traditional councils' created by the TLGFB, as the bodies empowered to act on behalf of the 'communities'. So the Bill went through parliament with little meaningful public debate on fundamental questions: the status of the land rights of rural people and the role of chiefs in their administration. A statement issued at that time by the National Land Committee and the Programme for

Land and Agrarian Studies identified the following problems with chiefs in communal areas, especially in their past powers in relation to land:

Women's insecure land rights: in terms of customary law, only men are allocated land. Women's access to land is via their relationships to men, and often they lose their homes on divorce, or when their husbands die. The act does not require equal land allocation processes for women.

The illegal practice of traditional leaders charging money for land allocations: This burgeoning practice needs urgent investigation and corrective action, but the land allocation powers granted to 'traditional councils' will probably see it reinforced.

Land is the key source of power for traditional leaders: Once chiefs control the land, people can no longer choose whether to support them or not, because their land rights may be jeopardised.

Conflicts between chiefs and local government often delay development. The act entrenches the problem by giving traditional councils formal land ownership functions, whilst the primary responsibility for development rests with a different institution. In some areas chiefs enjoy support and co-operate with local government. But the act gives people on the ground no chance of protection in areas where this is not the case.

The statement goes on to argue that the CLRA is '**draconian throughout**':

The Bill gives people absolutely no choice about the nature and content of their land rights, or the body responsible for land administration. Instead it gives extraordinary powers and unlimited discretion to the Minister of Land Affairs to decide about land rights in communal

areas. Most communal land is currently owned by the state. The Bill provides that the Minister of Land Affairs will transfer title of the land to 'communities', while at the same time vesting 'new order rights' in the individuals who live on the land. The transferred land will be administered by land administration committees, which must be traditional councils where these exist.

When transferring title the Minister will decide the boundaries and extent of the land to be transferred. She/he will decide whether to transfer it in one piece, or to divide it up and transfer it in smaller pieces. She/he may decide to transfer some to the 'community' and individualise some, or to 'reserve' some to the state, or to give portions to the municipality. She/he also decides what 'new order rights' will be created and in whom they will vest. The people whose land rights are at issue are neither consulted, nor is their consent required, in relation to these decisions. Since the Bill does not limit the Minister's discretion in any way, it will be very difficult for people to legally challenge her/his decisions.

The version of the CLRB that was gazetted in August 2002, although flawed in many respects, did provide for some consultation with rights holders before the nature of their land rights was determined. It also required community consent prior to land transfers, and set and required human rights standards for land administration.

The land lobbyists' statement then poses the question: **why the late change of mind? Why rely on the chiefs? Why so draconian?**

The reason, we believe, is that government has come to understand that *it cannot afford community participation within the land transfer paradigm*. Land administration by chiefs is the cheapest option by far. Many rural people see themselves first and foremost as South African citi-

zens, entitled to independent land rights, not as tribal 'subjects'. Many people would oppose land administration by tribal authorities. Furthermore, transferring title would spark intractable boundary disputes if those affected had any say in the matter -between communities, but also within 'communities'. Rural communities consulted about the Bill have warned that transfer of title would reignite ethnic differences and cement historical divisions.

The new law ring-fences and further isolates communal areas as islands of poverty. It is a draconian measure, without provision for community consultation and meaningful participation in decision-making.

A range of rural communities, human rights organisations and rural non-governmental organisations have begun preparing a constitutional challenge both to the procedure followed and the content of the bill. They say:

It is a sad day that it has come to this. Issues of rural land rights should be decided and resolved through open and thorough political debate, not through the courts.

Ultimately one final hope lies in the fact that the legislation, like many land tenure laws in Africa, will prove unimplementable; people in communities will follow their own practices. But therein lies further insecurity, especially for those with the most tenuous access to land – the problem the law was supposed to resolve.

South African Foreign Policy towards Zimbabwe under Mbeki

Dale T. McKinley

Since the late 1990s onset of what has been called, the Zimbabwean 'crisis', virtually all attempts at explaining (or rationalising) South Africa's foreign policy towards Zimbabwe have been dominated by a one-dimensional focus on the political context of policy-making. In the few instances where economic considerations have come into play, the arguments have focused on altruistic motivations to avert a complete 'collapse' of the Zimbabwean economy and prevent any associated domestic and/or regional contagion.¹

In contrast, this article argues that South Africa's foreign policy towards Zimbabwe has been, and continues to be, driven by the combined, and in this case complementary, class interests of South Africa's emergent black and traditional (white) bourgeoisie (whether located in the public and/or private sectors). Put another way, South African policy can best be understood, and explained, by critical reference to the political economy of a renewed South African sub-imperialism.

The Poverty of the Zimbabwe 'Debate'

Under the stewardship of Thabo Mbeki (whose ascension to the office of the President in 1999 was paralleled by intensifying political and economic problems in Zimbabwe) South African policy towards Zimbabwe has been the subject of a great deal of both positive and negative attention. In South Africa, public opinion and analysis has generally, if often unevenly, been divided along racial lines with the obvious exception of the large number of black Zimbabweans

now residing here as a direct result of the multiple crises afflicting their home country.²

The main reason for this racial divide has been the dominant perception amongst South Africans that the land 'reform' policy of the Mugabe regime, which is an integral component of the contemporary Zimbabwean crisis, is fundamentally defined by issues of race. For Mbeki's ANC government, and most black South Africans, Mugabe's land policies represent, at their core, a genuine attempt to address what Mbeki calls 'one of the enduring legacies of colonialism', namely large-scale white ownership of land at the expense of the black majority. For the majority of the white population and the predominantly white political opposition, Mugabe's land programme is viewed as a disingenuous and politically motivated attempt to maintain power at the expense of white Zimbabweans (and, to a much lesser extent, a sizeable portion of black Zimbabweans who do not support Mugabe's ZANU-PF party and government). This racial divide on the Zimbabwean 'question' is also reflected at the international level. The result is that the majority of nations positioning themselves 'against' Mugabe are predominantly Northern and white, while most of those siding 'with' Mugabe are predominantly Southern and non-white.

The most publicly visible manifestation of this racialised divide can be seen in the ongoing 'battle' within the Commonwealth, especially as applied to the 'troika' of Commonwealth nations (South Africa, Nigeria and Australia) tasked with monitoring and evaluating the situation in Zimbabwe. The fact that the recently held Summit of the Non-Aligned Movement gave unqualified political support to the Mugabe regime at virtually the same time that Australia, Britain and the United States were successfully pushing for the renewal and extension of 'smart sanctions' against Mugabe and

his cronies, supports the public perceptions (real or imagined) that racial solidarity has been the driving factor behind policy stances towards the Zimbabwe crisis.

This unfortunate, but somewhat predictable, racial polarisation has impoverished much of the 'debate' on the historic origins and contemporary character of the Zimbabwe crisis.³ In the context of South Africa's foreign policy towards Zimbabwe though, it has tended to completely obscure any meaningful analysis of the very real economic motivations behind South Africa's policy and the attendant politics that so effectively conceals such motivations. The result has been the domination of a very narrow analytical approach to explaining the primary factors behind South African foreign policy towards Zimbabwe. A classic example can be found in the analysis of Dr. Siphso Buthelezi from the influential and generally pro-government South African think-tank, The Africa Institute.⁴

According to Buthelezi, the primary explanatory factor behind South Africa's 'constructive engagement' policy is the desire to ensure that there is no collapse of the 'sister' Zimbabwean economy, whose health is so important to South Africa (the inherent assumption being that such a 'collapse' has not already occurred for the majority of Zimbabweans). This factually suspect contention then explains the 'cautious' approach towards the Mugabe regime on the issues of political repression and general abuse of human rights, the parallel desire of the Mbeki government evidently being to coax 'Comrade' Mugabe into gradual political changes that would prevent the 'collapse'. The analysis is further supported by Buthelezi's argument that the 'quiet diplomacy' of the Mbeki government is under-girded by fears of South Africa being seen as the 'hegemon' in the region (and continent), the desire here being one of avoiding a 'unilateralism' that would be at the

expense of smaller African nations such as Zimbabwe.⁵ It does not take a leap of analytical faith to see that the dominant 'effect' of such analysis is to confirm the primacy of racial and political solidarity in deciphering South Africa's Zimbabwe policy.

