

REVIEW OF
African
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Revisiting the South African developmental impasse:
the national neoliberal revolution
Issue Editors: Nicolas Pons-Vignon, Aurelia Segatti
and Ray Bush



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**SPECIAL ISSUE: REVISITING THE SOUTH AFRICAN DEVELOPMENTAL
IMPASSE: THE NATIONAL NEOLIBERAL REVOLUTION**

ISSUE EDITORS: NICOLAS PONS-VIGNON, AURELIA SEGATTI AND RAY BUSH

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EDITORIAL

‘The art of neoliberalism’: accumulation, institutional change and social order since the end of apartheid

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Analysing Chile’s post-Pinochet transition, Palma identified a conundrum which equally well captures the political economy of post-apartheid South Africa:

The basic political dilemma for any oligarchy determined to hold on to such degrees of inequality (or even to increase it) is how to construct a winning strategy that is sustainable when in a democracy – given the fact that the oligarchy forms such a tiny minority, and that the distributional outcome that it seeks is so remarkably unequal . . . ‘Strategy 3’ consisted of trying to stabilize the distributional outcome at a level at which the elite could sustain most of the gains achieved during the dictatorship. Despite being a political minority, it succeeded in doing so . . . The capitalist elite succeeded during this period in building a hegemonic consensus of the supposed advantages of ‘free-market’ distributional policies. The key question is why it was that a centre-left coalition, with clear majority support, could do so little in distributional terms. In other words, why was ‘Strategy 3’ so successful for an oligarchy operating within a democracy, even though it was a political minority? (Palma 2011, 133 and 136)

Yet, as political economist Vishnu Padayachee noted in 2006, South Africa’s rich critical scholarship of the 1980s and 1990s lost a great deal of its capacity to remain critical of power in democracy (2006, 16). Engaged in a variety of advisory and contractual relationships with the state, progressive scholars have sought to inform policy rather than analyse how it is produced. A frequent implication is that frustrating policy directions – signalling the success of ‘Strategy 3’ – are met with disbelief and attempts to argue from *within*, either the state or the Tripartite Alliance, which comprises the African National Congress (ANC), the South African Communist Party (SACP) and the Congress of South African Trade Unions (COSATU). Yet, on the eve of the twentieth anniversary of the historic electoral victory of the ANC, and in the aftermath of the massacre of 34 mineworkers in Marikana in August 2012, followed by a spate of strikes across mining (Alexander in this issue), it seems essential to offer an assessment from without.

When applying a political economy analysis to the post-apartheid period, it becomes apparent that, as most ‘revolutions’, the South African one has involved more continuities than is usually thought, across a range of areas. Perhaps the single most striking one is the persistently high level of inequality, mirrored in the *rising* share of income appropriated by the rich (Figure 1) and in labour’s declining share of GDP (Figure 2). This has led to

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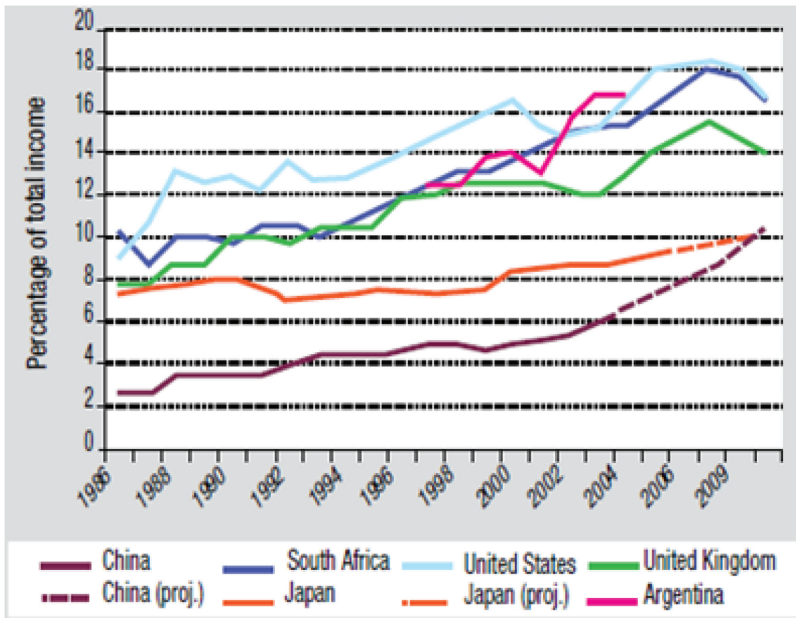


Figure 1. Share of total income earned by the top 1% in selected countries, 1986–2009. Source: UNCTAD 2012.

The falling wage share of South African GDP (at factor prices): For the private business and industrial sector (SIC 1-8), agriculture is included. For 'Whole Economy', the public sector, community, personal services and 'other' (informal) are added

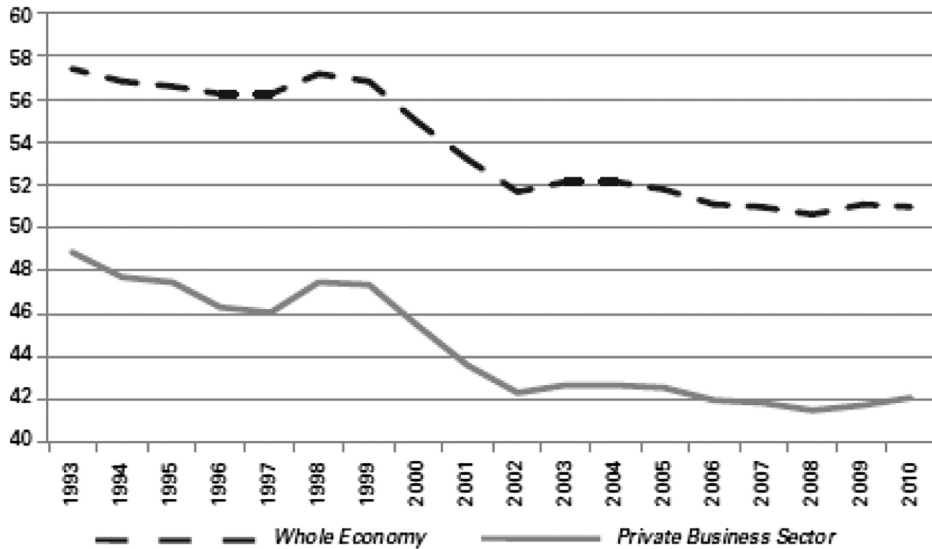


Figure 2. The wage share of GDP in South Africa, 1993–2010. Source: Forslund 2013.

growing recognition that South Africa's development is far from having met the expectations that the end of apartheid generated (Freund 2010). In order to explain this, we build on Fine and Rustomjee (1996), who have characterised the minerals – energy complex (MEC) as the engine of capitalist development in South Africa, emphasising the structural imbalance of the economy. Recently, Ashman, Fine, and Newman (2011) have shown that the meteoric rise of finance since the 1980s has been both crucial to the success of the neoliberal project, and closely associated with the continued dominance of the MEC. They argue that patterns of capital accumulation in South Africa have espoused the global trend of financialisation (Epstein 2005), leading to massive capital flight following the democratic transition, courtesy of the new government's relaxation of exchange controls.¹ Financialisation has further reinforced the system of accumulation centred around the MEC, making it even less prone than it was to invest in labour-absorbing manufacturing or agriculture. Hence, neoliberal reforms have resulted in the opposite of the promised virtuous circle of increased investment and employment. South African investment levels, both foreign and domestic, have been low since the 1970s, and when they somewhat increased in the 2000s, it was as a result of a credit-driven consumption boom (Mohamed 2011). The upshot is that the country has record-high levels of unemployment, hovering around 35%, which, combined with rampant labour casualisation, is making the reproduction of the working class increasingly difficult (Chinguno, and Di Paola and Pons-Vignon in this issue). Progressive change will hinge on radical changes in macro-economic policy and the role of finance; in this issue, we seek to explore why such change has been elusive thus far.

This analysis leads to confronting an uneasy question: rather than a case of disappointing development (trying but failing), isn't South Africa an example of neoliberal deepening? The two main features of its economy are indeed consistent with the neoliberal 'model': high and rising inequality, reflected in a very large and profitable financial sector. In South Africa, both inequality and financialisation are at, or close to, the highest levels recorded in the world. Neoliberalism is understood in this issue in line with the heterodox, and in particular Marxist, analyses of Fine (2012), Harvey (2005), Palma (2011) and Saad-Filho (2011). It consists of policies, ideology and practice which are not always coherent, but tend to reinforce the power of capital at the expense of labour, and the power of finance capital at the expense of other fractions of capital. Thus, arguing that South Africa represents a case of deepening neoliberalism does not imply that all of its characteristics must be deduced from an initial blueprint; on the contrary, what is interesting is to analyse the particular form, contradictions and adaptations of neoliberalism in South Africa, in the hope of yielding new insights on social, economic and political prospects facing the country.

Central to the Marxist analysis of neoliberalism is the role of the state: far from signalling its retreat, neoliberalism requires *active* state involvement to promote the interests of capital. Burawoy (1981, 284) argues that the capitalist state is an organisation serving the reproduction of the capitalist system without necessarily being a mere 'instrument' in the hands of the dominant class. He sees the capitalist state as being mainly concerned with keeping the whole (society) together. It is precisely its autonomy which, at times, allows it to maintain competing classes and sectors together. But it is important to underline the fact that the centrality of the state in the deepening of neoliberalism is denied in neoliberal discourses; for instance, the myth of the 'lean' state conceals the strengthening of state enclaves more critical to capitalist reproduction than others. In post-apartheid South Africa, macro policies and state restructuring have advanced the interests of big conglomerates and finance, thus entrenching neoliberalism (Segatti and Pons-Vignon, in this issue; Makhaya

and Roberts, in this issue). This has been accompanied by the selective incorporation of influential figures drawn from the liberation movement, such as ex-NUM General Secretary Cyril Ramaphosa, into the accumulation circuits of the dominant (MEC and finance) fractions of capital. Such accommodation has been analysed through cases such as platinum (Capps 2012, 2012a) and coal (Rustomjee 2012), which suggest that the white incumbents have done remarkably well in securing their accumulation prospects. This has been facilitated by active state intervention, even when its objectives appeared to be progressive – or ‘transformational’, to use South African jargon. Capps thus points out that ‘the [Mineral Development Bill]’s core proposal to nationalise mineral rights . . . was an essentially bourgeois measure designed to accelerate accumulation in the national mining industry by eliminating the barriers to investment posed by private minerals ownership’ (2012a, 330). It is also worth noting that incorporation has been very limited, with the roads to accumulation remaining effectively blocked to new entrants in most areas (Makhaya and Roberts, this issue). This has an important bearing on the increasingly violent contestation – and enforcement – of the social order, with a concentration on the state as the main path to accumulation (von Holdt, in this issue).

In spite of increasing political violence, one cannot help but be surprised by the tolerance for continuously high, or rising, levels of inequality and unemployment in a country whose liberation was achieved largely by the struggles of workers and communities. In order to shed light on this, we turn to a crucial dimension of state support for neoliberalism in South Africa, namely the loudly advertised pursuit of *poverty reduction* policies. These policies have been essential to the successful implementation of orthodox macro policies in a context marked by widespread deprivation, and where the elusive prospect of ‘trickling-down’ benefits is less and less palatable. In order to capture the idiosyncratic form of South African neoliberalism, it is useful to recall Palma’s characterisation of the Latin American ‘art of neoliberalism’, namely the ability to sustain remarkably high levels of inequality, and of concentration of wealth in the hands of the rich, in a democracy. To understand the political sustainability of macro policies serving the interests of capital, there is a need to unpack the political communication around social and developmental goals. Far from being an example of ‘shock therapy’ to ensure policy credibility, as advocated for ex-Communist countries in the early 1990s (Grabel 2000), the post-apartheid transition has indeed entailed a professed commitment to addressing poverty from the outset, but within the parameters of an orthodox (hence restrictive) macro-economic framework.² This has been ideologically supported by neoclassical analyses which have lauded macro-economic policy for its successful stabilisation of the economy, arguing that ‘micro-economic’ problems (in particular the cost of unskilled labour) were the root of all evil. In the words of Ajam and Aron (2007, 771), ‘the bottom line is that while South Africa has done exceptionally well in stabilising the macroeconomy, the microeconomic objectives still require concerted focus.’

Taking the analysis one step further, one can hypothesise that, in South Africa, the most important political condition for the deepening of neoliberalism has been the transition to democracy itself, because it has allowed the neoliberal project, suitably dressed up, to benefit from the historical legitimacy of the ANC and its alliance with the working class. This is even in line with what Geddes (1994), one of the foremost proponents of the neo-classical literature on policy reform, identified as key factors ensuring the sustainability of liberalisation in the very same year when the ANC won South Africa’s first free elections.³

In a country *already* characterised by very high inequality such as South Africa, one could have anticipated much resistance to neoliberal policies from organised labour, progressive social forces, intellectuals and many others.⁴ It is striking that the neoliberal

orientation of policy has not been openly discussed within the ruling Alliance, to the open frustration of COSATU (2002, 10), which lamented that ‘it is impossible to have an intelligent debate with someone, if they refuse to disclose the basis of their argument.’ A few years later, the assumptions which informed government policy from 1996 onwards were discussed by Hirsch (2005), a key policymaker and intellectual in the presidency, who highlighted the three dimensions of what he calls the ANC’s ‘intellectual paradigm’:

- A northern European ‘social democratic’ approach to social policy associated with ‘a firmly entrenched fear of the risks of personal dependency on the state and of the emergence of entitlement attitudes’; combined with
- East Asian approaches to economic growth; within
- conservative macroeconomic parameters. (Hirsch 2005, 3–4)

The form taken by social policy in South Africa is an important feature of the art of neoliberalism (see Khan, in this issue). In a context marked by high poverty and inequality levels, with growing popular mobilisation, social policy represents a political necessity to ensure the sustainability of neoliberalism. Relatively large spending on social programmes has been achieved, but in a fiscally constrained manner. The performance of social spending has been uneven, with, according to Gelb (2010), success in direct transfers (conditional cash transfers [CCTs] and housing), and relative failure in indirect transfers, such as health and education. However, even regarding CCTs, which have greatly increased since 1999 (Interview, Sachs 2012), there are fierce debates regarding their overall impact (Meth 2007). As noted by Ghosh (2011), direct transfers can alleviate poverty, but they do little to address inequality; furthermore, they act to entrench neoliberalism if they are associated, as has been the case in South Africa, with encouraging private provision of services to the poor.

Central in these programmes has been a *residual* conception of poverty, which Oya (2009) opposes to *relational* approaches. The former entails a notion that the poor are poor because they ‘lack’ something, whether education and skills, or capital. Relational approaches, on the other hand, focus on inequality and relations of exploitation as the cause of poverty. In particular, conditions of employment and wage levels are central to understanding poverty from a relational point of view (see Sender 2003); higher wages for poor workers were indeed a central component of the discarded Macro-Economic Research Group (MERG) proposals (Freund, in this issue). In a context like South Africa, policies based on a relational understanding of poverty would perhaps have addressed the unequal dynamics associated with pre-existing property rights, rather than entrenched them. The dominance of a residual approach to poverty and poverty reduction was famously articulated by Thabo Mbeki’s ‘two economies’ (2003), one modern and one backward, a formulation which conveniently emphasised their *co-existence* as opposed to their *articulation* (Bond 2007). Combined with the ANC’s reluctance to nurture a culture of ‘dependency’ in the second economy, the stage was set for social policies that would not tamper with the perceived driver of growth, the dynamism of the first economy, which must of course be supported by orthodox macro-economic policies.

The result of South Africa’s combination of ‘residual’ social policies and orthodox macro-economic policy has led to the deracialisation of part of the first economy, while leaving the second ‘exactly where it currently is: marginalised, poor and overwhelmingly black’ (Habib 2004, 92). This conception of social policy appears to be far removed from its proclaimed north European model. Indeed, despite a few institutional similarities,⁵ very little connects South Africa to the social-democratic model, save in a Blairite way.

Crucially, the residual approach which informs South Africa's social policy fails to address the causes of poverty, in particular how macro-economic processes can affect the prospects of poor people to access infrastructure or jobs, a critique not specific to South Africa (Ghosh 2011, 854).

The proclaimed affiliation with a 'progressive' model, emptied of its content by the constraints of the macro framework, or by biased interpretation, is also visible in micro-economic policies. The idea that South Africa could be considered to be an East Asian style 'developmental state' was dismissed by Fine (2010), who pointed out that, if anything, the electricity crisis which affected the entire South African economy in 2008 was enough to prove the gross insufficiency of government coordination. If cash transfers were the (a posteriori) ANC shorthand for 'welfare state', the reference to the Asian model has been justified by the proclaimed 'export-oriented' micro-economic strategy. This has entailed a neoclassical focus on trade liberalisation as a substitute for industrial policy, with the former expected to act as a disciplining mechanism on overprotected, slack industries. One key inspiration (or possibly justification) for this strategy was the post-Fordist 'high road' promised to South African industry by the Industrial Strategy Project (ISP 1995). The idea was that workplace modernisation would pave the way for productivity gains and allow companies and workers to benefit from trade liberalisation. Hunter (2000) has shown the numerous limitations of this approach, with in particular a marked deterioration in pay and working conditions.

Debates on trade liberalisation in South Africa suffer from common biases, with neo-classical proponents blaming disappointing results on internal 'blockages' (typically labour costs) or insufficient liberalisation (Edwards 2005). As a matter of fact, the rate of liberalisation has been impressive, with South Africa exceeding the tariff liberalisation requirements of the WTO when she joined (Baloyi and Pons-Vignon 2008). It further appears that the only sector outside the MEC core to have experienced investment in the post-apartheid era was automotives – incidentally the only sector to have been supported by an industrial policy, at least until the late 2000s. If anything, it appears that the South African economy has suffered from premature deindustrialisation, rather than increased manufactured exports (Tregenna 2011).

Rather than demonstrating the difficult transferability of the East Asian model, South Africa is a typical example of its distortion. First, as pointed out by Amsden (2001), export promotion in East Asia followed and was articulated with import substitution. Even when some industries were deemed mature enough to be submitted to the difficult export test, numerous strategic protection measures were retained. Thus, the East Asian model is anything but an example of blanket liberalisation, as it was done in South Africa. Perhaps even more crucially, East Asian developmental states have been associated with central planning agencies focused on national development objectives – where, in other words, spending departments commanded over treasuries. While the Reconstruction and Development Programme (RDP) office could have been such an agency, it was suddenly closed a few months before GEAR – South Africa's five-year 'Growth employment and redistribution' plan – was announced, in 1996. This placed the coordination of policy firmly in the hands of 'technocrats', in particular of the National Treasury (NT), as bitterly regretted by COSATU (2002).

This policy capture by the NT appeared to change with the National Industrial Policy Framework (DTI 2007) and subsequent action plans, as well as the creation of the Economic Development Department (EDD) in 2008. However, the difficulties experienced by the Department of Trade and Industry (DTI) and EDD in influencing economic policy suggest that these are inconsequential concessions to the more progressive wing of the

Alliance. Crucially, the focus by government and many economists on micro-economic issues has downplayed the role of the macro-economic framework in preventing the kind of structural transformation associated, for instance, with the very East Asian developmental states that South Africa claimed to emulate. By placing macro policy outside of the realm of debate, its available development options have been technicised and depoliticised. The neoclassical focus on micro-economic bottlenecks is further misleading because it conceals the fundamental role played by the technocratic capture and creation of key state institutions in constraining all other sectors of state intervention.

The third dimension of ANC policy highlighted by Hirsch, orthodox macro-economic policies, is certainly the one closest to its proclaimed model. Its rigorous implementation has led to a 'creative' interpretation of the other two (poverty reduction and micro-policies) while ultimately shaping the economy's restructuring. If anything, the pursuit of orthodox macro-economic policies is coherent with the orientation of the late apartheid regime (see below); however, the support of the ANC for this orientation has allowed a decisive deepening of neoliberalism, which is visible in the remarkable growth of the financial sector and persistent inequality. Our contention is that the orthodox orientation of macro-economic policies has been the most important feature of the post-apartheid era, as it has informed the way in which all other policies have been framed, and constrained. It is the main reason for the dismal post-apartheid performance in opening up economic opportunities for black people, as discussed by Makhaya and Roberts in this issue.

What sets South Africa apart from other countries where historically progressive parties have entrenched neoliberalism is the recurrent insistence, in Tripartite Alliance discourse, that the stabilisation of the 1990s was but a first step making true socio-economic transformation possible. This is captured in the much (ab)used characterisation of the liberation of South Africa from apartheid as a 'national democratic revolution', which locates it in a left-wing, revolutionary tradition. At regular intervals, the promise of the imminent shift to a 'second stage' has been floated, including during the run-up to the 2012 ANC policy conference. This was presumably an attempt by President Zuma to live up to COSATU's calls for a 'Lula moment', in recognition of the former Brazilian president's rather unique ability to shift policy in a decisively progressive direction in his second term, thereby transforming a neoliberal state into a 'social democratic welfare state' (Morais and Saad-Filho 2011). Yet, as COSATU General Secretary Zwelinzima Vavi had anticipated in his political input to the COSATU–SACP Bilateral on 26 July 2001:

The [National Democratic Revolution] . . . envisaged a radical change in property relations in favour of the formerly oppressed. It is in this vein that the state has to play an active and developmental role. To rely on the markets . . . would perpetuate such inequality but with a change of complexion . . . Attempts to (merely) 'deracialise' apartheid capitalism would fail to alter the balance of class forces in favour of the working class; they are more likely to alter the balance of class forces in favour of capital.

While the adoption of neoliberal macro-economic policies by the ANC in 1996 represented a significant shift away from its own orientations since the 1955 Freedom Charter (Turok 2008; COSATU 2002), it was coherent with those of the apartheid regime since the late 1970s. At that time, growing tensions within the National Party and between the state and the private sector over the management of the deepening economic crisis and dwindling investment led to the adoption of a first set of liberalisation policies (in particular of exchange controls), followed in 1982 by a programme of privatisation and deregulation (Marais 2011). These reforms had three important effects: they 'allowed for the easy

transmission of the worsening international economic conditions into the South African economy' (Morris and Padayachee 1989, 76, quoted in Marais 2011, 44) while greatly increasing the power and concentration of large conglomerates (four of them controlled 80% of the Johannesburg Stock Exchange from the mid 1980s; Chabane, Goldstein, and Roberts 2006). This acted as a springboard for their financialisation, facilitating the emergence of a powerful financial sector which has since grown from strength to strength (Ashman and Fine 2013). The continuity with the post-apartheid period is striking: when the South African economy was liberalised by the ANC government in the 1990s, the restructuring which ensued further *benefited* the historically strong capitalists, who were able to shift many of their assets out of the country, resulting in (continuously) high rates of capital flight (Ashman, Fine, and Newman 2011).

This issue attempts to unpack the concurrent political, economic and social dynamics of neoliberal deepening under a democratic regime, thereby shedding light on the complex unfolding and idiosyncrasies of neoliberalism in post-apartheid South Africa. The issue thus opens on an enquiry into the making and unmaking of the most decisive yet under-researched policy choices of the post-apartheid period: the MERG, which represented the unique – if short-lived – exploration of an alternative macro-economic agenda for South Africa. Based on a series of interviews and the study of unpublished archives and personal records, Bill Freund's enquiry into the politics of MERG documents the state of economic policy thinking at the time the ANC decided to enter negotiations. He shows the institutional and political constraints under which MERG operated and establishes a fine sociology of the ANC's shift to neoliberalism. He provides a detailed analysis and assessment of MERG's proposals, in the context of the options available to the ANC in the transition period. Not only does Freund help us to understand the specific choices made and their proponents and opponents, he also helps appraise MERG's emphasis on social expenditures, infrastructure, and employment-driven growth, at a time when GEAR's unimpressive outcomes are now so broadly recognised domestically and internationally.

Following this historical analysis, Segatti and Pons-Vignon interrogate the resilience of macro-economic orthodoxy post-GEAR and post-Mbeki, focusing on the role played by state reform in enforcing this. Examining macro-economic policy-making from the double perspective of political economy and technocratic capture, they draw on interviews with policy actors and content analysis. The article points to some of the key contradictions in macro-economic policy narratives. In the context of a conversion to neoclassical economics by key ANC leaders, and of remarkable personnel continuity in economic policy circles, the post-apartheid macro-economic policy framework emerges as an intangible superstructure, disconnected from micro policies. The concomitant administrative reform reveals the emergence of an increasingly powerful and hegemonic National Treasury which, far from marking the 'leaning' of the state, entrenches the power of vested interests over strategic economic choices.

Drawing on case studies from the Competition Commission, Gertrude Makhaya and Simon Roberts tackle the post-apartheid state's attempts to regulate access to economic opportunities and to limit concentration in core and emerging sectors: milling, telecommunications, and chemicals and fertilisers. The paper shows how liberalisation found its initial justification among the ANC leadership as a way to dismantle apartheid monopolies. However, the authors show the limitations of competition law: entrenched business interests have managed to protect their positions and even use competition law to their advantage. In total, while the competition regime has been relatively effective in uncovering and blocking the most overtly monopolistic behaviours, it has not been able to alter capital concentration in the economy or open and diversify access to markets for new entrants.

Firoz Khan turns to the politics and government of poverty through an examination of dominant narratives justifying policy positions on social transfers. Khan shows how South Africa's expanding system of social security payments is constitutive of neoliberal deepening. The article analyses the recasting of the 'social' and 'citizenship' with the aim to transform the poor into 'morally responsible', 'community-oriented' and 'market-friendly' citizens. Via textual analysis, interviews with policy designers in the public and civil society spheres, and the wider research and development practitioner community, Khan explores how the South African elite intend managing and containing the contradictions and tensions inherent to the social agenda of neoliberal deepening.

Karl von Holdt's article explores the significance of violence in reproducing and disrupting social order in South Africa. Drawing on ethnographic case study material, as well as interviews and press reports, von Holdt envisages three different kinds of violence: intra-elite violence; vigilantism and xenophobia; and state repression. He situates the question of violence within the continuities of economic policy, inequality and poverty pre- and post the transition to democracy, and argues that the emerging social order is profoundly unstable and marked by a proliferation of struggles over the distribution of power and wealth. Such contestations are not simply material struggles, but are simultaneously struggles over meaning and symbolic order; this, however, does not necessarily imply that an alternative and more inclusive order is likely to emerge. On the contrary, contestation is generating processes of fragmentation and antagonistic local solidarities, simultaneously undermining the coherence of the state and the meaning of 'law'.

Finally, Peter Alexander's piece hones in on the Marikana tragedy and argues that it constitutes a turning point in South Africa's history. By weaving sociology and history into his analysis, he demonstrates that Marikana should be envisaged as a rupture in mobilisation patterns and motives. The sequence of events which followed the tragedy, notably a massive wave of strikes, is seen as evidence of profound structural changes within and beyond the mining sector with repercussions reshaping the condition of the working class in South Africa, particularly in relation with capital and the ruling party.

Three briefing papers bring more depth and breadth to the understanding of post-apartheid South Africa. Raphaël Botiveau offers a critical insight on the ANC's experience in power since 1994, with a focus on the evolution of the Tripartite Alliance and, in particular, the relation between the party and trade unions. In the light of 2012 and 2013 mobilisations in the mining and agricultural sectors, Botiveau examines the reasons for COSATU's continued allegiance to the ANC at a time when the Federation is constantly being marginalised politically and struggles to make its demands heard. Miriam Di Paola and Nicolas Pons-Vignon analyse the restructuring of the labour market, showing that it has reproduced the broader dominance of capital over labour. The emphasis on collective bargaining has not allowed unions to obtain better conditions for workers, as their workplace strength has been undermined by widespread casualisation. Crispin Chinguno raises the question of the rupture of the post-apartheid workplace order through an enquiry into the 2012 strike violence in the mining sector. Drawing on an ethnographic study of the workers' response to violence, he argues that the ongoing reconstruction of a new workplace order is very precarious, and characterised by poverty, inequality and fragmentation.

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Notes

1. The upshot of large-scale dividend payments flowing out of the country is dependency on portfolio investment in order to balance the current account, resulting in upward pressure on interest rates (to attract capital), and growing systemic risk, should investors change their mind about the country's ability to repay its debts (Mohamed 2011).
2. Abedian (Interview 2012) thus recalls that he argued with the IMF representative during the drafting of GEAR in order to ensure that social programmes would not be slashed excessively. Substantial cuts in defence spending were made, while the ability to increase social spending was maintained, albeit in a limited manner.
3. 'The costs of liberalization to politicians are lower, and consequently the probability of sustained reform is higher, when the national executive (1) comes from a party or faction previously excluded from enjoyment of the spoils of state intervention, and (2) enjoys the support of a working majority in the legislature and a disciplined party' (Geddes 1994, 117).
4. Not least from the ANC, since it initially opposed, during the negotiations, the National Party government's programme of privatisation and liberalisation.
5. One of these has been the establishment of a labour law *framework* which favours collective bargaining at branch level and enhanced worker participation in companies. However, the dynamics of the economy and the labour market have emptied it of any further northern European resemblance (Di Paola and Pons-Vignon, in this issue).

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Swimming against the tide: the Macro-Economic Research Group in the South African transition 1991–94

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This article focuses on the establishment and disowning of the Macro-Economic Research Group (MERG) by the African National Congress in the lead-up to the formation of the democratic dispensation of 1994 and the first elections, overwhelmingly won by the African National Congress (ANC), which still forms the national government of South Africa. Considerable emphasis is placed on the politics of the ANC and to a lesser extent the general situation of the South African economy rather than by dissecting economic debates alone. MERG was a relatively lone substantial voice calling for real structural and institutional changes in the economy, ultimately rejected by the ANC at the behest of business. Two decades after the end of apartheid, it has become a hallmark of liberal criticism of the government to denounce it as following the worked-out agenda of a radical agenda underlying the anti-apartheid rhetoric while the African National Congress clothes itself in the liberation language of the Freedom Charter and sometimes even the supposed first-stage National Democratic Revolution that will precede socialism reflecting the discourse of the South African Communist Party. The following discussion aims to clarify what actually happened in terms of macro-economic policy debates in the transitional years 1990–94 and the consequences.

Keywords: South Africa; Macro-Economic Research Group; African National Congress; macro-economic populism; neoliberalism

[Nager à contre-courant: le Groupe de recherche en macroéconomie dans la transition sud-africaine 1991–94.] Cet article analyse l'établissement et le désaveu du Groupe de recherche en macroéconomie (MERG) par le Congrès national africain (ANC) à l'approche de la formation du nouvel ordre démocratique de 1994 et les premières élections, largement gagnées par l'ANC, qui est toujours à la tête du gouvernement sud-africain. L'accent est mis sur la politique de l'ANC et dans une moindre mesure sur la situation générale de l'économie sud-africaine, plus que sur l'analyse minutieuse des seuls débats économiques. Le MERG était une voix relativement isolée plaidant pour de réels changements structurels et institutionnels de l'économie, rejetée finalement par l'ANC à la demande du monde des affaires. Deux décennies après la fin de l'apartheid, il est courant d'entendre les critiques libéraux du gouvernement le dénoncer pour son adhésion à l'agenda radical élimé de la rhétorique anti-apartheid, tandis que l'ANC continue à se draper dans la rhétorique de la Charte de la liberté, voire de la première étape de la soi-disant révolution démocratique nationale qui va précéder le socialisme, reflétant le discours du Parti communiste sud-africain. La discussion qui suit vise à clarifier ce qui s'est passé réellement en termes de débat politique en terme macroéconomique des années de transition 1990–94 et ses conséquences.

Mots-clés : Afrique du Sud ; Groupe de recherche en macroéconomie (MERG) ; Congrès national africain (ANC) ; populisme macro-économique ; néolibéralisme

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The African National Congress: a liberation movement without a policy

The ANC was banned in 1960. During its years of illegal existence, it had a dominant exile component which won international recognition and support. During most of this period, the ANC said little about what potential economic policies it supported (Gumede 2008, 67, Padayachee 1997, 46). Reference was made to the 1955 Freedom Charter, whose economic section was written by Communists in alliance with the ANC (particularly Ben Turok and Rusty Bernstein) and used ambiguous language that could be interpreted in a Communist manner or in a reformed liberal or social democratic way (Turok 2008, 22). It called for 'nationalisation' of big capital but this could be interpreted in the light of the policies of the British Labour Party (which Turok has claimed influenced him) and other clearly anti-Communist left-of-centre political forces in the West, as well as an economy that 'belonged to the people'. The head of the organisation in exile, Oliver Tambo, focused on party unity and avoided any discussion of socialism, capitalism, etc. (Turok 2008). When a new insurgent trade union movement emerged in the early 1970s and began to seek international solidarity and support, the ANC did what it could to stifle such efforts, clinging to the legitimacy of the shadow aligned union federation that no longer had any organisational purchase on the ground (Luckhardt and Wall 1980). The exiled South African Congress of Trade Unions (SACTU) had mainly focused on ANC recruitment.

The situation within the ANC was more complex. The South African Communist Party (SACP) was critical to the formation and development of the military wing, Umkhonto we Sizwe (MK), which enjoyed prestige, if little propaganda success on the ground and it was successful in infusing radical élan amongst many younger exiles. However, these ideas were generally superficial. Virtually no one in the ANC or the SACP had more than limited knowledge about Soviet economic planning or Soviet economic institutions. The influence of the SACP was more important in terms of the structure of a disciplined political party and in propagandising against the power of the West internationally than in any coherent diffusion of socialist ideology.

In the 1970s, ANC prospects were poor and liberation looked remote. However, the revival of worker militancy and the new sense of revolt in urban townships, generally led by youths, led to a growing climate of insurgency. The country's economic situation was also changing along with the price of gold declining and a shift towards globalisation. The capacity of the ANC to influence foreign companies and other economic bodies to consider breaking relations with South African business was growing and yet South African capitalists were increasingly anxious to restructure their relations with the wider world. Despite growing pressure placed on the P.W. Botha government, the most influential voices in South African capital became convinced that the National Party (NP) government could not satisfy their needs. Willie Esterhuysen provides information on how big business in Britain intimately tied to South Africa, notably Goldfields, was anxious to promote political negotiations before the mid 1980s (Esterhuysen 2012, 22–24). Government leadership realised that non-negotiated attempts at reform were leading nowhere. Saul and Gelb noted this double crisis was a change from the assumption of the anti-apartheid movement that the South African political and social system was iniquitous but ideal for the needs of capitalism (Saul and Gelb, 1986).

The South African establishment and Western political and economic circles were perturbed by the ANC's ties to the Soviet Union and liberation movements aiming at anti-capitalist transformations.¹ However, during the 1980s, as *perestroika* lurched forward in Russia without bringing about the reconstruction of socialism as Mikhail Gorbachev had hoped, this view became more nuanced and the possibility of influencing the

ANC in pursuing a more moderate path more plausible.² The last Nationalist state president, F.W. de Klerk, said it was the demise of the Soviet Union that made the breakthrough of 1990 feasible. The events in Russia also affected the confidence of the ANC leadership in pursuing a ‘non-capitalist road’, against which even the Russians would now advise.