While other secondary explanations have been put forward by political analysts, such as Mbeki's continued adherence to a political Pan-Africanism and the sorry state of land reform in South Africa itself,⁶ Buthelezi's arguments capture the main contours of what has passed as the dominant analytical foundation for explaining South African foreign policy towards Zimbabwe. The widespread acceptance, either actively or passively, of such primary explanations indicates the extent to which an alternative, and more relevant, class analysis of South African foreign policy has been sorely lacking.

The Class Basis of South African Policy

Just before Zimbabwe's national parliamentary elections in early 2000, that took place within a context in which Mugabe's ZANU-PF regime was facing the first real political challenge to its 20-year hegemony from the upstart opposition Movement for Democratic Change (MDC), the Mbeki government announced an economic 'rescue package' for the Mugabe regime of close to R1 billion.⁷ Not surprisingly, the explanation that came from sympathetic economists and foreign policy analysts at the time was that such financial support was a pre-emptive move by the Mbeki government to halt the decline of the Zimbabwean economy in the interests of the Zimbabwean people, South Africa and the Southern African region.⁸

However, upon a closer inspection of the targets of the 'rescue package' it becomes clear that the real beneficiaries of this evidently neighbourly philanthropy are South African government parastatals

(all of which are now either partially privatised and/or corporatised) and government-controlled financial institutions. By early 2000 one of the targets, the Zimbabwean electricity parastatals (ZESA), was estimated to owe its South African counterpart (ESKOM) in the region of R300 million. Similarly, the government owned-National Oil Company of Zimbabwe, the country's sole oil procurement agency, was estimated to owe over R250 million to its suppliers, with one of the key suppliers at that stage being the South African oil/coal parastatal – SASOL. Part of the 'rescue package' also included more than twenty joint investment projects in Zimbabwe, in the areas of infrastructure, tourism and natural gas exploration 'involving South Africa's state-owned corporations such as the Development Bank of Southern Africa and the Industrial Development Corporation'.⁹

As has been clearly evident in South Africa since Mbeki ascended to the political throne, the main means of facilitating the construction and expansion of a black bourgeoisie politically and economically tied to the ruling ANC party, has been through the direct and/or indirect manipulation of state resources and power. The majority of the so-called 'black economic empowerment' schemes have been initiated by ANC aligned politicians-cum-capitalist entrepreneurs, who have used their political and personal connections with ANC leaders in government to gain financial backing for the launch of private corporations.¹⁰ It is then this emergent black capitalist class (alongside their political counterparts in the ANC government) who benefit, politically and economically, from the privatisation and corporatisation of parastatals that proceeds apace. Likewise, this class has benefited handsomely from the billions of Rands that continue to be pumped into 'black economic empowerment' via government-controlled financial institutions and through the national fiscus.¹¹

Against such a backdrop, the 'rescue package' provided to the Mugabe regime was anything but a genuine attempt by the Mbeki government to help the Zimbabwean people out of a rapidly escalating crisis and in the process shield the region from the associated 'contamination'. Rather, it was the first major step in what has become a race against both time and Mugabe, to secure the economic (read: class) interests of an emergent black South African bourgeoisie, in both the state and private sectors, through the auspices of a 'foreign policy' smoke-screen. While there is little doubt that the package assisted Mugabe's ZANU-PF in narrowly scraping through the 2000 elections (with the help of some serious state intimidation, violence and electoral fraud), the longer-term importance resides in the considerable economic (class) foothold gained via Zimbabwean indebtedness and South African investment and trade options.

Indeed, the ANC government's cynical political support for Mugabe during the 2000 elections is best understood as a pre-emptive political tactic to stave off the potentially negative consequences that an electoral victory by a relatively unknown and potentially unfriendly political force, the MDC, could well have engendered. If the MDC had (formally) won the 2000 election, the ANC government and the South African capitalist interests it incubates and supports would have been at a distinct disadvantage in relation to the contending interests of capitalists (both Zimbabwean and international) that supported the MDC. By providing political support and legitimacy to the (victorious) Mugabe regime, Mbeki's government was ensuring the longer-term security and expansion of South Africa's (capitalist) economic 'investments' in Zimbabwe while simultaneously tying the future health of Mugabe's capitalist cronies to South African investment/patronage.¹² Somewhat ironically, given the overt racial politics that most often has provided the

contextual milieu to Mbeki's approach to Africa-specific foreign policy issues, initiatives such as the Zimbabwe 'rescue package' have also provided white South African capital with political space for pursuing their own economic interests in that country. Mbeki has made a veritable religion out of his public pronouncements assuring domestic (white) South African capital, as well as international capital, that the ANC government will never follow Mugabe's example of either land 'reform' or contempt for the 'rule of law'. And yet, Mbeki's political rhetoric, as exemplified in the rationalisation of economic 'support' for the Mugabe regime and the embracing of the fraudulent results of Zimbabwe's 2000 elections, played to the ANC's majority black constituency whilst providing political cover for investment in Zimbabwe by both black and white South African capital.¹³ South African Foreign Minister, Nkosozana Dlamini-Zuma provided the classic (foreign policy) rationalisation for the government's stance – 'we are not going to be combative with Zimbabwe ... we will exercise responsibility'.¹⁴

Once the more immediate 'challenge' of the 2000 elections had been dealt with, Mbeki launched into a disingenuous and racialising rhetoric as a means to deflect attention (and analysis) away from the objective realities of both South African policy and Mugabe's continued (mis)rule. On a visit to Zimbabwe not long after the elections, Mbeki claimed that the 'clamour over Zimbabwe reveals (the) continuing racial prejudice in South Africa' and announced that, 'President Mugabe and I will meet ... to pursue the objectives of peace, stability, democracy and social progress for Zimbabwe, South Africa and the rest of the region'.¹⁵ Such diversionary ploys only provided added space for the corresponding intensification of South African economic 'intervention' and, internal crises, in Zimbabwe. The ANC government and its capitalist counterparts continued with

their business of 'buying-up' more of Zimbabwe, complemented by the Mugabe regime's unremitting efforts to ensure the disintegration of the central pillars (both public and private) of the Zimbabwean economy.

The Rationale of South African Sub-imperialism

The cumulative effect of South Africa's policy approach between the 2000 parliamentary elections and the presidential elections in March 2002 was to effectively institutionalise Zimbabwe's political and economic crisis. Knowing full well that the Mbeki government would continue to provide political cover and economic sustenance to his regime (despite the occasional public criticism to mollify western governments and capital),¹⁶ Mugabe was 'free' to intensify the scope of state repression against any political opposition, pursue the corrupt and commandist programme of 'land reform' and gain maximum elite 'booty' (while bleeding the national fiscus) from the Zimbabwean army's presence in the DRC.

By the time of the 2002 elections, Mugabe's proto-fascist rule, solidified by the crucial backing of the Mbeki government, had all but guaranteed the outcome of the election. On the eve of the election, and realising the need (at the rhetorical level) to give a veil of legitimacy to an electoral process that had already been completely hijacked and raped by Mugabe and his thugs, Mbeki once more played the race card. Rather than face up to the reality of what was about to happen, Mbeki defended Mugabe by accusing the 'white world' of a 'stubborn and arrogant mind-set (that) at all times must lead ... its demands must determine what everybody else does'. With a cynicism that would have made Machiavelli proud, Mbeki went on to 'appeal to all our brothers and sisters beyond the Limpopo river and province to reaffirm their commitment to democracy'.¹⁷

Helped along by the political naiveté of the MDC (that had no other political strategy than to contest an election under conditions that virtually assured its illegitimate outcome), Mugabe's ZANU-PF succeeded in making a mockery out of even the limited (bourgeois) democracy that had survived up until the election. As if on cue, the ANC issued a statement gleefully proclaiming that, 'the will of the people of Zimbabwe has prevailed ... President Robert Mugabe has won the presidential elections with an overwhelming majority'.¹⁸ Likewise, the ANC dominated Parliament and the National Cabinet of Ministers quickly followed suite, giving unqualified endorsement to its electoral observer mission report that the elections had been 'credible and legitimate'.¹⁹ Such hypocritical rationalisation was to be expected from those whose own class interests and accompanying economic strategy required the political survival of the Mugabe regime.