Until about 1980, the idea of negotiations with the apartheid government was remote, but the unthinkable began to seem relevant and even attractive. After Nelson Mandela was transferred from Robben Island to Pollsmoor Prison in 1982, he began having talks with top government spokesmen. The same idea seems to have been pursued by Tambo. It was with his support, so far as is known, that his principal protégé, Thabo Mbeki, initiated this process outside the country. This included a meeting with the chairman of Anglo-American, Gavin Relly, and other top businessmen in Lusaka, Zambia, in 1986 (Gumede 2008, 69; Hirsch 2005, 43). Also important was a Swiss rendezvous that brought together future ANC policymakers such as Maria Ramos and Tito Mboweni and representation from the South African Ministry of Finance in 1989 (Sparks 2003). A careful rereading of policy documents before 1990 shows willingness to take a moderate line on future economic policy³ (Hirsch 2005, 47; McKinley 1997, 88ff).

The chief planner of these meetings was Mbeki. He was a figure of the greatest importance in the subsequent history and arguably the most important single architect of the ‘new South Africa’. The son of Govan Mbeki, the most prominent black intellectual associated with the SACP, he was initiated into the SACP and ANC when a young man. However, he did not agree with all the movement’s ideologies. Mbeki stood largely aside from MK and its leaders, Joe Slovo and Chris Hani. Instead he developed as a skilful negotiator and diplomat and by the late 1970s, he was actively contesting formulations that smacked of socialism on the part of the ANC (Turok 2008, 28). In 1984, an article by Mbeki revealed his rejection of any interpretation of the ANC as a socialist-leaning organisation (Mbeki 1984). He found a coterie of supporters over time, even within MK. As was to become obvious during his term as president of South Africa from 1999 to 2008, Mbeki had little interest in the old left or the new left in socialist thinking or in radical democratic ideas; instead he was consumed from what we know in hindsight by a dislike for Western political power in the world and primarily committed to intensive racial ‘affirmative action’ domestically, while accepting the existing economic world order as a given.⁴

Some facets of the ANC need to be highlighted. On the one hand, inside South Africa, the growing potential for change elicited new sympathisers and cadres who had the capacity to be trained for high-powered government positions but had superficial or no interest in a socialist transformation or in the SACP. Some of these, together with a few exiles, even before and shortly after 1990, began to be pushed into rapid academic training in economics – Ketso Gordhan, Max Sisulu, Tito Mboweni, Vivian McMenamin, Neil Morrison, Maria Ramos, Colin Coleman, to name some.⁵ Today most are prominent figures in the South African private sector, the last three linked particularly to the financial sector. They form an interesting contrast either to the mostly SACP-linked educated ANC supporters of the pre-1960 days or to the in-between generation of intellectuals who were attracted to the trade union movement, always identified as ‘independent’ before the merger with the Congress of South African Trade Unions (COSATU) in 1985, and to the independent non- or anti-Communist international left. Alec Erwin, the leading ideologue of the National Union of Metal Workers of South Africa was hostile to the ANC due to its exclusive backing of SACTU in this period, for example.

At the same time, the mass of ANC exiles, radical at least in a nationalist sense, especially those in the bush camps, were kept in the dark and had no idea that negotiations were nigh or even possible. Even at the start of the negotiations period, militant cadres used

extreme language about the foe. At the top end of the exile hierarchy, Hani and Slovo were unhappy with Mbeki's activities, but these continued (Esterhuysen 2012, 242).

When in February 1990 F.W. de Klerk freed Mandela, ended the banning of the ANC and SACP and initiated a new historical turn that led into a negotiation process, the position of the ANC had both strengths and weaknesses. With regard to its legitimacy amongst black South Africans and acceptance amongst anyone who opposed apartheid, it was strong and weathered efforts to promote black rivals, especially Gatscha Buthelezi of the Inkatha Freedom Party, to legitimate forces from the other so-called black homelands, to destabilise truce conditions on the part of the security forces and other obstacles. However, this strength depended on the militancy of forces that had emerged independently, especially COSATU, which had made peace with the ANC but retained autonomy and autonomous ways of organising and thinking as well as the federation of generally locally based structures (more than 700 at peak) that came together as the United Democratic Front (UDF), whose successor organisation, the Mass Democratic Movement, disbanded in 1990.⁶

In the end, the ANC forced de Klerk to accept a one-person, one-vote electorate but the price was to leave dominant social and economic formations largely intact with a constitution concerned to protect individual and property rights. In the build-up to negotiations, the ANC had achieved one of its greatest successes in pursuing a sanctions campaign. However, implicit in that campaign was the assumption that, were it to achieve power, business interests that had respected the sanctions would be welcome.⁷

In any event, future economic arrangements were not part of the leadership's priorities. Key figures who might have been expected to take up economic issues became preoccupied with political ones in the CODESA (Convention for a Democratic South Africa) negotiations. Even Mbeki only occasionally intervened on the economic side. A Department of Economic Policy (DEP) was set up with Max Sisulu as the first head and Mboweni as deputy. Trevor Manuel took over as head when Sisulu left to study in the USA in the early 1990s. Manuel presented a figure from the UDF proposed by Ramaphosa, and had a reputation of indifferent relations with the trade unionists from Cape Town (Sparks 2003, 325, 365). Ramaphosa saw this as a minor post suitable for rewarding a UDF stalwart but the inexperienced Manuel became a pivotal figure with time. The DEP itself had little capacity or orientation at first compared to autonomous and more radical groupings.

The left's influence was still paramount when ANC cadres met in Harare in May 1990 and issued the Harare Declaration. This meeting embraced the slogan of economic growth through redistribution. While the ANC component did not show any consistent commitment to deep economic change, the declaration proposed that the state would assume the 'leading role in the reconstruction of the economy in order to facilitate the realisation of the economy' and 'the democratic movement do[es] not recognise and find[s] morally reprehensible, the present government's attempts through privatisation, regulation and other legislative means, to weaken the new state's ability to intervene to restructure the economy.' It was also agreed that 'appropriate economic stabilisation policies, including monetary and exchange rate policies, would be used to manage macro-economic imbalances of this nature.' However, this declaration was only a preliminary discussion document (Harare Declaration, *Transformation 12*, 1990, see also Hirsch 2005). The 1991 party conference held in South Africa sidestepped discussion of economic policy almost entirely.

The making of MERG

It was in this context that the Macro-Economic Research Group, or MERG, was formed in November 1991 (Marais 2011, 106). If one looks back even at Mandela's inaugural brief for

MERG, it is strikingly conservative, emphasising the need to conciliate business with the only clear impulse for change directed at the elimination of racial discrimination. The slogan of growth through redistribution appealed to him. Yet there is no hint in it of any interest in, or knowledge of, heterodox economic thought.

A local activist from Durban who had joined the movement, and notably the SACP in exile, Jaya Josie, was the director but after some months he was replaced by Vella Pillay. Pillay was an unusual exile. He had worked in London for the Bank of China for many years, and after the Sino-Soviet split, his relations with the SACP were poor. Once prominent in the British anti-apartheid movement, a friend describes him as 'sidelined' by the ANC (Naidoo 2012, 734). However, he retained good relations with some top ANC leaders and enjoyed a reputation for economic expertise and independent thinking.⁸ He had a good knowledge of Asian development trajectories that were beginning to enter the Western academic literature. Pillay also had friends amongst left-wing British intellectuals active in the anti-apartheid movement, notably (then) Marxist London university economists Lawrence Harris and Ben Fine with whom he had studied at Birkbeck College.⁹ They had a history of advisory work for the ANC in a grouping known as Erosa (Economic Research on South Africa). Together with another British Marxist academic, the South African-born specialist on African peasant societies John Sender, they would prove critical on the steering committee.¹⁰

Support money for the MERG project, which was intended to formulate an economic policy that the ANC could project, came from a variety of international groupings with a history of sympathy and support for anti-apartheid activity. Primary among these was the International Development and Research Council (IDRC) of Canada, which proposed the project after a plea from Mandela to Canadian Prime Minister Brian Mulroney for assistance (Hirsch 2005, 53–54, Habib 163). Canadian funding had already been important in supporting the Economic Trends Research Group (ET), and an initial report from the IDRC was prepared by left-of-centre economic specialists on Africa, John Loxley and Gerald Helleiner.

Partly in order to appeal to funders but also to show the range of expert advice on which the ANC could draw, a star-studded array of international left and heterodox economists were part of the International Reference Team. In addition to those cited, these included Swedes Mats Lindahl and Bertil Odén, the American specialist on Korea Alice Amsden, Americans Bill Gibson and Lance Taylor and Tanzanian economist Benno Ndulu. However, although they visited South Africa and presented their views, they were not involved in the MERG product. MERG's enemies were to attack it as led by foreigners but in fact every player in the debate on future economic policy, given the dearth of South African expertise, relied in significant part on advice from the outer world, indeed almost entirely from Western countries, whether establishment or dissident. There was a supervisory committee of the ANC that in theory was charged with MERG activities including individuals such as Manuel, Mboweni and trade unionist Alec Erwin but it was largely a formal requirement and played little active role. The actual MERG-ANC linkages were problematic as was the MERG-COSATU connection.

The second major node that fed into MERG was the ET, the brainchild of COSATU. With his background as an economist, Erwin had played a key role in forming and leading ET which was only shifting in 1990 to focus on policy issues and the future, as opposed to the historic assessment of South African economic and social development. Stephen Gelb, a younger economist trained in Canada, was another key player in this group. Trade unionist Dave Lewis, briefly a professional economic historian and Gelb's successor as the last ET convenor, led a wing of ET in the direction of the Industrial Strategy

Group which came increasingly under the influence of Raphael Kaplinsky, a former South African development specialist with an interest in industrial restructuring, who had moved to Britain long before (Padayachee and Sherbut 2011, 119).

The trajectory of the International Strategy Project (ISP) needs delineation because it involved some of the most accomplished members of ET. At first, the focus was on breaking up conglomerate power and disempowering big business (Legassick 2007; Lewis 1991; Sparks 2003, 193). Initially, some of its core ideas – deconcentration of conglomerates, only slow and selective tariff reduction, focus on building R & D and state intervention behind particular industrial champions – were quite radical. The ISP clung to union coat-tails and promoted a corporatist view of economic decision-making, emphasising internal changes in the way production-orientated business structured labour processes (Joffe et al. 1993, 1994).

The relationship with MERG became vaguer with time (Habib and Padayachee 2000; Padayachee and Sherbut 2011, 620–621). The MERG report described the relationship as one whereby MERG supported the approach of the ISP but not its framework. Gradually the ISP became less critical of South African business, more narrowly focused on structural change aimed at increasing manufacturing exports and inclined towards becoming a slightly maverick business consultancy. By 1994 Kaplinsky was open to the idea of reducing wages in the name of competitiveness¹¹ (Kaplinsky 1994).

The ISP also came to embrace massive rapid tariff cuts and committed itself to promoting industrial productivity growth through firm consultancy (Bell 1997). Lewis went on after 1994 to formulate South African competition policy and become head of the Competition Board. A recent memoir opines that

... this role and importance of competition policy were, in my mind at least, bolstered by my increasing experience of the limitations – both managerial and political – that the state confronted in taking on the role as the instrument of economic growth and development. (Lewis 2012, 10)

The ISP would have a significant influence on the Ministry of Trade and Industry under the ANC but it did not have much success in achieving its desired reorientation of South African industry, a policy aspect which MERG had championed (Padayachee and Sherbut 2011, 613).

Other ET members shifted towards involvement in policy areas in which they had interest or expertise. Vishnu Padayachee, interested in Marxist and Keynesian ideas, and Brian Kahn remained important in MERG. Alan Hirsch, later a key advisor in the President's Office to Thabo Mbeki, was a MERG researcher as was Ramos. Kahn dropped out in time, however, while Padayachee remained a Steering Committee member.

MERG's brief was to forge an econometric model that could be brandished by the ANC to rival what the state would offer in negotiations. It was a given that this model would be capitalist but not necessarily neoliberal in outlook. However, it was also supposed to engage in more wide-ranging research. Fine in particular believed a complex range of policy inputs and institutional changes were more important than any model. MERG was intended to have a significant research base and hired a number of younger researchers. It was also supposed to train hundreds of black 'economists' in a short period of time, a Canadian fantasy idea which never happened but arguably was central to IDRC concerns.

Equally politically correct was the insistence on project location at a university amongst those intended for non-whites, in fact the University of the Western Cape where the formerly imprisoned Renfrew Christie, an expert on South African energy provision, played

a part (Padayachee and Sherbut 2011, 622–623). This was eventually dropped and headquarters shifted to the University of the Witwatersrand in Johannesburg where Sender became temporarily a professor. MERG's watchword was 'growth through redistribution', not 'getting prices right'. However, researchers included a wide range of individuals, of whom many (such as André Roux and Servaas van den Bergh) were orthodox in their economic approach and writing. Among others were Ramos, a key figure in the rightward turn of the ANC and future deputy director-general of the Ministry of Finance, and Hirsch. In the view of Laurence Harris, '... those MERG members who subsequently rejected the government's GEAR [Growth, Employment and Redistribution] policy might have promoted the image of MERG as being a left-wing alternative, but even if its conclusions appear left wing, neither the selection of people working in MERG nor the discussions and processes leading to the conclusions were driven by a socialist agenda' (Harris to Freund, 3.1.13).

It proved difficult for this wide array of individuals to form an effective team and bridge the ideological divide (Padayachee and Sherbut 2011, 322–323). Strong personalities, often not used to working collectively, clashed irremediably. In the end, Fine, Pillay, Harris and Sender with the support of Padayachee (the three latter individuals on the Steering Committee) were the dominant voices while others dropped out and ceased to support MERG. Hirsch, for instance, was so horrified at the first official presentation of MERG that he went behind Pillay's back to the ANC to protest (Pillay 1995; fax from Mboweni to Pillay, 9 November 1993). Gelb, partly through the mentorship of Gibson and Taylor, was supposed to be the chief modeller. He eventually withdrew and believes the pressures were for a model that was too insular and failed to take international factors into consideration. The realities of a weak foreign exchange reserve and recurrent balance of payments crises weighed heavily on him (Marais 1998; Sparks 2003, 352, discussion with Gelb May 2012).

Despite its formal credentials, MERG had no monopoly on drafting an economic policy for the ANC. MERG's relationship with the ANC DEP was marked by suspicion and tension. Of particular significance outside MERG was the National Economic Forum (NEF). The NEF engaged top COSATU trade unionists.¹² The Forum focused on key concrete issues such as the renewal of the motor industry support programme, tariff policy and the establishment of fuel prices.¹³ It never came up with a comprehensive alternative plan of action and seems to have avoided confrontations about economic theory but it engaged the political heavyweights regularly, especially Mandela and Mbeki, and fed into a policy trajectory that was well under way before the first democratic election in 1994. Much of the unionists' energies went into efforts to give the New South Africa a strong corporatist carapace. Although a National Economic Development and Labour Council (NEDLAC) was ultimately created, it never had the importance or power for which the unionists hoped.¹⁴ The limited involvement of the trade union intellectuals in MERG, given their centrality to the left in South Africa, was a fatal one.

MERG's final leadership derived their decisions from a critical and hostile understanding of dominant international thinking and from deductions based on the literature produced by writers on the left about the political economy of South Africa. The ANC expected by contrast something that was sensitive to its increasingly clear evolution to the right and in line with the mindset of its leadership, notably in its key statement, *Ready to Govern*, adopted at the ANC National Executive Committee (NEC). This was the point in 1992 when, finally 'the door for a complete about-turn on economic policy was open' (Sparks 2003, 183), although in deference, Allister Sparks says, to Joe Slovo the word privatisation was not openly used.

The ANC moves right

The literature on ANC economic policy in the transition era generally starts with Mandela's proclamation, after his release from prison, that the nationalisation programme of the Freedom Charter was an absolute commitment on the part of the ANC.¹⁵ However, it is also true that Mandela framed this in his mind in line with policies typical of left-of-centre parties of the pre-1960 era even in the West.¹⁶ As Hirsch points out, Mandela was already wobbling on this point by the time he first met business leaders as early as May 1990 (Hirsch 2005, 42). Tambo was disabled by a stroke in 1989 but it is unlikely he thought differently.

From early 1990 on, the ANC leadership, very much including Mandela, were subjected to a massive campaign on the part of international capitalist forces (notably the British and US embassies) to move towards policies that would give business much of what it wanted and to fit South Africa into the dominant neoliberal paradigm.¹⁷ On the former front, one should note the importance of international tours and influences. In the course of 1991, Mandela became convinced of the priority of speaking to investors (Hirsch 2005, 30). Hirsch ascribes Mandela's abandonment of nationalisation particularly to his attendance at a conclave in Davos, Switzerland, where powerful economic and political figures assembled annually.

Mandela discarded his initial speech in favour of one that was politer to the Davos audience¹⁸ (Hirsch 2005, 29; Sparks 2003, 345). He conferred with, and was influenced by, representatives from Vietnam, China and the Netherlands, all of whom advised against nationalisation (Gumede 2008, 69). By November 1991 Mandela articulated in an article in the British *Financial Times* that one had to choose between nationalisation and attracting foreign investment (Habib 1996, 161). He wrote: 'The ANC is portrayed in the media at best as incapable of formulating economic policy and at worst as preparing a massive nationalisation programme' (Hirsch 2005). His first speech that showed a rejection of radical economic policies was made in Pittsburgh, USA, on 6 December 1991.

Nationalisation virtually disappeared from the agenda by the time of the ANC NEC Nasrec meeting of April 1992 (Hirsch 2005, 52–53). This ANC NEC in 1992 still made some gestures in the direction of a radical economic policy in *Ready to Govern* but the 1993 meeting, engineered by Mandela and Mbeki, was fairly unequivocally committed to orthodoxy and continuity on most issues (Gumede 2008, 71). By the time the MERG report was issued in November 1993, the ANC had set up its economic orientation although the struggle to inject progressive content, especially from COSATU, did continue.

It might be expected that the Washington Consensus institutions, then really at their peak of influence, would have been very critical actors but research indicates a more nuanced picture. It seems true that they, and those that they recommended, were useful in schooling Trevor Manuel, amongst others, in the 'realities' of the dominant discourse (Gumede 2008, 73). Yet the World Bank was well informed about South African conditions and was prepared to tolerate and even approve radical reform: it is from World Bank consultants that the ANC acquired the idea of the racial transfer of a substantial amount of land (30% of white-owned land) and a World Bank report suggested that a 10% budget deficit might be at first desirable in the white heat of change (Marais 2011, 101; Padayachee 1993, 1997, 33).¹⁹

However, it was only in 1997 that a small loan was taken from the Bank for the first time in support of small business creation (Bond 2000, 160; Padayachee 1997, 33). The position of the World Bank has been explained (from within) by the desire of the Bank to make South Africa more of a partner than had been usual in its policy work as a means of

getting over the bad publicity it had received in Africa and the bad odour in which it was generally held by the ANC and its allies (González 1995).

It is also remarkable that Manuel, then new to the DEP, was invited to participate in a short course at the Bank in Washington early in 1992 and was joined before it concluded by Mbeki, who had organised this delegation (Gevisser 2007; Padayachee 1997, 45; Sparks 2003). From this time on, Manuel spoke with conviction about the policies he would promote. This was followed by the establishment of training course relations with the investment brokerage firm of Goldman Sachs.

The International Monetary Fund's (IMF's) first report on transitional South Africa by Lachmann and Berkuson, however, emphasised that while an analysis of structural and institutional problems was all well and good, liberalising external trade and financial relations as the top priority and then contracting public expenditure, took precedence as everywhere else in the world. In the second half of 1993, the ANC engaged in secret negotiations with the IMF leading to an US\$850-million loan under conditions that spelt out conservative policy restraints in a Letter of Intent. Finance Minister Derek Keys, who had entered the last National Party cabinet on the advice of magnate Anton Rupert, was crucial in bringing this about, having essentially promoted the deal within the de Klerk government²⁰ (Padayachee 1997, 32). The Transitional Executive Council, a joint ANC–National Party government committee, approved this loan (Terreblanche 2012, 64). The MERG leadership were consulted on these negotiations but the amendments they suggested were ignored (Habib and Padayachee 2000).

One should not underestimate the role of the doyen of South African business, the richest South African of them all, Harry Oppenheimer. Oppenheimer formed the Brenthurst Group, which met regularly with Mandela and others (Sparks 2003; Terreblanche 2012, 63). He and others threw open their amenities to the leadership in waiting²¹, were Review of African Political Economy willing to accept many aspects of ANC desiderata (for instance the interest in creating some black participants in big business and a willingness to accept much of the progressive social legislation of the early years) and became increasingly trusted as consultants on what mattered most to them. Thus, by contrast to the disinterest that had been shown in consulting with MERG, when it came to promoting the GEAR programme in 1997, the Brenthurst Group was listened to respectfully and its suggestions and amendments taken up by the ANC leadership (Gumede 2008, 79).

Who were the key players in this shift to the right? Behind the scenes, Mbeki, who was effectively the most important figure after Mandela in the new government after 1994 where he first served as deputy president, was perhaps the kingpin. In the end, the key decisions were theirs.²² Manuel was also significant (Green 2008). Up to the arrival of Manuel, pronouncements by the DEP were in some respects progressive: against low wages, capital to be garnered locally, taxation of corporates, unbundling of conglomerates (Marais 2011). Mbeki's future minister of finance, Manuel was at first viewed with suspicion as a UDF type little known to the exiles. Mbeki quickly became Manuel's mentor (Gevisser 2007, 664).

Shifting in this direction as well were Erwin (a dramatic change of heart in 1992 that was crucial because of his COSATU credentials²³), future Minister of Trade and Industry; and Tito Mboweni, future governor of the Reserve Bank.²⁴ Perhaps one should also mention Manuel's future deputy and later partner and wife, Maria Ramos, equally important later in structuring and consolidating a Ministry of Finance.

The influence of South African business was also important. On the South African corporate side, a series of scenario presentations, one from Old Mutual/Nedcor (endorsed in a blurb by Ramaphosa) (Bond 2000, 58), a second from Sanlam and perhaps most influential,

the Mont Fleur bird flight simulations of August 1992, by some of the biggest players in South African capitalism, were some of the best known (Gumede 2008, 72). The flamingo pattern was particularly embraced by Manuel, which made everything clear to him in his own words (Giliomee 2012, 351; Sparks 2003). Only two months later came *Ready to Govern*. Terreblanche refers as well to secret meetings held at the Development Bank of South Africa whose late director, Simon Brand, had been considered relatively independent and progressive.

The final factor was the transitional state. Keys formed close relations with actors representing the ANC alliance, notably Manuel and Erwin. From 1992 an Economic Transformation Committee was formed by the ANC and the NP government, where international factors such as the context of the new World Trade Organization (the so-called Uruguay Round) with its heavy free-trade ideology were bruited and accepted. The lineage here went back to the NEF rather than to MERG. This evolved into the Transitional Executive Council, which made the first deal with the IMF in 1993. Of course, for the first phase after elections, a Government of National Unity (GNU) prevailed with Keys in the cabinet and equally conservative management in the Reserve Bank in the form of Governor Chris Stals. It was the NP that would eventually step away from the GNU – and not over macro-economic issues.

The MERG team were not linked to top ANC leadership and were therefore not consequential as a countervailing force. The leadership had nobody on the left to trust whom they considered truly their own. By contrast, the right offered paths (steering close to the Normative Economic Model or NEM designed by University of Stellenbosch economists and adopted by de Klerk while still in office) which seemed feasible. Second, the ANC were subjected not only to the sugar cube of understanding chat about the evils of racism and the need for change, but also to the stick of what might happen if they tried to defy business consensus, both nationally and internationally.

Even amongst anti-apartheid economists, conservative voices hostile to MERG perspectives prevailed. The main thrust of their arguments was not that MERG policies were bad or undesirable but that they were impractical. Harvey and Jenkins insisted that interventionist economic policies were invariable failures in Africa (without mentioning their success in Asia) (Harvey and Jenkins 1994). Terence Moll explained that Keynesian policies were at first a stimulant but led to a dead end, bringing about disastrous balance of payments problems and out-of-control inflation (Moll 1991). Yet Moll gave as his most thorough negative example Alan Garcia's first government in Peru, a country with a much lower level of industrial development and infrastructure than South Africa and one that was seriously dependent on repaying foreign debts in order to function, also unlike South Africa. The gist of the numerous contributions of University of Cape Town economist Nicoli Nattrass was that MERG policies appeared desirable but would meet business disapproval and thus needed to be ignored (Nattrass 1994). For liberal economists, this was apparently a 'great debate'.²⁵

Yet, whatever the shortcomings of this mindset intellectually, Moll was right that investment in infrastructure and education could take many years to have a positive effect. The practical issues Nattrass raised about feasibility were also quite real. The ANC was rationally and genuinely afraid of the potential of massive capital flight, of business investment strikes and white managerial emigration on a scale to undermine the economy, and its leaders wanted to show the world their managerial competence (Turok 2008, 44). The dream remained too that 'sound' macro-economic policies would lead to foreign investment on a big scale just as the upbeat scenarios predicted.

A concomitant of this were claims that began to be spread widely even before the ANC was in power that the situation of the South African economy was parlous (Marais 2011, 191; Michie and Padayachee 1997, 13–15; Sparks 2003, 188, 181, 375ff). In fact, from the point of view of productivity, employment or growth, things did look quite bleak in the early 1990s.

However, the NP were no spendthrifts. Private savings were declining but not to drastic levels. In general, budget deficits had been kept very low and the country's debt level was well below the 60% level considered tolerable and exceeded by many leading capitalist countries (Calitz, du Plessis, and Siebrits 2013; Legassick 2007, 459; Mohr 1991; van der Merwe 1994).

It is true that integrating civil servant pension funds obliged the state to spend inordinately in 1992, a major reason for a sudden 10% overspending deficit budget (Giliomee 2012, 350) but this was a one-time commitment.

The inflation rate was high, especially given that there was virtually no economic growth during the transition years, but the most worrying figure was the small amount available on reserve for expenditure, a situation that proved to be difficult to reverse after 1994. Nonetheless for Ramos, the severity of a crisis situation justified the turn to orthodoxy just as for Erwin. It was in addition the defiance of international standard practice that seemed hair-raising. Erwin and other trade union representatives accepted this criticism and accepted the neoliberal path of fiscal management, putting their weight instead behind the institution of NEDLAC and the championing of progressive social policies on a wide spectrum by contrast to MERG.

MERG: analysis and assessment

In reconsidering the MERG project, (*Making Democracy Work*, 1993). and with Gelb out of the picture, the team was forced to move quickly to find the alternative desired model. In the end, one was produced swiftly by Peter Brain, a politically sympathetic Australian without much knowledge of the specifics of the South African economy. Here it was suggested that with some additional deficit spending, increased tax revenues and a move away from apartheid priorities such as the military, it would be possible to channel investment in such a way as to promote employment and exports, to construct infrastructure while intensifying the diffusion of skills and education. Poorly paid workers could benefit from a minimum wage which would enhance buying power. Moderate levels of inflation could be tolerated for an interim period. South Africa's problems were considered to be unemployment, ignorance and poverty, not inflation or uncompetitive high wages for labour. This was a classically Keynesian vision in a very non-Keynesian era and it predicted a relatively quick path towards rapid economic growth.

MERG produced a substantial report considering various aspects of the South African economy, including indirect institutional areas of concern. The central principles were:

- (1) Commitment to a 'growth objective' focused on job creation.
- (2) Enhanced and targeted spending on expanding the quantity and improving the quality in the educational system.
- (3) Development of adult basic education and training.
- (4) The creation of 2000 clinics as a basic step in building a national public health system.
- (5) A massive expansion of structured housing sites and housing construction units.
- (6) Land redistribution primarily aimed at food security and rural women.

- (7) A 'realistic' minimum wage.
- (8) An industrial policy aimed at raising exports but with the emphasis on developing manufacturing and skills, and a competition policy to promote small black enterprises (MERG 1993, 2–3).

Public investment was to be fixed to a trajectory of sustained growth as per the model (MERG 1993, 7). In summary, the authors considered that 'MERG proposals amount to a strategy for which the state would provide leadership and coordination for widely-based economic development and intervene directly in key areas.'

Some of the suggestions deserve attention. Expenditure on education and health education was to increase but the assumption was that tax increases would be moderate and deficits would decline as growth kicked in. A capital gains tax was proposed alongside increases in taxes on the well-to-do, and trade liberalisation was viewed with caution. Exchange rates were to be kept stable and to be determined by more than just the need to fight inflation. A People's Savings Bank was proposed, possibly to function via a reformed Post Office (247) and the Stock Exchange was to be remodelled to encourage state investment to promote industrial innovation, and a Capital Issues Commission to be created. The Reserve Bank was to be nationalised and put constitutionally under state supervision with some autonomy. A distinction was made between consumer industry and industry flowing out of the beneficiation of mineral extraction (213) with a need to develop both with state intervention. The state needed to take it on itself to promote training, research and development, technological progress and appropriate fiscal policies while making decisions on output and pricing.

The socio-economic context received major attention. The housing programme was to focus on rental accommodation for low-income people and education (84–85) policy was to aim at the 'provision of universal, state-funded schooling' with attention given to institutional restructuring and addressing the skills shortage. Additional features included with an integrated rural policy intended to provide massive numbers of paid jobs, especially for women, with some targeting of small-scale agriculture.

This programme can be compared to that of the RDP, the Reconstruction and Development Programme, formulated and used prominently by the ANC in its April 1994 election campaign. The executive team that drafted the programme consisted of Patrick Bond, Max Sisulu, Jeremy Cronin and Erwin. The RDP was adopted by COSATU in November 1993. It was conceived separately from the MERG report but also researched and reported on socio-economic conditions (Gumede 2008, 74). It was Erwin, with Jay Naidoo, the general secretary of COSATU, who got the ANC to accept the document.

Up to a point, this was a victory for COSATU and arguably the SACP. However, 'by the time the final version of the RDP had appeared, it was not the radical document many argued' (Padayachee and Sherbut 2011, 627). While the assessment of social conditions was forthright and impressive as a result of substantial research, the macro-economic policies to sustain reform were left very vague (Adalzadeh and Padayachee, 1994; Legassick 2007, 456ff, Lodge 9–10). One can possibly argue that in this way MERG-related research had some influence on policy, alongside those of its detractors (Gumede 2008, 72; Hirsch 2005, 59; Lodge 1999; Habib and Padayachee 2000).

However, even as an integrated social programme the RDP was not retained. Naidoo was made RDP Minister, apparently on the urging of Mandela and against the wishes of Mbeki who disliked this usurpation of conventional bureaucratic authority (Gevisser 2007, 669). It did not work organisationally and lacked the influence or the resources to alter the work of the line ministries and was eliminated in 1996. At this time, the

Growth, Employment and Redistribution programme was introduced following the work of a team that included some veterans of the previous processes such as Gelb and Hirsch. GEAR, which Mandela notoriously announced as being beyond discussion, was the culmination of the rightward turn and underscored what had been somewhat masked from the supportive public in the previous five years (Gelb 2006).

The ANC moved ahead and continues to do so within its means, on many RDP issues – housing, electrification, water reticulation, the removal of discrimination and the land question – through ‘transformation’ policies. It shifted only to a limited extent towards reducing taxation on upper income brackets to foster spending; progressive taxation has remained a key fiscal recourse in South Africa. The gaps in delivery are more often due to incompetence than to bad will. However, redress appears to have been pursued without any clear prioritisation or coherence. These policy lines, together with the growing provision of social grants to the poor, have been uncoupled from any macro-economic package.

Whether the integrated bundle of the national stimulus package could have worked is uncertain. It is true, despite what MERG’s defenders have said, that capitalists have continued to reduce payroll numbers substantially, at least in part due to the minimum wage, in the agrarian economy (Böhm and Schirmer, 2010; Klerck and Naidoo, 2011). Indeed, their principal contemporary political call is for a ‘less rigid’ labour market so wage bills can be reduced further. Spending on infrastructure, which characterised the prosperous middle years of the second ANC decade in power, also boosted the numbers at work but only so long as state projects were available. Neither this nor the substantial housing programme of the state, have served in any significant way to kick-start small enterprise growth; nor has the state had much success in small business formation despite a long-time commitment. Land reform has been an economic failure.

ISP-type thinking about promoting select lines for growth has also had limited results. The MERG team probably underestimated the problems posed by institutional inertia, poor capacity and difficulty in changing the nature of a strongly entrenched growth path built around massive state investment and large numbers of lowly paid, low-skilled workers.

A striking feature of MERG, and this is where it followed the Asian developmental state model, was its recommendation to discipline and channel capital. This power was necessary to sustain the model. Here it differed markedly from the RDP. In his introductory talk to the Oliver Tambo Memorial Lecture, Pillay expressed his hostility to change in protectionist legislation, except slowly and selectively after five years of careful deliberation. The Reserve Bank issue was in good part rhetorical and symbolic but it was this that made the private sector shout holy murder, starting with the reaction in *Business Day*. *Business Day*, in an editorial signed ‘Left Bank’ but written presumably by Jim Jones after Vella Pillay had first introduced the MERG report, described Pillay as an ‘economic populist’ with ‘quaint ideas’ and [fortunately] little influence in the ANC (*Business Day* November 8 1993). This third aspect was entirely rejected by the ANC.

The MERG report was dumped unceremoniously.²⁶ Manuel introduced it at a launch but soon made it clear it was not going to be ANC policy. Mandela withdrew his proffered foreword and did not attend the launch (Gumede 2008, 74; Sparks 2003, 184, 352). Announcement of the IMF deal in March 1994 (MERG strictures were ignored) added salt to the wounds. It involved commitments to reduce the budget deficit, lower the public sector wage bill and scrap import surcharges (Bond 2000, 179). Pressure to impose compliance characterised IMF influence thereafter (Padayachee 1997, 37). Despite a counter-vote in the ANC executive which supported the MERG position, the independence of the Reserve Bank was established secretly (Marais 2011, 106; Bond 2000, 76). Out of the MERG process came the establishment of the National Institute for

Economic Policy, a structure which continues to exist but has never had the resources to make much impact.

The appointment of *ancien régime* figures from the business world, first Derek Keys, a keen supporter of de Klerk's Stellenbosch-generated NEM economic model (Habib and Padayachee 2000)²⁷ and then Chris Liebenberg of Nedcor as ministers of finance with Chris Stals, who envisioned his role as primarily fighting inflation, retained as governor of the Reserve Bank, was intended to reassure conservative financial circles about what was termed a Government of National Unity (Padayachee 1997, 48).²⁸

Under Mbeki, acceptance of the Black Economic Empowerment Programme proposed by big business, led to a mutually profitable relationship between the ANC party-state and the big corporations (Iheduru 2008). This new kind of alliance, so fundamental for the ANC as a party, did not exist in MERG proposals, which referred to the dangers in this kind of racial economics. Neither did the unions succeed in getting a corporatist governance to replace one via the conventional bureaucratic route. Through 1992 and 1993, Mboweni and Manuel led the fight to make sure the ANC alone, and not COSATU, would set economic policy. (Marais 2011, 104) By the first couple of years of the new government, it was clear that they had succeeded.

Conclusion

After the MERG report came out, it became clear at key meetings that macro-economic policies were going to take an orthodox form. In complete contradiction to what MERG recommended, tariff barriers were removed so quickly that they exceeded what was proposed in the WTO (by Manuel as minister of trade and industry late in 1994, Habib 1996, 190) and the most powerful business players were allowed to move their headquarters to London (so Anglo-American, once completely dominant on the Johannesburg Stock Exchange, became South Africa's biggest 'foreign' investor). The *finrand*, which controlled the exchange rate for exiting firms was abolished and the Reserve Bank's independence and commitment to fighting inflation was constitutionally enshrined.

Mbeki promoted privatisation to fit plans for the making of a class of wealthy black businessmen and to pay for the RDP (Fine 1995). It can be said that the conservative fiscal approach meant the ANC government came to depend very little on the IMF and World Bank for loan money (Hirsch 2005; Padayachee 1997, 37; Turok 2008, 56); this apparent paradox fitted Mbeki's distaste for Western domination but of course meant the adoption of the very policies associated with the Washington Consensus.

Interest in MERG, however, keeps bouncing back because the success of GEAR-type macro-economics has been so limited, apart from the claim which can be made that the move right stabilised a dangerous situation politically and created a platform on which the new South Africa could operate. Especially with the passage of time, the weaknesses of following orthodox policy became more and more apparent – slow and uneven growth, limited foreign investment, low savings rates and punitive interest rates, continued poor education and training results, little success in shifting towards manufacturing exports and continued balance of payment problems (Koelble 2004; Weeks 1999).

A recent assessment of South Africa suggested the positive assessment of the country as a member of the BRICS group (Brazil, Russia, India, China and South Africa) was entirely deceptive.

In the post-apartheid era, South Africa earned well-deserved credit for getting the basics of national budget control and finance right but at a real per capita income of nearly \$8000, it

needs more than economic stability. South Africa has failed to create the conditions for dynamic innovation and competition, which it needs to become a “breakout nation”. (Ruchir Sharma, head of emerging markets at Morgan Stanley Investment Management, *Business Day* 12 June 2012)

Yet it was firms like Morgan Stanley that rejected the bold effort of the MERG team to move in a different direction. To a large extent, the return to orthodoxy brought about an extended reproduction of a given developed economy with modest growth, mass unemployment, unprecedented levels of inequality and continuing lack of the tools required for building a more skills-based economy albeit benefiting the middle class. Saul and Gelb’s dual crisis was to some extent resolved: the deep social and economic problems of the poor have largely remained almost intact but business has got what it wanted and has become absorbed into lucrative globalised patterns. MERG was the road not taken. As Mboweni wrote in a recent *Business Day* exchange with Pallo Jordan, inclined to blame conservative choices on the pressure of outside forces, it is also South Africans who have to take responsibility for the key decisions.

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Notes

1. For a sympathetic study of the connection, see Shubin 1999.
2. According to Esterhuysen, former Russian leader Mikhail Gorbachev called for an end to the armed struggle (Esterhuysen 2012, 46).
3. For instance, the Green Paper of 1979 where Mbeki fought to tone down radical language (Turok 2008, 27) or various NEC statements as well as the Constitutional Guidelines of 1988.
4. There are two excellent biographies of Mbeki by Gumede 2008 and Gevisser 2007.
5. This was not at this stage because of the influence of conservative teachers. For instance, a Marxist member of the Erosa group to be discussed below, Laurence Harris, had a preliminary major influence on those who attended the School of Oriental and African Studies, London.
6. For the union movement, see amongst many authors inspired by South African workers, Friedman 1987, Baskin 1991 and Seidman 1994. For the UDF, see also, amongst many others, Seekings 2000 and van Kessel, 1995.
7. I thank Steve Gelb for this insight but see also Gumede 2008, 68.
8. See O’Malley 2002. Here concern is mostly with his relationship to Mac Maharaj which cooled but did not disappear after the split. Naidoo 2012, 712, 734.
9. Fumani Mthembu interview (2012) with Fine; Harris to Freund, e-mail letter, 3 January 2013.
10. Harris would however make a big swing away from the left in his views later.
11. Compare his views at an earlier date in Kaplinsky 1990.
12. Alec Erwin to Vishnu Padayachee, 30 December 2011. For the NEF as a forum dedicated to putting capital, labour and the state together see Giliomee 351 2012.
13. Messages to the author from Alec Erwin and Rod Crompton.

14. Erwin does point out the significance of a Motor Industry Task Group, initially convened by the government, which eventually developed into the NEF. It is noteworthy that by contrast to other industries which have been devastated by the opening of the economy, the motor car industry has flourished within certain limits and become a significant export factor based on close cooperation with foreign car manufacturers but also continued critical state support of the sort that disappeared, including agriculture. However, there has been an historic shift from a strategy aimed at maximising car production in South Africa to fitting manufacture into global value chains very much on the terms desired by the big foreign companies such as Mercedes and Volkswagen. The manufacture of catalytic converters in South Africa complements the presence of the platinum mines, currently the country's largest exporter.
15. The actual South African-based authors of the speech, all eventually to become wealthy businessmen, were Murphy Morobe, Cyril Ramaphosa and Valli Moosa, Sparks 2003, 338–39.
16. Alan Hirsch is not wrong in providing this lineage for the older ANC generation, Hirsch 2005, 31.
17. This is lovingly traced by Sparks 2003, who in fact promoted the process personally.
18. See also Sparks 2003.
19. Obviously there must have been other progressive interventions from overseas but they are not critical to the literature or the argument in this essay.
20. Indeed Patrick Bond thinks the IMF was crucial in promoting Keys' retention as Minister as well as the continued governorship of Chris Stals at the Reserve Bank. (Sparks 2003, 382)
21. 'Anglo American, who owned the nearby wine estate Vergelegen, offered it to the ANC for its first legal meeting on South African soil.' Sparks 2003, 328
22. This is clear from the unpublished comments of Alec Erwin to me, September 2012.
23. Gumede 2008, 74. While he was not unique in this change of heart, the thrust of COSATU was very hostile to this drift. Thus Erwin was a prize catch for Mbeki. But the compliance of the NEC as a whole must have been very significant as well.
24. For Mboweni, see Hirsch 2005, 30. Mboweni was the most equivocal of the three. To his credit, he was for an important phase Minister of Labour who shepherded progressive labour legislation through Parliament very much against the international grain.
25. Sparks 2003 is a good source on the extreme hostility of business to MERG. He shared the conventional media and corporate view that instituting a minimum wage doubling the poorest workers' incomes was 'pure macro-economic populism'.
26. According to Vella Pillay, Walter Sisulu asked him to 'go slowly', Fine considered this to be 'absolutely and completely' a rejection, tied to MERG being scapegoated as an anti-business tool of the left, and he and Sender were not used again as consultants.
27. Manuel considered Keys a mentor with a friendship first formed while watching a rugby match, Sparks 2003, 188. Keys also famously expressed a paternal view of 'this young man', Erwin. According to Patrick Bond, after a few months as minister for the new GNU, Keys resigned to run the giant mining corporation, Billiton, which he had previously authorised Gencor, a major South African mining house, to purchase from Shell, thus allowing it handily to move its headquarters out of South Africa, Bond 2000, 25.
28. For Stals' orthodox views on how a Reserve Bank must function, see Stals 1993. He specifically condemns targeting.

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Stuck in stabilisation? South Africa's post-apartheid macro-economic policy between ideological conversion and technocratic capture

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This article explores post-apartheid South Africa's commitment to macro-economic orthodoxy. Its key argument is that South Africa offers an exemplary case of neoliberal deepening which has entailed three interconnected processes: ideological conversion, a stated focus on poverty and development covering a deep commitment to orthodox macro policies, entailing institutions and a set of practices, and a far-reaching state restructuring involving the emergence and consolidation of a hegemonic treasury. Drawing on an analysis of grey literature, policy documents and a series of interviews with policy-makers, the article first discusses neoliberalism in South Africa, focusing on the 'conversion' of key ANC leaders to neoclassical economic orthodoxy. It then turns to the central, yet under-researched, instrument of neoliberal deepening: the emergence and consolidation of a dominant national treasury with the ability to shape policy-making across all areas of state intervention. The article closes on a call to envisage concurrently ideological conversion and state formation to understand the dynamics of neoliberalism, and its paradoxical resilience in the South Africa case.

Keywords: South Africa; political economy; macro-economic policy; NPM; neoliberalism; public sector reform

[La stabilisation à tout prix? La politique macro-économique de l'Afrique du Sud post-apartheid entre conversion idéologique et capture technocratique.] Cet article explore la poursuite de politiques macro-économiques orthodoxes dans l'Afrique du Sud post-apartheid envisagée comme un cas exemplaire d'approfondissement du modèle néolibéral. L'article montre le rôle joué par trois processus corrélés: une conversion idéologique, l'affichage de la lutte contre la pauvreté et du développement dissimulant une adhésion durable aux politiques macro orthodoxes, comprises comme un ensemble d'institutions et de pratiques, et une réforme en profondeur de l'État reposant sur l'émergence et la consolidation d'un ministère des Finances hégémonique. A partir d'une analyse de la littérature grise, des documents officiels, et d'entretiens avec des décideurs politiques, l'article s'ouvre sur une discussion du néolibéralisme en Afrique du Sud, envisageant la 'conversion' de leaders clés de l'ANC à l'orthodoxie économique néoclassique. L'analyse s'intéresse ensuite à l'instrument central, quoique sous-étudié, d'approfondissement du modèle néolibéral: l'émergence et la consolidation d'un super ministère des Finances ayant la capacité d'influencer l'élaboration des politiques dans l'ensemble des secteurs d'intervention de l'État. La conclusion encourage à envisager conjointement conversion idéologique et réforme de l'État afin de mieux comprendre les dynamiques du néolibéralisme et sa résilience paradoxale en Afrique du Sud.

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Mots-clés : Afrique du Sud ; économie politique ; politique macro-économique ; new public management ; néolibéralisme ; réforme de l'État

Introduction: development failure or neoliberal success?

If the 'strange non-death of neo-liberalism' (Crouch 2011) in Europe is infuriating many observers, its resilience in South Africa is even more astonishing. This is a country whose liberating forces drew on a mix of popular mobilisation, referred to as social movement unionism (Von Holdt 2002), and low-intensity guerrilla struggles orchestrated by the underground and exiled African National Congress (ANC). This movement's ideological orientation was firmly on the side of socio-economic, if not socialist, transformation from the call for the nationalisation of mineral wealth and banks in the 1955 Freedom Charter to Nelson Mandela's declaration after he was released from prison in 1990 in which he 'stressed the necessity of nationalisation and redistribution' (Habib and Padayachee 2000). South Africa has been ruled by the ANC since 1994 and since 1996 by a tripartite alliance with the South African Communist Party (SACP) and the Congress of South African Trade Unions (COSATU).

Yet, the Alliance has opted to continue with the conservative macro-economic orientation of the late apartheid period, with the adoption of the Growth, Employment and Redistribution (GEAR) in 1996 over alternative frameworks (see Freund in this issue). While progress in certain areas (constitutional democracy, housing, electrification) cannot be ignored, very little has changed since Habib's assessment of the first 10 years of ANC rule:

When these programmatic collective aspirations of the liberation movement [such as the Freedom Charter] or the comparative experiences of other Sub-Saharan African countries are used as a political compass, then what is noteworthy is the conservative character of government's macro-economic programme, which is located at the heart of its policy ensemble. This program, known as [GEAR], has . . . not only had negative consequences for poor and marginalised people in South Africa, but it has also compromised the outcomes of the raft of other progressive legislation. (Habib, 2004, 91–92)

Habib was writing when the macro-economic stabilisation of the South African economy – the stated rationale behind GEAR – was considered achieved although on a narrow fiscal basis (Mohamed 2010) and when an abundance of 'progressive noises' were being made by the ANC and government about the future direction of policy. Yet, 10 years later, his assessment remains valid in spite of increases in social spending (see Khan in this issue). Of course, there have been further discursive adaptations in the meantime: the two-stage theory of revolution (first democracy with compromise, then socio-economic transformation) has since provided a convenient way of postponing the redistributive stage indefinitely. What stands out as the central paradox of the outcome of post-apartheid economic policy is therefore the boasted 'success' in achieving a budget surplus by 2006, combined with the failure to reduce inequality to any significant degree (Marais 2011).

This article explores the commitment to macro-economic orthodoxy: not only was this orientation maintained beyond its 'use by' date, but it seems to have durably transformed the South African state into a cost-controlling rather than developmental engine. Our key argument is that South Africa offers an exemplary case of neoliberal deepening which has entailed three interconnected processes: ideological conversion, a stated focus on poverty and development (discussed in this issue's introduction) covering a deep commitment to orthodox macro policies, entailing institutions and a set of practices, and a far-

reaching state restructuring involving of the emergence and consolidation of a hegemonic treasury.

We draw on an analysis of economic, political science and public administration scholarly literature, a systematic review of policy documents, departmental reports and organograms. We also explore the grey literature produced by think tanks and academic and international institutions. The article is also informed by a series of interviews conducted in 2012 and 2013 with past and current policy stakeholders located in business, the state and organised labour. While it is an attempt to weave political economy with political science to go beyond both the former's tendency towards determinism and the latter's preference for 'technical' analysis devoid of engagement with superstructures, it is at odds with the self-styled political economy and political science of the neoclassical 'policy reform' literature which emerged in the 1990s (Geddes 1994; IDB 2006). The latter's main objective was to provide operational advice to force-feed neoliberal reforms to reluctant (usually Latin American or formerly communist) countries, without questioning the content of such reforms (Gabel 2000). Its class character, and that of neoliberalism by extension, is easily recognisable from the identification of the key adversaries; as Geddes points out, 'democratic governments have been able to carry out successful adjustments [because] the urban working class, though hurt . . . , has usually not proved capable of impeding adjustment, protecting itself from having to shoulder significant costs, or punishing the initiators of adjustment at the polls' (1994, 117).¹

Neoliberalism as a political ideology has been conceptualised, then implemented through one main channel: macro-economic policies (Gabel 2000). We provide an empirically grounded account of neoliberalism in South Africa, while heeding Burawoy's critique of organisational sociology (1979) regarding the need to look beyond an endogenous understanding of institutional resilience to relate it to the reproduction of capitalism as a whole and of specific interests within it. Furthermore, we aim to contribute to the political economy of neoliberalism by examining its South African form, thus responding to the call by Ashman, Fine, and Newman:

To understand the specific form that state–market relations take over time and place, it is critical to identify the underlying economic, political, and ideological interests and social relations which shape both state and market and their interaction. Connected to this, it is necessary to specify the form class relations take as they evolve in particular settings. (Ashman, Fine, and Newman 2010, 30)

We focus on interests and relations in order to pave the way for future enquiry into the specific class dynamics underpinning South African capitalism. While an in-depth exploration of the relationship between the political reorientation of the ANC and its shifting class interests and inner dynamics is beyond our immediate scope, we offer some premises for such an analysis.

After a discussion of neoliberalism in South Africa, we focus on the 'conversion' of key ANC leaders to neoclassical economic orthodoxy. Building on Palma's idea of the 'art' of neoliberalism (2011, 136) presented in the introduction to this special issue, we accept his claim that 'what is particularly remarkable about neoliberalism . . . is its capacity to achieve this ["remarkable asymmetric distributional outcomes within democracies"] . . . mostly by ideological conviction'. We then turn to the central, yet under-researched, instrument of neoliberal deepening: the build-up of a dominant national treasury (NT) with the ability to shape policy-making across all areas of state intervention. In the conclusion, we emphasise the importance of looking concurrently at state dynamics and ideological hegemony to

understand neoliberalism, together with a critical assessment of neoliberal resilience in South Africa in the face of numerous challenges.

Neoliberalism as state intervention under ideological hegemony

Does neoliberalism entail rolling back the state in order to promote the market as a superiorly efficient allocative mechanism? This is what neoliberals argue, through requiring a retreat as well as a transformation of the state. To qualify the restructuring of the state under neoliberalism, the term new public management (NPM) has become widely used.² It was born out of the critique of inefficient and corrupt bureaucracies ('old public management') formulated by the public choice school (Buchanan and Tullock 1962), and the first large-scale civil implementation of NPM concerned the British National Health Service under Thatcher. Hoggett thus summarises its key tenets:

Government has not only been the agent of neo-liberal reforms, it has also been its object. Market discipline has been applied to public bureaucracies through reforms which have attempted to increase competition within government itself, the idea being that via such reforms it would be possible to 'get more for less'. (Hoggett 2010, 205)

There is plenty of evidence suggesting that the post-apartheid South African state has been restructured in a neoliberal manner: the outcome, whether in the Department of Trade and Industry (DTI) (Chipkin and Lipietz 2012), in public hospitals (Von Holdt 2010) or in core state functions such as civil registration, immigration and policing (Segatti, Hoag, and Vigneswaran 2012), has certainly not been the corruption-free, efficient state promised by NPM. This echoes the poor results of 'good governance' which became a central feature of donor-driven state reform in developing countries from the 1990s; the idea that pro-market institutions will ensure efficiency and development entails a deep misunderstanding of how polities operate (Khan 2005).

The post-communist left (or 'Third Way') has been instrumental in continuing the work of the neoliberal right and consolidating the restructuring of the (British in particular) state following NPM precepts. A similar process has taken place in South Africa, probably in part because of the exchanges between epistemic and policy making communities via specific linkages with British universities. NPM thus appealed particularly to the ANC as a non-bureaucratic, managerial – i.e., 'modern' – model (Chipkin 2013). Chipkin and Lipietz (2012) discuss the anti-bureaucracy bias that has inspired the post 1994 restructuring of the state, showing it amounted to 'throwing out the baby with the bathwater'. The key reason for 'de-bureaucratising' the state – that problems with the apartheid state were linked to its bureaucratic operation – was never investigated. Yet, as they argue,

Deeply suspicious of the capitalist sector (for its complicity in producing and reproducing racial domination) and yet worried about the effects of state-driven development after the collapse of the Soviet Union and the fortunes of other African states, the critique of bureaucracy associated with the NPA [*sic* – NPM] movement was received as a 'third-way' [within ANC circles]. It suggested a way of retaining a leading role for the state while avoiding waste, inefficiency and corruption. (Chipkin and Lipietz 2012, 12)

Our starting point is the idea that the state is 'weakened' under neoliberalism is misleading. Fine (2008) has highlighted there are a number of examples where the South African state has shown high levels of capacity, notably in the National Treasury, and in relation to selected political priorities. While many developing country states have experienced

'capacity de-building' processes under Structural Adjustment Programmes (SAPs) (Oya and Pons-Vignon 2010), it is important to analyse the resulting transformations, and to acknowledge that they have often been able to meet the key macro-economic objectives of stabilisation. This suggests that some capacity remains in order to implement neoliberal reforms; as Ashman et al. put it in relation to South Africa: 'The problem is not so much lack of capacity, but more its creation, distribution and deployment as a reflection of political priorities' (2010, np). In contrast to authors such as Gumede (2008) who have deemed the South African state to be weak, we argue that its areas of policy success warrant an exploration of the corresponding capacity developed.

The commonly accepted focus on Thatcher and Reagan as heralds of neoliberalism 'can easily leave unexplained the seemingly contradictory yet indispensable transformation of the role of the state in economic management' (Scharfenaker 2011, 36). Scharfenaker discusses the close ties between neoliberalism and new classical macro-economic theory; indeed, the latter has sought to prove that markets can always go back to equilibrium without state intervention, dismissing the relevance of the distinction between micro and macro levels of analysis (and policy). While the internal flaws of this argument have been discussed by Ackerman and Nadal (2004), we focus on the role of the state in entrenching and reproducing neoliberalism through ring-fencing macro-economic policies of a certain type. The theoretical framework of Lucas' new classical macro-economics (1973, 1976) has come to be adopted as gospel truth by a variety of institutions, such as the International Monetary Fund (IMF), and by a growing number of governments. The framework has been translated into more or less uniform sets of policies and regulation implemented by institutions which have been made *autonomous* from political interference, in order to dictate the direction of macro-economic policy. New-classical macro policy has come to be referred to as 'good', especially in the policy reform literature, which has shifted the focus away from identifying the most suitable policy to 'how to implement it'. In Lora and Olivera's words:

The leitmotif of this literature is the recognition that what is efficient in economic terms may not be politically viable, and that less than optimal policies may be maintained or adopted not as a result of shortsightedness or ignorance, but due to some form of political constraint. (Lora and Olivera 2004, 100)

This article adopts an explicit focus on macro-economic policy as both an objective in itself and as an organising instrument of the state's techno-structure under neoliberalism. We uncover the deepening of neoliberalism in post-apartheid South Africa and the dynamics which have driven it, ensuring the ascendancy of capitalist interests associated with mining, energy and, primarily, finance (Ashman, Fine, and Newman 2011a). This will help understand how this evolution is likely to influence the future of 'development' in South Africa.

The ANC and orthodox economics: marriage of convenience or elective affinities?

Historical affinities and Mbeki's Blairite moment

The myth of a sudden conversion of the liberation movement from old-fashioned socialism to orthodox economics at the turn of the 1990s has long been dispelled (Adelzadeh 1996 and 2012; Aron and Kingdon 2007; Ashman, Fine, and Newman 2010, 2011a; Baker, Borraine, and Krafchik 1993; Bond 2000; Fine and Rustomjee 1996; Freund 2010, and in this issue, Gelb 2010; Gevisser 2007; Hirsch 2005; Morris and Padayachee 1989; Nattrass 1994; Turok 2008; Sparks 2003). Instead, most authors point to the historical affinities

between the ANC and orthodox economics and to the development of an original position combining adherence to the core principles of macro-economic orthodoxy with the local imperatives of rent-redistribution on the one hand, and the ambition to nurture an indigenous model of growth on the other.

The ANC's social democratic current was consolidated in the transition and post-apartheid period. A Blairite understanding of social democracy was adopted, in what Alan Hirsch, deputy director in the presidency, called a 'consistent economic philosophy' with 'a social democratic approach to social reform' at its centre based on state intervention but with 'a firmly entrenched fear of the risks of personal dependency on the state and of the emergence of entitlement attitudes' (2005, 3). Delving further Hirsch explains that 'the ANC approach is sometimes summarised as elements of a northern European approach to social development combined with Asian approaches to economic growth, within conservative macroeconomic parameters. This remains the intellectual paradigm within which the ANC operates' (2005, 4).

Even though the official adoption of economic orthodoxy by the ANC in 1996 may have constituted a 'momentous shift' for a party with a huge working class constituency allied to the SACP and COSATU (Marais 1998, 147), most analysts agree on situating the ascendancy of orthodox economic thinking within the ANC in the mid to late 1980s. Freund (in this issue), following Sparks (2003), Gevisser (2007), Gumede (2008) and Marais (1998), points to the decisive role played by Thabo Mbeki in shaping the specific type of neoliberal deepening in South Africa. There are at least three specific dimensions which characterise Mbeki's influence on the direction taken by post-apartheid macro-economic policy. First, Mbeki ensured that the ANC's internal agenda on macro-economic policy moved firmly away from a socialist, or even left-of-centre, agenda throughout the late 1980s and early to mid 1990s. His participation in several encounters with South African big business, in particular with Anglo-American, familiarised him with the demands and expectations of that constituency. This shift was then consolidated during Mbeki's work within the ANC's Division of International Affairs (DIA) which led him to penetrate international circles within the international financial institutions (IFIs) and global finance (Goldman Sachs for instance) that his colleagues from the ANC's Department of Economic Policy (DEP) were not related to. This helps understand how, in spite of the fact that he was not involved in economic policy-making before 1994, Mbeki's voice became so authoritative on such issues thereafter (Gevisser 2007, 667).

Second, Mbeki contributed to grooming new 'recruits' to key positions, whether within the ANC DEP, or in key government departments (Finance, DTI), to espouse the conservative agenda advocated by the IFIs and South African big business. This was done in a strategic way by appointing promising or recognised cadres or trade unionists whose credentials within the struggle were unquestionable. Emblematic of these careful choices were Alec Erwin, former COSATU unionist appointed to the DTI, Trevor Manuel, former activist and unionist from the United Democratic Front (UDF), appointed to both the DEP and the Department of Finance, or Tito Mboweni, ANC organiser who, after becoming deputy head of the DEP, and leading the Department of Labour from 1994 to 1996, became the first black governor of the South African Reserve Bank (SARB). While seasoned political leaders or trade unionists used to negotiations and power struggle, none of these were sophisticated ideologues or economists. Historically left-leaning due to their political activities, their sensitisation to specific economic schools of thought was only limited in the early 1990s. At the individual level, this explains the somehow swift and radical change of hearts pointed to by commentators. A number of interviewees (Coleman 2012; Sharratt 2012; Turok 2012) confirmed the 'conversions' of a few key

individuals and their acceptance of a ‘broadly shared Washington consensus’ (Abedian 2012). Even when exposed to Marxist economic analysis in Western academic circles, adherence to macro-economic orthodoxy was not shaken (Kganyago 2013).

Lastly, Mbeki held strong views with regards to the degree of ‘indigeneity’ of the models to be followed and the necessity to maintain South Africa’s sovereignty. This did not only mean that policies had to take into account South African historical and socio-economic specificities, but also that local expertise and locally engineered ‘solutions’ would systematically be favoured over foreign inputs and models, whether orthodox or heterodox. The trajectory of the Macro-Economic Research Group (MERG), documented in great detail by several authors (Marais 1998; Padayachee and Sherbut 2007; Freund in this issue), but also the rebuttal of the positions of IFI experts in the GEAR process are confirmations of this ‘local’ preference and sovereign trope.³ Asked to comment on the GEAR process and its lineage with the RDP, Kganyago (2013), former Director General of the NT and current deputy governor of SARB, noted: ‘GEAR was not something conceived in Washington by high-flying graduates from Ivy League universities. It was something that was driven from South Africa to deal with the macro-economic challenges we were facing.’

Mbeki’s 2008 resignation may have marked the decline of his personal influence but not the dismantling of the network of key policy-makers and institutions that were strategically positioned under his leadership, confirmed by the recent endorsement of the National Development Plan (NDP) spearheaded by Manuel, at the ANC 2012 Policy Conference.

The elective affinities between business and the ANC

Beyond Mbeki’s decisive influence, the ANC’s elective affinities with neo-classical economic thinking were also the outcome of a long-standing relationship with South African big business, which took a new turn in the early 1990s. Handley (2005, 217), citing SACP stalwart Jeremy Cronin, discusses the socialisation of ANC elites by South African big business, particularly mining and finance, an aspect also noted by another key political actor of the time, Ben Turok, ANC Member of Parliament and chair of the Parliamentary Portfolio Commission for Finance (Turok 2012).

Freund, in this issue, provides further insight into the specific relationship that developed between old cadres and rising stars of the ANC, and the business sector. Marais (1998, 147) and Freund concur that whereas IFIs only played an intermittent role in socialising the newly appointed ANC cadres to conservative macro-economic models, Harry Oppenheimer, the then doyen of South African business, acquired considerable influence over the new macro-economic policy by becoming a regular consultant and availing the logistics of the Brenthurst Foundation for policy discussions.

Recent interviews indicate such proximity of views between IFIs, foreign investors and the South African business community continue to inform their relationship with members of the ANC leadership. Matthew Sharratt, vice-president of ML-BoA in South Africa, speaks of a ‘convergence of views’: in particular ‘with Trevor Manuel and Tito Mboweni, there were multiple channels of discussion. There still are’ (Sharratt 2012).

These accounts, however, beg the question of the specific ways in which market-driven models were internalised by the new policy actors and the mechanisms of their reproduction over time. Kentridge (1993) and Marais (1998, 2011) show convincingly that by 1993, following the ANC May 1992 Policy Conference, the party’s policy documents had been stripped of any reference to interventionist policies and opened the door for privatisation. In addition, the ANC clearly committed to an export-oriented growth strategy, something

which was not simply influenced by the World Trade Organization (WTO) but which also derived directly from the COSATU-initiated Industrial Strategy Project (ISP) (Marais 1998, 155; Freund in this issue), albeit a very distinct one from what South African business favoured, particularly in terms of deriving competitiveness from product quality and value chains for the former, and mostly from low wages for the latter. In 1995, Adelzadeh and Padayachee had already identified the signs of ‘an essentially neoliberal, free-market ideology’ in the RDP Green Paper and warned that ‘given South Africa’s historical development, the recipes of ‘privatisation, liberalisation and convertibility [would spell] disaster’ (1994, 11).

The ANC’s long-term direct linkages with South African big business were decisive in ensuring that business’s key expectations were met on issues of private property, continuation and deepening of market liberalisation, particularly financial markets, and privatisation of public assets. The widely accepted narrative among South African policy-makers is that markets did the rest. In particular, the currency crisis which accompanied South Africa’s reinsertion into the global economy provided a timely excuse for neoliberal stabilisation. Yet, a number of commentators (Hirsch 2005; Marais 1998; Sparks 2003) argue that the choices made in the mid 1990s were not entirely justified by the crisis situation and that they certainly cannot account for over two decades of consistent conservative macro-economic policy choices.

Questioning the centrality of the crisis scenario

From early 1996 the South African currency suffered a speculative attack. This happened in the specific context of the cessation of trade and financial sanctions, improved creditworthiness and a liberalised capital account for foreigners which in turn triggered counter-inflationist policies with high interest rates. A credit boom ensued. By the end of April 1996, the rand had depreciated by 20% compared to its mid February level (Aron and Elbadawi 1999, 2, 6). Massive intervention by the Reserve Bank was necessary in the form of sales of dollars to resist depreciation, resulting in huge losses in net reserves of US\$5.3 billion by April. The dominant view among key players at the time is that the 1996 currency crisis left no other option for government but to adopt a set of ‘prudent’ macro-economic policies in order to restore market confidence (Gevisser citing Mboweni interviewed in 1997, 2007, 670; Abedian 2012; Kganyago 2013).

Other accounts are more nuanced on the centrality of the crisis situating it in a broader policy process. That is characterised by the continuing trend towards conservative macro-economic approaches preceding the ANC’s access to power precipitating its unconditional adoption of ‘prudent’ policies (Kganyago 2013). Critiques of the macro-economic policy choices point to the instrumentalisation of the crisis as well as to other factors. Marais (1998) for instance considers that the 1996 rand crisis was a convenient way to justify discarding MERG, and fast-tracking the adoption of GEAR. Habib and Padayachee show that, throughout the period of the Government of National Unity (GNU) (1994–1996), the balance of power between the ANC and three other key interest groups (the international financial community, private foreign investors and the domestic business community) was significantly against the Congress. Pressures exerted by Washington institutions throughout the 1990s, the rating of South Africa, the (real or fantasised) dependency on foreign direct investment for technology transfers and growth, or the need to restore domestic investment levels were key factors leading the new leaders to opt for an orthodox macro-framework, more than the rand crisis alone (Habib and Padayachee 2000, 254). In addition, the serious public debt situation that emerged in 1994, related to actuarial

pension fund deficits and government debt of the apartheid homelands, heavily constrained the newly appointed government.

Yet, Habib and Padayachee demonstrate that risk factors faced by South Africa differed in many ways from those encountered by Eastern European countries in their transition period in terms of market institutions; ownership structure of the economy; positive economic indicators; and mild pressure from the IFIs (Habib and Padayachee 2000, 260). In other words, while risks were real and many, they were not necessarily as high as elsewhere. Alternative policy development projects (Erosa [Economic Research on South Africa], then MERG and the ISP), were also available. In spite of this, the ANC resolutely shifted to orthodox macroeconomics.

For Gevisser, the 1996 crisis was used as ‘a form of exogenous shock, perhaps even exaggerating the dangers of the crisis so as to force the fiscal austerity and macro-economic balance that they [Manuel’s team] believed was essential for maintaining South Africa’s sovereignty’ (2007, 670–671). Also dubbed an additional ‘nail to the coffin’ (Marais 1998, 160), GEAR, announced by Manuel, then newly appointed Finance Minister, in June 1996, officialised the continuation of late-apartheid South Africa’s leaning towards a neoliberal approach to national and regional development in the post-apartheid era. It thus becomes clear that both historically, and as a result of the strategic positioning of key role players, conditions were gathered for the strengthening and deepening of neoliberal policy frames.

From NEM to GEAR and beyond: towards the autonomisation of macro-economic policy processes

Since 1990, nine different initiatives aimed at producing an economic policy framework for South Africa have been developed. These were the Normative Economic Model (NEM) (1993), the Economic Trends Research Programme (ET) (1992–1994), the Industrial Strategy Project (ISP) (1993–1996), the Macro-Economic Research Group (MERG) (1991–1994), the Reconstruction and Development Programme (RDP) (1993), the Growth, Employment And Redistribution strategy (GEAR) (1996), the Accelerated Skills Growth Initiative for South Africa (ASGISA) (2006), the New Growth Path (NGP) (2011) and the National Development Plan (2011) (see Fine 2012a), currently considered by the ANC to become the party manifesto in the 2014 elections.

Two types of macro-economic policy development processes ought to be distinguished: on the one hand, policy processes emanating from within government aimed at justifying a posteriori specific choices corresponding to internal party agendas; on the other, broader consultative processes, research heavy and driven by academic deliberation. While debates have not remained confined strictly to one process or the other, if only because the personnel involved may have been ubiquitous,⁴ establishing this basic dichotomy is fundamental to understand the outcomes and destiny of each of these processes. It also makes more visible the otherwise more elusive continuities between NEM, the RDP, GEAR, ASGISA and NGP. These five processes share some similarities:

- to have been commissioned from within government (or to have been the ruling party manifesto turned into official policy in the case of the RDP);
- not to have been debated publicly or incorporated external inputs in a deliberative manner;
- and to have become official policy (although a short-lived experience in the case of NEM).

These processes also have in common that they have not disclosed entirely the modelling on which they were based, and have consisted more in broad directions than in an evidence-based body of work.⁵ Heavily criticised for its secrecy, GEAR was also loathed for its unrealistic objectives in light of the proposed policies. This was already the case in its gestation period (Nattrass 1994), as well as two years after its start, when GDP growth and employment were already way below their target (Padayachee 1998; Weeks 1999). As opposed to this, ET and ISP, elaborated and conducted over broader time periods from initial commissioning by COSATU, developed over collective, iterative rounds of consultation, and along sub-thematic work teams. Neither of the two fed directly into ongoing policy-making processes.

MERG, for its part, is emblematic of a policy process turned sour. The tense relationship that dominated its deliberations and the team's relationship with the ANC DEP, as well as its final abandonment by the ANC, all point to an aborted policy process. It is therefore ironic that the most consultative and empirically grounded policy development process was discarded after facing critiques from business, the ANC and part of the South African left.

These differences in trajectories and methodologies do not alone account for the destiny of these processes but they do highlight two important points. First, a trend towards the autonomisation of policy processes away from democratic oversight towards the inner circles of the party/state, particularly those of the ANC DEP and the NT/National Planning Commission/Department of Economic Development.⁶ Second, a dynamic of continuity or emerging path dependency, visible in the way in which intermediary consultative processes and critiques have been unable to affect the final policy frames.

The striking commonalities between the NEM and GEAR have already been noted by several commentators (Marais 1998; Nattrass 1994; Padayachee 1998). Continuities between GEAR and the NGP are more subtle but nonetheless real. As noted by Fine (2012b), the NGP does not strike as breaking away particularly neatly with the 'old' growth path. The location in the presidency of the National Planning Commission (NPC) – headed by the longest finance minister in the history of South Africa, and the one who propelled GEAR in 1996 – was already a signal as to the limited autonomy of the other new department, the Economic Development Department (EDD). Headed by former trade union official Ebrahim Patel, EDD's policies, like those of all other departments, fell under the scrutiny of the NT, and in its initial footsteps very much depended on its host, the DTI, in the framework of the National Macro-Organisation of the State process launched after the 2009 election (EDD 2010). The NGP's overreliance on trade-offs points to a classical Keynesian approach ill-suited to a situation of massive structural unemployment and slow growth. According to Fine (2012b), the document falls short of acknowledging one of the key aspects of post-apartheid macro-economic governance: its connivance with the massive financialisation⁷ of the South African economy and its main outcome – unprecedented capital flight (Fine 2012b, 7). Opposition to MERG had partly focused on the same dimension: the interventionist nature of the policy model, which included the need to curtail the independence of SARB (MERG 1993, 281) and position the Bank much more firmly under the authority of the state (Marais 1998, 160). Sixteen years later, the silence of the NGP on the need for the state to exert more control over financial capital to be directed towards domestic productive investment is indicative at best of an analytical flaw, at worst of a consistent political stance to ensure the status quo. A similar critique can be addressed to the NDP (Fine 2012a), whose future as the ANC's manifesto for 2014 remained uncertain in late 2013.