More important though, was the ANC's framing of what was now required of the Mugabe regime, the South African government and the region as a whole in order to find 'solutions' to the 'problems' facing Zimbabwe. In absolute synchronicity with the overall strategic thrust of the Mbeki government's policy approach (and the class interests it represents) to Zimbabwe up to this point, the ANC stated that, the 'focus' must be 'on the fundamental task of reconstruction and development to ensure a better life for all Zimbabweans'.²⁰ What better and more opportunistic way to provide the necessary policy framework for codifying and expanding the presence of South African capital in Zimbabwe than to present the 'challenge' as one which could only realistically be 'met' by increased penetration (and ownership) of that same capital?

In the months following the 2002 elections, the Mbeki government and the ANC itself made every attempt, through public statements and diplomatic ma-

noeuving, to push such a strategy. Whether as applied to their calls for the dropping of 'smart sanctions' against the Mugabe regime or to the attempts to quietly persuade Mugabe to tone down internal repression, the underlying principle remained the same – managing the Zimbabwean 'crisis' through its political rationalisation, as a means of ensuring shorter-term benefit from, and longer-term control of, the Zimbabwean economy.

MDC President, Morgan Tsvangirai became so exasperated at the South African strategy (partly because the MDC itself had shown no willingness or capacity since the election, to mobilise the majority of Zimbabweans in the face of an intensified political and economic crisis) that he launched a bitterly worded attack on Mbeki and South African policy at the end of 2002. Tsvangirai accused Mbeki of being a 'dishonest broker' and South Africa of becoming 'part of the Zimbabwe problem because its actions are worsening the crisis'²¹. What Tsvangirai failed to grasp however, is that the 'worsening of the crisis' (in relation that is, to the material existence and political opinions of the majority of Zimbabweans) is not the primary concern of Mbeki and his government's policy towards Zimbabwe. Indeed, as long as Mugabe occupies, even if shakily, the political driving seat, the strategic impetus behind South African policy will remain the degree to which the 'crisis' facilitates the longer-term interests of an emergent black bourgeoisie in South Africa that aspires to both regional and continental ascendancy.

What should have been analytically clear a long time ago, but which has become practically visible in the last several months though, is that South African foreign policy towards Zimbabwe is not umbilically tied to the continued personal rule of Mugabe. Recent and ongoing behind-the-scenes attempts, facilitated by the South African govern-

ment and ANC-aligned capitalists, to ease Mugabe out of power and replace him with more malleable ZANU-PF leaders is a clear indication that the character of Mbeki's Zimbabwe foreign policy has nothing to do with political loyalties and altruistic economic motivations.²²

The attempt to forge an elitist political deal (masquerading as a consensual 'government of national unity') should be seen as what it is - confirmation that Mbeki's bottom line remains one of securing the strategic interests of South African capital whilst simultaneously consolidating his government's 'role' as the main African arbiter of both a regional and continental capitalist political economy. Further, if Mbeki can oversee the installation of a 'new look' ZANU-PF government that is more 'acceptable' to the international financial institutions (World Bank & IMF) and the core capitalist states in the North, then he will have doubly succeeded, further cementing South Africa's position as sub-imperial power number one in the neighbourhood.

The double (and complementary) tragedy of Zimbabwe in the 21st century should be clear for all to see. On the one hand, the gradual but systematic oppression of the Zimbabwean people by a shrewd comprador megalomaniac and his acolytes who have sold the lives of the vast majority of Zimbabweans down the metaphorical 'river' of power and greed. On the other, the equally gradual but systematic loss of any meaningful popular and sovereign control over, and 'ownership' of, domestic wealth and economic resources to South African capitalists (using the vehicle of the government they run) who have commodified the oppression of the Zimbabwean people for their own class power and greed.

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Endnotes

1. Other than a few discussion documents emanating from think tanks (e.g. The Africa Institute, IDASA) and the ANC, there has been precious little analysis of South Africa's contemporary foreign policy towards Zimbabwe on offer. Descriptive journalistic and/or advocacy articles have dominated public discourse on South Africa's involvement with the Zimbabwean 'crisis'. The overwhelming focus of the books and academic journal articles dealing with Zimbabwe, that have appeared since the late 1990s, has been on the internal character of Zimbabwe's political economy.

2. While there are several thousand white Zimbabweans resident in South Africa there are, by anyone's count, hundreds of thousands of black Zimbabweans who live in South Africa on a permanent basis, the vast majority of whom can be classified as economic refugees. Since the elections of 2000 though, there have been growing numbers of black Zimbabweans who have fled to South Africa to escape the widespread political repression of the Mugabe regime.

3. There are several exceptions to this. However, the most incisive analyses of the Zimbabwean crisis have come from academics, whose work has not been readily available to the general populations of either Zimbabwe or South Africa. Two examples of such analyses are: Brian Raftopoulos and Lloyd Sachinkonye (eds.) (2001), *Striking Back: The Labour Movement and the Post-Colonial State in Zimbabwe, 1980-2000*, Harare, Weaver Press; and, Patrick Bond and Masimba Manyanya (2002), *Zimbabwe's Plunge: Exhausted Nationalism, Neoliberalism and the Search for Social Justice*, Scottsville, University of Natal Press.

4. Despite claims of 'independence', the origins of The Africa Institute (probably the most influential think-tank in the realm of South African foreign policy) lie in the desire by the ruling ANC to have a sympathetic, black intellectual counter-balance to the historic dominance of more oppositional white intellectuals and think-tanks. Virtually all the public documents and presentations emanating from The Africa Institute have provided intellectual support for Mbeki's foreign policy approach, whether as applied to Zimbabwe or more generally.

5. Dr. Siphosiso Buthelezi (25 February 2003). Seminar talk on Zimbabwe presented at The Centre for the Study of Violence and Reconciliation, Johannesburg.

6. See Richard Calland, 'A Betrayal of Democracy', *Mail & Guardian*, 14-19 March 2003 and, Greg Barrow, 'Mbeki's Dilemma over

Zimbabwe', *The Guardian*, 13 March 2001. Barrow argues that, 'Mbeki has to be very careful not to criticize a leader in a neighbouring country who appears to be doing more to help rural black people'.

7. See 'Zimbabwe: SA Economic Aid', <http://www.irinnews.org>, United Nations Office for the Coordination of Humanitarian Affairs - Integrated Regional Information Network, electronic news item, 14 February 2000.

8. *Ibid.*

9. *Ibid.* Also see, 'Zimbabwe: Economic Rescue Package', <http://www.irinnews.org>, United Nations Office for the Coordination of Humanitarian Affairs - Integrated Regional Information Network, electronic news item, 22 February 2000. This report also quotes a SASOL spokesperson as indicating that SASOL was in talks with the Zimbabwe government to supply a large portion of the country's fuel requirements.

10. To name but a few of the more prominent individuals that are now to be found in the private sector - Cyril Ramaphosa, Nthato Motlana, Shaiber Shaik, Brigitte Radebe, Patrick Mosepe and Tokyo Sexwale. Additionally, within the public sector there has emerged a sizeable class of individuals, all Rand millionaires via the salaries and share deals they receive, whose new found class status is wholly dependent on the continued privatisation and corporatisation of public assets being carried out by the Mbeki government. In an indication of just how rapid has been the ascent of this new black bourgeoisie, a late 2002 article in the *New York Times*, quoting from a study done by the University of South Africa, revealed that back in 1996 blacks' share of the after-tax income received by the wealthiest fifth of South Africans was 13%. Only four years later, blacks' share of the income of the richest group had risen to 23%. See, Rachel Swarns, 'Rich but Not Comfortable, in South Africa's Black Elite', *New York Times*, 2 August 2002.

11. In the past four years, The Mbeki government, guided by the neoliberal GEAR macro-economic strategy, has targeted all of South Africa's main parastatals for either privatisation and/or corporatisation. Within the framework of GEAR, Mbeki has made it very clear that one of the priorities of the ANC government is to build a new black capitalist class as the engine of economic growth in South Africa. As practical indication of this, the 2003 National Budget allocated R10 billion to 'black economic empowerment', the majority of which will find its way into the pockets of a very small minority of aspiring black capitalists. To put this in perspective, in the same budget less than R2 billion was allocated to combat HIV-AIDs over the next two years (in a country with the highest

prevalence of HIV-AIDs in the world) and less than R4 billion for specific 'poverty alleviation' programmes (in a country with an unofficial employment rate of close to 40%).

12. The 'capitalist cronies' are mainly to be found in the ranks of senior politicians, military officers and banking officials (within both public and private banks), all of who have 'black economic empowerment' initiatives to thank for their position and wealth. They have played (and continue to play) an important role in providing Mugabe with access to substantial funds (often through black market transactions) for sustaining state patronage and its repressive apparatus. For an MDC perspective on the role of the bankers in particular see, 'MDC on Monday: The Dictator's Bankers', *Daily News*, 9 September 2002.

13. See Barrow (2001). Any South African who has visited Harare and other major urban centres in Zimbabwe over the last 2-3 years will have felt quite at home given all the South African companies now operating (and dominating) the Zimbabwean retail sector. Whereas ten years ago, Zimbabwean companies provided a majority of goods and services in the domestic retail sector, the contemporary situation makes Zimbabwe resemble a tenth province of South Africa.

14. Marco Granelli, 'SA won't condemn Mugabe', *The Saturday Star*, 16 February 2001.

15. See, Thabo Mbeki - Letter from the President, 'Clamour over Zimbabwe reveals continuing racial prejudice in SA', *ANC Today*, Vol.1, No.9 (23-29 March 2001) - <http://www.anc.org.za/ancdocs/antoday/2001>. The quotes are referenced by Mbeki to a speech he made in Bulawayo in May 2000, one month after the Zimbabwe elections.

16. Even the mild criticisms that emanated from the South African government as a result of 'playing up' to the likes of Australia and Britain in the Commonwealth (and the US and other G-8 countries in order to 'cover' support for NEPAD and the impending African Union), caused enough consternation amongst Mugabe's cronies for them to issue (through the editors of the government-owned Herald newspaper) a stinging - if opportunistic - rebuke of Mbeki for being in the 'same bed with the architects of apartheid'. See, *The Herald*, 3 December 2001.

17. Thabo Mbeki, Letter From the President, 'Zimbabwe: Two blacks and one white', *ANC Today*, Vol.2, No.10 (8-14 March 2002) - <http://www.anc.org.za/ancdocs/antoday/2002>.

18. 'Zimbabwe Presidential Elections: 'Time for Healing; Time for Reconstruction and Development', *ANC Today*, Vol.2, No.11 (15-21 March

2002), <http://www.anc.org.za/ancdocs/ancoday/2002>.

19. See the lead editorial in, *Mail & Guardian*, 22-28 March 2002.

20. *Ibid.*

21. Morgan Tsvangirai, Address at a meeting with MDC members of Parliament at Party Headquarters, Harvest House, Harare, 18 December 2002. Posted on the website of the Centre for Civil Society (University of Natal – Durban) – <http://www.nu.ac.za/ccs>

22. Allister Sparks, 'Plots Abound as ZANU-PF Leaders try to shed Mugabe, Pacify MDC', *AllAfrica.com*, 18 February 2003 – <http://allafrica.com/stories/200302180512.html>. Sparks tells the 'story' of how MDC MP, David Coltart, flew to Johannesburg in early December 2002 at the behest of a 'prominent South African businessman', to meet with a relatively unknown ANC politician, Patrick Moseke.

According to Sparks, Moseke informed Coltart that ZANU-PF kingpin, Emmerson Mnangagwa had paid an earlier visit to talk with the South African government about plans to ease Mugabe into the ceremonial position of President. Mnangagwa would take over as Prime Minister, get rid of the more 'egregious' ZANU-PF leaders (such as Information Minister Jonathan Moyo and Commissioner of Police, Augustine Chihuri), bring the MDC into the government and 'restore the rule of law'.

Zimbabwe: the Government wants the people to give up hoping (Archbishop Pius Ncube, Bulawayo)

Steve Kibble

Give ZANU-PF credit, it has ridden the crisis, seen off the opposition and now all it has to do is manage the crisis and aim for re-election and then change the constitution (Zimbabwean human rights lawyer, early 2004).

Although COSATU has protested repeatedly against the arrest and imprisonment of trade unionists in Zimbabwe, South Africa's ANC government has not lifted a finger as ZANU-PF has trampled its opponents into the dust. Indeed, Mbeki has gone out of his way to justify what has happened in Zimbabwe. It is precisely this misplaced sense of Pan Africanist solidarity which fails to recognise that 'not all that is oppressive is derived from hegemony: any assessment of oppression and denial of rights has to combine denunciation of that which is exogenous, imperial or hegemonic, and that which is endogenous, nativist and instrumentally 'authentic'. Those with power ... can, and do, use this rhetoric of rejection of 'western values' to legitimate their own forms of domination (Phimister and Raftopoulos (forthcoming), Mugabe, Mbeki & the politics of anti-imperialism'.

How are we to reconcile Zimbabwe's seemingly inevitable slide towards being a 'failed state' and the continued confidence within ZANU-PF that they can handle the crisis and stay in power until after parliamentary elections due in 2005? More pertinently, what is the popular response to the multilayered crisis of the Zimbabwean state?

According to Chris Alden,¹ Zimbabwe faces multiple crises: a crisis of *legitimacy* as its postcolonial consensus crumbles,

a crisis of *expectations* stemming from the failure of its economy and polity and a crisis of *confidence* in the impartiality of the institutions of the state. Since the government's defeat in the February 2000 constitutional referendum, ZANU-PF has largely succeeded in reimposing its control through a 'holistic strategy of repression'. A peace activist described the strategy as a sort of

scorched earth policy in terms of social formations ... while it wants to hold elections so as to appear democratic it wants to prevent thought, communication, information, and analysis.

Broadly speaking, the strategy entails a continuation of the militarisation/ securitisation of the country, under which these sectors are immune from the law and occupy increasingly prominent positions in intelligence, provincial administration, electoral administration and the like.

Second, it includes the use of presidential powers – supposedly introduced as part of attempts to clamp down on corruption – allowing police to hold opponents of the regime in prison for up to a month without legal process on charges of 'subversion'. Third, the regime continues its sustained attack on any foci of independence or opposition. This strategy has the following elements:

- A state-driven violent land occupation process without resolving contradictions in the rural economy.
- The use of the police and security apparatus against opponents, including the use of sexual violence as retribution (with obvious implications given the HIV/AIDS pandemic) with *de jure* and *de facto* impunity for formal and informal agents of the state.
- The use of terror and judicial intimidation as well as ideological

demonisation of the opposition to shut down space for independent voices, not least through the selectively-applied Public Order and Security Act (POSA). Access to justice is denied to the politically unconnected.

- The 'restructuring' of the judiciary towards complete compliance (as demonstrated by confirmation of recent contentious legislation).

The neutralising of the judiciary has important knock-on effects in press and media freedom and intimidation, information starvation, freedom of the opposition to assemble and be heard, politicisation of the police, further land 'resettlement', human rights violations, show trials of the opposition, politicisation of food aid and public order.

- Legal and extra-legal harassment of the independent media, notably through the Access to Information and Protection of Privacy Act which shut down the *Daily News*.

In an address to diplomats (reported in the *Herald*, 8 April 2004), Minister of Information and Publicity, Professor Jonathan Moyo said:

Zimbabwe does not agree to ideologies of press freedom as a critical human right that is at par with other human rights such as freedom of expression ... It was critical to ensure that the country owned the means of disseminating information in order to preserve its sovereignty, as information is a critical tool in achieving this goal.

- Destabilisation of trades unions, NGOs and other civic bodies.

The draft legislation already exists for NGOs to be the next target. Whilst agencies are presently useful in channeling food and emergency relief, this may not last.