This section has argued that while the international and domestic business environments exerted pressure on the rising ANC leadership in a time of multi-layered crisis, alternative

and credible models to neoliberalism were available but rapidly sidelined during the period 1993–1996. The cognitive instruments available to the party in relation with economic policy were historically limited and systematically weakened under the GNU and subsequently. While most policy actors of the time contend that the global financial crises of the 1990s and the 1996 speculative attack on the rand were decisive in legitimising stabilisation policies, this does not stand up to careful scrutiny. Rather, macro-economic policy development initiatives in the post-apartheid era have been emblematic of a trend towards the consolidation and deepening of neoliberal thinking on the one hand, and of a move away from democratic oversight on the other. The autonomisation of decision-making circles required the concurrent building of a powerful techno-structure with an ability to implement the macro-economic framework, ensure its longevity and exert considerable oversight over the rest of government activity.

Commitment to macro-orthodoxy and technocratic capture

Macro-economic policy reform as a process in technocratic capture and innovation

While economic policy formation during the transition period has been accounted for in an impressive body of works (Adelzadeh 1996; Aron and Kingdon 2007; Gelb 2006; Habib and Padayachee 2000; Handley 2005; Hirsch 2005; Nattrass 1994; Padayachee and Sherbut 2007; Padayachee 2006), these have tended to neglect processes of technocratic capture and innovation. On the other hand, studies of public sector reform in South Africa have rarely focused on institutions in charge of economic policy-making but rather on social and micro-economic policies (Marais 1994; McLennan 2008; Picard 2005; Schwella 1999; Wenzel 2007). The influence of the NPM paradigm has been documented by many (Cloete 1986; Cloete and Mokgoro 1995; Fitzgerald and McLennan 1992; Marais 1994; McLennan 2008; Picard 2005; Wenzel 2007), but little attention has been paid to NPM within the NT, as a strategy applied to itself as well as its new vision for the rest of government, and the consolidation and stability of orthodox macro-economic policy models.

In South Africa, public sector reform was a central component of the RDP (Chapter 5 and in particular sections 5.9 and 5.10), but one in which the state was largely taken for granted as an agent of implementation (Wolpe 1995). The aggravating effects of NPM on two critical public sector weaknesses – the flight of technical expertise and limited, and even at times deficient, governmental coordination – were in general overlooked at the time of reform (Chipkin and Lipietz 2012; Wenzel 1996, 2007). Its effect on learning capacity within the state was equally neglected, in spite of its central role in the analysis of state development, whether from a state-centric or a state-structural perspective (Hall 1993, 277).

Relatively sophisticated and successful by African standards, the Department of Finance still remained archaic and isolated from the rest of government activity pre-1994. Its comprehensive restructuring, the build-up of a powerful national treasury administration, the creation of the South African Revenue Service (SARS), the setting up of the presidency, and the continued independence of the reserve bank (RB) constituted the backbone of macro-economic policy reform (Abedian 2012; Aboobaker 2012). These bureaucratic processes did not only determine the nature and longevity of the new macro-economic policy framework but they also conditioned all other forms of state intervention. Initially meant to stabilise the country's ailing economy in a context of exceptional volatility in the mid 1990s, these institutions became central in shaping and regulating policy reform across sectors through compliance with the overall macro-economic model. The nature of this techno-structure and its conditions of emergence are crucial to

understanding the continued dominance of orthodox macro-economic policy, including in times of growing contestation since the early 2000s. Combined with a broad public sector reform that soon moved from a developmental agenda to a more narrowly managerial one, this techno-structure and its increasing adherence to orthodox economics ensured a panoptical control over governmental activities at the service of fiscal restraint.

The guardians of the temple: the emergence of an oligopolistic bureaucratic process

As a post-apartheid creation, the National Treasury stands apart from South African public administration: not only are its powers in terms of financial control immense and comprehensive, but its staff and organisational capacity exhibit levels of professionalisation which are exceptionally high by national standards. Largely decided and designed by a small group of politically connected ‘experts’ closely associated with the making of GEAR during a conference organised by Iraj Abedian, Jay Naidoo and Alec Erwin at the University of Cape Town in 1995,⁸ the reform process of the Department of Finance had to be implemented swiftly and concurrently with the adoption of macro-economic fundamentals.

The administrative shift was subsequently consolidated by the institutionalisation of departmental mechanisms as well as a growing body of legislation coordinated through the Department of the Auditor General. Critical to the close association between the NT and such policies were a pool of senior and middle managers united by an *esprit de corps* shaped by an uncritical adherence to the core principles of new classical (or ‘good’) macro-economics and NPM. Following the ascendancy and supremacy of NT over macro-economic policy-making (1995–2009), whether actual or symbolic, a period of tensions, contestation and resilience then ensued with the creation of the Economic Development Department (EDD) and the National Planning Commission (NPC).

From stabilisation management to technocratic capture

One fundamental aspect of the South African post-apartheid techno-structure is the degree to which the central panoptical role of NT is embedded in Chapter 13 of the Constitution (Sections 213 to 230 on Finance). Constantly reasserted in annual reports, public speeches and interviews of key actors within the Ministry of Finance and specifically the NT, the constitutional lineage is seen as the ministry’s foundational element of legitimacy (NT 2012).

Modelled on Commonwealth experiences, most notably the Australian and New Zealand Departments of Finance, (Abedian 2012; Sachs 2012), this institutional transformation was then endorsed and implemented over a relatively short period of time first by Erwin, then deputy minister, then by Manuel and a team of carefully chosen political figures, young and middle-aged white technocrats from the previous staff, and some emerging experts with political credentials, such as Maria Ramos. Of particular note is also the remarkable stability of top and middle management in spite of the initial restructuring within the ministry and then throughout political changes. Over the past 18 years, the department turned ministry has only had three ministers, four deputies and four director generals.

The Ministry of Finance has developed internal promotion mechanisms which have allowed staff to progress and stabilise from low-level entry to senior managerial positions such as chief directors and heads of division. Three of the current 10 heads of division have been with the department for the past 18 years and all for more than five years. The current director general joined in 1997. Finally, the initial top management structure of the Department of Finance between 1995 and the mid 2000s has outgrown the department and been

redeployed to key public and private top management positions in sectors in which they continue to have a considerable influence on South African macro-economic policy-making: Manuel to head the NPC, Gill Marcus to the governorship of SARB, Ramos first as CEO of Transnet and then ABSA, Lesetja Kganyago as the deputy governor of SARB. Turnover among key managers has generally been considered as an indicator of departmental efficiency in the post-apartheid era (Chipkin forthcoming; Kganyago 2013).

Second in explaining the ascendancy of the Ministry of Finance is the restructuring of its internal operations and human resources. From the initial four main directorates, the current ministry now comprises 10 specialised directorates. While the ministry faces a vacancy rate of 13% at senior management level (NT 2011, 268), this remains low by South African standards: the average vacancy rate across national departments in heads of department positions stands at 43% (Public Service Commission 2010, 3). The initial skills base at recruitment is high: over 95% of staff have highly-skilled occupational profiles, at senior management, highly skilled supervision and highly skilled production levels (NT 2011, 273). In 2010–2011, 54% of appointments had been done internally against a target of 45% (NT 2011, 273) and the turnover rate over the period 2009–2011 was only 10.4% (NT 2011, 271), against for instance 26% for the DTI (DTI 2011, 212) or 32.9% for the Department of Home Affairs (DHA 2011, 102). The NT thus relies on one of the most highly skilled and stable corps of civil servants across national departments, but also one characterised by its distance from ANC politics (Kganyago 2013).

Third, the rapid ascendancy and power of the NT over other areas of government is also explained by the development of its oversight apparatus in the initial context of the 1995 crisis. The prudent position of the NT has since constantly been utilised to justify the sophistication of the legal and administrative set of mechanisms which ensure the NT's oversight of government activity. The Public Finance Management Act (PFMA) of 1999 was reinforced by the Municipal Finance Management Act (MFMA) of 2003 and very much symbolises the concrete realisation of this oversight capacity. While the nominal authority of the NT over other departments should be distinguished from its actual ability to implement compliance, the reform has resulted in an impressive concentration of analytical capacity within the NT, much needed in fact in other departments.

The creation of SARS is a case in point. Heralded as an example of successful autonomous revenue authority (ARA) (Di John 2006, 6), and lauded for its sustained performance, its role beyond fiscal collection needs to be envisaged from a learning perspective in contrast with capacity stagnation in implementation departments. In comparison with the rest of Africa, South Africa has a longer tradition of taxation because of the greater development of wage labour in its economy. As Di John (2006) shows, fiscal capacity has historically served as the foundation of state capacity not only in terms of increasing the redistributive powers of the state, but especially in terms of the economic knowledge that fiscal activity generates for the state. The challenge, however, for middle income countries, and in the South African case in particular, is to diversify the fiscal base and increase penetration towards direct taxation, particularly of corporate (including to prevent capital flight) and land interests (Di John 2006). The way in which the fiscal authority was reformed in South Africa raises questions as to the capacity of the South African state to move beyond the apartheid-era elite consensus on income tax (Lieberman 2001) towards the latter goals. The current incapacity of SARS to counter capital flight on one hand, but also the fact that in much simpler areas of intervention, requiring far less bargaining between interest groups such as industrial policy, the 'SARS model' has not diffused (Di John 2006, 6), both point to serious limitations in the adoption of an ARA model at the core of the reform.

Contestation and resilience of the techno-structure since 2009

With internal contestation within the ANC, in the build-up to the 2007 policy conference and the election of Jacob Zuma in 2009, there was a sense among the Alliance critics of macro-economic policy that the grip of the NT would eventually be loosened. There was thus hope that the creation of EDD and the NPC located in the presidency would render the Ministry of Finance at the service of reformed macro-economic policies more inclusive of the views of the left, and particularly of COSATU (Coleman 2012; McKinley 2003, 44).

Part of the contestation of the NT came from within government circles themselves around the questioning of double standards in policy-making (Zalk 2012). While micro-economic policies have extensively been subject to the scrutiny of the NT through a range of compliance mechanisms, macro-economic policy itself has developed in isolation from intergovernmental scrutiny. The dominant view among past and current NT officials is that macro-economic policy should abide by a set of 'fundamentals' constituting non-negotiable parameters within which other (micro or social, for instance) policies must be defined, and which should not be affected by changes in economic policy orientation. Little attention is typically paid to the degree to which macro-economic policy affects sectoral dynamics, with some officials arguing that the macro framework does not influence the prospects of the micro economy (Kganyago 2013). In addition, there is a sense among supporters of orthodox macro-economics that the 'fundamentals' are consensual across South African government, a view which ignores long-standing contestations within the ANC and the Alliance. Kganyago, for instance, maintains that macro-economic stability benefited the poor and low-income earners because it paved the way for increased social and education expenditures, highlighting the fact that these were the visible signs of the efficiency of macro-economic stability, in spite of a growing body of research pointing to the abysmal failure of ANC policies regarding asset redistribution and the reduction of inequalities (Makhaya and Roberts, in this issue; Bernstein 2013; Ashman et al. 2011b; Marais 2011).

This view of macro-policy as consensual legitimises the double standards applied by the NT to itself and other government departments. First, the support by the NT of drastic cuts in state expenditure on the one hand, while the restructuring of the Ministry of Finance, and in particular of SARS was undertaken thanks to massive budget allocations on the other (Coleman 2012); second, the double standards in review processes and monitoring and evaluation between micro-economic policies, subject to extensive scrutiny up to Cabinet level, and core macro-economic policies such as inflation-targeting and capital account liberalisation which are neither discussed nor reviewed (Zalk 2012; Coleman 2012).

Finally, while on paper the strategic location of economic policy making has shifted to EDD, real control over it remains more than ever at the hands of supporters of conservative approaches. Two processes should be considered concurrently. One is the post-2007 fragmentation of analytical capacity and decision-making structures across one directorate within the NT, EDD and the NPC headed by Manuel. The other is the limited consolidation of analytical capacity within the ANC Economic Transformation Committee (ETC) which rather than developing internal capacity has come to rely extensively on government, and particularly NT, expertise (Zalk 2012; Sachs 2012). Presentations to the ETC are thus mostly requested from NT, SARS and at times other departments' technical staff. However, the adoption of the NDP by the ANC at the 2012 Policy Conference in spite of criticism from COSATU in particular, who officially condemned the NDP in March because of its reliance on neoliberal trickle-down, indicates that not only macro-economic policy, but even more broadly government policy, remains strongly under the influence of the technocrats who shaped post-apartheid economic policy.

Waiting for Godot: contestation and neoliberal resilience

This article has shown that the resilience of orthodox macro-policies in South Africa has hinged on the continuation of reform processes initiated during the late apartheid period. The expertise for economic thinking in the transition has largely drawn on ‘indigenous’ conservative forces, while the politically calculated ideological conversion to neoliberalism among the top leadership of the ANC was accompanied by a strategy of technocratic capture through the rise of the NT and its role across government. It should therefore not be a surprise that macro-economic policy has been dominant, and the interests of finance and mining capital have continued to be well served in the post-1994 era. It would be important to analyse post-apartheid class formation mechanisms in order to understand this resilience more thoroughly.

In documenting these processes we debunk some of the myths legitimising neoliberal resilience: the crisis narrative in the mid 1990s; the assumed general lack of capacity of the state (and associated progressive potential of the market); and, finally, the emphasis on the social and developmental character of reforms in order to conceal their neoliberal character. The need to lay bare the mechanism and discourses of neoliberal deepening is particularly strong in a context where this perspective has never been explicitly articulated within the ruling tripartite Alliance (Coleman 2012). As advocated by the policy reform literature, and fundamental to its longevity, the South African macro-economic policy framework has also been insulated from democratic controls and debate. This insulation and opaqueness has been crucial in partially concealing the class character of macro-policies and the restructuring of the NT as serving the interests of capital.

However, the abyss in which the South African working class has sunk 19 years after the end of apartheid has triggered growing contestation. While the domestic dissatisfaction voiced within the Alliance over policy orientation or the growing violence around rent capture across local government in the country signal a profound and potentially fragmenting fault line, the Alliance leadership has, in spite of minor concessions, maintained the same macro-economic orientation. Thus, in spite of the continuation of the ‘progressive noises’ which had led Habib to wonder about the possibility of a shift in 2004, South African government policy is still firmly tilted in favour of big business. This was clearly exposed at the 2012 ANC policy conference through two key decisions. First, the NDP rather than the NGP was endorsed as the national strategy, thus reasserting support for big business interests as necessary for growth. Second, Cyril Ramaphosa was elected deputy president of the ANC, paving the way for him to become deputy president after the next elections in 2014. A major shareholder in Lonmin, he had written in an email to an executive at Lonmin mine that:

The terrible events that have unfolded cannot be described as a labour dispute. They are plainly dastardly criminal and must be characterised as such . . . there needs to be concomitant action to address this situation. (Cited in Vermaak 2013)

This was the day preceding the Marikana massacre of August 2012.

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Notes

1. The same year, a World Bank paper on South Africa asserted that ‘redistribution through immediate pay increases to lower-paid workers . . . is unsustainable’ (Fallon and de Silva 1994, 4)
2. New public management (NPM) designates the policies of modernisation and rationalisation introduced systematically as from the 1980s in public sector reform. For detailed accounts of NPM, see Hood (1991) and Ferlie et al. (1996).
3. This view was corroborated by Iraj Abedian, coordinator of GEAR, who downplayed the role of World Bank experts in drafting the policy (2012).
4. This is for instance the case of Stephen Gelb who was the main coordinator of ET, and was also involved in ISP, MERG and GEAR; of Ben Smit (University of Stellenbosch) who wrote NEM and participated in GEAR; or of Servaas van der Berg (University of Stellenbosch) who was involved in ET, MERG and GEAR.
5. For an account of NEM, see Kentridge (1993). For a critique of the GEAR process, see Marais (1998) and Padayachee (1998); for a comprehensive account of MERG, see Marais (1998), Freund (in this issue), but also Natrass (1994). For ET, ISP, see Padayachee and Sherbut (2007). For an assessment of NGP, see Fine (2012b).
6. Confirmed by Turok (2012).
7. Ashman et al. thus estimate that illegal capital flight to have reached over 20% of GDP in 2007 (Ashman et al. 2011b, 6).
8. Interview with Abedian (2012).

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Expectations and outcomes: considering competition and corporate power in South Africa under democracy

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Competition law was viewed as a key instrument under democracy to address entrenched corporate power, in the context of liberalisation. This article examines South Africa's competition law regime and the changing strategies of large firms through three industry case studies. In the industry studies we assess, first, how corporate strategies have evolved to protect market power and the rents derived from this power and, second, how the competition regime has affected economic power and its exercise. We reflect on the overall record of the competition authorities in light of the outcomes observed.

Keywords: competition law and policy; market power; rents; South Africa

[Attentes et résultats: concurrence et pouvoirs des entreprises en Afrique du Sud démocratique.] Le droit de la concurrence était considéré en démocratie comme un instrument clé pour répondre au pouvoir fermement ancré des entreprises, dans le contexte de libéralisation. Cet article analyse le régime sud-africain du droit de la concurrence et les stratégies changeantes de grandes entreprises à travers trois études de cas sectorielles. Dans les études sectorielles, nous évaluons dans un premier temps comment les stratégies des entreprises ont évolué pour protéger leur pouvoir de marché et les situations de rente découlant de celui-là, et ensuite, comment le régime concurrentiel a affecté le pouvoir économique et son exercice. Enfin, nous nous penchons sur le bilan global des autorités de la concurrence à la lumière des résultats observés.

Mots-clés : droit et politique de la concurrence ; pouvoir du marché ; rentes ; Afrique du Sud

Introduction

The orientation and interests of large firms and their owners is at the heart of how countries develop (Chandler, Amatori, and Hikino 1997). The nature and extent of competitive rivalry between business groupings is a critical dimension of this, coupled with regulatory disciplines on the power of these groupings. In the case of the South African economy, it developed under apartheid with limited market competition, extensive government intervention and explicit exclusion of the majority of the population from participation in the economy outside of narrowly prescribed areas.

The apartheid regime coordinated an industrialising economy including making investments in economic infrastructure, largely to serve mining interests and energy (which Fine

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and Rustomjee 1996, have termed the minerals–energy complex) and the white population. It also invested in learning and acquiring technologies, ensuring effort in these areas in targeted sectors and in state-owned enterprises (Khan 2006; Roberts and Rustomjee 2009). Six extremely large conglomerate groupings, most controlled by their founding family, dominated the economy (Chabane, Goldstein, and Roberts 2006). The largest, the Oppenheimer family's Anglo-American Corporation, controlled entities that together accounted for 44.2% of the capitalisation of the Johannesburg Securities Exchange in 1990.

To address the legacy of a relatively concentrated and closed economy with limited competition, post-apartheid policymakers considered liberalisation and competitive markets as key mechanisms for opening up access (see ANC 1994). This chimed with the emphasis on policies to 'fix' market failures as part of what became characterised as the emerging post-Washington consensus (Stiglitz 1998). More recently this has evolved into the 'good governance' agenda, establishing independent institutions and drawing up rules, while implementing far-reaching liberalisation.¹

South Africa is a particularly pertinent case study of implementing competition law as part of an economic reform process undertaken by successive democratic governments from 1994, given the skewed and concentrated nature of the economy. The agenda of economic reforms aimed to restructure the South African economy to expose it to international competition and integrate it into the global economy, premised on the belief that liberalisation would bring investment and technological upgrading. The competition legislation was presented both as part of a standard microeconomic reform agenda to ensure liberalised markets work, and as a tool to address the market power of entrenched business which derived its power from apartheid-era policies favouring the white minority (Roberts 2004). The Competition Act was negotiated in the context of liberalisation and was referred to in the government's *Growth, Employment and Redistribution* strategy as necessary in the context of deregulated markets (Department of Finance 1996). After an extended process of negotiation and consultation with organised business (dominated by big business) and labour in the National Economic Development and Labour Council (Nedlac), the Act was passed in 1998, and came into effect in 1999 (Roberts 2000).

In this article we examine the reality of competition in three industry case studies, and the role of competition authorities in South Africa. We argue that the expectations reflected a limited understanding of competition and markets which failed to recognise that market failures, market power and imperfect competition are intrinsic features of markets. Our case studies address the nature of competition in practice in three key sectors subject to changes in the form of liberalisation and privatisation. The case studies illuminate how the construction of markets and the main participants reflect a country's economic history, as well as the extent to which the competition regime altered the market outcomes. We find strong continuities in the form of the entrenched business interests being able to protect their positions and the supra-competitive returns they can earn from them. While the competition regime has been relatively effective in blocking anti-competitive mergers and, more recently, in uncovering explicit cartel behaviour it has been relatively ineffective in addressing entrenched market power and opening up the economy to greater access.

Overview of the competition regime

The Competition Act of 1998 made provisions to establish the Competition Commission, whose main responsibility is investigating mergers and anti-competitive conduct, and the Competition Tribunal to rule on cases. The Competition Appeal Court was also established. South Africa is unusual in having a separate Tribunal and specialist Competition Appeal

Court. As we illustrate below, in practice this has meant lengthy hearings and extended appeals.

The tension between addressing the apartheid legacy and the liberalisation agenda is reflected in the combination of relatively expansive objectives of the Act with the specification of the provisions in the legislation being quite restrictive, especially regarding abuse of dominance (the provisions that address monopoly power) (Roberts 2012). The relatively narrowly specified provisions for anti-competitive conduct (collusion and abuse of dominance) resulted from the tripartite negotiation of the draft legislation between organised labour, business and government. The business constituency, in particular, emphasised the importance of limiting the discretion of the independent competition authorities (in the interests of ‘certainty’) and ensuring additional checks through having a separate tribunal to adjudicate along with rights of further appeal (Roberts 2000).

The objectives of the Act emphasise the ability to participate in the economy, including by small and medium enterprises and by historically disadvantaged persons. They also identify the need to address the legacy of apartheid in terms of concentrated ownership and control. The Act specifies effects-based tests for evaluating mergers and most anti-competitive conduct, framed as whether there is a substantial prevention or lessening of competition. Mergers are also subject to a separate public interest test. There are four defined categories of public interest, including the effect on employment which was strongly pursued by the labour constituency (Roberts 2000).

The competition authorities spent much of their first eight years seized with merger evaluation (Competition Commission and Competition Tribunal 2009; Makhaya, Mkwanzani, and Roberts 2012). This was the result of the introduction in the new legislation of compulsory pre-merger notification (above a defined threshold). The merger review provisions had little effect on the position of the large conglomerates which already stretched across the economy.

A more proactive approach to identifying cartels adopted by the Competition Commission from 2006 led to a substantial focus of the authorities on this conduct given the widespread collusive activity uncovered (Makhaya, Mkwanzani, and Roberts 2012). Cartels were found to be prevalent across the economy and highlighted the ways in which industry insiders had continued to ensure they sustained high profits while keeping out possible new entrants.²

By comparison, there have only been a few abuse of dominance cases ruled on under the Competition Act (Roberts 2012). Of the total of eight cases where a finding of abuse has been upheld or a settlement was reached which included a substantive remedy, just three companies have had to pay a penalty – South African Airways (twice), Foskor, and Telkom (all currently or formerly state-owned). Considered against the high levels of concentration this appears to be a very low level of enforcement.

Case studies

We examine through three industry case studies the conduct and strategies of a dominant firm or group of firms in concentrated sectors under privatisation and liberalisation, and the ways in which the competition authorities and regulatory bodies have influenced the evolving patterns of corporate conduct. The case studies cover the following sectors: milling of maize and wheat; telecommunications; and chemicals, fuel and fertiliser. These sectors are important in their own right as well as providing insights into the influence of firms with market power derived from different sources. The milling industry is a tight-knit oligopoly of firms with roots either in co-operatives supported by the apartheid

state or the main conglomerates. The telecommunications case examines where the state network utility has been privatised and subject to regulation. The chemicals, fuel and fertiliser case focuses on the legacy of state support for strategic reasons to create an entrenched dominant firm in the form of Sasol, which is integrated into various downstream chemical operations including fertiliser.

Agriculture liberalisation and outcomes in the milling of maize and wheat

After the Union of South Africa was established in 1910 a comprehensive system of support for white farmers was developed. This included the establishment of the Land and Agricultural Bank, and the passing of the Co-operative Societies Acts of 1922 and 1939 and the Marketing Act of 1937 (consolidated in 1968). A range of supportive measures included the provision of agricultural finance, extended land tenure, the securing of input supply, and the provision of marketing services for white farmers. The Marketing Act put in place a system of controls which effectively regulated the movement, pricing, quality standards and marketing supply of the majority of agricultural production in South Africa. Approximately 80% of all agricultural products were subject to the control of marketing schemes ('control boards'). These involved a range of arrangements for the control boards to set prices, control marketing and remove surpluses (see Bayley 2003; Doyer et al. 2007).

Support and subsidies to white farmers were also provided, including through parastatals. The result of this was a large expansion of cultivated farm area, as well as an increase in yields. The assistance was concentrated in field crops led by maize (Edwards, Kirsten, and Vink 2009). This reflects the influence of maize farmers as a constituency in the National Party governments under apartheid.³ In addition, an important component of support was subsidised finance for the acquisition of machinery. There were direct subsidies to commercial farmers through the provision of capital, credit extension under the Agricultural Credit Act of 1966, and loan finance through cooperatives and by the state-owned Land Bank (Edwards, Kirsten, and Vink 2009). Liberalisation started in the 1980s, as in other parts of the economy, however, the control boards remained in place. The first democratic government which took office in 1994 continued the liberalisation. The Marketing of Agricultural Products Act, No. 47 of 1996 abolished control boards. And, under the trade liberalisation programme, quantitative trade restrictions on agricultural products were converted to tariffs and reductions were made in the tariffs themselves. The South African Futures Exchange (Safex) was set up for the trading of agricultural commodities.⁴

While the liberalisation represented a significant change, the steps taken after 1994 built on those already made. We assess how agro-business, which included the farmer cooperatives, responded to the changes.

The ending of the marketing arrangements and liberalisation of trade were premised on a belief in efficient market outcomes. The volatility of commodity prices would be countered by the use of hedging and derivative instruments by farmers (LAPC 1994). A new strengthened competition regime, under the Competition Act of 1998, was viewed by the Department of Finance as the main tool to correct market outcomes post-liberalisation (Department of Finance 1996). Institutions and governance would enhance market outcomes.

The liberalisation ushered in restructuring of the agricultural sector. The number of farmers fell by around 25% from 1996, with consolidation to form larger farms at high levels of mechanisation (Tregurtha et al. 2010). There was also a shift in patterns, with less land used for crops such as maize and wheat, as lower-yielding land was no longer

used following the ending of the regulated prices guaranteed to farmers.⁵ Agricultural employment in 2011 was around 40% lower than in the mid 1990s.

The cooperatives rapidly converted into private companies and consolidated into large agro-processing concerns, commodity traders, and suppliers of farming requisites (see Bernstein 2012). A series of mergers led to the emergence of diversified agricultural conglomerates, first as the smaller local former co-operatives were acquired by the bigger, led by Afgri (formerly called OTK, of the eastern Transvaal), and then through vertical integration. Multinational traders now play a significant role in local trading of agricultural commodities, along with South African banks, and have formed associations with the largest conglomerates.⁶

The liberalisation and privatisation of the co-operatives effectively bequeathed powerful positions to processors and owners of key infrastructure such as silos (Bernstein 2012). The consolidation and increased vertical integration that followed liberalisation made these positions even stronger, and entry more difficult. While it is likely that these trends were associated with improved efficiencies, the implication of the high levels of concentration is that development of important segments such as wheat milling has been determined by the decisions of just one or two firms.

The focus on market reform in agricultural policy appears to have been at the expense of understanding the realities of market power within value chains and what is required for firms to enter and build capabilities. The latter implies attention to access to finance, advisory services, support for research and product development, as well the state's role in the provision of necessary economic infrastructure for new firms (such as rail transport links). Instead, the relevant department was cut back and a separate National Agricultural Marketing Council was established to advise the government, which in practice has strong links with the main industry participants. At the same time, the government has pursued land reform and food security, apparently without confronting the links with the conduct of large agro-processing business (Bernstein 2012).

Coordination and the protection of profits in milling and baking

Successive Competition Commission investigations from 2006 onwards revealed wide-ranging collusive conduct by the major processing food companies across maize meal, wheat flour and bread, the major staple foods in South Africa. In effect, the industry participants maintained a set of close relationships from the end of the control boards. Industry bodies in the form of the National Chamber of Milling and the Chamber of Baking provided a forum for regular interactions and communication through which a common understanding about how to organise the industry was maintained.

Under liberalisation, power moved away from farmers to the major agriculture and food corporates. These firms have had a dual challenge of dampening competition between themselves and keeping out emerging rivals (Grimbeek and Lekezwa 2013). Detailed information was collated by the Chambers of Milling and Baking which enabled the firms to track each other's behaviour. And, despite being subject to volatile price movements on the key grain inputs now being traded on the SA Futures Exchange, the processors were able to ensure relatively stable prices and market shares.

There are four major milling and baking companies, Tiger Brands, Premier Foods, Pioneer Foods and Foodcorp/Ruto Mills. Pioneer and Foodcorp have their origins in former cooperatives, while Tiger Brands and Premier Foods were associated with large diversified South African conglomerates. In milled maize meal, which can be undertaken at low scale, there are a number of smaller regional producers.

There were both national and regional arrangements to collude in maize meal while the wheat flour arrangements were limited to the main national producers.⁷ The wheat flour arrangements of the four major millers effectively involved setting prices and dividing markets (Bonakele and Mncube 2012). There was coordination on national pricing and trading conditions including maximum discounts. Meetings were also held in the main regions to maintain stability and allocate particular customers, such as independent bakeries.

Coordination in bread baking added a further layer of collusive arrangements. While flour prices followed wheat prices to an extent, bread prices had a history of only increasing but never falling, indicating that margins over costs in baking are variable, and further collusive mark-ups over the flour price were earned (Chabane, Rakhudu, and Roberts 2008). The conduct regarding bread distributors also points to the ability to segment customer groups for the purpose of exercising pricing power.

Maize meal cartel meetings happened at a range of venues over 1999 to 2007, including church halls, hotels and corporate boxes at sporting events. Arrangements were bolstered by information exchanged through the National Chamber of Milling.

The combination of vertical integration with the coordination undermined rivals that are only able to enter one level of the value chain. In the wheat value chain, bread baking is probably the activity with lowest barriers and scale economies. However, a bakery must source its wheat flour from its largest rivals, exposing it to exclusionary or abusive conduct. Given these structural characteristics, there are diverse ways in which entrenched producers can exclude and undermine smaller actual and potential participants and to protect profits (Mncube 2013). Based on the results of the listed firms, Tiger Brands and Pioneer Foods, profit margins in milling and baking increased strongly until 2010 (Grimbeek and Lekezwa 2013).

Telecommunications

In telecommunications the policy framework as set out in the 1995 White Paper sought to adopt a process of managed liberalisation that combined incentives for investment, introduction of new technology and extension of services across the country with a rules-based regime for moderating market outcomes through regulation and competition law. The developments over almost two decades provide a good illustration of the importance of understanding the interplay of interests in determining the actual outcomes.

Fixed-line telecommunications in South Africa is dominated by Telkom, the former state-owned utility (in which the government still owns 40% and the Public Investment Commission 11%). In mobile telephony two licences were initially granted in 1994, to Vodacom and MTN. Telkom held a 50% stake in Vodacom, with the other major shareholder being the multinational Vodafone. A third mobile company, Cell C, started operating in 2001. Our assessment is, however, focused on the developments in fixed-line telephony.

Under the Telecommunications Act of 1996, the government embarked on a process of liberalisation and privatisation. This was designed to attract investment and introduce new technology into Telkom from a 'strategic equity partner' in a partial privatisation while setting a timetable for competition governed by an independent regulator.

A 30% stake was sold to Thintana, a consortium comprising of Malaysia Telecommunication and the USA's SBC Communications. A shareholders agreement gave far-reaching management control to Thintana. To increase the attractiveness of the stake, a five-year exclusivity over voice telephony was granted until 2002, coupled with universal service

obligations (see Makhaya and Roberts 2003). Prices were regulated through an average cap on price increases for a basket of services over which Telkom had a legal monopoly, set for the same five-year period.

The exercise of market power was thus to be constrained by the telecommunications regulator, the South African Telecommunications Regulatory Authority (Satra) –later the Independent Communications Authority of South Africa (Icasa), and the competition authorities. The government sought to benefit from private incentives in the running of Telkom while enhancing the market outcomes through the oversight of independent regulatory bodies.

The failings in this strategy have been well documented (see, for example, Horwitz and Currie 2007). Telkom has engaged in strategies to extend its monopoly in terms of duration and scope and to maximise the returns from this monopoly position. The price cap regulation allowed considerable scope to adjust prices while complying with the average cap on increases, meaning Telkom could, for example, increase prices sharply on peak-rate local calls and line rentals (Makhaya and Roberts 2003). Partly as a consequence, there was a net decline in fixed-line penetration over the legal monopoly period.

The protection of its monopoly position took the form of an effective legal strategy and various mechanisms to undermine new entrants and rivals in market segments where they were allowed to operate. In successive legal battles with the regulator, Telkom argued for a wide interpretation of the public switched telecommunications services (PSTS) over which its legal monopoly had been granted. It also sought to undermine rivalry in activities where there could be competition such as downstream value-added networks services and Internet service provision.

In addition, the legal monopoly was effectively extended with the new entrant, Neotel, only receiving its licence in December 2005 and launching its services in August 2006 (Horwitz and Currie 2007). Neotel's ability to compete has been further undermined by obstacles to it accessing the local network connections (the 'local loop') owned by Telkom but to which the latter is obliged to provide access to other licence holders. Telkom had declined to conclude an infrastructure sharing agreement with Neotel, favouring a case-by-case approach to managing access. This approach was favoured by regulatory uncertainty. In 2007, a policy decision was taken to commence with local loop unbundling. However, this has not occurred, nor are there regulatory provisions governing third party access.

In 2004 the Competition Commission referred a case against Telkom that it had been undermining its competitors in value-added network services by not providing them with access to the fixed-line network. Extensive litigation meant the Competition Tribunal only ruled on the matter in 2012, when it found that Telkom had contravened the Competition Act, and imposed a penalty of R449 million (approximately US\$69 million).⁸ Another case of Telkom abusing its power to exclude rivals was referred to the Competition Tribunal in 2009 and is scheduled to be heard in 2013.⁹

In 2007 the Competition Tribunal also prohibited Telkom from purchasing the Business Connexion (BCX) Group.¹⁰ BCX was an effective provider of managed network services to enterprises.¹¹ The Tribunal argued that the real rationale for Telkom's proposed acquisition of BCX was to defend its monopoly revenue and to prevent Neotel from partnering with managed network services providers. The Tribunal ruled that the transaction was 'an attempt by an erstwhile monopolist to thwart the beneficial impact of de-regulation in the form of greater economies of scale and scope for rival MNS providers and lower costs for customers'.¹²

The Tribunal also found the merger to be an attempt to stifle innovation so as to maintain monopoly margins in infrastructure and voice services. This was argued to be in keeping with Telkom's strategy, discovered in its internal documents, to lock customers into long-term contracts, with the likely cumulative effect of tipping the managed network service market in favour of Telkom.