- Widespread torture and intimidation.² The opposition has been softened up by four years of sustained repression and abuse. There has been a crackdown on the human rights sector, although brutal intimidation has often been replaced by more subtle forms.
- The co-option or denigration of religious leadership.
- The reorganisation of ZANU-PF structures to ensure a strategy of coercive mobilisation.
- Use of violence as an election strategy with the bodies responsible for electoral administration firmly under government control including use of military personnel.
- The use of the land reform process, the indigenisation strategy, the stripping of state assets and the politically partisan use of government-controlled food as a 'primitive accumulation' tool to create a new economic bloc based on party affiliation and loyalty (although its sustainability is open to question).
- An authoritarian economic nationalist ('anti-imperialist') rhetoric³ that has resonance in the region and continent, bringing together race, land and historical injustice in order to demonise the internal opposition and legitimise and maintain ZANU-PF's rule through repression. A crude nationalist discourse has been used within the youth militias/national training programmes, and within universities such as through the newly compulsory National and Strategic Studies which students have to pass to graduate, to re-capture the 'born free' generation.

ZANU-PF Rides out the Crisis?

Since the decision in December 2003 by Harare to react to continued suspension by withdrawing from the Commonwealth, events have seemed to turn ZANU-PF's way. There have been victories in by-elections marked by the usual violence and intimidation, including re-taking the urban constituency of Zengeza in late March 2004. The Reserve Bank Governor Gideon Gono⁴ responded to recent dramatic collapses in the banking sector linked to endemic corruption by changing the foreign exchange system leading to an initial decline in inflation; this was combined with a drive against corruption. Leading businesspeople linked to the regime have fled to the UK and some government ministers were questioned about business deals including Emmerson Mnangagwa, parliamentary speaker and one-time purported heir to Mugabe. A prominent ZANU-PF MP and proponent/symbol of black economic empowerment, Philip Chiyangwa, was briefly (and illegally) detained over charges of corruption. Indeed the anti-corruption drive in April 2004 claimed the arrest of the recently appointed finance minister but political lightweight, Chris Kuruneri on charges of corruption in terms of illegally dealing in foreign currency.⁵

Does this mean that after years of presiding over gross corruption, systemic human rights abuses, and spectacular economic and political decline, the Mugabe government is about to reform (as in the February Cabinet 'reshuffle'), re-enter the 'civilised world' (as a victory for the 'quiet diplomacy' of the Mbeki government) and aim for clean parliamentary elections in 2005?

Certainly Thabo Mbeki has given June 2004 as a 'final deadline' for serious negotiations to be underway and (hopefully for him) lead to a government of national unity under a reformed ZANU-PF, but not necessarily under Robert

Mugabe.⁶ Few in the region and even fewer in Zimbabwe find this believable: so many promises, so many broken – and so many basically untrue claims from Mbeki that genuine talks are about to start. Perhaps a greater indication of South Africa's stance was its backing at the UN Human Rights Commission in Geneva on 15 April 2004, just before South Africa's own elections, for a successfully carried African/Asian/Russian 'no action' resolution on the human rights situation in Zimbabwe – for the second year running. Brian Kagoro, co-ordinator of the Crisis in Zimbabwe Coalition, said:

it is disheartening ... that ... the human rights of the people of Zimbabwe have been reduced to the flexing of muscles between the global South and the global North.

As long as Mbeki still (in public at least) accepts the Mugabe rhetoric that the crisis is not about 'governance' and human rights but about resolving the triangle of race, land and colonial dispossession, serious pressure or ending of South African financial support seems unlikely.

The arrest of Chiyangwa is supposedly linked to the three factions fighting within ZANU-PF over the succession to Mugabe: John Nkomo, party boss, Emmerson Mnangagwa, and Defence Minister Sydney Sekeramayi.⁷ Mugabe is thought to have removed his support for Mnangagwa after the latter was named in a recent UN report as heavily involved in the illegal diamond trade from the Democratic Republic of Congo. However both Mnangagwa and Sekeramayi are long term Mugabe allies and were involved in the massacres in Matabeleland in the 1980s. Conversely the Nkomo group are his key allies inside Mata-beleland.

This is all part of what appears to be conflict between continuing the 'succession debate' on behalf of Mnangagwa and having no succession debate, mean-

ing Mugabe stays in power. The easiest strategy is for Mugabe to put the succession on hold and proclaim he is staying out his period of office until 2008. This does little, however, to resolve internal and external questions of the legitimacy and sustainability of the regime or Mbeki's diplomatic strategy.

ZANU-PF is likely to continue a strategic mix of coercion, bribery and electoral manipulation for the forthcoming 2005 parliamentary elections. According to the Justice in Agriculture Group there is likely to be a 'ring around the cities' with land being granted to pro-ZANU-PF settlers in peri-urban areas plus some redrawing of urban constituencies to draw in rural dwellers under the party's control. The Harare government thus hopes to get a 'free and fair' verdict which would take the heat off, challenge the international community to lose interest and then be in a strong position to have the upper hand in post-election negotiations with the opposition Movement for Democratic Change (MDC). This would also give Mbeki a vindication of 'quiet diplomacy' – although it would do little for medium let alone long term sustainability, and does not suggest that ZANU-PF has much concern for economic literacy.

In terms of negotiations after elections some elements of the MDC, weakened and weary of constant repression, infighting and lack of direction, may well be tempted to join a 'government of national unity'. Civil society would of course reject such a course given their demand for broad-based negotiations rather than elite deals but their capacity to push this demand is very limited at present.

Another element of the ZANU-PF strategy is the continued use of food as a political weapon in a situation where an estimated 5 million Zimbabweans will be reliant on food aid. The Famine Early Warning System estimates that Zimba-

bwe's 2004 season is likely to see a harvest of between 800,000 and 900,000 tonnes, 33 to 38% below its cereal requirements. The government, however, has stockpiled 240,000 tonnes of maize, has supposedly bought 70,000 tonnes from South Africa and according to diplomatic sources has additional stocks that it has seized. Although the World Food Programme and international NGOs report little overt political interference, the grain at the government's direct disposal provides it with a powerful weapon at election time. The government has so far failed to respond to UN questions about what it intends to do with its food stocks.

Nor have the Zimbabwean churches in what is a very religious society managed to present a united voice in response to the crisis (or crises). It seemed in mid-2003 that there had been a recovery of the prophetic voice when the leader of the Zimbabwe Council of Churches publicly apologised to Zimbabweans for not bearing witness to the crisis, but this has now been downplayed by the churches seeking to push negotiations and a peace building strategy. The church leaders' dialogue process with ZANU-PF and MDC appears on and off – possibly depending on how much pressure ZANU-PF feels itself under electorally, regionally and internationally (seemingly little at present). Even if ZANU-PF has the upper hand it has substantial problems. According to the IMF in April 2004,

Zimbabwe's economy has experienced a sharp deterioration in the last five years. Real GDP has declined by about 30% and is still contracting. Inflation doubled in each of the last three years to reach 600% at the end of 2003... Unemployment is high and rising, poverty has doubled since 1995, school enrolment declined to 65% in 2003, and the HIV/AIDS pandemic [affecting 25% of the sexually active population] remains largely unchecked.⁸

After a staff visit in March 2004, the IMF called for tripartite talks between government, business and the unions. This was in response to Kuruneri's attempt to reach accommodation with the IMF by making some small repayments to service debt. The IMF had suspended technical assistance in 2002 and in late 2003 initiated Zimbabwe's compulsory withdrawal due to Harare's lack of cooperation and unwillingness or inability to repay the US\$273 million owed (53% of its quota). Nor did Zimbabwe pay US\$110 million owed to the Poverty Reduction and Growth Facility (PRGF) – the first and only country ever to have protracted overdue obligations to the PRGF.