The protection of rents and delay of competitive rivalry

Despite only an apparent partial privatisation through the sale of a 30% stake, the minority shareholders had strong incentives to increase the profitability of Telkom and had management control through the shareholders agreement. Thintana lobbied to protect Telkom's privileged position and ensure the value of its equity stake, sharing a common interest with government in Telkom's profitability. The regulatory framework to constrain the market power of Telkom was undermined by ministerial discretion in key areas regarding the regulatory dispensation (Horwitz and Currie 2007). The regulatory institution was thus established in an environment that was not conducive to its independence.

Moreover, the extent to which Telkom could use litigation to make the enforcement of regulations and competition legislation ineffective had been underestimated. Alternatively, the decisions over the regulatory regime represented a further deliberate privileging of shareholder interests.

The interests of shareholders became more closely intertwined with powerful business and political interests when the Thintana consortium sought to sell its 30% stake in 2004. The leading bidder was the 'black economic empowerment' Elephant investment consortium, headed by Andile Ngcaba, the former director-general of the Department of Communications. The Elephant consortium was unable to put forward the finance required to buy Thintana out and, in a deal that attracted much controversy, the government's Public Investment Commission bought the stake in Telkom, 'warehousing' it for the Elephant consortium until finance could be raised (Cargill 2005).

Overall, the actions of the state as owner have been contradictory to its aims as a reformer and economic policymaker. It has been argued that the imperatives of privatisation, including the desire to maximise the value of Telkom upon listing on the stock market, overrode other policy concerns such as independent regulation and competition (Horwitz and Currie 2007). Interests protecting Telkom's profits and its entrenched dominant position have effectively worked through the state, including inhibiting the development of Icasa into a strong regulator.

Telkom's battle to keep competitors from offering voice services has also been enabled by the Department of Communications, which delayed giving clarity on the extent to which voice services could be provided. A case brought by Altech¹³ confirmed that value-added network service providers can convert licences into individual electronic communication services (I-ECNS) and roll out their own networks. This uncertainty, eventually resolved in the courts, suggests the government protected its shareholding at the expense of robust competition, lower prices and innovation.

The competition authorities have been able to intervene through merger control to prevent a transaction that would have undermined the development of market competition in the telecommunications sector. In this way, the prospects of the entrant, Neotel, were safeguarded against prospective exclusionary strategies by the incumbent. The value-added network services case, and the related 2009 case follow in this vein as they address allegations of exclusionary conduct by Telkom. The competition authorities have taken on a government-aligned company in the interests of opening markets. This

demonstrates the role these institutions and competition policy can play in ensuring access to the market, even in the face of powerful incumbents. But, the difficulty of prosecuting cases, including the litigious tactics of respondents and the technical, industry-specific expertise required, suggests this cannot be enough in the absence of a strong regulator and a strong competition orientation across government.

The competition authorities can play an important role as ‘doorstep institutions’ that expand access to the economy by new market entrants. However, context matters and the extent to which they can disrupt the traditional distribution of rents is dependent on the actions of other regulators and policymakers.

Chemicals, fuel and fertiliser

The development of the basic chemicals industry in South Africa has been closely intertwined with the needs of mining and agriculture, and with the apartheid government’s objective of reducing dependence on imported crude oil for liquid fuels (see Dobрева et al. 2005; Fine and Rustomjee 1996; Roberts and Rustomjee 2009). These objectives were pursued through a combination of state ownership, government support including development finance and trade protection, and regulation. In particular, the state established Sasol as a company that manufactured synthetic liquid fuels (synfuels) from coal (Roberts and Rustomjee 2009). Under apartheid it appears the industry was disciplined by the powerful mining and agricultural interests who relied on it for inputs. It is notable that it was not developed in order to build linkages with downstream manufacturing industries (Fine and Rustomjee 1996).

Regulatory arrangements in liquid fuels represented a bargain between the multinational refiners (the ‘other oil companies’, OOCs) present in the country (including Shell, BP, Total and Chevron) and Sasol together with the South African state. In 1954, the government brokered the Sasol Supply Agreements (subsequently known as the Main Supply Agreement) where the OOCs agreed to purchase all of Sasol’s production at import parity prices (the In Bond Landed Cost) according to their market shares in the inland market defined as the Sasol Supply Area.¹⁴

When Sasol expanded its capacity, further support for the OOCs was provided in the form of a synfuels levy, used to compensate the crude oil refiners for having to mothball a substantial portion of their refining capacity. The arrangements meant the crude oil refiners agreed to purchase all Sasol’s output in exchange for a guaranteed margin at the marketing level, which Sasol agreed not to enter. Competition between fuel producers was thus removed in the interests of supporting the profitability of Sasol.¹⁵

Sasol was also supported by tariff protection when crude oil prices fell below a defined floor price of \$23/barrel (the level at which it was estimated Sasol would earn a 10% return on assets). When oil prices rose above \$27.7/barrel the producers had to pay back 25% of the additional revenue into the ‘Equalisation Fund’ until the quantum of state protection previously received had been repaid (see Rustomjee 2012). State support for Sasol not only enabled its development in liquid fuels, but also enabled low-cost production of chemical feedstocks, key to products such as fertiliser.

In 1998 steps were taken to end both the guaranteed purchase and support in the form of a price floor. At the end of that year, Sasol gave the required five-year notice to end the Main Supply Agreement in December 2003. In 1998 the government also released Sasol from the obligation to repay any outstanding subsidies it had received during the tariff protection era (National Treasury 2007). Price regulation remains on some products, principally retail petrol where the pump price is set.¹⁶

Sasol's main strategy to respond to changes in regulation and protection was to consolidate its position through mergers and remain indispensable for the country's security of supply. In the second half of the 1990s, Sasol and rival AECI sought to merge their interests in ammonia, fertilisers, explosives and polymer chemicals. The merging parties abandoned the deal due to the onerous nature of the proposed conditions imposed by the Competition Board on the behaviour of the merged entity in order to address these competition issues.¹⁷

The second industry-reshaping merger planned by Sasol was in 2005 with one of the major oil refiners to create a new entity to be called uHambo. This was to secure a downstream retail and distribution footprint as well as to control refining capacity at one of the large crude oil refineries on the coast. The uHambo transaction would simultaneously provide Sasol with a route to market for its own product so it could credibly threaten not to supply the OOCs, and refinery capacity at the coast (the Engen refinery). The Tribunal prohibited the merger due largely to the effect of the former. While Sasol had a dominant position upstream, its reliance on the distribution operations of the OOCs meant there was bargaining over the price (Corbett, Das Nair, and Roberts 2011).

In 2012 the Competition Commission referred a case of collusion against the oil companies after finding that by exchanging information on sales, at a disaggregated level, the oil companies undermined incentives to compete (Das Nair and Mncube 2012).

The case of fuel and basic chemicals highlights the danger of equating competition with the absence of constraints. Instead, liberalisation of restrictions may well mean consolidation under the largest firm, especially where it is able to leverage off its existing advantages. Competition law is not necessarily a very effective answer to the challenges of entrenched dominant firms. While the two large planned mergers by Sasol were blocked, similar outcomes (consolidation under Sasol) were achieved through industry shifts and restructuring. Similarly, addressing collusion does not necessarily undermine the power that derives from the inherited position.

Entrenched dominance and collusion in fertiliser

The nitrogenous fertiliser value chain runs from ammonia through to the supply of blended fertiliser products (including other nutrients in addition to nitrogen) to farmers.

Following the Competition Board's decision in the proposed Sasol-AECI merger, AECI shut down its ammonia operations in 2000 and bought ammonia from Sasol instead. Sasol became the sole producer of ammonia and remains the only player in the market that is vertically integrated from ammonia to ammonium nitrate and derivative fertiliser products.

Entry barriers are relatively low at the level of blending and supply of fertiliser, in terms of scale economies and the initial investments required. Two relatively small firms, Nutriflo and Profert, started to grow their businesses aggressively in the early 2000s. These companies bought the key nitrogen fertiliser components, mainly limestone ammonium nitrate and ammonium nitrate solution from Sasol, and blended them in order to on-sell to farmers. Both laid complaints in 2002 and 2003 that they were being subject to exploitative and exclusionary conduct on the part of Sasol.

The Competition Commission's investigation identified Sasol abusing its dominant position upstream, charging prices as if these products had to be imported. These arrangements meant farmers in southern Africa had been paying more than farmers in Europe for locally made fertiliser. Sasol was also found to be in a cartel with two other major producers of intermediate fertiliser products, Omnia and Kynoch (the former AECI subsidiary subsequently acquired by the multinational Yara).¹⁸

The cases highlight the links between protection of a monopoly position and coordination by a small group of insider firms to exclude others and exploit buyers. Sasol was potentially subject to bargaining power on the part of buyers as it had few alternatives for its ammonia other than be sold into fertiliser and explosives. Its ability to charge the full monopoly price ceiling depended on not being credibly threatened by buyers to withhold purchases by turning to alternatives. The arrangements with Omnia and Kynoch can be seen in this light – by tying both of these firms into a coordinated arrangement they were rewarded with collusive margins while paying Sasol the monopoly prices on upstream products.

The growth of firms such as Profert and Nutriflo, which based their businesses on the responsiveness to farmers' needs, undermined the cartel margins which were the reward for Omnia and Kynoch continuing to pay the monopoly prices for ammonia and ammonium nitrate. The conduct reflects the interrelated nature of protecting a position of market power and its exercise, with restrictive and coordinated practices at multiple levels of a value chain.

In these circumstances competition is not simply about removing the obstacles to entering and growing in a market. Nor is the enforcement of competition law necessarily a quick remedy. The Commission referred the cases in 2005 and 2006. Sasol settled in 2010 without an admission but with substantive remedies around non-discrimination and withdrawal from fertiliser distribution apart from close to their main production site. Omnia subsequently has invested in an expanded production facility for which it is seeking to import ammonia on a large scale, while also bringing an excessive pricing case of its own against Sasol on the prices it has been charged for ammonia.¹⁹

Critical assessment

A strong path dependency is evident in all the industry cases, where the markets are constructed and shaped by the previous investment decisions and state intervention and the interests working behind and through the dominant firms and the state. In the maize and wheat milling value chains, the focus historically was on supporting white farmers and their cooperatives. Telecommunications was similar to other countries with a state-owned telecommunications utility, and the additional dimension that both the services and employment were skewed towards the 'modern' white economy. The development of fuels and chemicals was driven by strategic objectives under apartheid, of the needs of mining and agriculture, and to reduce vulnerability to imported oil.

In each of the case studies liberalisation was premised on a belief in the benefits of competitive markets while the reality has been entrenched dominant firms being able to continue to defend their position through anti-competitive arrangements. Firms have also been able to shape the new regulatory frameworks in their favour. In the case of telecommunications, the relative impotence of the regulator is at least partly a result of the influence of Telkom. In fuel, the regulatory framework has similarly continued to ensure the profit margins of Sasol. In food, the power and influence in the value chain has moved to the conglomerates in processing and providing agricultural inputs and services. These firms coordinated their conduct in order to increase the rents accruing to them.

The concentration of business interests in developing countries might be expected to undermine attempts to establish independent and effective competition authorities (see, for example, Mateus 2010). In South Africa, the experience points rather to limitations in the understanding of competition which underpins the competition regime, as well as the challenges of enforcement through the courts.

The competition authorities have been largely concerned with mergers and, since around 2006, with cartels. Both cartel enforcement and mergers are premised on there being effective competition in the absence of the agreement or transaction in question. In other words, markets are assumed to generate efficient competitive outcomes in the absence of such arrangements. The abuse of dominance provisions are about addressing the legacy of existing entrenched positions, and the implications of market power that persists. The legal framework emphasises checks and balances on the exercise by the authorities of their powers in constraining dominant firms.

Altering the balance of power in favour of new entrants and diversified segments of the economy outside of the dominant interests in the economy depends partly on changing the landscape in terms of the provision of infrastructure and policy support. Liberalisation does not achieve this as the existing structure remains, whether it is railway lines, grain silos or petroleum pipelines.

Countries differ on the weight to put on the ability of entrants and smaller rivals to participate in 'fair' market circumstances (see, for example, Budzinski 2008; Fox 2003). A country's competition laws, and the values and conventions which develop along with them, have been characterised as crucial elements of its 'economic constitution' (Gerber 2010). The particular nature of the apartheid regime with economic exclusion at its centre in terms of both explicit blocks on the black population engaging in most types of economic activity and in the skewed provision of public goods meant advantage was locked in unless a proactive stance was taken to access. A reactive competition regime premised on efficient markets will have a limited impact on such entrenched dominance and power. It should also be noted that competition policy and the competition regime extend beyond the law and mandate of the authorities. It includes the links with the regulatory provisions as well as the host of other laws and actions that impact on entry and effective competitive rivalry.

Why then has competition policy in South Africa not played the larger role expected of it, in altering the development path of the economy by undermining the market power of the dominant firms? First, the competition law and institutional regime in South Africa reflected the contest of ideas and interests (Roberts 2000), and provided for lengthy legal proceedings against well-resourced incumbents. Second, the expectation was based on a misunderstanding of the nature of competition and markets which viewed anti-competitive arrangements as aberrations rather than understanding market power as an intrinsic feature. Competition law and policy can be part of disciplining the power of large corporations, but needs to take a dynamic rather than static view, and to be linked with other policies (Possas and Borges 2009). Third, it needs to acknowledge a continued active role for the state. This includes addressing obstacles to entry such as the finance needed and the externalities that exist through complementary industrial policies. For example, in South Korea industrial policy supported new activities with temporary protection from competition in the local market for infant industries (or activities) creating what can be characterised as learning rents, while firms were simultaneously forced to compete in export markets (You 2012). The South Korean competition authorities also play an industrial policy role in actively monitoring the conduct of the large chaebols, such as their subcontracting arrangements.

The framing of the South African law took into account prevailing 'international best practice' in the second half of the 1990s, as expressed by institutions such as the World Bank and OECD. The big business constituency in the negotiations pressed hard on the need not to undermine business confidence and to provide certainty, on which they largely won (Roberts 2000). The law itself took from recent legislation in jurisdictions such as Canada, Australia and the European Union. It went further to check the power of

the institutions by explicitly writing in restrictions on their discretion in exercising a rule of reason analysis, especially in the abuse of dominance provisions (Roberts 2012). South Africa is also unusual in having a separate Tribunal and specialist Competition Appeal Court. Decisions are only taken through rulings of these bodies, after lengthy adversarial hearings, compared with most jurisdictions internationally which empower the authority evaluating the conduct to take a decision as part of the wider set of administrative bodies regulating firm behaviour.

The South African framework has enabled business interests to continue to earn short-term rents and to delay any changes to their conduct with extensive litigation. The competition authorities are unable to open up the economy to new entrants and increased rivalry given the framework adopted. At best, an idealistic view was adopted of what could be achieved under the competition law. Our case studies also demonstrate the limitations of action by the competition authorities to address the exertion of market power by a monopoly when the independence of the regulator is being undermined, as in telecommunications. The persistence of uncompetitive outcomes coupled with the persistent barriers to new entrants means access to the supra-competitive rents has instead been sought through shares in the incumbents rather than in rivalry with them. This is consistent with the black economic empowerment provisions which encourage the sale of substantial minority stakes. The natural consequence is that the new shareholders have a stake in maintaining the status quo to protect the rents, while the incumbent firms have an interest in seeking politically connected investors to protect their existing position.

Notes on contributor

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Notes

1. The 'good governance' agenda has been promoted strongly by the World Bank and donors (for a critical assessment see Khan 2006; Bayliss, Fine, and Van Waeyenberge 2011). Specifically with regard to competition, the World Bank and OECD jointly produced a model law for developing countries to adopt (World Bank/OECD 1999).
2. The applications for corporate leniency, which involves an admission of cartel conduct in exchange for no penalty being levied on the first firm to come forwards, given an indication of the scale of collusion. There were 300 corporate leniency applications from the construction sector alone (where each contract rigged could be a separate cartel) from 2007/08 to 2011/2012 and 83 applications from all other sectors in the economy (Makhaya, Mkwanzani, and Roberts 2012).
3. It is also consistent with the picture on trade protection which did not conform to an import substitution strategy but was dispersed reflecting lobbying by producer groups in concentrated

- heavy industries rather than aimed at encouraging local production in light manufactures with relatively less-demanding capabilities (Belli, Finger, and Ballivian 1993).
4. This is now the Agricultural Products Division of the Johannesburg Securities Exchange.
 5. Department of Agriculture, *Abstract of Agricultural Statistics 2009*, and Competition Tribunal (2009) Competition Commission v Senwes, Case 110/CR/Dec06.
 6. For example, Senwes has formed a joint venture with Bunge, see <http://www.bunge.com/Africa-and-Middle-East>, accessed 27 April 2013.
 7. Founding Affidavit of Avish Kalicharan 15 March 2010 (wheat milling). Founding affidavit of Avish Kalicharan 31 March 2010 (white maize milling referral). See also Annual Report of Competition Commission 2010.
 8. Competition Tribunal decision, *CC v Telkom SA Ltd*, case no 11/CR/Feb04, 7 August 2012. Telkom is appealing the decision.
 9. See Founding Affidavit (non-confidential version) of Avishkar Kalicharan, Competition Commission v Telkom SA Ltd.
 10. Telkom SA Limited and Business Connexion Group Ltd – Case No: 51/LM/Jun06.
 11. Network related IT services, network design and implementation services, WAN management services and business applications.
 12. Telkom SA Limited and Business Connexion Group Ltd – Case No: 51/LM/Jun06.
 13. Altech Autopage Cellular (Proprietary) Limited v The Chairperson of the Independent Communications Authority of South Africa and 28 Others 2008 ZAGPHC 268.
 14. See Competition Tribunal decision (2006) in Sasol-Engen merger and Competition Commission referral of collusive conduct against the fuel companies, 24 October 2012.
 15. Competition Tribunal (2006) para. 122.
 16. See Windfall Tax Report; Competition Tribunal Sasol-Engen merger decision.
 17. Para 146 of the Competition Board's decision, 1998.
 18. This section is based on cases referred to the Competition Tribunal by the Commission. The consent and settlement agreement between the Competition Commission and Sasol Chemical Industries Ltd relating to the cartel conduct was confirmed by the Competition Tribunal in June 2009. The consent and settlement agreement relating to the abuse of dominance by Sasol was confirmed by the Tribunal on 20 July 2010.
 19. The case is due to be heard in 2013.

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Poverty, grants, revolution and ‘real Utopias’¹: *society must be defended by any and all means necessary!*²

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The South African social security system is globally lauded for pioneering new conceptions of society and social assistance, and is celebrated as offering the world an alternative to mainstream social policy. What then accounts for better outcomes in poverty and inequality reduction in countries with similar social security systems? The paper locates the ‘diminishing progressivity’ of the South African system in the interlocking dynamics of structural violence, structural exclusion, racialised nationalism, financialisation and the subversion of democracy. The massive rebellion in the streets against the rule of rich and property is a reflection of the poor losing hope and patience.

Keywords: structural exclusion; financialisation; structural violence; new racial nationalism; unconditional basic transfer; real utopias

[Pauvreté, dons, révolution, et « vraies utopies » : la société doit être protégée par tous les moyens possibles.] Le système sud-africain de sécurité sociale est loué mondialement pour avoir testé en premier des conceptions nouvelles de la société et en matière d’assistance sociale, et est célébré comme offrant au monde une alternative à la politique sociale centriste. Qu’est-ce qui explique les meilleurs résultats en matière de réduction de la pauvreté et des inégalités dans les pays avec des systèmes de sécurité sociale similaires ? Ce papier situe « la progressivité décroissante » du système sud-africain au cœur des dynamiques imbriquées de violence structurelle, d’exclusion structurelle, de nationalisme racialisé, de financiarisation et de détournement de la démocratie. La rébellion massive dans les rues contre la loi des riches et de la propriété reflète la réaction des pauvres qui perdent espoir et patience.

Mots-clés : exclusion structurelle ; financiarisation ; violence structurelle ; nouveau nationalisme racialisé ; vraies utopies

The birth of the new South Africa was a bloody affair, and young black men in particular were at the receiving end of state violence. Nearly 20 years after South Africa buried apartheid, the face of anger and desperation is once again largely that of the black man . . . [H]e is a young man with no job, who lives in a shack, has little education and no marketable skills and, crucially, is excluded from the social grant system. The police target him with assault rifles . . . Yet all he wants is a job and a decent life. (Morudu 2013)

Youth unemployment is one of the many shackles that restrain South African growth . . . They have no formal means to raise an income . . . or an opportunity or a platform to contribute to our society or economy . . . They are being moulded as a burden on our government, dependent on social grants and promises from politicians. (Parker 2012)

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Introduction

Pervasive and chronic poverty, the highest levels of inequality and unemployment in any middle-income country, the stubborn persistence of racial inequality, and the widening social distance between the governors and governed account, albeit not exhaustively, for why South Africa is the ‘protest capital of the world’ (Groenewald 2012). The ‘massive rebellion of the poor’ (Alexander 2012), which now includes en masse participation by a ‘new generation of fighters’ (Alexander 2012a, 25) – school students and the unemployed youth, is unlikely to decrease (it is claimed) without successful channelling of government resources to the poor (Alexander 2012).

Two powerful public intellectuals, the Congress of South African Trade Unions’ (COSATU’s) Vavi and Moletsu Mbeki have recently – and not unjustifiably – drawn parallels between these rebellions and the ‘Tunisian-type revolution’ (Vavi 2012). Chillingly, Mbeki date-stamps South Africa’s ‘Tunisia Day’ as 2020 – the year that China will conclude its present mineral-intensive industrialisation phase. This will deprive government of the requisite fund to finance social welfare programmes that ‘placate the black poor and get their votes’ (*Business Day*, 12 February 2012). Not very long ago, the very same mineral-financed grants were deployed by previous governors to also ‘placate’ their constituencies and to win over opponents (Devereux 2011, 415). In the 1920s, the Pact government – an alliance cementing Nationalists and the (‘socialist’) Labour Party (representing poor rural Afrikaners and white miners, respectively) – utilised grants to arrest the erosion of the ‘civilised standard of living’ of, particularly, ‘poor whites’, whose racial privileges were being undermined by economic circumstances they came to increasingly share with Africans (Ferguson 2012a, 504). Incidentally, by 1938, government budgeted 20% of total public expenditure on social welfare for whites – an amount ‘scarcely less complete than Great Britain’ (Seeking’s 2008 cited in Ferguson 2012a, 504).

Mbeki is not alone in this unflattering portrayal of the purpose and aim of social grants, i.e. securing votes of the poor (see Bundy 2013, 04). Others portray grants, in the main, as placatory, palliative, and demobilising (see Hangen-Zanker, Morgan, and Meth 2011); softening the harsh and deleterious impacts of government’s pro-market/pro-business policies; and significant in COSATU’s general acceptance of the ANC’s conservative economic policies (Scipes 2006). This may however be an overly simplistic lampooning of the socio-political aims and purposes of grants because today’s rebels are both those with and without grants; with and without homes and services; with and without jobs; with and without democratic representation and citizenship; with and without viable livelihoods. At a macro-level, and not dissimilar to the contemporary urban revolts and protests around the world, they originate in an unprecedented and profound degeneration of the core ‘institutions’ of our modern societies/‘key components of our civilisation’ – representative government, the free market, the rule of law and civil society (see for example Ferguson 2012b; Harvey 2012).

The purpose of this paper is to determine why and how South Africa’s unique and exceptional social security system – celebrated as path-breaking, revolutionary and offering lessons to the world – is increasingly failing to redress injustices and inequities, expand social inclusivity and citizenship, and ensure social and political stability. The answer is derived from a complex concatenation of factors and forces related mainly to continuity in apparent discontinuity; the influence and power of the middle and capitalist classes; and a development discourse and orientation that is oblivious, indifferent to, and obscures class divisions, inequality and poverty. A key theme emerging from a deconstruction of these forces and factors is the elite’s unwillingness to engage with structural problems.

Delving deeper, the paper reveals that these problems are not in the main structural or structurally relayed. Rather, they derive from a series of decisions related to the modalities of South Africa's integration into the world economy (a state that deploys its power to constrain its own power), financialisation and the sacrosanct right of property. These decisions, it is argued, were pivotal and integral to the reconstitution of *new* ruling class and the restoration of its power. The structural exclusions and violence inscribed in the development policies and programmes of this (newish) reconstituted ruling class, its forced imposition on the poor, their subsequent rejection of it, and deadly suppression of this rejection compels rethinking and reformulation in revolutionary and 'real utopian' schemas.

The paper commences by highlighting the intertwining of past and present; how the incoming government worked with civil society to transform and transcend history; and how *new* conceptions and mechanisms of society and social assistance (respectively) were incubated and nurtured. The following part spotlights the steady 'regressivity'/diminishing 'progressivity' of the social grant system, zeroing in on the diluting impacts of 'gaps' in the system, and the confounding of collective welfare wrought by a virulent strain of a 'new racial nationalism' (NRN). Damning the social wage as dodging underlying structural problems, a purpose, it is averred, that it was not designed for – in spite of the rhetoric and propaganda – the paper then turns to the nature and materiality of South Africa's global integration strategies and the bio-economy it bestows. The penultimate section addresses matters of class formation and power and the collusion of elite in the super-exploitation and brutalisation of black workers. The conclusion furnishes a few resources that may galvanise efforts of the elite and broader society to replace the assault rifles trained on the poor with extant and emerging 'real utopias'.

History, second-hand marble and the 'new society'

There is a story that when Michelangelo sculpted his statue of David, he had to work on a 'second-hand' piece of marble that already had holes in it... The world we want to transform has already been worked on by history and is largely hollow. (Subcommandante Marcos 2000)

Although a handful of elders in the governing circles concede to the linked nature of the degeneration of the core 'institutions of modern societies' and the legitimacy of the state, the socio-economic system it manages and elite conduct (Netshitenzhe 2011, 11), there is frequently little recognition and acknowledgement of 'the presence of history' (Bundy 2013, 01); how history shapes the present and defines the now or that what is 'usually described as post-apartheid on closer inspection... all have longer histories' (Bundy 2013, 01). Bundy singles out three 'phenomena': the 40-year old process of social spending deracialisation; African middle class formation from 1970 to 1987; and state corporatism (centralised bargaining and labour's access to the state spanning almost a century). Similarly to the Nationalists, the ANC deploys supporters to government departments and state-owned enterprises, entrenching a 'new loyal petite bourgeoisie'. Any critical interrogation of the 'current moment' is intrinsically and inherently linked to processes predating 1994 and must wrestle with the mechanics and dynamics of the formation and consolidation of a 'black bourgeoisie and petty bourgeoisie' (Bundy 2013, 3–4).

The discussion thus far highlights the presence of the past in the present; continuities in the tools and infrastructures of apartheid and *post*-apartheid rule; and the evolving and intertwined trajectories of Afrikaner and African nationalism. However, there is no reason why history should repeat itself (Cheru 2012); or, more prosaically, there is no reason why the putatively destructive histories of the past cannot be transformed into

dynamic and empowering scripts of change (Rethmann 2010). Indeed, it is a tribute to the activists-turned-politicians and officials of the early 1990s state that they partnered with civil society in transcending history, inheritance and experience. While alert to historical baggage, institutional inertia, the compromises struck by the ANC and the creeping macroeconomic conservatism of government (see for example, Lund 1996; Padayachee and Sherbut 2007), those charged with transforming the old social welfare dispensation succeeded in sculpting the ‘second-hand’ piece of marble into policies and programmes that the ANC used/uses to ‘redress historical injustices and inequities’ (Devereux 2011, 415–416).

The ‘exceptional’ features of South Africa’s social security policies and programmes reside not (only) in their coverage, scale, scope, generosity and efficient delivery. Of greater import is the uniqueness: ‘government-led, driven by domestic civil society rather external donors, and enforced by a justiciable ‘social contract’ (‘legislated right’). These combined features coupled to the strong political commitment underwriting the grants are globally hailed as offering useful ‘lessons’ to other countries (Devereux 2011).

If the lessons and the rising budget allocations are one part of the ‘transcending-history’ narrative, the other, inspiring, part is that South Africa, like Brazil and India, has ‘con-founded’ the hegemonic neoliberal narrative via ‘morphing into various new kinds of welfare states’ (Ferguson 2013). Different from welfare states of the North, and attending to the persistently high (‘normal’) unemployment, rampant informalisation, and the ‘coexistence’ of mass poverty and democracy³, these countries are ‘laboratories for social experiments’ and of ‘wider significance in the future’. They have pioneered and developed ‘new mechanisms of social assistance’ and ‘new conceptions of society’: *giving money directly to the poor citizens!* These non-contributory cash transfer schemes to the most vulnerable (women and children) constitute an ‘affront to the old rules of the development game’ (Ferguson 2013).

Although social grants have reduced the depth of poverty and vulnerability of beneficiaries (Hangen-Zanker, Morgan, and Meth 2011), grants are now a structural necessity and ‘politically irreversible pillars of social policy’ (Devereux and Lund 2010, 165) and not ‘stop-gap measure[s]’ (Ndletyana 2013, 52). This ‘good thing’ (Holbon 2012) cannot however ‘counterbalance’ the drivers of (increasing) inequality and ensure socio-political stability (ODI 2011). Part of the explanation is located in the ‘gaps’ of the social grant system. These include the absence of social protection for the ‘able-bodied unemployed’, those labouring outside the formal sector, and thousands who are irregularly employed (Presidency 2012, 332–333). According to the National Development Plan, these ‘gaps’ intensify poverty and inequality, and dilute the effects of other forms of social protection because the unemployed depend on grant recipients for their sustenance and survival (Presidency 2012, 333). Government’s ‘exclusive’ social assistance focus on the relative neglect of social insurance and/or the evacuation of the latter from the policy agenda (Woolard, Harttgen, and Klasen 2011, 376) figure prominently in fuelling and deepening both poverty and inequality.

Poverty and inequality – rooted in unequal income and inequitable asset distributions – coupled to government-engineered structural exclusion of the poor from basic services, and disillusionment with the much vaunted ‘social wage’ (discussed shortly) further fuels social unrest and violent protest. Similar to elsewhere, government quells discontent by shredding the social contract; dampening expectations and reframing entitlements (A. Alexander 2012). This shredding assumes a particular nefarious shape and form in South Africa. Refracted through the lenses of structural violence (or inequality, see below) and structural exclusion, it is to the containers and placeholders of social and social contract

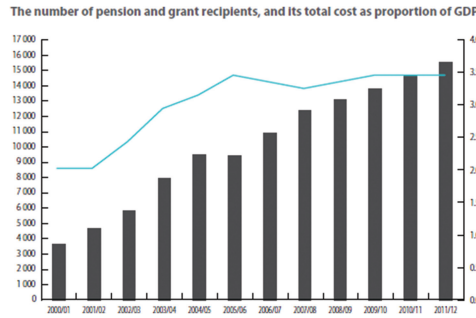


Figure 1. Social security system in South Africa.

Source: Hofmeyr 2012, 70.

Note: South Africa has the 'largest and best developed social security system in Africa' (ODI 2011, 03), with social grants alone now reaching more than 16 m people (Minister of Finance 2012), up from 2.5 m in 1998 (National Treasury 2011, 38). The 2012 Medium Term Budget Policy Statement (MTBPS) forecasts that the number of beneficiaries will 'rise to 17.3 m over the next three years, with annual growth slowing to 2% in 2015/16 (National Treasury 2012, 42) (see Figure 1). Substantial growth in social spending over the past three decades has financed a threefold increase in the number of people receiving social grants. The social assistance budget increased by an average of 11% a year since 2008/09 – in part due to the extension of the child support grant to the age of 18 (Minister of Finance 2013). In 2008/09 and 2009/10, government spent 3.2% (ODI 2011) and 3.5% (Presidency of South Africa 2011 [Human Conditions Diagnostic], 09) of the GDP on social grants (see trend line in Figure 1), which is significantly higher than the average 1.4% of GDP spent on safety nets by developing and transition countries (World Bank 2009 cited in ODI 2011, 03). The non-contributory and means-tested (except for foster care) financial transfers from the budget comprises 70% of the income of the bottom quintile, up from 15% in 1993 and 29% in 2000 (World Bank 2012, viii). If these cash transfers were removed, poverty would rise from 54% to 60% (Leibrandt et al. 2011 cited in Presidency of South Africa 2011 [Human Conditions Diagnostic], 09).

Table 1. The progressivity of social grants.

Spending category	1995*	2000*	2000**	2006**
<i>Social grants</i>	-0.434	-0.431	-0.371	-0.359
Child support			-0.247	-0.318
Disability			-0.291	-0.288
Old age pension			-0.412	-0.436
<i>Education</i>				
School	-0.016	-0.104	-0.121	-0.128
Tertiary	0.235	0.497	0.528	0.641
<i>Health</i>				
Public clinics	-0.045	-0.082	-0.118	-0.137
Public hospitals	-0.103	-0.132	-0.177	-0.257
Public hospitals	-0.014	-0.057	-0.105	-0.103
<i>Housing</i>				
Housing	-0.018	0.007	0.16	0.07
Total across services	-0.057	-0.12	-0.112	-0.152

Source: Hofmeyr 2011, 76.

Note: Table 1 spotlights the 'concentration ratios' for the three largest categories of social spending in 1995, 2000 and 2006. A 'concentration ratio' is a 'measure of how a given income stream is distributed across the income spectrum' with a value of (1) being 'fully regressive' and (-1) 'fully progressive'. Table 1 shows that social grants have concentration ratios closest to -1 and are thus the 'the most progressive social policies' (Hofmeyr 2011, 75–76). The research suggests that transfers 'provide critical resources' for migrating (rural) women in search of work; cash transfers enhance the capacity of 'poorest households' to 'better manage social risks and increase their labour market participation'; the 'resilience of agricultural smallholders in maintaining production' is increased; and the transfers 'promote human development, reinforcing long-run employment impacts' (Samson 2009, 179). Moreover, there is no solid evidence that grants act as a disincentive to work-seekers and foster dependency cultures (see Noble, Ntshongwana, and Surender 2008). A disturbing trend, however, is that the 'progressivity for social grants' shows no upward movement since 1995.

shredding – writ large in the processes of systemic violence and exclusions of NRN and financialisation – that the paper now turns.

Structural violence, structural exclusion and racial nationalism

Willie Esterhuysen, a Stellenbosch philosophy professor and ‘former broeder’⁴, who together with Thabo Mbeki was pivotal in the framing and packaging of the (elite-pacted) transition, asserts that the South African transformation faltered in delivering ‘sustainable and visible institutional and personal images of reconciliation and peace’. More trenchantly, the delivered dispensation was, and still is, fraught with various forms of socio-economic, structural and direct violence which the ANC has failed to arrest and control (Esterhuysen 2012, 303–304).

How to account for the ANC’s failure to address structural violence (inequality)? A very compelling set of explanatory reasons derives from the conceptual premises of the NRN, which recalling Bundy (2013) (wrestling the ‘current moment’) – is connected to the influence wielded by the black middle and capitalist class. This ‘sociologically novel’ strain of racial nationalism is premised on (1) a ‘group-based theory of moral agency, personality and standing’ (racialised moralism); (2) a ‘race-based, unitary and purposive conception of peoplehood’ (teleological group essentialism); (3) an ‘over-applied microcosmic theory of racial representation’ (racial hyper-proportionalism); (4) the ‘prioritisation of deontological racial justice in the assignment of persons to producer places over consequentialist social-welfare considerations regarding the provision of goods’ (racial producerism); and (5) a crude ‘postcolonial theory of knowledge and power’ (vulgar postcolonialism) (Glaser 2011, 68) The maladies of the disfigured moralism, essentialism, proportionalism, producerism and postcolonialism manifest as follows:

First, there is an ‘*indifference towards poverty and inequality*’ (Glaser 2011, 88). In their negotiation of the numerous tensions between ‘historical redress, and national identity and state capacity’ (Habib 2012, 25), the ANC privileges the latter – with devastating consequences for social justice, welfare and service delivery. The prioritisation of (elite) deracialisation over (socio-economic) desegregation trumps ‘distributive justice’ (Glaser 2011, 88) and substantive redistribution. In this context, preference of the elite to effect redistribution through the social wage channel rather than changing primary income distribution is perfectly logical (explained shortly). Second, the conceptual premises of NRN deliver a ‘*racially divisive politics*’, which – broader than *whites* against blacks – frustrates efforts to build viable growth and development coalitions, and inclusive citizenship. If the new nationalists can demonstrate that group-based politics can overcome colonial and apartheid-spawned development imbalances, a case could be mounted of the costs as acceptable and justifiable. Third, the indifference and divisiveness is woven together by an *incipient authoritarianism* evidenced in police remilitarisation and the official ‘shoot-to-kill’ directive/command, mass media suppression, victimisation of the poor, criminalisation of squatting and the squatter in urban areas, evictions without court orders, and the manipulation of and naked interference in judicial processes and personnel (Mbeki 2012; Pithouse 2012). Whether this authoritarianism can stem the tide of daily rebellions and protests is debatable, as they emanate not just in and from poor service delivery, councillor unresponsiveness, and democratic deficits. Recent research attributes rebellions (and the decline in ANC support) to the education system and labour market failure, i.e. ‘still too few have the necessary education, skills and opportunities to take part in and benefit from the economy’ (Holbon 2012). Aggravating this alienation is the radical and violent community contestation of the content, packaging, ‘regressivity’⁵ and mode/method of delivery of the social wage.

At the base of the contestation is the disillusionment and disenchantment of the constricting and constraining limits of the ruling elite's development agenda, imagery and horizon *for* and imposed on the poor, and the associated ascription of second-class citizenship (Khan 2010). Both are related to the supply-side orientation of state programmes and interventions. Indeed, numerous government interventions are founded on baseless theories, policies and technical solutions that bear little resemblance to real-world living conditions (Franks in Editorial 2004). This is aggravated by budget-induced institutional deficiencies. Crowning of this are processes and cycles of state-engineered 'structural exclusion', which routinely determine and entrench the social fault lines of second-class citizenship:

The operations of the state privilege the insiders relative to the outsiders . . . The inequality is structural because each act of exclusion further confirms the insiders in their views and mechanisms, leading to a trap – for the outsiders and for society at large – that gets increasingly difficult to break out of. (Kanbur 2011, 02)

This type of inequality (re)generation potentially exacerbates other inequalities – individual human and physical capital, for example – with a large role for 'race, caste, religion and gender', and spatial and locational inequalities (Kanbur 2011).

The limits of the imposed development agenda, the baselessness of policies and frameworks, and the institutional deficiencies (un/wittingly) replicate interrelated cycles and processes of structural inequalities and violence. The 'highly uneven' distributive pattern of South Africa's growth path – its perpetuation of inequality and exclusion (World Bank 2012, viii) – contributes additional exclusionary dynamics. Not oblivious of and awake to connections between the skewed distribution of income, 'high unemployment', the 'unusually inequitable wage scale', and the 'impact of mineral rents' (*Business Report*, 29 November 2011) – why does the elite invest more faith in wealth redistribution via the social wage? – that a senior and distinguished ANC MP claims 'cannot properly be measured' (Turok 2012, 05)? Paraphrasing President Zuma:

[T]here were two ways of achieving this [redistribution]: by improving the primary distribution of income; and by redistributing wealth, through social grants and taxation, municipal services and housing provision. He suggested that the latter was a more effective tool for achieving greater distributive equity. (*Business Day*, 29 November 2011)

It comes as no surprise then when Glaser (2011) asserts: the 'new racial nationalism threatens a *policy irrationalism*' (90).

Using the social wage to effect redistribution rather than improving income distribution is perhaps irrational and can justifiably be 'critiqued as government's way of avoiding underlying structural problems' (Devereux and Lund 2010, 167). On the other hand, it is rational if acknowledged as the elite's *indifference towards poverty and inequality*, the trumping of elite deracialisation over desegregation, and racial producerism.

NRN partially illuminates the rationale for the elevation of the social wage over income redistribution. However, the avoidance of structural problems – arguably sidestepped by social wage privileging – has more recalcitrant roots, especially because altering income distribution is a domestic or internal matter, outside the purview and influence of international forces, rules and regimes. The clues to this conundrum – the elite's unwillingness to tackle structural problems – may lie in the nature of the governing elite's relationship to powerful forces, domestic and abroad, which is the outcome of decisions made and compromises struck, i.e. not structurally relayed. A stalwart of the struggle commenting on the ANC's 'Faustian pact with power that sold out the poorest', recently wrote: '[W]e

believed, wrongly, that there was no other option; that we had to be cautious ... To lose our nerve was not necessary or inevitable ... [W]e chickened out' (Kasrils 2013).

Financialisation and the perverse bio-economy/biocapitalism

South Africa's integration into the global economy comprises a complex intertwining of state-orchestrated 'outside in' and state-facilitated conglomerate 'inside out' globalisation. The former refers to a 'hyper-liberal' state-driven economic globalisation strategy coalescing around tight fiscal and monetary policy and accelerated trade liberalisation, i.e. 'industrialisation by invitation' as opposed to internal resource mobilisation and redistribution. This 'outside in' globalisation, which predated GEAR – and thereafter accelerated – created the space and opportunity for the restructuring and internationalisation of South African conglomerates 'substantially beyond' the economic structure built around a minerals – energy complex. As a result, the conglomerates dominating the economy are now 'absorbed into the broader transnational capitalist class project where global financial capital, given its greater fungibility and mobility, and hence structural power, sets the agenda' (Khan 2010, summarising the insights of various authors).

The state thus bred is one 'embedded or institutionalised on global forces' and negatively autonomous from domestic social forces. Consequently, the state, reflecting the demands and priorities of transnational capitalism, liberalises the economy to maintain international investor confidence and harnesses the intervention – the rightsizing impulses of elusive 'global market forces' – to discipline productive capital and labour (versus disciplining them under its own steam/strength to achieve transformative developmental goals). In this way, the state, ironically and wittingly, deploys its own power to constrain its power. As the state globalises, the success of government's development strategy hinges on the whims and fancies of private sector actions and investment, whose operations are thoroughly integrated into hyper-mobile, globalised financial circuits (Khan 2010).

At the micro- and meso-economic levels, financial globalisation perversely impacts economy and society, affecting micro-level corporate governance, corporate finance and income distribution (Singh 2012, 135–136). These in turn influence human development policy agendas and their content. Worded differently, financialisation – which is a great deal more than 'a simple associate of neo-liberalism but as its underlying aspect' (Fine 2013, np) – reaches way beyond financial markets. The responses to financialisation are critical in setting frameworks and conditions to which social policy responds. In the main, though, empirical evidence gathered over the last three decades reveals frequent crises and welfare decline in many countries adopting financial liberalisation policies and programmes (Singh 2012, 136).

In thinking through the morphology of financialisation, one cannot but marvel at its complexity. Running parallel to the downsizing of the redistributive role of the social state, financial capitalism is aided by 'privatisation of deficit spending à la Keynes' or credit/debt-financed demand and consumption (Marazzi 2010, 34); 'liberal communism' (Žižek 2008)/'communism of capitalism' (see Beverungen, Murtola, and Schwartz 2011)/'ersatz capitalism'/'corporate welfarism' (socialisation of 'losses' and risks, 'while leaving profits in the private sector' [Stiglitz 2009, 288]); and 'accumulation by dispossession' (Harvey 2012). Financialisation, the 'other side of the post-Fordist capitalism coin'; its "'perverse" form' (Marazzi 2010, 106), produces

... a *common* (goods) that it then divides and privatizes through the expulsion of the 'inhabitants of the common' by means of the artificial creation of *scarcity* of all kinds – scarcity of financial means, liquidity, rights, desire and power. (Marazzi 2010, 41–42)

In its distributive guise, this hybrid autonomises capital from any collective interests, most notably wage and occupational stability; and collapses retirement rents and savings into a hodgepodge of (often) toxic financial instruments beyond the control of the owners. The insatiable appetite of financialisation for valorisation, particularly in developing countries, provokes and accelerates hyper-exploitation, the decimation of assets and resources of local economies, and erodes and undermines social cohesion.

The extraction of value in the reproductive and distributive spheres spreads beyond the factory gates. Dubbed ‘externalisation’, it facilitates (in)direct wage compression and labour precarisation, i.e. processes of proletarianisation, which under the pressure of unemployment, lowers wages, intensifies exploitation, and exacerbates insecurity. Collectively, the quantity of surplus value generated by these processes, and the appropriation of both open and disguised unpaid labour, leads to decreases in the profit reinvested in the production sphere. In these instances, increased profits support neither stable employment growth nor wage increases (Marazzi 2010, 43–44, 52–53).

South African rationalities of accumulation and social regulation resonate with the above value extraction processes. The processes are dispersed and spatially unanchored in and across the multiple spheres of reproduction, consumption, life styles, and individual and collective imagination. This reworking/recalibration of the endowments and circuitry of liquidity, rights, desires and powers instantiates new(ish) imageries of ‘*bio-economy*’ or ‘*biocapitalism*’. Biocapitalism produces and extracts value from the body as both the physical instrument of work and as a ‘whole’. Consequently, crises and devalorisations – ‘*destruction of capital*’ – under financial capitalism ‘strikes the totality of human beings, their emotions, feelings, affects, which is to say the “resources” put to work by capital’ (Marazzi 2010, 47, 74).

The question before us then is: for how long can the South African elite continue nourishing a bioeconomy that divides and privatises, dispossesses and externalises? How much longer can the elite keep a lid on the rebellion and revolt this bioeconomy produces? The events of 16 August 2012 – Bloody Thursday – when the police, at the behest of and acting on instructions of London and South African mining magnates ‘massacred’ (Kasrils 2013) striking miners – bears testimony to the elite’s loss of control, power and authority over those who are the ‘mainstay of COSATU and the ruling Alliance’ (*Weekend Argus*, 15 June 2013).

Rule of property or rule of and by the poor

The term ‘democracy’ is formed by joining two words, *demos* and *kratos*. *Demos* means ‘people’; *kratos* means ‘power’. The original Greek meaning of democracy was ‘rule by the people’ or, more specifically, ‘rule by the *poor*’ (Patriquin 2011, 86).

The next decade will see increasing conflict between . . . the rule of property and the rule of the poor. Since the ANC came to power . . . the democratic government has failed to honour fully the expectation of a life outside the law of the market and the right of property (Membe in *Mail & Guardian*, June 15 to 21 2012).

Addressing the ANC parliamentary caucus on matters of nation and class, Pallo Jordan, MP and member of the ANC’s National Executive Committee, presented two contrasting views of the *Freedom Charter* (1955). The first view, expressed by Nelson Mandela in 1956 (cited in Jordan 2012) envisaged the emergence of a ‘non-European bourgeoisie’ following the dismantling of the white monopoly over productive resources. The other view, expounded by Oliver Tambo in 1983 (cited in Jordan 2012), envisaged an end to the ‘exploitative system on which apartheid is based’. The question posed by Jordan is whether these ‘different agendas and objectives’ are ‘necessarily contradictory’ (Jordan 2012, 11–12).

This question strikes at the heart of post-apartheid (and postcolonial) reconstruction and transformation agenda(s), namely, radical overhaul of the racial and/or capitalist system or the ‘fine-tuning of racist and capitalist logics’ (Saul 2011, 05). For those in the so-called progressive camp – aligned to radical overhaul – the prevailing view, recently reinforced by Ronnie Kasrils (2013), is that the ANC in the early 1990s was strategically outmanoeuvred, strategically blundered, and (un)wittingly squandered opportunities to restructure and transform its political economy in both democratic and developmental formats (see Khan 2010). The theme of ‘betrayal’ of the democratic aspirations of the majority looms large in ‘progressive’ narratives. For those in the so-called conservative camp, and significant components of the ANC and Tripartite Alliance – the vagaries and vicissitudes of post-Cold War statecraft (associated with neoliberal ‘globalisation’); the weight of history and legacy; the internal balance of social forces, and the absence of a cognitive map and compass to guide post-apartheid statecraft (amongst others) – ‘preclude[d] more radical pursuits of nationalisation and redistribution if economic collapse [was] to be avoided’ (Andreasson 2006, 305). Suspending debate around the loud silences and glaring omissions of the (de)merits of this simplified presentation of the transition, the ANC steered away from ‘confronting class . . . head-on’, focusing instead on ‘ending past forms of racial and horizontal inequalities without transforming the old order’ (Cheru 2012, 272).

The legitimisation of this governing and governance orientation, embedded in the reconciliation ethic, is ‘ideomorphic’ in that it ‘navigates dispositions and practices despite dominant constellations of power’ (Sitas 2011, 572). Moored in the ‘blind spot of the dialectic’ – defined as regret and forgiveness about the dehumanising and savage historical entanglements of the past – this ethic allowed the oppressor back into the fold of history through the extension of ‘amnesty’ rather than ‘endless processes of revenge’, which Mandela and associates opined would destabilise and destroy South Africa and the making and shaping of a ‘common destiny’ (Derrida 1998, 02–3).

The reconciliation ethic came to socialise a non-conflictual view of society. Within the Reconstruction and Development Programme (ANC 1994), for instance, ‘no essentialist identities, no oppositional identities’ (Leroke 1996, 244) appear and/or are invoked. Potential tensions, conflicts and disagreements around the notions of ‘fundamental transformation’, ‘democratisation’ and ‘restructuring’ are eliminated by *ideological fiat*, i.e., tensions around societal transformation ‘are immediately offset by dissolving the differences into the goals’ (Wolpe 1995, 97).

The deliberate exclusion of identities and the dissolution of differences, the emasculation of civil society (evidenced in the decapitation/strategic incapacitation of its leadership); the imposition of Stalinist-style centralised top-down rule (dominated by exiles); and the herding of (disruptive) social elements into (neo)corporatist institutional arrangements are related. Taken together, these discursive and non-discursive dispositifs served to, first, re-establish the authority of (old and new) private and public sector elites over society (Khan 2010). Second, it served the reconstituted elite most admirably in ramrodding down society’s throat the ‘self-imposed structural adjustment programme’ (Netshitenze cited in *Mail & Guardian*, 12 December 2003)⁶ of the mid 1990s – and subsequent modifications over the years. The restoration of the authority and power of the reconstituted elite is the foundation stone of the super-exploitation and brutalisation of black workers at rates far exceeding apartheid. Moreover, the dominant finance stream feeding investment levels (albeit depressed) is not corporate and profit-reinvestment but wages and salaries (Malikane 2007, 67–68). The elite feeding off the battered and broken bodies of the poor in the today’s mines, factories and farms is thus no mystery, premised as it is on the reproduction and

intensification of the ugly aspects of the ‘apartheid legacy’ and the bio-economy of accelerating financialisation.

For some time now, the architecture and propaganda of the ruling multiclass alliance⁷ concealed and drew attention away from the elite’s strong pro-business (‘rule of property’) development agenda. But this is no longer viable as the rebels and rebellions of the poor increasingly associate the denial of their constitutional rights to basic services – the elite-dubbed and maligned ‘culture of entitlement’ – with the culture of enrichment and the consumptive avarice of the elite. In the streets and shantytowns, they are slowly and gradually piecing together the huge and small ceramic tiles of the social inclusion–exclusion mosaic: the stubborn and persistent growth of the precariat (Standing 2011) alongside the growth of millionaires and billionaires; the immiseration and indebtedness of the poor to the hoarding and monopolisation of financial resources and credit by the wealthy; and the meagre ‘hand-outs’ to the poor (social welfarism) to the extravagant ‘hand-ups’ to wealthy and powerful (corporate welfarism) (see Harrison 2011; Harriss 2007; Mosse 2010 for discussions of relational approaches to poverty). Also not lost to the social movements battling unemployment, hyper-exploitation, casualisation and slave wages is the separation of destitution and impoverishment from rampant accumulation by dispossession and super-exploitation; the over-accumulation of capital and the investment strike from capital flight (Ashman, Fine, and Newman 2011) and state-facilitated private sector disinvestment; and, the misallocation of capital evidenced in the underproduction of cheap basic goods and services from the persistent overcapacity and overproduction of luxury manufactured goods (and the expanding army of unemployed workers).

Conclusion: defending society through revolution

What of the future? Is there a possibility of the democratic government honouring the expectations of a life not solely and exclusively defined and confined by law of the market? The prospects are slim but not impossible. There are four (re)resources that offer hope:

First, capital ‘does not have an inherent logic, or autonomous and independent laws . . . It needs to be constantly instituted’ (Lazzarato 2009, 113). Particularly pertinent are the larger effects of social assistance on both poverty and inequality in Brazil than South Africa. Improved outcomes in Brazil underscore the need for social assistance to be ‘accompanied by, and embedded in, inclusive growth and employment policies’ (Barrientos et al. 2013, 66), i.e. macro- and micro-economic interventions that alter the distribution of incomes and assets.

Second, the social is a ‘construction, a political representation and a reified substance all at the same time’ (Latour 2005 cited in Veldman 2007, 603). The prevailing imposed liberal social policy isolates ‘vulnerability’ from broader cumulatively causative systemic processes that create what is to be treated. Based on ‘Poor Law’ norms of the 1800s – historically a response to privatisation and enclosure of the commons – this liberal dualistic policy allocates ‘good’ and ‘bad’ risks to the market and public realm/domain (respectively). The demonstrated alternative – developmental welfarism – embraces social protection and transformation of social relations (Adesina 2011, 465–466). Centrally implicated is a fundamental reframing of the definition, agenda and shape of ‘social’, development agendas and institutional reform. The post-crisis reinvention of planning in bold political economy frames (Todes 2011); the ‘solid commitment to un-neoliberal principles, such as “universal access to basic services”’ (Parnell and Robinson 2012 cited in Ballard 2013, 03); and the numerous interventions in the aftermath of the crisis to bolster social

protection (Brazil and India), extend unemployment benefits (Japan, United States), protect the minimum wage and subsidise short-term employment (Torres 2010, 231) are resources to be tapped to defend society, their hard-won entitlements and the broader social contract.

Third, there is globally a paradigm shift – ‘a development revolution from the South’, ‘an elegant southern alternative’, which the international aid industry initially resisted but now, not ungrudgingly, accepts: ‘The basic idea sounds so simple and easy that a preschool child could think of it: Why are people poor? Because they have no money. So let’s give them money and they won’t be poor anymore’ (Ghosh 2011, 851). From Argentina to Brazil to China to India to Mexico to South Africa⁸, the twenty-first century social emancipation imaginary is being manufactured in the ‘subaltern world’ (Munck 2010, 242).

Finally, not so long ago, Left and Right whispered alternatives to capitalism and the possibilities of other worlds (Wright 2008). The (immediate) response to the financial crisis in the West – a shift to the ‘re-regulation’ and ‘de-financialisation’ of capital’, ‘hyper-deleveraging’, ‘re-nationalization’, ‘managed capitalism’, and ‘state authority’ (Gills 2010, 519) – shouts alternatives and/or potentially heralds the arrival of real alternatives.

Taken together, the development revolution in the North and the development revolution in the South reawaken senses to and rebuild sensibilities of the possibility and reality of emancipatory social change. Bridging ‘dreams and possibilities’, are ‘real Utopias’: ‘ideals grounded in the real potentials of humanity’, ‘destinations that have accessible ways-tations’, and ‘designs of institutions’ informing ‘our practical tasks of muddling through a world of imperfect conditions of social change’ (Wright 2008, 04).

By way of a synthesis: social movements routinely champion three basic state guarantees – education, health and life-long revenue flows (Wallerstein 2009, 20). An ‘unconditional basic income’ – covering basic living costs – accompanied by universal education and health programmes would eliminate the need for other redistributive measures and furnish society with the necessary basic state guarantees. Constituting a ‘fundamental redesign of the system of income redistribution’, the basic income harbours the potential to transform capitalism in democratic and egalitarian formats:

[P]overty is eliminated; the labour contract becomes more nearly voluntary since everyone has the option of exit; the power relations between workers and capitalist become less unequal . . . ; the possibility for people forming cooperative associations to produce goods and services to serve human needs outside of the market increases . . . There are . . . good reasons to believe that it would work and that it could constitute one of the cornerstones of another possible world. (Wright 2008, 03–4)

COSATU in 1998 (see Coleman 2003 for full discussion) and later the government-appointed Taylor Commission (2002) demonstrated very convincingly the viability, feasibility and necessity of a Basic Income Grant. The ANC ‘dismissed it in favour of an Extended Public Works Program’, because of its universality and insufficient ‘leverage’ (Hart 2008, 685) to instil appropriate behaviour, i.e., personal autonomy, self-reliance, entrepreneurialism, self-responsibilisation, workfarism, etc. (see Barchiesi 2007; Khan 2010; Roy 2006).

With grants having transcended their purpose and function – as a ‘stop-gap measure to mitigate the impact of poverty’ (Ndletyana 2013, 52) – and recording limited success in fostering enabling conditions for people to lift themselves out of poverty by their own bootstraps suggests real limits to the elite maintaining social and political control via both infrastructural and despotic power. In this context, it is only a matter of time when the poor will

reject the ballot box and lose their fear of death by beatings and bullets. It is only a matter of time when the poor complete their short walks on the rocky, gravel and tarred highways and side-roads linking Marikana and Tunisia. The year 2020 – South Africa’s predicted Tunisia Day – may perhaps be too rosy a narrative and prediction of revolution!

Indeed, the writing may already be on the wall! With the rebellion fast reaching insurrectionary proportions, led by those with nothing but their shackles to lose, the elite will be compelled to abandon their assault rifles and embrace the ‘real utopias’ of yesterday and today.

ANC voters have become unhappy with their lives and have lost hope that tomorrow will be better than today . . . [P]eople are losing patience . . . South Africa’s body politic is again bubbling, and while the ANC leaders and delegates congratulate themselves and one another on securing a place in the ruling party for another five years [⁹], the things that gave rise to Marikana, De Doorns and the easy success of Julius Malema in whipping up the temperatures of the marginalised, have not gone away (Paton 2012).¹⁰

The state and ANC elite could do well to heed these signs or risk the barrage of bricks and stones and Molotov cocktails that now rock the other revolutionary path-breaker, its poster-child and favoured development model, Brazil.

Notes

1. The expression ‘real utopias’ is borrowed from Wright (2008).
2. With thanks to Friedrich Nietzsche, Michael Foucault, Malcolm X and Kendell Geers.
3. These patterns and trends also apply to the United States (Ferguson 2013).
4. ‘Broeder’ – shorthand for the Afrikaner-Broederbond – is ‘an extremely exclusive, secret Afrikaner nationalist organisation which, in a symbiotic relationship with the National Party, has played a determining role in the political development of South Africa. Its aim is the promotion of the Afrikaner’s political, cultural and economic interests’ (see <http://www.nelsonmandela.org/omalley/index.php/site/q/03lv02424/04lv02730/05lv03188/06lv03190.htm>) (Accessed 23 March 2013).
5. The diminishing progressivity of social grants since 1995 is arguably both an important proxy of the dissatisfaction and contributor to unrest and protest.
6. Available at <http://mg.co.za/article/2003-12-12-sa-2014-boom-or-bust> (Accessed 27 June 2013).
7. Built on ‘positive class and non-class identities’ (Bloch 2007, 112); deliberate blurring of state-party lines; cadre deployment; patronage and procurement; ‘substantive certainty’ (reflected in statements like the ANC ‘will rule until Jesus comes back’ (Jacob Zuma cited in *Weekend Argus*, 7 October 2006); and the projection of the state as a neutral arbiter and/or mediator of class conflict/‘technicist and class-neutral entity’ (Magubane 2002, 103–104).
8. In China and India, cash is transferred through an expanded public works programme (Ballard 2013).
9. With reference here to the ANC’s 2012 Mangaung Conference.
10. Apologies to Paton for reordering the flow of sentences.

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South Africa: the transition to violent democracy

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South Africa is torn between the persistence of an exclusionary socioeconomic structure marked by deep poverty and extreme inequality on the one hand, and on the other the symbolic and institutional rupture presented by the transition to democracy. This relationship produces a highly unstable social order in which intra-elite conflict and violence are growing, characterised by new forms of violence and the reproduction of older patterns of violence, a social order that can be characterised as *violent democracy*. I analyse three different forms of such violence – the struggle for control of the state institutions of coercion, assassination, and the mobilisation of collective violence. The prevailing forms of politics may shift quite easily between authoritarianism, clientelism and populism, and indeed exhibit elements of all three at the same time. Violent practices accompany each of these political forms, as violence remains a critical resource in a struggle for ascendancy which democratic institutions are unable to regulate.

Keywords: violent democracy; intra-elite violence; rule of law; authoritarianism; clientelism; populism

[Transition vers la démocratie violente en Afrique du Sud.] L'Afrique du Sud est déchirée entre d'un côté la persistance d'une structure socio-économique élitiste marquée par une pauvreté et des inégalités extrêmes, et de l'autre la rupture symbolique et institutionnelle offerte par la transition vers la démocratie. Cette conjonction produit un ordre social très instable dans lequel les conflits et les violences au sein des élites progressent, caractérisés par de nouvelles formes de violence s'ajoutant à la reproduction de modèles de violence plus anciens, un ordre social qui peut être qualifié de démocratie violente. J'analyse trois différentes formes de violence – les luttes pour le contrôle des institutions étatiques de coercition, les assassinats, et les mobilisations collectives violentes. Les formes prédominantes de doctrine politique pourraient glisser assez facilement vers l'autoritarisme, le clientélisme et le populisme, et même relever des trois en même temps. Les pratiques violentes accompagnent chacune de ces formes politiques, puisque la violence reste une ressource cruciale dans la lutte pour la domination, que les institutions démocratiques ne sont pas capables de réguler.

Mots-clés : démocratie violente ; violence au sein des élites ; règle de droit ; autoritarisme ; clientélisme ; populisme

The transition to democracy in South Africa (1990–1994) appeared to mark a break in the violent confrontations of the apartheid era, and provide a broad basis for the mediation of social conflict, including a redistribution of political, social and economic power through the institutions of a constitutional democracy. The first decade of democracy was marked by a decline in strikes and protest movements, as well as the violent repertoires of

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Table 1. Gatherings and unrest, 2004–2012.

	Peaceful	Unrest	Total
2004/05	7382	622	8004
2005/06	9809	954	10,763
2006/07	8703	743	9446
2007/08	6431	705	7136
2008/09	6125	718	6843
2009/10	7897	1008	8905
2010/11	11,681	973	12,654
2011/12	9942	1091	11,033

Source: Alexander (2012).

police, strikers and protesters. The period saw a shift towards engagement in electoral politics, parliamentary debate and legislation, and in the institutions of collective-bargaining, land claims, black economic empowerment, and constitutional law.

In the second decade of democracy, contentious confrontations marked by increasingly violent actions by the police, protesters and strikers began to escalate, as Table 1, compiled from police statistics by Peter Alexander, indicates.

The scale of the increase in all gatherings, as well as ‘unrest’ gatherings defined by the use of force on the part of the police through the years 2009–2011 is clear – particularly because the statistics for the last year only cover the first three months! The increase in levels of both police and subaltern violence was dramatically evident in the wave of violent strikes in the platinum sector in 2012, marked by high levels of intra-worker violence, including murders, and which culminated in the death of 34 strikers, shot by police. Political violence within the organisational structures of the African National Congress (ANC), in the form of disruptions at meetings (ANC 2010) and assassinations, has also risen. The question arises as to the relation between such violent practices and the constitutional democratic order that emerged from the transition. Democracy is usually considered to be the antithesis of violent contestation: ‘democracy, considered as a set of institutions and as a way of life, is a non-violent means of equally apportioning and publicly monitoring power within and among overlapping communities of people’ (Keane 2004, 1). To the extent that violence persists, it is regarded as symptomatic of the failure of democracy.

In this article I avoid such assumptions, exploring instead how the interaction between democratic institutions and power relations within the elite and between the elite and subalterns produces particular forms of violence. Rather than democracy and violence being mutually exclusive, democracy may configure power relations in such a way that violent practices are integral to them – producing a social system we may call *violent democracy*. It may be objected that a violent democracy is not a democracy at all. This is not a helpful stance if we want to understand the dynamics of the kind of actually existing democracy emerging in South Africa, which resembles many other democracies in the developing world. It is all too clear that democratic systems can continuously produce violence without systemic breakdown.

I argue that violence is integral to the processes of class formation and emerging class relations in democratic South Africa. The argument is not dissimilar to Mushtaq Khan’s argument that democratisation in developing countries tends to accommodate patron–client politics rather than replace them (Khan 2005); indeed, the arguments are quite closely related, as much of the violence discussed in this article springs from the particular nature of competition between different clientelist factions in South Africa. I conclude by discussing the forms that politics takes in this nexus of democracy, violence and clientelism.

Violence is not new to South Africa. Colonialism and apartheid were violent systems, marked not only by the violent domination of white settlers, the coercive institutions of the mining industry, and their state, but also by the violent responses of the dominated – including a diversity of intra-black violent repertoires within subaltern communities and formations such as vigilantism, gang violence and faction fighting (Kynoch 2008). Historical patterns of violence continue, albeit with altered meanings in the substantially different symbolic universe of democracy, alongside new patterns of violence specific to the emergence of democracy.

Violent democracy

Internationally, a growing body of literature is devoted to a critique of standard democratisation theory, in which violence is seen as symptomatic of democratic failure, replacing this with an analysis of the intertwining of democracy and violence in many societies of the global South (for example, Arias and Goldstein 2010a; Auyero 2007; Chatterjee 2004, 2011; Hansen 2001; North et al. 2012; O'Donnell 1993). In particular, Arias and Goldstein (2010b) propose the provocative idea of 'violent democracy' characterised by 'violent pluralism', or the dispersal of violent capability in society beyond the state. North, Wallis, and Weingast (2009) put forward a model for analysing the dynamics of intra-elite conflict, and the contrasting prospects for violence and stability in societies characterised by this kind of violent pluralism, following it up in the North et al. (2012) volume with studies that attempt to apply this model in countries of the 'developing' world.

They argue that in these societies elite coalitions evolve to incorporate all factions with violent capability, establishing stability based on a distribution of rents such that the interests of each faction are satisfied. Various factors, however, tend to destabilise such arrangements – particularly changes to the relative power of different factions within the elite coalition, or the emergence of new factions, and a new cycle of violence breaks out. North et al. (2012) explore the conditions under which dominant coalitions stabilise or break down in the 'developing' world. While several of the features and assumptions of the North et al. line of analysis are questionable – notably the lack of class analysis of elite factions, and the assumptions surrounding the success of Western democracy – it provides fertile ideas for exploring the dynamics of Arias and Goldstein's (2010b) violent democracy and violent pluralism.

In this article I argue that South Africa is torn between the persistence of an exclusionary socio-economic structure marked by deep poverty and extreme inequality on the one hand, and on the other the symbolic and institutional rupture presented by the transition to democracy. This relationship produces a highly unstable social order in which intra-elite conflict and violence are growing, characterised by new forms of violence and the reproduction of older patterns of violence, a social order that can be characterised as *violent democracy*.

Democracy and its institutions structure and distribute power in particular ways and, in an unequal society such as South Africa's, tend to distribute power in highly unequal ways. Violence is deployed to defend this distribution and to challenge or reconfigure it (Burawoy and Von Holdt 2011, 94–6; Von Holdt 2013). In the process, existing fault lines or fractures – such as those of ethnicity, insider/outsider status, nationality and gender – are activated and expanded. The result is multiple forms of violence – including subaltern forms such as protest violence, vigilantism and xenophobic attacks. The focus of this article, however, is on intra-elite violence. Intra-elite violence is an important dimension of intra-elite conflict, shedding light on the nature of that conflict and the processes of elite formation that underlie it, as well as the broader contradictions in the new constitutional order; at the same time, intra-elite violence is intertwined with subaltern mobilisation and the emerging forms of

politics through which elites mobilise and incorporate subalterns, including practices of clientelism and populism. Sociology tends to view practices of elite and subaltern violence as taken for granted, or epiphenomenal; in this paper I take the view that it is important to integrate the study of violent practices into the analysis of politics.

The transition

In some senses the situation in the late 1980s amounted to a stalemate between the liberation movement and the apartheid regime. While the former was based in a mass movement with disruptive capability and occupied a powerful symbolic and moral position with wide international support, the latter had by far the greater direct violence capability in the form of police and army as well as proxy ‘third forces’, and continued to occupy the institutions of the state. By the end of the 1980s the democratic movement had accumulated sufficient power to make apartheid unworkable. At the same time, the international context was changing with the collapse of communism, and the growing pressures on the frontline African states to persuade the ANC to settle.

Both the leaderships of the liberation movement and the apartheid regime realised continued confrontation – which was not essentially military but comprised a kind of ‘war of position’ for the control of civil society, social space and the functioning of state institutions – would simply deepen and prolong conflict, destruction, economic stagnation and decline. The result was a move towards negotiated settlement.

The settlement process – that began with the release of political prisoners in 1989 and the unbanning of political movements in early 1990 – was shaped by the stalemate as well as the qualitative difference in the kinds of power available to the contenders. The apartheid regime made use of its control of state institutions and of violence capabilities to unleash a reign of terror against communities in the heartlands of the ANC and the democratic movement in the Pretoria–Witwatersrand–Vaal complex, disorganising the ANC and its allied mass organisations and putting immense pressure on its approach to negotiations. The violence in the four years of transition surpassed that in the most brutal period of repression of popular resistance under apartheid (1985–1989): 250 people killed per month versus 86 killed per month, a total of 14,800 people killed in a period where armed hostilities had been suspended, versus 5400 people killed during the years of most intense confrontation (Hamber 1998, quoted in Marais 2011, 72).

Thus the new Constitution for South Africa was born out of the most extreme violence in the history of the country. Negotiations – essentially between the apartheid regime and the ANC – produced an agreement on the outlines of a constitutional democracy, providing the institutional basis for a democratic regime based on the rule of law. At the same time, the settlement enshrined the separation of the economic and political domains, such that a new democratically elected government would not be able to seize the assets and property of either the white middle classes or the owners of capital.

The negotiations, the draft constitution, the first democratic elections in 1994, the inauguration of Nelson Mandela as president and the drafting of the final constitution represented a profound political rupture and the formation of a new symbolic order founded on democracy, the rule of law, and human rights, in which for the first time the black majority were recognised as full citizens. While 1994–1996 constituted the founding moment for this symbolic order, it was shot through with tensions, ambiguities, contestations and contradictions.