Initially, in December 2003 fuel prices came down, the property market – one of the few areas for investment/speculation – flattened out, the currency rate against the US dollar came down to Z\$3,643, and the interest rate declined. But whilst the auction system for foreign exchange appeared to have brought down the rise in the rate of inflation, this may have had as much to do with suppliers destocking in line with the new pricing system in order to sell more cheaply. The inflation rate in fact rose again after January 2004 to over 600% due to rises in cooking oil, bread and cereals plus school fees (up by 400% in some cases), property taxes and rent (although it appears to be stabilising at the moment). There was a temporary return of fuel shortages⁹ as foreign currency auction rates rose as well to nearly Z\$4,000. Those that are left with anything still to export are squealing that the government's financial strategy is not sustainable, and monetary liquidity is unbalanced compounded by price controls on basics. Nor has the parallel market gone away. Projected deals with countries such as China and Malaysia will probably founder on the same rocks as the relationship with Libya – what has Zimbabwe got to offer for countries who will want hard cash? Even if the new monetary regime might

help remaining tobacco farmers, this is unlikely to kick in till 2005 and the banks which historically propped up this sector are unable to provide cheap loans.

It is unlikely that the dual interest rate regime, or the continuing fast track resettlement with its lack of recognition of property rights for either commercial farmers or the new settlers, will appeal to the IMF any more than Zimbabwe's chronic inability to pay its debts. In that respect, the South African state-owned power utility ESKOM and its Mozambican counterpart Hidro Electrica de Cahora Bassa want the Zimbabwe Electricity Supply Association (ZESA) to fully pay back its debts to them of, respectively, US\$21 million and US\$51 million. Without that they are (privately) threatening to refuse supplying Zimbabwe with the 35% of power it needs. ZESA needs US\$17 million a month to keep going but is only getting US\$2.4 million. Outages appear likely with all their attending economic implications.

Nor is Gono's financial strategy guaranteed success economically or politically. Politically, big questions arise immediately: did the Cabinet understand the strategy and will Gono have the heavy-weight political backing to carry it through? As Lovemore Madhuku asked, what happens when key ZANU-PF 'untouchables', such as those given licences to import oil without open tendering or favoured by other forms of party/state patronage, become dragged into the war against corruption?

There is little strategy either to address what a local activist in the Catholic church described as the country's simultaneous deprofessionalisation (driving professionals overseas and destroying the sector's autonomy) and de-capitalisation. Fifteen to 20% of the population (i.e. 2-3 million) is living outside the country, mostly as economic refugees, and 500,000, largely farmworkers, are internally displaced. There is no guaran-

tee at all that the much-vaunted new strategy will have lasting effect (and the supposed new Cabinet after the February reshuffle was more or less a non-event, except by enlarging numbers and thus contributing further to government's inability to pay for anything). It has not killed off the parallel market, attracted new investment or indeed provided any evidence that the attacks on corruption and bringing in transparency will have any sustainable economic or political impact (although one could say it is yet early days). The whole system of neo-patrimonialism and endemic corruption presided over by the regime needs root and branch change.

Even with all of its strategies for staying in power, most delivery systems have collapsed in Zimbabwe making it hard to sustain patronage systems, especially in the rural areas where ZANU-PF needs to maintain its iron grip. And whilst the factions inside ZANU-PF may have been temporarily silenced over the succession, the struggle remains ready to erupt again within the context of fighting over the Gono recovery strategy. Although renewed targeted sanctions against the elite are unlikely to have much material impact, the elite resents them, and they suggest not just (some) international disapproval, but also unwillingness to invest or lend money (not that Zimbabwe has much to offer at present).

There remains the possibility that Mbeki, freshly mandated from the April 2004 elections in South Africa and ready to concentrate on outside matters (although it would seem that peacekeeping in Burundi is of higher importance), will actually put more weight behind his June 2004 deadline. Few Zimbabweans I spoke to would, however, welcome a government of national unity, given that it would be a rerun of the Unity Accord of 1987 when ZANU-PF forced PF-ZAPU into the shotgun marriage of a de facto one-party state. Without substantial constitutional and electoral changes, any

such government of national unity would be suicidal for the MDC. Whilst opposition forces including the MDC have weakened under sustained assault inside the country¹⁰ they appear to have some hope that they are regrouping internationally and in the region. The MDC are currently examining whether or not they should contest the next elections given the manifest impossibility of them being free and fair.

What Can Outsiders Do? What Does the Future Hold?

Many of Zimbabwe's problems are of long term duration. The inheritance of violent colonial dispossession and dehumanisation with the response of (in Brian Kagoro's words) a 'violent and hegemonic struggle for decolonisation ... culminated in a largely symbolic independence devoid of material gain for the majority black population.'¹¹ This meant an authoritarian elite unable/unwilling to transform the repressive state colonial structures into democratic institutions, and the emergence of neo-patrimonialism and clientelist structures along with long lasting cultures of intolerance and impunity. What development there was in the 1980s was concerned with state-building rather than nation-building, within the context initially of apartheid destabilisation, followed by structural adjustment. Once the post-apartheid, post-Cold War moments arrived, the implications of this history in terms of repression, corruption and abuse became clearer (except of course for kneejerk 'anti-imperialists').¹²

So where do progressives go from here? There is still a massive ideological battle to be won between the prescriptions of what Patrick Bond has called 'exhausted nationalism' and global neo-liberalism, in line with many of the directions pointed to in the various world and regional social fora. Equally Bond points to an existing tradition inside Zimbabwe itself with work on alternate policies

having in the past been pursued by the Zimbabwe Congress of Trade Unions (ZCTU), the coalitions on debt, the United Nations Development Programme, and not least the National Working People's Convention of 1999. This may help to counter the pessimism of a CIIR partner who saw at present

a dearth of 'thinking', a sort of anti-intellectualism in nearly every quarter ... and essentially ... a kind of absence of politics in the real sense, of positions and ideological clarity and coherence, of strategic thinking and organising.

He added that it is 'very significant that there is a very deep malaise and unhappiness among a large proportion of traditional leaders and spirit mediums, about the disregard for tradition and cultural wholeness.'

Certainly Zimbabweans, while happy to observe stayaways, have not shown great keenness to face the overwhelming firepower of the state on the streets. The sheer struggle for survival and the fact that remittances from abroad are helping keep them alive (and as Gono is aware, the economy as well) cannot be discounted in terms of seeming passivity in the face of desperate circumstances. There is little leadership either from the MDC – which in any case has done well just to survive itself – from the trade unions or indeed the churches. Although there have been calls, notably by Tsvangirai, for a much greater coherence amongst opposition forces, notably the ZCTU, the National Constitutional Assembly and the MDC, the sector has great difficulty in doing this. It also has difficulty agreeing on tactics, including on mass action and what its aims are – overthrow Mugabe, force ZANU-PF to the negotiating table. One thing that is unlikely to occur is any kind of armed response.

Outside Zimbabwe there have been a number of initiatives regionally and

North-South in bringing together activists and academics in understanding the nature of the crisis.¹³ A particularly resonant one was the bringing together of the Zimbabwean and South African diasporas in London.¹⁴ There could be much greater North-South solidarity in a number of fora – NGO, academic, church and use of links with southern African organisations. Outside organisations need to provide support for those in Zimbabwe and the region who are providing information about the human rights and general situation inside Zimbabwe, and those under threat standing up to repression.

There is continuing need for pressure on the ANC government including from within the region. Pressure also needs to be directed at the other elements in the tripartite alliance such as the trade unions and the Communist Party, given Pretoria's assurances to the outside world that Mugabe would step down and serious negotiations would commence. What is it about a transition to democracy inside Zimbabwe that worries them more than the 'chaos that they know'? The International Crisis Group believes that the focus should be on promoting a free and fair election for March 2005 rather than pursuing the chimera of inter-party talks.¹⁵

There should also be pressure for the long-delayed African Commission on Human and Peoples' Rights report on Zimbabwe to be released as called for by Zimbabwean, regional and human rights organisations.