The constitution is marked by these tensions. It is a complex document reflecting the stalemate between the contending forces and the need for redistribution of power and resources in order to right historical injustice. It provides protection for property owners, while recognising the legacy of black exclusion from such ownership by permitting the expropriation of

property to achieve land reform and the redress of past racial discrimination. Such expropriation is limited by the requirement for fair compensation. It also recognises the legacy of poverty and socio-economic exclusion with far-reaching third-generation human rights clauses such as the right to housing, health, food, water and social security.

It is important to note that in recognising and protecting property rights the constitution ratifies the outcome of over three centuries of colonial and apartheid violence – conquest, dispossession, and the Land Acts of 1913 and 1936, as well as the successive labour regimes of slavery, forced labour, migrant labour and cheap rightless labour on the basis of which capital accumulation took place. Not only was the constitution born in violence, in this sense it obscures the founding violence of South African society. More perhaps than in most societies this constitution is a ‘founding fiction designed to disguise the act of lawless violence which is the basis for the establishment of law’ (Bourdieu 2000, 168).

Nonetheless, the progressive provisions of the Constitution create space for policy innovation as well as contestation over the meaning and interaction of the various rights, while attempting to subject these processes to the rule of law. As Marais points out, the settlement was ambiguous, constituting a dramatic political shift but leaving socio-economic inequality intact and open to further struggle (Marais 2011, 79).

It is an open question how far the Constitution and the institutions it establishes are adequate to facilitate redistribution, since the ANC in government has hardly tested the possibilities. It has precluded such innovation through conservative policy choices (see other articles in this edition) shaped by internal developments, the pressures and inducements from business, international development institutions and ‘expertise’, and the constraints of global capitalism.

The constitutional architecture, local and international structures of power and ANC policy choices have placed powerful constraints in the way of overcoming the legacies of apartheid. The question is whether in this context the core institutions underpinning democratic orders in the West – namely, the rule of law, democracy, and the separation of the economy and politics – support the project of transforming the socio-economic foundations of the apartheid order or not.

There are two distinct classes, or clusters of classes, within the newly enfranchised black population that may be disadvantaged in contrasting ways by this institutional set-up: on the one hand, a nascent black bourgeoisie and an associated state-based petty bourgeoisie seeking to establish a capital base in an economy dominated by large-scale white-owned corporate capital and by smaller-scale white family capital; and on the other hand, the working class, the massive population of the working and survivalist poor, the rural poor, and the unemployed, who aspire to overcome their marginalisation and poverty. The real beneficiaries of the democratic breakthrough have been the various fractions of the black middle classes, which have seen rapid growth (Plaut and Holden 2012, 226–227, 237).

The focus of this article is on intra-elite conflict. The mobilisations and recourse to violence of the latter cluster of subaltern classes is analysed elsewhere (Alexander 2010; Alexander et al. 2012; Chinguno 2013; Langa and Von Holdt 2011; Von Holdt et al. 2011) and will only be referred to in passing.

In relation to the formation of a black bourgeoisie, the constitutional settlement required the negotiation between the old (white) elite and the emergent new (black) elite of a raft of measures to regulate the transfer of a portion of assets from the first to the second – the process of black economic empowerment (BEE). These efforts attempt to establish a bridge between the political realm where the black majority has power, and the economic realm, dominated by white business. Such negotiations take place at different levels, ranging from corporate partnerships between white and black companies, the negotiation of sector-wide transformation charters, and the passing of BEE legislation.

BEE does not consist of an unfettered transfer of assets; share transfers are financed through a range of mechanisms which entail substantial debt financing for new black owners. Although transferred assets may be priced at a discount, thus entailing some transfer of value from white to black in exchange for the credibility and ‘licence to operate’ provided by the black partner, these transactions both establish black capitalists as junior partners and constitute a new source of profit for (white) financial capital. Few of these rentier capitalists have any involvement in business operations or production. While in some cases BEE may have created the basis for an elite coalition between black and white business, the minority stakeholding and high financial gearing of black partners has made the constraints of this model increasingly clear. This ‘empowerment’ elite remains small, economically weak and dependent, politically dependent on the ANC, and compromised by the increase in inequality over the same period in which they were empowered. The result, Plaut and Holden argue, is ‘that the power of the BEE elite remains precarious’ (2012, 213–238).

Faced with these limited forms of institutionalised transformation, there is growing pressure on the rule of law, as both elites and subalterns engage in struggles over the distribution of resources, including seeking new ways to access the assets and resources concentrated in the hands of white South Africans. The rest of this article explores these pressures and the strategies adopted by elite factions in particular.

The state, elite formation and the law

The negotiated settlement has virtually eliminated the independent armed forces that characterised the confrontations of the last decade of apartheid, establishing a unitary police force and a national defence force under the control of the state. In South Africa, in contrast to many of the more violent societies of the global South researched in Arias and Goldstein (2010a) or North et al. (2012), the democratic state does hold a substantial monopoly over the forces of violence. However, this holds mostly at the broad national and sub-regional levels, with twofold results: intensifying struggle for control of the state’s institutions of law and coercion, and the emergence of decentralised local violence capabilities.

The political system has evolved rapidly in the direction of a one-party dominant democracy, with the ANC winning every election by large majorities. The ANC has become increasingly enmeshed in the institutions of the state. The state constitutes the primary agency for redistribution and class formation, not only in the sense that it makes and implements policy for society, but also that it controls the biggest revenues, budgets, assets and payroll in the country, as well as access to mining rights, broadcast rights, and other lucrative opportunities. This makes the state itself the key site for black economic empowerment, and the constitutional constraints on the redistribution of assets in the private sector have driven the struggle for asset accumulation and elite formation into the state.

This has meant elite factions have conducted their struggles within the state rather than through the kind of violent disruption in society discussed by North et al. (2012). The process is complex, entailing the struggle for positions of power and influence over the deployment of cadres, the allocation of tenders and other opportunities for fraud, the opportunities for preferred status in BEE deals with private sector corporations, and the distribution of employment opportunities.

The focus for the accumulation of wealth and productive assets has been on the process of bidding for tenders for state contracts which are critical to the future of many emerging black-owned businesses. Competition is fierce, and collusion between state officials and contenders for contracts in order to rig the tender process and inflate contracts has become widespread. A variety of methods are used to circumvent formal procedures and

regulations. These arrangements create opportunities for transactions between political status and wealth accumulation, and since they entail breaking the law the result is intense struggle for control of the state institutions responsible for the rule of law, the police and the National Prosecuting Authority (NPA) in particular.

The paradigm case for these practices was the arms deal of the 1990s, both because of its scale and the way it has continued to ramify through the ANC and the state. The deal and associated kickbacks transgressed tender regulations and the law. Efforts to contain the damage included executive intimidation of Parliament, curbing the involvement of the auditor general and the public protector, disbanding the Scorpions¹, political interference with the National Prosecuting Authority (NPA) to protect then-Deputy President Jacob Zuma from prosecution, and selective leaks and disinformation from state intelligence agencies. The intense struggles within state institutions over the arms deal was linked to the battles between then-President Thabo Mbeki and Zuma for leadership within the ANC (Plaut and Holden 2012, 95–127).

Struggle for the control of police institutions and the NPA has surfaced several times during the Zuma presidency. One example concerned the position of Police Commissioner Bheki Cele and the head of Police Intelligence, Richard Mdluli. The first was accused of plotting against Zuma and of corruption. The second was behind allegations that a group of senior police officers, including Cele, was plotting against him and the police minister (*Mail and Guardian*, 20–26 July 2012). Cele was eventually axed, while Mdluli was charged with murder, fraud and corruption in 2011. The charges were dropped in 2012 and the prosecutor on the case was suspended. The charges of misconduct laid against her related to another investigation of fraud against a BEE company owned by figures close to Zuma, including his son, which was alleged to have connived with government officials to defraud Kumba Iron of its mining rights (of which more below), but she maintained that the real reason for her suspension related to her case against Mdluli. The disciplinary enquiry dismissed all the charges against her, and she was reluctantly reinstated by the NPA – but removed from both the cases she had been handling (Plaut and Holden 2012, 154–156; *Mail & Guardian*, 4–10 May 2012; 8–14 June, 2012; 1–7 February 2013; 8–14 February 2013; 31 May–6 June 2013).

Such struggles are not only driven by national political disputes, but also by regional power struggles within the ANC and the state – although these are often linked to national disputes. In 2012, for example, the NPA in KwaZulu-Natal was the site of struggles over whether to pursue charges or withdraw them in two cases involving allegations that key political figures engaged in collusion with businessmen to defraud the state of hundreds of millions of rand (*Mail & Guardian*, 6–12 July 2012; 20–26 July 2012; 22–28 February 2013).

In the fierce competition for access to lucrative contracts the law becomes a formidable weapon – exposing transgressions of the law can subject transgressors to sanctions, opening space for rivals to take their place. Contestation takes place in and around formal codes and laws, and in the process the law is alternately subverted and wielded by rival contenders. Control over key legal instruments becomes a strategic resource. For those who have transgressed, control holds the prospect of immunity. For those seeking the downfall of powerful rivals, control might tip the balance. The goal, then, is selective application of the law. A recent case was the downfall of Julius Malema, the populist ANC Youth League (ANCYL) leader after he turned against President Zuma; as the full might of the ANC machinery turned against him, so the police and the South African Revenue Services began intensive investigations of his affairs, with the result that his property has been seized to pay tax arrears and he has been charged with extensive corruption. There had been several allegations of corruption against Malema in the preceding years, but state agencies appeared to swing into action only once his political fortunes were in decline.

The cases cited above suggest that control of the intelligence agencies, police and the NPA allows the law to be applied selectively, with attempts to spare allies of the current dominant faction in the ANC from prosecution or investigation. These attempts are not necessarily successful, as they run into resistance both from those state officials who do take seriously the impartial procedures that are central to the rule of law, as well as from allies of opposing factions who attempt to protect or reinstate investigations, or leak sufficient information to force application of the law. All parties use the press to publicise allegations of wrongdoing, making it difficult to separate fact from disinformation. While the judiciary is relatively independent, there are fears that factions in the ANC are intent on reducing the independence and progressive character of the judiciary.

These trends suggest that the emphasis of both 'violent pluralism' (Arias and Goldstein 2010b) and North et al.'s analysis (North, Wallis, and Weingast 2009; North et al. 2012) on the dispersal of armed or disruptive force across society tells only half the story. Rather than resulting in armed conflict, intra-elite struggle over the distribution of economic resources may take the form of conflict within the state for control over its violent capabilities. Thus, the forms of the rule of law are preserved, while the substance is transformed into its opposite.

White capital is not situated outside of these dynamics. Firstly, an important consideration in the choice of BEE partners is their degree of political connectedness, reinforcing the competition between political factions. Second, there is the direct involvement of white capital, both foreign and local, in tender rigging – notably French corporation Thales in the arms deal, and the recent exposure of systematic tender rigging in the large-scale construction sector. Finally, though, while white capital has been a protagonist in deal-making, it appears to have been shielded from direct attacks by the emerging nexus of state officials and black capitalists. There are signs that this may be changing, discussed below.

The subordination of state, legal and constitutional institutions to the goals of personal and factional enrichment and accumulation is frequently condemned in the public arena as 'corruption', or the criminal activity of a small number of rotten apples. However, these practices are so pervasive that they amount to collective and tacitly acceptable practices in wide political circles; it can be argued that the informal rationales that support elite formation through such practices constitute a local moral order within the elite, legitimating this as an avenue for overcoming the constitutional and policy constraints of the democratic settlement in order to establish their own economic bases.² For the purposes of this article, what is more important is that such an elite moral order destabilises the symbolic order of democracy with an alternative symbolic order in which the institutions of state, processes of law, business practices and the accumulation of wealth are saturated with competing meanings.

There are continuities and discontinuities with practices in the apartheid state. Under apartheid the state was a site of power that privileged white and specifically ethnic Afrikaner employment (Posel 1999), and that facilitated the formation of white Afrikaner capital. There was also patronage and corruption, but these were generally successfully concealed from the media. The rents generated by Afrikaner control of the state and ethnic mobilisation were directed to productive investment and capital accumulation. All of these practices were consistent with the apartheid symbolic order, serving to deepen and strengthen it.

In contrast, intra-elite conflict and the elite moral order of personal enrichment in post-apartheid South Africa tend towards the dislocation of the democratic symbolic order and are in many cases directed towards conspicuous consumption rather than productive investment. Intra-elite conflict ramifies through party, state and society, is unstable, publicly visible and increasingly violent, in contrast to the practices of domination and control within the apartheid regime.

Intra-elite conflict and the use of violence

The kind of institutional struggle described above has its limits, and continues to exclude numerous contenders. The result is, increasingly, the direct use of violence outside of state institutions.

Assassinations of ANC office bearers and representatives have become increasingly visible over the past few years. Initially Mpumalanga appeared to be the epicentre of internal ANC assassinations. In one research site in Mpumalanga both the first mayor elected under democracy and the man chosen to replace him were assassinated, and two subsequent mayors claim to have been victims of assassination attempts (Langa and Von Holdt 2012). Provincial leaders have also been gunned down. In July 2012 the mayor of Rustenburg in North West province was found guilty, together with his bodyguard, of arranging the murder of a rival councillor who had submitted a dossier of evidence about the mayor's corrupt dealings to the police, while rival ANC factions faced off outside the courtroom (*The Star*, 17, 18 July 2012). They have both since appealed. Early in 2013, an MEC and deputy chairperson of the ANC in North West Province was arrested together with the provincial chair of the ANC Youth League, a councillor and a ward secretary, for the shooting of a district secretary on the eve of the Mangaung national conference of ANC (*Business Day*, 26 February 2013).

But it is in KwaZulu-Natal, previously the site of high levels of political violence between the ANC and Gatsha Buthelezi's Zulu ethnic political party, Inkatha, that the greatest increase in intra-ANC assassination seems to have taken place. As Inkatha's fortunes have waned, and the ANC has come to dominate the province, political violence has come to characterise internal conflict over power and access to state resources. At the same time, Inkatha-linked violence continues, seemingly focused on the rivalry between it and a breakaway, the National Freedom Party, with the latter claiming 27 of its members had been killed since the party's formation in 2010. Thirty-eight ANC members were killed in KwaZulu-Natal between February 2011 and October 2012, compared to 10 politically linked murders in the previous three years. A journalist was told by one informant that all the 'comrades' now found it necessary to carry guns (*Business Day*, 17 October 2012; *Mail & Guardian*, 20–26 July 2012).

These killings are closely linked to rivalry for positions in the ANC, and local and provincial government, which provide access to state resources and patronage. The *Mail & Guardian* reporter was told violence in the ANC was linked to 'city contracts, ranging from the building of low-cost housing to waste collection, [that] were awarded to influential business associates, who would channel money back to the ANC for its operations, or to small and medium-sized businesses connected to the ANC at ward level' (*Mail & Guardian*, 20–26 July 2012). An ANC National Executive Committee member told the *Business Day* reporter that:

Having ANC membership is the best CV in town. The higher you go in the party, the more you can dish out patronage. It's about taking care of yourself and those close to you . . . People are reducing the ANC to their personal kitty and are prepared to kill to get their slice of the wealth. (*Business Day*, 17 October 2012)

Regarding the murder of Mthembeni Shezi, a local councillor gunned down by two men in a public meeting, his fiancée claimed people hated him because he was fighting corruption, while an ANC official said:

There are as many bad things to say about Shezi as there are good. People look at his lifestyle and ask, 'how does a herd boy from Nkandla go from having absolutely nothing to a fancy 4 ×

4 and several houses?’ People start to see that being a local councilor can be a means to acquire wealth.

Assassination is not only a repertoire in political struggles within the ANC. Recently internal auditors in the national transport department spoke of their fear after a colleague investigating corruption was found strangled in his hotel room following death threats, while another’s car was torched on department premises, and others reported that equipment used in investigations such as laptops and cameras had been stolen (*City Press*, 24 June 2012).

Under the apartheid regime assassination was widespread, but it was mainly used by covert institutions of the state to eliminate figures in the democratic movement – such as Steve Biko, Rick Turner, Griffiths and Victoria Mxenge, and many others. The ANC and the popular movement used assassination to eliminate lower-level black agents of the state and its security forces – those regarded as traitors to the liberation struggle, and at times such repertoires were deployed against political rivals as well. However, assassination was not generally a repertoire in struggles within the state apparatus or the National Party (NP). The kind of assassination that appears to be spreading is a new phenomenon, made possible by the lack of a centre of authority in the ANC and the many fracture lines and struggles within it.

Collective violence and intra-elite conflict

Communities are with increasing frequency mobilising and engaging in protest to raise demands for jobs, social services and consultation. At one level, these protests are a manifestation of citizens confronting authorities, and constitute a widening of the space of democracy and participation. Research into eight protest sites discovered that the reality was more complex, however, and in most cases several among the protest leadership were members of a local ANC faction involved in a struggle with other factions for control of the town council (Langa and Von Holdt 2012; Von Holdt et al. 2011).

We concluded that the protest movements had a dual character – composed on the one hand of masses of residents with concrete grievances, and on the other, of figures from local leadership circles of the ANC. It was not that the crowds engaging in protest were oblivious to the role of these leaders in the ANC – indeed, they were frequently quite clear that the protest leaders were using them in order to secure lucrative positions or access to council tenders. ‘It is not service delivery, but people are just fighting for tenders, but using the community to do so’, one young protester told us, while another asserted that, ‘some of the leaders were angry that they were no longer getting tenders and then they decided to mobilise the community against the municipality’ (Langa and Von Holdt 2012, 89). In a sense the crowds were using these leaders to articulate their grievances within the ANC, just as these leaders were mobilising popular grievances in their own campaign to reconfigure power relations within the leadership of the local ANC.

In several cases prolonged protest campaigns resulted in the national or provincial ANC leadership intervening and removing the leadership of the town council, opening the way for by-elections for new councillors. At this point, typically, the crowds dispersed and the protest committee disbanded, while the protest leadership were reabsorbed into the official local structures of ANC in a strengthened position. They or their proxies would be nominated as ANC candidates and then elected into place in the by-elections. Contrary to our expectations, no durable association of citizens emerged to occupy the space of civil society and represent their concerns over a longer time period.

The ANC, it seems, absorbs everything, and everything takes place within it. It is the place that the local elite, activists, those with organisational ability, the talented and the ambitious congregate. The contestation between factions for power as well as the mobilisation of popular discontent continues to take place through the ANC, reproducing in the process the practices of patronage as protesters expect their leaders to dispense opportunities for work. Our findings resemble those of Auyero (2007), who found that local elite leaders played a key role in instigating and leading community protests and collective violence in food riots in Argentina.

In South Africa this kind of protest is increasingly violent, at least on a trend line from 2004 to 2012 (Alexander 2012; Municipal IQ 2012). In our research case studies, violence included setting up burning barricades and engaging in running battles with police, burning down symbols of governmental authority, attacking homes of targeted local councillors, and looting shops owned by foreign nationals. To the extent that such protests are mobilised by disaffected factions of the ANC elite, this constitutes the use of collective violence and disruption in order to reconfigure local power relations and lay claim to inclusion in local elite coalitions. At the same time, such violence constitutes a message from marginalised communities to the ANC leadership about the depths of their frustration and grievances – the ‘smoke that calls’, as one of our informants put it.

Other forms of collective violence that attend intra-elite conflict include the growing use of violence to disrupt or control constitutional meetings of the ANC and the ANC Youth League, whether branch meetings or regional or provincial congresses. Thus the Secretary General reported in 2010 that a ‘general collapse of discipline has characterised the period under review [the previous two years]. Disruption of ANC meetings, assault of members in ANC meetings and taking the ANC to court without exhausting the internal processes are widespread’ (ANC 2010, para 4.23) and that the leadership had to oversee ‘many rowdy provincial conferences’ (ANC 2010, para 4.20). This ‘alien culture’ (para 4.20) started in North West Province, at the first provincial conference held after the bitterly divided Polokwane National Conference of the ANC, that ‘ushered in a new culture of open physical fights in ANC meetings’ (para 8.110). In the same year violent conflict at a regional conference in the Northern Cape led to one death.

This kind of internal collective violence has not abated. For example, in the run-up to the 2012 ANC congress in Mangaung, meetings were disrupted by brawls, armed men threatening violence, gunshots, assaults, stabbings, burning down of opponents’ houses, and the aborting of meetings (*The Star*, 16 November 2012; *Business Day*, 7 August 2012, 19 November 2012). Again access to state power is an important resource, as the police are frequently called in to monitor such meetings and restore ‘order’ in the case of disruption, usually on the terms of the faction that dominates the state in that particular locality. For example, in the run-up to Mangaung, a Limpopo provincial general counsel was ‘stormed’ by a group of Zuma supporters who hurled bricks and stones, and kidnapped, assaulted and threatened to ‘kill’ a key supporter of expelled ANCYL leader Julius Malema. The police withdrew, ‘allegedly at the instruction of police top brass’, after which ‘pandemonium erupted’ (*The Sunday Independent*, 2 December 2012).

Class formation and violence

Intra-elite conflict thus takes several forms. The first is the struggle for factional control over the coercive instruments of the state. These practices subvert the rule of law from within state institutions. The second is the use of direct violence in the form of assassinations. The third is the mobilisation of collective violence, whether within ANC structures or

through mobilising or supporting community protests. All of these practices are associated with intense intra-elite competition for access to state resources, and suggest unstable coalitions of different factions within the ANC.

Political competition is closely tied to the struggle for access to sources of rent. South Africa is a constitutional democracy characterised by multi-party competition, elections, the independence of the judiciary, and the rule of law. However, the formal institutions of political competition are not the site for contestation over access to the prizes of asset distribution and income streams via the state. Rather, state institutions, the dominant political party, and local communities are the most important sites of political competition, and such competition is regulated through coercion or violence.

The formation of elite factions and the violent practices that attend them is integral to processes of black class formation in post-apartheid South Africa. A variety of classes is crystallising through these often quite inchoate and fluid processes, including rentiers, a state petty bourgeoisie, and capitalists. For the most part this competition has taken place within the new black elite, rather than between it and the old white elite whose power is organised in corporate structures.

There are signs that this may change. In the Kumba Iron case, a black business organisation made use of its access to state institutions to fraudulently transfer a mining licence from a large-scale white company to itself – not with any intention to actually engage in mining, as it subsequently entered into a deal with a steel producer to sell these rights for R800 million if it is successful in the case brought against it by Kumba (Makhaya and Roberts, this edition).

At another level populist claims that the political settlement, constitution and judiciary protect white wealth and reproduce black poverty have increasing resonance both among sections of the black elite who find themselves on the margins of such redistribution, and among the subaltern classes who see little prospect of improving their lives within the current dispensation. Calls for rewriting the constitution, ‘transforming’ the judiciary, seizing land, nationalising mines and other assets, all draw on a sense among aggrieved elites and marginalised citizens that the current order of things maintains historical injustice.

Both the Kumba case and the resonance of populism suggest that the pressures of black class formation are chafing against the constraints of the constitutional order that emerged from the negotiated settlement of the 1990s, just as they did prior to the land seizures in Zimbabwe, and they are likely to generate increasing demands for the redistribution of white assets.

Precarious politics: authoritarianism, populism and clientelism

Our research on local communities and protest suggests that the ANC is highly unstable as different factions move in and out of power. In the struggle for power and access to resources, networks and factions form, compete and reform, in a process that mirrors factional power plays at provincial and national levels. As a further result, this instability and paralysis permeates state institutions.

The broader Tripartite Alliance between the ANC, SACP and the Congress of South African Trade Unions (COSATU) replicates these tensions. The struggles of organised labour for more political influence generate new fracture lines, and factional struggles within the ANC reproduce themselves inside COSATU, as do SACP power struggles. The current struggles within COSATU over the position of the general secretary and the modalities of the relationship with the ANC are a measure of just how bitter the conflict is. The growing incoherence and paralysis of the state and the ANC, coupled with the

emergence of multiple local contestations within society, erodes authority, both within the ANC, and more broadly.

One response to this is an attempt to increase ANC control of all centres of power. The deployment of cadres into such positions, and particularly positions of authority within the institutions of policing, justice and law is an element of this – although cadre deployment in turn reproduces factional divisions within those institutions. Authoritarian trends appear to be on the rise within the ANC – ranging from legislative initiatives to reduce public oversight and transparency, to hostile verbal attacks on non-governmental organisations (NGOs). ANC and SACP leaders increasingly articulate the view that the ANC and the transformation project are under attack from ‘anti-majoritarian liberals’ – for example, ANC Secretary General Gwede Mantashe included under this rubric the press, the judiciary, NGOs, business and opposition political parties in an intervention at the 2012 COSATU Congress, in which he warned COSATU not to join their ranks. In part these views derive from narrow political concerns with the way democratic institutions expose the ANC to uncomfortable scrutiny and constrain its power, but its sense of being under siege testifies as well to broader tensions in society over the constitutional order, and whether it deepens democracy or weakens transformation.

As another marker of increasing authoritarianism, policing of both crime and protests and strikes has become more violent, and each new police minister promises to use force to restore order. While an average of about 100 police officers per year had been killed on duty over the two-year period 2009–2010, an average of 590 people died as a result of police action over the same period, an average of 1600 were assaulted by police, and over a one-year period 294 died in police custody, seven of them after torture and 90 due to ‘injuries sustained in custody’ (*Mail & Guardian*, 27 May–2 June 2011). The Marikana massacre, in which 34 striking mine workers were killed, provides a ghastly insight into the authoritarian impulses that continue within the post-apartheid police force.

But the ANC’s relationship with its constituencies cannot be shaped by authoritarianism alone. Rent-seeking and clientelism are central to the projects of both elite classes and popular classes, as argued in previous sections of this article. Khan (2005) points out that the economic structure of developing countries ‘create strong incentives for the . . . proliferation of patron-client networks, and the domination of personalised politics’, and the highly unequal and racialised socio-economic structure of South Africa can only reinforce this. From the point of view of the subaltern classes, the extremely high rate of unemployment and underemployment means that there is little alternative to seeking patronage from local elites; again, our research into community protests shows that they often end with a redistribution of access to work opportunities on tenders or municipality contracts.

Working-class organisations are not free of struggles over rent. Prior to the 2012 wave of platinum strikes, the NUM was marked by intense and sometimes violent internal struggles over shop steward elections because of the improved salaries, conditions and patronage available to shop stewards, and the intensity of violence between NUM and its new rival, AMCU is driven at least in part by the high rewards that attend union and shop steward recognition. The struggles within COSATU alluded to above are also related to access to rents, with allegations and counter allegations about corruption, condoning corruption, or inviting anti-corruption NGOs to investigate specific affiliates. The leadership of the transport affiliate are in court on charges of fraud, and it was reported that the general secretary of the chemical affiliate is involved in a deal worth R300 million with a company organised by his union (*Sunday Times*, 23 July 2013).

Populism is another form that clientelist politics may take, combining popular grievances with elite aspirations in a set of demands for a more dramatic redistribution of

wealth and assets. Julius Malema was the most consistent proponent of a populist project mobilised around such demands in the ANC prior to his expulsion; given the deep tensions in South African society others will arise. The toxic combination of populism and clientelism is also evident in some of the xenophobic attacks that wracked society in 2008 and continue in more sporadic form, where local business and on occasion political elites mobilised unemployed youths to attack rival foreign-owned businesses.

The prevailing forms of politics may shift quite easily between authoritarianism, clientelism and populism, and indeed exhibit elements of all three at the same time. All are shaped by the formation of elite factions to control or distribute rents of various sorts, and intra-elite conflict is integral to such processes. Violent practices accompany each of these political forms, as violence remains a critical resource in a struggle for ascendancy which democratic institutions are unable to regulate.

Conclusion

The outcome of the transition to democracy was a sharp rupture at the political level and a great deal of continuity at the socio-economic level. The settlement set significant constraints on socio-economic restructuring, which were reinforced rather than tested by the policy choices of the new democratic government. The result has been a considerable degree of insulation of the economic sphere from large-scale political intervention.

In post-apartheid South Africa those institutions which, for North, Wallis, and Weingast (2009), create the basis for an open access democracy in the West, have the opposite effect, entrenching a limited access order which excludes large sectors of both elite classes and subalterns among the black population. The result is a tension between the democratic promise inherent in the political rupture – to empower the newly enfranchised citizenry which had previously been excluded – and the continuing reality of socio-economic exclusion. Far from stabilising a new dominant coalition between white capital and new black elite classes, the democratic breakthrough has stimulated intense and violent conflict between different black factions over access to rents. While this conflict has so far been largely confined to intra-black contestation, there are signs that white elites may be increasingly targeted by both ‘insider’ and ‘outsider’ factions, whether by practices that include subverting the rule of law or populist campaigns for nationalisation.

The forms of violence discussed in this article cannot be regarded as external to the democratic institutions established in South Africa’s transition. Rather, they are integral to these institutions and their interaction with the prevailing power structures of the post-apartheid order. Where democratic institutions are insulated from the economic sphere with its gross inequality derived from colonial and apartheid history – and indeed actively structure this insulation – subversion of the law and selective application of the state’s coercive apparatus, together with more direct forms of violence, provide alternative ways of redistributing assets and revenues and securing access to rents. Hence it may be argued that South Africa is making the transition to *violent democracy* in which democratic institutions and forms, elite instability and violence sustain each other.

These forms of violence are only likely to subside with the formation of a stable elite coalition based on a distribution of rents that reflects the balance of political power and violence capability in society. This will not be the case as long as South Africa is marked by such high levels of racial inequality. It would also require the emergence of a faction sufficiently powerful to command the coercive capabilities of the state and dominate such a coalition, enforcing compliance with its codes. The instability at the heart of the ANC and across the institutions of the state suggests this prospect lies some way off.

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Notes

1. An elite prosecution-driven investigating unit located within the NPA.
2. See Olivier de Sardan (1999) on a 'moral economy' of corruption in Africa, Mamdani (1996) on 'corruption' as a form of postcolonial redistribution, and North et al. (2012) for a recasting of the idea of 'corruption' as a form of rent which may or may not have positive developmental outcomes, such as stabilising a dominant coalition or facilitating long-term investment.

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Marikana, turning point in South African history

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Equating a ‘turning point’ with what William Sewell terms an ‘event’, it is argued that Marikana is a turning point in South African history. The massacre was a *rupture* that led to a *sequence* of further *occurrences*, notably a massive wave of strikes, which are changing *structures* that shape people’s lives. We have not yet reached the end of this chain of occurrences, and the scale of the turning point remains uncertain. In common with other *events*, Marikana has revealed structures unseen in normal times, providing an exceptional *vantage point*, allowing space for collective creativity, and enabling actors to envisage alternative futures.

Keywords: South Africa; Marikana; Lonmin; massacre; turning point; event

[Marikana, moment décisif de l’histoire sud-africaine.] Assimiler un « moment décisif » à ce qu’appelle William Sewell un « événement », il est avancé que Marikana est un moment décisif de l’histoire sud-africaine. Le massacre est une *rupture* qui a mené à une *série* d’autres *faits*, notamment une vague importante de grèves, qui sont en train de changer les *structures* qui façonnent la vie des populations. Nous n’avons pas encore atteint la fin de cette série de faits, et l’échelle de ce moment décisif reste incertaine. Comme les autres *événements*, Marikana a révélé des structures jamais vues en temps normal, offrant un *point de vue privilégié* exceptionnel, ainsi qu’un espace pour la créativité collective, et permettant aux acteurs d’envisager un autre futur.

Mots-clés : Afrique du sud ; Marikana ; Lonmin ; massacre ; moment décisif ; événement

Introduction

On 16 August 2012 the South African police killed 34 striking platinum miners outside the small town of Marikana. This was the Marikana Massacre. TV viewers around the world watched horrified, and as bodies fell to the ground so too did illusions in post-apartheid democracy. Commentators have used different adjectives to underline the event’s importance. It has been described as a ‘watershed moment’ (Bizos quoted in Tolsi 2012), a ‘turning point’ (Legassick 2012; Pityana 2012), a ‘tipping point’ (Gumede 2012), as ‘seminal’ (Wikipedia 2013), as a ‘seismic event’ (Alexander *et al.* 2012) and as marking a ‘tectonic shift’ (Smith 2012). Its significance has been likened to the massacres at Sharpeville (1960) and Soweto (1976) (AZAPO quoted in SAPA 2012) and to the 1973 strikes in Durban (Gentle 2012). For one US historian, the killings ‘signaled the quasi-official end of post-apartheid South Africa’s revolutionary era’ (Cole 2013).

So, the massacre was significant, but ‘how significant’ and in ‘what way’? There are good reasons for ducking these questions. An historically special happening can be eclipsed by a more momentous one, such as the 1994 elections trumping Nelson Mandela’s release

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from prison in 1990. Also, ‘significance’ cannot be fully determined by processes that unfold over time, so, for example, the importance of the Durban Strikes of 1973 was only settled in 1979, with the formation of the Federation of South African Trade Unions and amendments to the Industrial Conciliation Act. However, it is worth taking a stab at providing answers for two reasons. First, specifically, one wants to know about changes triggered by the massacre, and the way these might shape the future. Secondly, at a general level, there is value in assessing apparently significant events in order to influence resulting processes.

How, then, should we proceed? Our questions are historical in nature, and this article draws extensively, though critically, on theorisation by the historian William Sewell (2005). In considering the issues, I accept, as given, his statement that: ‘events constitute what historians call “turning points”’ (Sewell 2005, 218). But Sewell was operating with hindsight and evaluating, for instance, the French Revolution. At the time of writing, the Marikana Massacre occurred only 14 months previously. My suggestion is that we need to supplement Sewell with the idea of a ‘vantage point’ developed, though under-theorised, by the sociologist Michael Burawoy (2001). That is, the article can be seen as an attempt to link history and sociology using Marikana as an illustration. It first unpacks the key concepts and then examines the massacre and its aftermath.

Events and vantage points

Sewell’s (2005, 218) starting point is that, ‘historical events should be understood as happenings that transform structures’, adding: ‘To understand and explain an event, therefore, is to specify what structural change it brings about and to determine how the structural change was effectuated.’ The broader point is that structures are the ‘cumulative outcome of past events’ (Sewell 2005, 199, referencing Sahlins 1991; see also Marx 1852). For Sewell (especially 2005, 130–135), structures are multiple – related, one deduces, to politics, courts, science, labour relations, paradigms, and so forth. Some are more superficial, thus easier to understand and alter, but others, notably language, are deeper. Seen in this way structures are not necessarily universal, and might be nationally, ethnically or locally specific. Thus the scale of an event – its importance – varies; impacting on more or fewer people and to a greater or lesser degree. While Sewell’s approach helpfully emphasises the importance of agency, he tends to underestimate the extent to which structures have their own dynamics, with internal contradictions and logics that push them up against other structures. Like Marx’s ‘mole of history’, structural change burrows away beneath the ground, occasionally breaking the surface dumping evidence of its subterranean labour. I return to the relevance of this observation in a moment.