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Editor's Note: a new protest group is signalling defiance: *Zvakwana* means 'enough'. See www.zvakwana.org

Endnotes

1. Alden, C (2002) 'South Africa's quiet diplomacy and the crisis in Zimbabwe' in *Cadernos de Estudos Africanos* (2), Janeiro/Julho.
2. See Zimbabwe Human Rights NGO Forum, 'Political Violence Reports' produced monthly.
3. See Hammar, Raftopoulos & Jensen (eds.) (2003), *Zimbabwe's Unfinished Business: Rethinking Land, State and Nation in the Context of Crisis*, Harare.
4. According to local activists the ZANU-PF Central Committee report to its December 2003 conference allegedly reveals that in September 2003 Gono's bank paid Z\$449 million to the ruling party – and in December he was made Reserve Bank Governor.
5. The *Financial Gazette*, 29 April 2004 speculates that the arrest prompted by South African media stories was either aimed to convince a highly sceptical public that the corruption campaign was genuine or indeed that he was arrested as protection for President Mugabe's own involvement in such matters.
6. See *Zimbabwe Independent*, 23 April 2004 on Mbeki inviting ZANU-PF and MDC to his inauguration as part of restarting talks.
7. There is another take on this with others seeing the fight as one between Mnangagwa and ex-army boss Mujuru with Sekeramayi and Nkomo being in the latter faction.
8. IRIN Southern Africa weekly update, 27 March-2 April 2004
9. Fuel prices are set to rise again
10. For assessments of the MDC see C. Maroleng (May 2004), *Zimbabwe's Movement for Democratic Change: Briefing Notes*, Institute for Security Studies, Johannesburg; P. Alexander (2000), 'If things don't change, we try other means: Zimbabwean workers, the MDC and the 2000 election' in *Review of African Political Economy*, No.85; P. Bond & M. Manyanya (2002), *Zimbabwe's plunge: Exhausted nationalism, neoliberalism and the search for social justice*, Merlin Press; B. Raftopoulos & L. Sachikonye (eds.) (2001), *Striking back: The labour movement and the post-colonial state in Zimbabwe*, Weaver Press, Harare/London; M. Larmer (2002), 'The Movement for Democratic Change' in CIIR News supplement: Zimbabwe Elections 2002.
11. Kagoro, B. (2003), 'The opposition and civil society' in B Kagoro et al. (eds.), *Zimbabwe's turmoil: Problems and prospects*, African Security Analysis Programme, Institute for Security Studies. <http://www.sarpn.org.za/documents/d0000397/index.php>

12. See Phimister, I. & B. Raftopoulos (forthcoming), *Mugabe, Mbeki and the politics of anti-imperialism*; S. Kibble (2003), 'UK, South Africa and relations with Zimbabwe', Memorandum of Evidence to the House of Commons Foreign Affairs Committee on UK-South Africa relations.

13. See, for example, 'Concluding Statement of the African Civil Society Consultation on Zimbabwe', AfricaFiles, 12 August 2003 info@afrcifiles.org

14. See Britain Zimbabwe Society (2004), Report on 'Open Forum on Zimbabwe and South Africa'.

15. International Crisis Group (2004), 'Zimbabwe: In search of a new strategy'.

Museveni's Other War: Condoms in Uganda

Brooke Grundfest Schoepf

President Museveni has received considerable praise for his willingness to confront AIDS from the time that the NRM took power in 1986. This openness, including encouraging a wide variety of government bodies and non-governmental organizations (NGOs) to address HIV prevention in a variety of ways, is credited, in part, with reducing national HIV prevalence from about 15% to 6% during the 1990s; other factors include the high level of deaths from AIDS and increasing girls' education (Schoepf, ROAPE 98, 2003). Now, however:

[t]he Ugandan President and church have made what could be a dangerous u-turn, [an] attack against the use of condoms among young people, claiming that instead of saving their lives they are promoting promiscuity. The move could make many more young people vulnerable to HIV – by promoting a false sense of security that abstinence is effective, and by closing the door to young people who are unable to avoid sex that (Health

Development Network Correspondent Team, 2004).

What happened? In May of this year, President Museveni announced that he would restrict school children's knowledge of and access to condoms to prevent HIV infection, allowing only abstinence to be taught in primary schools. The government newspaper *New Vision* (17 May 2004) quotes him as saying:

I will open war on condom sellers. Instead of saving life they are promoting promiscuity among young people ... Children in school should emphasise education after which one can look for a partner and start a life-time relationship.

The Church of Uganda has reverted to an even more conservative stance, as well, going even further down the road of moral condemnation. A spokesman denounced all sex outside of marriage as fornication or adultery, which he termed 'moral sexual vices', and promiscuity as a sin. He condemned the use of condoms among unmarried youth as a 'moral evil'. The Church of Uganda considers that the only legitimate use of condoms is for birth control or STI prevention within marriage (*New Vision*, 15 May 2004). Following a visit to Uganda by the Pope in 1992, the Roman Catholic Church reiterated its condemnation of condoms, full stop.

This about-face from support for the Uganda AIDS Control Programme's National Strategy Framework that promotes an ABC (Abstain, Be Faithful, Use Condoms) approach to prevention, has an air of unreality. Although Museveni declared 'promiscuity' to be the major cause of AIDS, this is true primarily for men who have a sense of entitlement and the wherewithal to acquire many partners. Most women acquire HIV from a steady partner (Serwadda, 2003) who may not know that he is infected, or may know, but not use condoms. The links between poverty, gender inequality, vio-

lence and HIV/AIDS are well-established. With more than 1 million people living with HIV and AIDS, Uganda still has much to do to bring down HIV prevalence, and particularly, to protect youth from infection.

Oxfam (2004) finds that schooling is a major weapon against HIV/AIDS among youth. Uganda instituted free universal primary education (UPE) in the mid-1990s, and an estimated 10,000 pupils obtain AIDS information in school. Considerable reduction in pupils' sexual activity reported, in one District reportedly falling from 60% of 13-16 year olds to 5% in 2001 (*The Monitor*, 2004). Not all girls, however, are able to prevent risky sexual encounters with older men, including teachers, who entice and harass them. In addition, 57% of all children, more girls than boys, are pulled from school before they attain grade five. Poverty and early marriage limit the chances of the majority of girls continuing on to upper primary and secondary school, as does the need for girls' labour in domestic and farm work, and in caring for the sick and orphans. Thus, reaching the poorest young adolescents with prevention tools, including skills' training, before they have sex constitutes an abiding challenge, one that the privately funded Straight Talk Foundation seeks to address in school and out (see Guest, 2003).

Uganda's economy is still in trouble. The number of people living in poverty has grown from 1995, despite praise from the World Bank and the US for Structural Adjustment 'reforms' and 'development,' including its poverty reduction measures. Eighty-two per cent of Ugandans subsist on less than \$1 a day (\$180 monthly for a family of six), and another 14% on between \$1 and \$2 per day. In all, fewer than 4% of the population subsist on more than \$2 daily. While the incomes of many have risen somewhat in recent years, family well-being has not. One meal a day is the norm and the

proportion of chronically malnourished (stunted) children has remained unchanged over the past 15 years (Younger, 2003).

Maternal literacy declined in many urban areas between 1988 and 2000, and age at marriage for rural girls declined. Many rural households, especially in the North and East, and those headed by widowed and elderly women caring for AIDS orphans (of whom there are more than 1 million) without benefit of regular remittances, are destitute, beset by land shortage, lack of education and energy deficits (Appleton, 1995; Younger, 2003). Continuing low-intensity warfare in the North, has created over 1 million internally displaced persons still living in camps, who face insecurity, death, rape and abduction by rebels of the Lords Resistance Army (LRA). HIV is on the rise, associated with gender violence, extreme poverty and lack of schooling.

Although spending for social programmes and infrastructure, including roads, reached more than 30% of government funds in 2002/03, overall GDP growth slowed by about 3% annually between 1998-2002. While Uganda obtained considerable HIPC debt relief, the debt service burden remains unsustainable in an export-driven economy (Jubilee Research, 2004:67).

The world market price for coffee, production of which accounts for 45.5 % of exports, fell by 64.3 % between 1997-2002, and has not recovered, although this drop is not reflected in retail prices in the US and Europe. The international price of cotton, the major export from Northern Uganda, fell by 41.7% (Jubilee Research, 2004:32, 67). Subsidies to US cotton farmers enable them to dump their crop on the market at prices lower than African farmers' cost of production. Average Gross National Income (GNI – a new measure) stood at \$260 per capita in 2003, lower than the median for sub-Saharan Africa, and Uganda ranks 187

of 208 countries on the Human Development Index (Younger, 2003).

In my 2003 ROAPE review, I wrote that restricting condom promotion is contrary to Uganda's national interest and that the primary focus on condom promotion to prostitutes is a violation of women's human rights. Emphasis on fidelity often means *women's* fidelity, and falsely reassures faithful women that they are not at risk. I pointed to the limits of agency, especially among poor women, adolescents and men in the ability to avoid sexual risk, and cited Obbo (1993) on their silencing. As Obbo notes, men's multiple partner relationships constitute a grave risk. Similarly, abstinent girls may be married to older men who are infected, with the result that young wives are infected in turn.

Contrary to what Museveni apparently believes, sex workers who label themselves as such are not confined to the cities. Moreover, in rural market towns, and even in villages across Uganda, there are women, including single and divorced women and widows who gain access to food, cash and consumer necessities through casual sex. (In rural Masaka District, for example, see Kamali, Carpenter, Grower et al. 2000). While attention has focused on long-distance lorry drivers and traders, large farms and plantations are another site of high risk where condom promotion is critical.

Despite notable increases in condom use in recent years, low and inconsistent condom use is a risk factor for HIV and STIs among many sectors of the population. Condoms remain unpopular among many people for numerous reasons. To make them popular and acceptable in steady relationships, they must be removed from the realm of moral stigma. It is sheer folly to omit the C from ABC or restrict condom use on ideological grounds. I cited the views of a number of educated, middle-class informants who came of age during the epidemic and

who provided a perspective on change in sexual behaviour and condom acceptability. They indicated that a social space opened for them to talk about AIDS, sex and condoms in steady relationships, especially when couched in terms of contraception. While many people try to be faithful and monogamous, men admit to lapses during which they need to use condoms. I also cited both informant interviews and epidemiologists to show that poor young women are still at high risk of infection in unprotected sex, due to gender socialisation and inequality, poverty and lack of access to education (Kilian, Gregson, Ndyabangi et al. 1999; Nyanze, Pool & Kinsman, 2000; Serwadda, 2003).

Dr. David Serwadda and MS Sophie Mukasa-Monico state that that abstinence and fidelity are important in reducing infection, but that condoms must be part of the prevention package. Dr. Coutinho, a TASO physician agrees (cited by Rakita, 2004). Dr. Peter Piot, Executive Director of UNAIDS, notes '... the correct and consistent use of condoms is a mainstay of prevention approaches', and calls condoms 'our weapons of mass protection.' There is no evidence that condom promotion leads to increased sexual activity among youth. A new South African study in the journal *AIDS* shows that when substantial numbers of young men use condoms consistently they lower HIV risk both for themselves and for the population at large.

An estimated 100,000 Ugandans need immediate antiretroviral (ARV) treatment, but access currently is limited to 10,000 people, with Government planning to reach another 2,700 people in hospitals across the country with free drugs this year. Civil servants, including police and the military, evidently will have priority (Plus News, 2004). The corruption detailed for the government in respect of military procurement by Tangri and Mwenda in the December 2003 issue

of ROAPE, currently extends to AIDS treatment. Reynolds Whyte and her colleagues (2004) find that many Ugandans believe that access to anti-retroviral (ARV) treatment is highly skewed, following patronage networks and limited to the elite and their families in favoured ethnic groups. Informants told the researchers that many military officers and government officials and their relatives have had secret access to government funds for treatment for some years. At the same time, companies provide treatment for executives and skilled workers. Those who do not have access to free treatment are the poor 96% of the population who cannot afford to pay for themselves.

The struggle continues, with Ugandan AIDS activists joining in the Pan-African Treatment Access Movement (PATAM). Nearly a year ago, Milly Katana, a PATAM founder and Advocacy Officer of Uganda's Health Rights Action Group, publicly urged Museveni to use the occasion of a flying visit by President Bush to Entebbe in July to advise him on prevention needs, including condom promotion. The AIDS epidemic, Katana said, 'requires all weapons to be drawn at the same time'. She referred to the ABCs of prevention, as well as to ARV treatment. Recently, she noted that some men will not allow their wives to go to clinics to obtain ARV treatment, even when it is free, and some women do not have transport money. The implication is that Museveni and other leaders must take on the task of changing unequal gender relations, because 'AIDS in Africa wears a women's face' (Katana, interview, 31 March 2004).

The Af-AIDS correspondents (af-aids@eforums.healthdev.org, 28 May 2004) who posted the news of Museveni's reversal link it to funding from the US. As I noted in 2003, the US now promotes initiatives by faith-based organisations (FBOs) that feature abstinence and monogamy and condemn condoms as its major new thrust at home and interna-

tionally. Reduced funds are available to the NGOs that promoted the more inclusive ABC approach credited with lowering HIV prevalence. The Bush Administration has ignored advice from a 2004 review by the National Institute of Medicine to the effect that abstinence-only education does not work, even in the US where economic and social pressures on girls are far less than in Uganda. Both State and Church in Uganda appear to have capitulated to the Bush Administration's fundamentalism.

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Editor's Note: See ROAPE 98, pages 553-572 for Schoepf's article 'Uganda: Lessons for AIDS Control in Africa'.

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SADC Bourses Pave Way for Gradual Integration

Bayano Valy

SADC stock exchanges have resolved to concentrate on loose cooperation after clarifying the sticky issues that seemed to slow down progress towards an integrated real-time network of the region's national bourses by 2006. The capital market is one area where integration is yet to be realised and the chiefs of the region's bourses are in the process of building closer collaboration, which will eventually lead to integration of stock exchanges in the region.

Given the different levels of development in SADC countries, concerns were raised over a regional stock exchange that might be dominated by the largest stock exchange in the region, the Johannesburg Stock Exchange. Member states have therefore resolved to begin with loose cooperation. This will likely pave way for smooth transition into integration.

Some member states have argued that dominance by one stock exchange was likely to decrease the number of issuers and investors on national stock exchanges, as well as diminishing trading volumes and leading to capital flight to Johannesburg.

As part of a series of quarterly meetings held in rotation throughout the region, the Committee of SADC Stock Exchanges (COSSE) met this June in Maputo to discuss measures to overcome these concerns and achieve the region's goals, namely to find a common strategy for the development of capital markets, as well as pore over the region's stock exchange reports.

In addition, the different levels of development in SADC countries should not be a distraction from the main goal of creating a well-developed and robust financial system that will improve the liquidity and attractiveness of small national stock exchanges.

During the Maputo meeting, COSSE members agreed to pursue measures towards the development of a central processing platform. This central processing platform will enable the bourses to keep their individual identity while doing cross border trade in company shares and other stocks.

Rodrigues Paruque, a representative of Mozambique Stock Exchange (BVM), said that Mauritius, South Africa, Zambia and Zimbabwe were already part of a pilot project established to implement the central processing platform. These countries will have to report back to the committee on the levels of implementation and operation of the platform by September this year in Malawi.

Although COSSE, according to the RISDP, is to play a major role in the development of the region's financial and capital markets, and by extension increase the flow of Foreign Direct Investment, it is not yet recognised formally as it still has to go through SADC's legal procedures. 'COSSE is still not recognised officially as a private sector action tool for the development of capital markets for the clearing and settlement of transactions,' he said.

It is hoped that official recognition will boost COSSE's chances of securing financial assistance in order to implement the project. A fully operational regional capital market will serve as a good example of how a central processing platform can work in other African regions. So far, according to Paruque, Ghana has shown an interest in this initiative. Mozambican Prime Minister Luisa Diogo, who also holds the portfolio of Planning and Finance Minister, said:

the regionalisation of capital markets cannot be limited only to SADC level.

She said there was a need to find partnerships within the context of continental initiatives like the New Partnership for Africa's Development (NEPAD), with a view to attract more players to sub-Saharan Africa.

The current scenario is that most stock exchanges in the region are small and they mostly deal with large businesses, but there is need to involve small and medium enterprises. Diogo said:

We feel that the recognition given to Stock Exchange Markets cannot be limited only to large businesses, because it is well known that the engine of development of economies is also based on small and medium enterprises.

COSSE's vision is to gradually move towards integration using inter-connectedness of stock markets in the region as a starting point.

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