The account, thus far, leads to another critical characteristic of events. They are not merely a single momentous happening, but, rather, ‘should be conceived of as sequences of occurrences that result in transformation’ (Sewell 2005, 227). Such sequences, says Sewell, ‘begin with a rupture of some kind – that is a surprising break with routine practice’. This captures Marikana rather well. As we will see, the massacre, the rupture, led to a sequence of other occurrences, mainly strikes, that turned killings into an event. There is a further, related feature of an event that should be noted. This is that events open new opportunities for agents. For a moment, some structures are disrupted, opening space for action and debate about that action. Sewell (2005, 250) puts it this way: ‘Historical events are acts of collective creativity’. This assessment is extended by Sewell (2004, 99) when he argues that the ‘consequences events will have depends on how they are interpreted’. ‘Interpretation’ matters in a tactical way, shaping actors’ collective creativity, but it is also important

in glimpsing pertinent structures and gauging possible transformations. What is the *mole* revealing for our attention? How do contemporaries – as distinct from historians – go about recognising the significance of an event or potential event? Here we introduce the concept of ‘vantage point’.

For Burawoy (2001), one can develop local studies as vantage points that provide evidence of broader processes. His cases are taken from ‘normal’ times and, while they go a long way in providing evidence of the vulnerability, internal conflicts and unintended consequences of globalisation, they tell us relatively little about structures as such. Events create special vantage points, ones that have the potential to reveal the deeper frictions and fractures that produce and shape social transformation. In this way, events not only have historical and theoretical significance, they also have methodological value. They allow us to see and then interpret the structures that give rise to an event. This can be achieved in a conscious manner by trained researchers, but it is also undertaken informally by other contemporaries. A relevant example is provided in the following observation. Writing about the 1946 African miners’ strike, Ruth First asserted that it ‘was one of those great historic incidents that, in a flash of illumination, educates a nation, reveals what has been hidden, destroys lies and illusions’ (quoted in Wieder 2013: location 931). We might come to say the same about Marikana.

So, then, events – that is, turning points – involve *sequences* of activity released by *ruptures*; they provide scope for *interpretation* of actions and structures; and they lead to *re-configured structures*. Armed with these tools we turn now to the specific case of Marikana.

Rupture

Sewell (2004, 219) writes: ‘social transformations that are effectuated in events depend on the details of what happens.’ As a concomitant of this, unless one knows what happened, scientific interpretation can be wayward and unconvincing. It is not necessary to repeat the emerging narrative of the massacre (Alexander *et al.* 2012; Chinguno 2013). Here I limit myself to key issues.

The workers struck in support of a demand for R12,500 per month (about US\$125). It is unclear whether this was gross or net pay (different workers had different versions), but it was up to triple the net salaries paid to ordinary workers. Their action was ‘unprotected’ (that is, they could be fired for not following processes set out in the Labour Relations Act), and it was led by an independent strike committee, not a union. Yet, within a day, most of Lonmin’s 28,000-strong workforce had withdrawn their labour.

While low pay – and associated inequality and injustice – was the focus of the strike, workers raised other grievances in interviews. These included danger, with risks intensified by pressure to work in hazardous locations; the arduous character of work, which often, because of production targets, included shifts lasting 12 hours or more; doubled-up bodies endlessly shaken by heavy drills; artificial air full of dust and chemicals; high levels of sickness, including TB; and managers (often white) who were disrespectful and adversarial. In many cases workers were caught in a debt trap, leading to forced deductions from wages and payments to micro-lenders and lawyers that left some workers paying 15 times the value of their original loan (Bond 2012). Income was further stretched by the need to support old and unemployed dependants, and, since most workers were oscillating migrants with two families, costs were often doubled. Housing conditions were generally abysmal. In 2010 Lonmin admitted that half the people living within 15 km of its mines lived in informal housing, and a high proportion of these were miners and their families (Chinguno 2013, 9–10).

Workers also complained about the National Union of Mineworkers (NUM), to which most workers belonged before the strike. They mentioned its corruption and its collaboration with management. One complaint was the need to pay a human resources manager and a shop steward to get a job, with the going rate about R5000 (roughly US\$500). On the night the strike started, 10 August 2012, NUM mobilised scabs to break the action. The following day, 11 August, shop stewards from the union shot at a peaceful march of about 3000 strikers, seriously wounding two of them. The workers fled, eventually arriving at a koppie (an igneous outcrop) they called the ‘mountain’. Here they remained, arming themselves with traditional weapons in order to defend themselves from NUM. On 13 August, Frans Beleni, NUM’s general secretary, called for ‘the deployment of the Special Task Force or the South African Defence Force’ (Alexander *et al.* 2012, 178). Three days later it was the task force that carried out the massacre.

Lonmin attempted to absolve itself of responsibility, claiming that clashes were a consequence of competition between NUM and a new union, the Association of Mineworkers and Construction Union (AMCU). But the strike committee included members of both organisations, and union leaders rightly denied that rivalry caused the stoppage. In the days leading to the massacre Lonmin lobbied government to treat the workers’ actions as criminal, rather than an industrial dispute, thus justifying a police response along lines proposed by Baleni. Lonmin also provided crucial logistical support for the police, including offices for its Joint Operations Centre, intelligence collected by security personnel, access to more than 200 security cameras, accommodation and food for police, and transport. It donated helicopters used on the day, and it provided ambulances and a detention centre. Critically, the company refused to talk to their employees. According to Bishop Jo Seoka (2012), who later brokered a settlement: ‘the massacre could have been avoided if Lonmin’s management had listened to the workers’ concerns.’

There is no doubt that police gunfire was the immediate cause of the massacre. The police killed all 34 men (and no police were injured). The strikers had been sitting peacefully on and around the mountain when the police reeled out razor wire in front of them. Fearful of being penned in, they began to leave the area, most walking northwards in the direction of Nkaneng, the nearby informal settlement where many of them lived. Video footage shows that the workers were not running and not a threat to the police. It was at this point that the police started shooting. Only then did the men begin to run, but they were scattering, not charging at the police. At some point, a middle-ranking officer tells his men to shoot if they feel threatened, which, in the context, can be interpreted as permission to kill. Within a few seconds, 20 strikers were shot dead by task team gunfire. This occurred within a small area the inquiry called ‘Site One’. Many workers then retreated towards a low koppie about 300 metres west of the mountain. Here they were surrounded, and a further 14 were slaughtered. When this place was first revealed by two fieldworkers and myself, we called it the ‘killing koppie’ (Lekgowa, Mmope, and Alexander 2012). The inquiry preferred the sanitised name ‘Site Two’.

The police claim they acted in self-defence, but this cannot justify disproportionate use of force, or the killings at Site Two, or the fact that – so it is widely understood – 14 of the 34 dead men were shot in the back or the back of their head. Had the police wanted, they could have dispersed the gathering with few or no fatalities using rubber bullets, tear gas and water cannon fired from the safety of armoured vehicles or helicopters. Events could have been filmed and arrests made later. These are standard tactics for public order policing. But special paramilitary task teams, not the public order police, were deployed in the front line of defence and attack. These task teams were armed only with automatic weapons

loaded with sharp ammunition, making it almost inevitable that workers would be killed. Indeed, the police ordered four mortuary vehicles early on the morning of the killings, so they were expecting deaths to occur. Immediately after the massacre, police placed weapons alongside dead strikers, making it appear that they had been a mortal threat. Recently, having analysed a police hard-drive, the inquiry's evidence leaders stated that the South African Police Service (SAPS) had given evidence that was 'in material respects not the truth'. Evidence is mounting that the massacre was not an accident, but, rather, the consequence of a premeditated decision to use lethal force against strikers.

Sequence

What happened next transformed Marikana from a dreadful occurrence into an important historical event. According to Luke Sinwell (2013, 96): 'At approximately 7 pm [on the evening of the massacre], still unaware of whether their missing colleagues had been killed or were arrested and in jail, about 20 workers met and decided to continue the strike. They did not want the public to think that it was only those who had died that were organising it.' Like the occupation of the mountain, this was an important act of 'collective creativity'. As argued elsewhere (Alexander *et al.* 2012, 195):

In other settings, events [sic] of this kind [the massacre] have led to the defeat of a movement, or at least its abeyance. But that is not what happened here. On the contrary, the strike got stronger. Workers faced trauma, the tribulations of burying their dead in far-away places, threatened sackings, lack of money for food, and attacks from unions and politicians. But, by 7 September, the company was reporting that attendance at work was down to two percent, and after that it gave up providing statistics. There was an undeclared state of emergency and a community leader was killed, but still the workers fought on, until, on 18 September, they agreed to a settlement that secured them [partial] victory. Had the strike collapsed, people across the country fighting poverty and injustice would have been cowed. The opposite happened . . . This was one of the most remarkable acts of courage in labour history.

Continuation of the Marikana strike was followed by a sequence of dramatic unprotected, or 'wildcat', stoppages that spread across the mining industry. The first started on 29 August, when about 12,000 workers from Goldfields KDC East mines came out in support of a demand for R12,500. On 9 September, they were joined by 15,000 workers at KDC West. When 32,000 AngloGold Ashanti workers struck between late September and early October, they demanded the same. At Amplat, where there were strikes at different times from 12 September to early October, they called for R16,000. Goldfields is the world's fourth biggest gold producer; AngloGold Ashanti is the third biggest; and Amplat produces more platinum than any other company in the world. From 3 October, about 300 workers at Kumba's Iron Ore's Sishen mine went on strike demanding R15,000. This surprised many observers, because in 2011 these workers benefited from a five-year bonus-scheme payout worth about R570,000 per employee. There was also action on smaller mines, including an underground sit-in at Samancor. The length of the stoppages varied, as did the outcomes, but all strikes were organised by non-union committees and all demanded a specified salary rather than a percentage increase.

From September 2012 militant strikes spread beyond mining. There were unprotected stoppages in the car industry, and a sometimes violent truckers' strike. In November a strike for higher pay broke out across the farming areas of the Western Cape, where workers are

highly oppressed and very badly remunerated. They wanted their pay increased from R69 to R150 per day (about a quarter of the Lonmin demand). A Congress of South African Trade Unions (COSATU) spokesperson declared: ‘Marikana has come to the farms!!!’ (COSATU 2012a). In the end, early in 2013, the minimum wage was raised to R105, still a small amount, but a landmark decision that raised pay by more than 50%. Wildcat strikes continued through 2013, with major stoppages at the huge Medupi Power Station construction site, at two important coals mines, at the Matla Power Station, and among City Power workers in Johannesburg.

In 2013, struggles took off again in the platinum mines. This time they were more defensive. At Amplat there were strikes against retrenchments in February, May and October (the last of these being a ‘protected’ stoppage led by AMCU). Initially 14,000 jobs were threatened, but, eventually, nearly all these were saved and there were no forced redundancies. At Lonmin, workers struck for two days in May following the murder of a popular local leader of AMCU. At Implats – where a pivotal six-week unprotected strike had preceded the Lonmin stoppage – workers took action in June 2013, this time in response to an unfair dismissal¹. In the course of the wave of militancy in mining, workers moved en masse from NUM to AMCU. AMCU became the dominant union across the platinum industry and recruited a majority of workers in three of the richest and largest gold mines. AMCU has not yet reported its membership figures, but it has probably grown from about 20,000 members at the beginning of 2012 to more than 150,000 members today.

In early May 2013, I had separate conversations with two leaders of left-wing unions, and both, without prodding, said they were now under pressure from their members. They were not hostile to this, but were slightly troubled. In one case, there had been a national bargaining conference where workers argued for doing a ‘Marikana’. Marikana had become a byword for militant resistance. This mood fed into large ‘protected’ strikes that occurred from August through September and into October. Four of these were in key industries: gold mining and construction, both organised by NUM, and motor manufacturing and auto parts, both organised by the National Union of Metalworkers of South Africa (NUMSA). These led to pay rises of, respectively, 8% (after less than a week on strike), 12% (after three weeks), 11.5% (after three weeks), and 10% (after four weeks). Set against an inflation rate of less than 6.5%, these are very substantial increases. There is probably more to come.

The strikes had knock-on effects. In the wake of Marikana, Moody’s downgraded South Africa’s bond rating from A3 to Baa1, making it more costly to borrow funds, thus slowing economic growth. The rand fell 22% against the dollar and 33% against the euro in the 12 months following the massacre; the consumer price index increased from 5.5% in July 2012 to 6.3% a year later; and a record balance of payments deficit was recorded in the second quarter of 2013 (the latest figure). The official rate of unemployment worsened from 24.9% in the second quarter of 2012 to 25.6% a year later (latest figure). Economic forecasts are bleak and the Minister of Finance has warned that government income may fall, thus precipitating cuts in expenditure. It would be wrong to ascribe all decline to the Marikana effect, but the massacre was a trigger.

One indicator bucking the trend is the Johannesburg All Share Index, which has risen more than 20% in the past year. Many South African companies are still making substantial profits by maintaining high levels of exploitation, and, notwithstanding some impressive pay rises, the gap between workers and the wealthy is still immense. The weakened economy will sharpen the intensity of class conflict.

Interpretation

The post-massacre strikes underlined the importance of Marikana, but its significance is also about the vantage point it has provided and interpretations that have emerged. Here, I am necessarily selective.

Migrant labour and housing

Conflict at Lonmin and elsewhere has highlighted the significance of changes in labour recruitment and housing. On the surface it seems that recruitment has altered little. In 2010, only 18% of Lonmin's workers were from local communities (and some of these may have originated elsewhere); 83% were immigrants, mostly from within South Africa (Lonmin 2010, cited in Chinguno 2013, 8). However, labour migrancy should not be confused with the migrant labour *system*. The latter was institutionalised from the late nineteenth century as a means of supplying labour regarded as 'cheap', because, at least in theory, it was subsidised by rural production. Today the reverse happens. Migrant workers' budgets must include support for impoverished rural families, and their pay, though low by international standards and in comparison to bosses, is higher than most other South African workers. Understandably, employers would like to reduce dependence on migrant workers. In the meantime they cut costs and attempt to weaken union organisation by hiring contract workers, paid, on average, 60% the wages of permanent workers for the same work. Contract workers can be sacked relatively easily, and are often expected to work in more dangerous locations than permanents. According to one estimate, they represent up to 30% of the workforce on platinum mines (Bench Marks Foundation, cited in SAPA 2013a; see also Forrest 2013). The use of contract workers has long been a thorn in the side of the labour movement.

Regarding housing, in the early 1990s the companies and NUM negotiated a living-out allowance, reducing dependence on hostel accommodation and substantially increasing the number of workers residing in informal settlements. At the time of Lonmin's strike, the allowance there was R1830 per month, a substantial contribution to workers' income. Only about 10% of employees lived in company accommodation (Chinguno 2013, 10, quoting Lonmin 2010). For workers, the new arrangement meant greater freedom, and many developed second families. The downside was that miners now lived in poorly-serviced, low-quality accommodation.

Ownership and inequality

Recruitment and housing policies contributed to the militancy of the strike, but they represent a deeper problem: satisfying shareholders' demands for maximum profits. The following table, Table 1, is instructive.

For sake of argument, Lonmin's expenditure may be divided into three components. Payments to suppliers, taxes and social capital can be regarded as neutral in class terms. These total US\$729 million. 'Social capital', which includes community projects and other donations, was only US\$1.8 million more than the US\$7 million shared between three executive and eight non-executive directors. The income that went to capital totalled US\$704. Critical commentators tend to focus on directors' remunerations and dividends, but the largest amount by far was cash retained for new investment; that is, for expanding the net worth of the company (owned by shareholders of course). Rather than new fixed capital coming from overseas, in the case of Lonmin, and many other South African

Table 1. Lonmin's Expenditure, 2011

	US\$ million
Suppliers	680
Government taxes	40
Social capital (community projects and donations)	9
Directors remuneration	7
Shareholders distribution	30
Cash retained for sustainable growth	667
Human capital (salaries and benefits)	796
Total	2229

Source: Lonmin Annual Report (2011).

companies, it is generated locally (from employees' work). Further, much of the 'cash retained' is moved off-shore, so is of no benefit to local economic development. Salaries and other workers' benefits totalled US\$796 m. We can put matters another way – of the US\$1.5 billion expenditure that went to capital and labour combined, 47% went to capital and 53% to labour. It is not surprising that Lonmin could find the resources that would eventually settle the Marikana dispute, and had it done so earlier the massacre would have been averted. Moving forward, platinum prices are about the same now as a year ago; Lonmin's average monthly sales are higher than last year; and, because platinum is sold in dollars and the rand has fallen about a fifth against the dollar, rand income will be up about 20% per ounce. The conclusion is that Lonmin – and the other platinum companies – can accommodate very substantial pay rises, despite claims to the contrary.

Capitalists investing elsewhere in the South African economy have also done well, and South African companies are among the most profitable in the world (Reddy 2013). According to the government's *New Growth Path*, the share of national income that went to profits increased from 40% to 45% between the end of apartheid and 2009. The share that went to workers declined, from 50% to just over 45% (George 2013). Most workers received almost no increase in real pay. Based on data from Statistics South Africa's Household Survey, in 2011 the median wage for formal sector workers was R3800, the same as it was in 1997 (in 2011 prices) (Reddy 2013). Meanwhile, unemployment levels increased significantly, adding to workers' costs. In terms of income, most workers have not benefited from apartheid's defeat, so racial and class injustice have become added grievances.

Widespread resistance

It is hardly surprising that there has been a high level of industrial action over many years. Marikana provided a jolt to militancy, but also underlined the scale of resistance. Since 2005, South Africa has probably experienced more strike days per capita than any other country (Alexander 2012, 63). Historically, the highest number of days lost was in 1987 (the year of a famous miners' strike). This was overtaken in 2007, and the new record was surpassed in 2010. Public sector strikes were the main cause of the high figures in both instances, with, according to Claire Ceruti (2012), more grass-roots activism in the second. 2011 saw the fourth most strike days on record, and there were even more in 2012. The Department of Labour reported that close to half the 2012 strikes were 'unprotected', and it noted greater levels of violence and damage to property than in the past (Paton 2013; Pressly 2013).

Class struggle is not confined to the workplace. Since 2005 there have been increasing numbers of community protests, most of them over provision of basic services. These are

part of a ‘rebellion of the poor’ (Alexander 2010). A high proportion has occurred in informal settlements, where service delivery is particularly awful. There are at least four cases where new settlements were named after the massacre. Boitumelo Maruping interviewed a resident at one of these, the Marikana near Potchefstroom, who explained: ‘We will do exactly as they did at Marikana, and we will get what is ours.’ Sometimes the protests involve over 10,000 participants, and barricades are often used to exclude police from working-class neighbourhoods for two or more days. According to data collected by our research team, the number of protests in 2012 was much the highest on record and 50% higher than in 2011. There is still a high measure of separation between workers/strikes and the poor/community protests, but this is not a class difference; it is about ‘different relationships to the means of protest’ (Alexander and Pfaffe 2013). Moreover, there are examples of communities and workers acting together. For instance, there was a major battle outside Marikana in 2011, when local residents attacked Lonmin property and police vehicles in a protest against discrimination in job hiring. Moreover, a *Workers Survey*, undertaken for COSATU (2012b), showed that 25% of the federation’s members had participated in a community protest during the preceding four years.

State and capital

Increased unemployment, stagnant real wages and heightened inequality arise from the government’s pro-capitalist economic policies. The African National Congress (ANC) government permitted massive capital flight from South Africa soon after it came to power (Ashman, Fine, and Newman 2011). It privatised important industries, including the Kumba Iron Ore mine, now owned by Anglo American, which is one of South Africa’s most profitable businesses. Its general approach has been neoliberal and there has been no significant attempt to restructure the economy. The one important reform has been support for ‘black economic empowerment’ (BEE). A major beneficiary of this policy has been Cyril Ramaphosa, the first general secretary of NUM and former secretary general of the ANC, who became the single largest shareholder in Lonmin and a member of its board of directors.

Ramaphosa was a member of the ANC’s national executive and in the days before the massacre he used his influence to ensure the state’s active intervention on the side of Lonmin. In the transcript of a meeting with Bernard Mokoena, Lonmin’s executive vice-president for human capital and external affairs, Lt. Gen. Zukiswa Mbombo, the provincial police commissioner, is quoted as saying that the Minister of Police had told her that Ramaphosa is ‘pressurising him’ (McClenaghan and Smith 2013). His role as the company’s chief agitator is also clear from emails he sent company executives on 15 August, the day before the massacre, including one that read:

Dear all, I have just had a meeting with Susan Shabangu [Minister of Mineral Resources] in Cape Town. One, she agrees that what they are going through is not a labour dispute, but a criminal act. She will correct her characterisation of what we are experiencing. Two, she is going into cabinet and will brief the President as well and get the Minister of Police, Nathi Mthethwa, to act in a more pointed way. (Marikana Commission of Inquiry 2013)

The email has not been refuted by Ramaphosa, and Shabangu has not denied that she attended the cabinet meeting, briefed the President or influenced Mthethwa. Moreover, by the morning of 16 August, there had been a change in mood: the police presence at Marikana increased considerably, the task teams arrived, 4000 rounds of ammunition were ordered, and a police spokesperson said that this was ‘D-Day’. Ronnie Kasrils (2012),

former ANC Minister of Intelligence, had no doubt that the scale and character of the police mobilisation ‘denoted an order from on high’. He went further, drawing out the implication for an understanding of the relationship between the South African state and a powerful section of capital:

These people were hardly occupying some strategic point, some vital highway, a key city square. They were not holding hostages. They were not even occupying mining property. Why risk such a manoeuvre other than to drive the strikers back to work at all costs on behalf of the bosses who were anxious to resume profit-making operations?

Structures

Within South Africa, Marikana remains a topic of discussion, partly because the inquiry is ongoing and partly because sequences are still unfolding. Commentators of most political stripes regard it as a turning point. In the popular imagination it is something that has its own recognisable label – there was the Sharpeville *Massacre* (1961), the Soweto *Uprising* (1976), and now the Marikana *Massacre* (2012). Sewell (2005, 228) proposed that, ‘a historical event . . . is recognised as notable by cotemporaries.’ From that standpoint, there can be no doubt that Marikana passes the test. But what has been its effect on ‘structures’? Here we need to distinguish between the government, which is in denial, and impact on other areas of life, most importantly labour and politics.

Denial

There is a literal sense in which the government is in denial. Its spokespersons refuse to describe Marikana as a ‘massacre’; rather, it is a ‘tragedy’. This is not coincidental, it is matter of policy, and extends to the upper ranks of the ANC and the South African Communist Party (SACP). Whereas ‘tragedy’ implies a serious accident or natural catastrophe, massacre indicates an occurrence in which many people die as a consequence of an overwhelming imbalance of force. Marikana was indubitably a massacre. The problem for the government is that ‘massacre’ implies human intervention, so points the finger at the police and poses questions about ministerial involvement. The stance of the government is not only farcical, it also creates the impression of running from truth.

This denialism is reflected in the government’s most important Marikana-related initiative, the ‘Framework agreement for a Sustainable Mining Industry entered into by Organised Labour, Organised Business and Government’ (Presidency 2013). This mentions ‘intermittent tensions’, but makes no reference to Marikana or the post-Marikana strike wave, even though these are *raisons d’être* for the document. Problems are blamed on the global economy, history and not doing enough of certain things; commitments are made to abide by existing legislation; possible reforms are limited by the acceptance ‘that economic realities constrain our decisions’; and labour committed itself to ‘work with Government and Business to improve investor sentiment’². There is no hint that ‘tensions’ might be connected to low pay and huge profits, and no attempt is made to flag adjustments to policies that contributed to the conflict.

President Zuma appears to be driven mainly by a desire to win a majority in the 2014 general election (scheduled to take place in May). Fortunately for him, the Marikana Inquiry has taken so long he will not have to respond to its findings before the election. From his perspective it is best to avoid controversy. A cabinet-backed move to amend the Labour Relations Act by (a) introducing compulsory strike ballots; and (b) prohibiting

anyone other than striking employees from participating in picketing, was quietly dropped ‘as a result of a back room deal between COSATU and the ANC’ (Paton 2013). This does mean there will be no Marikana-propelled, government-generated structural change; just that this is likely to be delayed. The 1922 Rand Revolt led to the seminal Industrial Conciliation Act (ICA), but it was 1924 before this was introduced. It took six years and the Soweto Uprising to move from the Durban Strikes to the 1979 amendments to the ICA (which granted black workers the status of ‘employees’, placing them on equal footing with whites). However, it would be wrong to equate the present event with 1922 and the Durban Strikes. In my view, Marikana’s underlying causes are more fundamental. They are about generalised socio-economic inequalities that have been allowed to persist following the end of apartheid (reflected in the ‘rebellion of the poor’ as well as rebellion among workers). I cannot see a way of addressing these effectively, short of nationalising mines in a manner that benefits the working class. However, any appetite for this course of action that existed within governing circles has dissipated, and, as reflected in Marikana, the BEE glue bonding capital and the ANC is, for the time being, sufficiently strong to withstand popular pressure for substantial nationalisation.

Labour

The Lonmin strike and wildcat stoppages that followed were organised by rank and file committees. This is not as unusual as some commentators assume, especially in mining, but in South Africa there has been nothing to match the spread and scale of the 2012/2013 strike wave. For union leaders, the action was a powerful reminder that if they become too removed from their base, members might act independently or defect to another union. In this instance, both happened. While informal committees can organise strikes and win victories, in ‘normal’ times representation and bargaining require trade unions. Here, AMCU was the main beneficiary. While the union is not burdened by NUM’s baggage of alignment with the governing party, it retains inherent dangers of bureaucratisation, which in South Africa’s mining industry includes senior stewards paid by companies at the level of junior managers. AMCU has grown massively out of militant strikes and this will produce stresses within the union, but it is too soon to know what form these will take. What is clear, however, is that NUM, previously COSATU’s largest union, has been badly wounded. In terms of membership it has slumped to fourth place and been replaced in the top spot by NUMSA. There is considerable tension between NUM and NUMSA, intensified, especially after Marikana, by NUMSA recruiting in NUM-organised industries.

COSATU’s response to Marikana was limp. Its congress, held in September 2012, passed a wordy resolution that spoke about a ‘tragedy’ rather than a ‘massacre’ and omitted to condemn the police, even though 14 of the dead strikers were members of a COSATU affiliate (i.e. NUM). Unity around this position concealed deep division. On the one side there are leaders associated with the South African Communist Party (SACP), whose general secretary Blade Nzimande, a cabinet minister, is closely identified with Zuma. These include Senzeni Zokwana, president of NUM, who doubles as chair of the SACP. The other side includes NUMSA and Zwelinzima Vavi, COSATU’s general secretary. NUMSA’s own resolution on Marikana stated:

Marikana . . . must go down in our history as the first post-apartheid South African state massacre of the organised working class, in defence of the local and international mining bosses and their profits. (Van Driel 2012, 107–108)

In August 2013, Vavi was suspended from his position, ostensibly for having workplace sex with a member of staff (which is not denied), but actually as a consequence of his increasingly anti-government stance. Nearly half of COSATU's unions, including NUMSA, have called for a special congress to resolve the issue. It may be possible to paper over cracks in time for the election, but a difference of vision will remain. In essence, the divide is between unionists whose first loyalty is to the SACP/ANC alliance, and those who privilege the wishes of their members. This reflects a 1980s division between 'populists', including NUM, and 'workerists', who included NUMSA's forerunner. Marikana sharpened this conflict, which may yet lead to a split in COSATU.

Politics

The ANC's lack of sympathy with its working-class base was symbolised, in December 2012, when its Mangaung congress elected Ramaphosa as its deputy president (hence the person most likely to succeed Zuma as president of the country). Former SACP leader Raymond Suttner (2013) provided the following observation: 'The Marikana massacre is remembered most vividly by the ANC, the SACP and COSATU for the displacement of the NUM as the dominant union on the platinum belt. That is what they see as the real crime at Marikana.' At the first anniversary commemoration of the massacre, held in Marikana, there were messages of support from leaders of all political parties except two – the ANC and the SACP. Even Lonmin was represented. The ANC could not bring itself to appear at an event where the keynote speech was given by Mathunjwa, the workers' main leader. Marikana is emblematic of the ANC's separation from much of its voting base, mostly poor.

There is a possibility that in the 2014 election the ANC's support will fall from more than 60% to less than half of all voters. Older supporters will find it difficult to vote against the ANC, and are more likely to stay at home than back another party. But, with voters under about 35 years old, the new Economic Freedom Fighters (EFF) offers a real alternative. The EFF is led by Julius Malema, former president of the ANC Youth League, who was expelled from the ANC in April 2012 but harboured hopes of reinstatement at Mangaung. On 18 August, he was the first politician to visit Marikana. Addressing a crowd of about 12,000 people, he lambasted Zuma and capitalism in terms that were often witty and always powerful, and he reinforced the miners' determination to continue their strike. In a memorial meeting soon afterwards, he was the platform speaker when four ministers and the provincial premier were chased out of the hall. Then, at the invitation of workers, he went from mine to mine, encouraging participation in strikes, which cost the owners several billion rand. His anti-capitalism was more than just rhetoric, and if there had been any chance of him remaining in the ANC, now there was none.

The new party describes itself as 'a radical, leftist, anti-capitalist and anti-imperialist movement' that 'draws inspiration from the broad Marxist-Leninist tradition and Fanonian schools of thought' (EFF 2013a). It calls for expropriation of land and nationalisation of mines and banks, without compensation. However, one detects a left populist and radical nationalist agenda. Foreign and monopoly capitalists appear to be the enemy, rather than capitalism; salvation will occur within the confines of the national state; the agency and means of transformation are not identified; and Malema is accorded the title of Commander-in-Chief (EFF 2013b). The official launch of the party was held in Marikana, where a large audience gave it a good reception. The big question is how well will the EFF perform in the election? In a survey of 3585 18- to 34-year-olds, conducted in June 2013, soon after the party's formation, 35% said they would vote for the ANC and 26% opted for the new

party (15% backed the Democratic Alliance, the leading opposition party) (SAPA 2013b). However, while Malema is an impressive orator and connects with the anger of the poor, he has credibility problems, in particular, he is young and faces corruption charges. The main issue is whether the EFF can persuade the youth to vote. Half the voting-age population is under 35 years, but in the most recent elections, the local government ballot of 2011, the turnout among 20- to 29-year-olds was only 28% and among 30- to 39-year-olds it was only 37%; this compares with over 60% among the older age groups (HSRC 2012).³ While the EFF's electoral future is unclear, it is a significant new factor in South African politics, and it has grown out of post-Marikana sentiment.

Conclusion

If we place weight on Sewell's definition of a turning point – that is, an event that transforms structures – Marikana's impact has, so far, been relatively modest. It lies principally in three kinds of change. First, there has been a shift in the 'mood', particularly among workers, which, while difficult to measure, is indicated by the frequency, form and demands of strikes. Second, Marikana led to the rapid rise of a new union opposed to political alignment, and it contributed to division within COSATU between pro- and anti-government unions. Third, it has spurred the development of a radical new party with the potential to mobilise millions of unemployed youth. However, the 'sequence' has not yet reached its limits and 'interpretation' continues. In particular, it looks as if the police's case is beginning to unravel before the Marikana Commission. Even if this does not lead to official acknowledgement that the massacre arose from political intervention, every new revelation shifts the balance of arguments against ANC supporters. My expectation is that after the 2014 election the government will introduce policy changes emanating out of the massacre. If this does not happen, the ANC must expect continuing deterioration in its popular support.

While the historian can and should emphasise the importance of structure in measuring the significance of a turning point, contemporaries, not knowing what happens next, must place the stress elsewhere. For researchers and the public alike, events provide vantage points from which to examine their world and, through comparisons, make assessments about the significance of what has occurred. The way this happens within the population at large is a subject worthy of further attention. For me, the massacre has illuminated the role of black capitalists in mediating the relationship between international corporate interests and a democratically elected government, and it has shown how some union leaders are sucked into this nexus. It has also demonstrated that no genuine reforms are possible without substantial nationalisation, and that workers continue to be a powerful and creative social force in South Africa. For many people, Marikana was, as one writer put it, 'the massacre of our illusions' (Gentle 2012).

Notes on contributor

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Notes

1. Implats is the second largest platinum mine in the world, and Lonmin comes third.
2. AMCU did not sign the document.
3. Only 23% of 18- and 19-year-olds were registered. The ANC's vote was just 26% of the voting age population (Alexander 2012).

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BRIEFING

Longevity of the Tripartite Alliance: the post-Mangaung sequence

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100 years of the ANC

A ‘centenary golf day’ opened the celebration of the 100th anniversary of the African National Congress (ANC) in Mangaung, the city where the party was born in 1912. Its founders were often portrayed as petit bourgeois, but the early ANC was much closer to its contemporaries’ – including workers’ – aspirations (Limb 2010). Their golfing heirs belong to a different elite, enriched in a nearly 20-year-long lead on the post-apartheid democratic state. Inter-connections between the spheres of business and politics and the emergence of rent mechanisms through Black Economic Empowerment (BEE) were highlighted as structuring elements in a post-apartheid compromise between former and new elites (Southall 2007; Tangri and Southall 2008). This dimension of access to and control of resources also played a role in perpetuating the Tripartite Alliance – the ANC, the South African Communist Party (SACP) and the Congress of South African Trade Unions (COSATU) – in power since 1994. There is also a fundamental political dimension to such longevity on which this paper will further insist.

Once a lawful opposition force to white minority rule, subsequently turning into an underground liberation movement, the

ANC is now a million-member ruling party elected to Parliament. Some have argued that it remains relevant and faithful in terms of its internal debate (Lodge 2004), while others have questioned both its effective functioning and democratic vibrancy behind an apparent mass-character (Darracq 2008). ANC president Jacob Zuma once prophesied that the organisation would rule ‘until Jesus comes back’. The ANC still proves able to manage internal conflict and tells its own history in a surprisingly unified way (Butler 2012). The project of the ANC was also described as continued ‘regeneration’ of power through internal discipline, state control and the phenomenon of a convergence of protest and voting for the party (Booyesen 2011). The cohabitation of diverse political and ideological streams within the ANC has also historically secured its integrity (Turok 2010).

Once South Africa’s hopeful saviour in the struggle against apartheid, the ANC has become the main problem in the country’s political equation. For almost 20 years, politics in South Africa has been dictated by the internal dynamics of this movement–party, which holds a quasi-monopoly on state institutions and whose own political pulse seems to have become a self-perpetuating cycle and a never-ending power struggle for the top positions. This paper provides an overview of the main steps leading to the current situation. It documents faction-fighting and argues that the left of the movement has paradoxically never been so firmly in control of the ANC since the early 1990s, while the party

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appears ever more detached from – and even hostile to – ongoing protests against social injustices.

Marginalising the left

When the ANC and the SACP came back from exile in 1990, not only was their political leadership contested within South Africa, but their organisational capacity on the domestic front could not compare with that of the civic organisations (United Democratic Front) or the unions gathered under the umbrella of the COSATU federation. The forming of the Tripartite Alliance proved decisive for them to gain a militant base. A complex network of alliances at the time involved exiles, Robben Islanders and ‘inziles’ (Lodge 1999; Séverin and Aycard 2006) and the conflicting ambitions of rising ANC politicians were partly managed by Nelson Mandela and other historic leaders during the political transition. Yet, following the assassination of SACP general secretary (GS) and Umkhonto we Sizwe chief of staff Chris Hani in 1993, Thabo Mbeki gradually got the better of his last generational rival Cyril Ramaphosa, then ANC secretary general and a stalwart leader in the workers’ movement.

In 1997, Mbeki was strategically positioned at the presidency of the ANC and as South Africa’s deputy president he just waited for Mandela to step down in 1999. His conquest of power opened up on a decade marked by the personalisation of power, cooptation of loyal lieutenants in strategic positions and a critical reduction of internal debate in party and Alliance structures. During the early 2000s, the ANC was turned into a modern party, funded by business friends, disciplined and dedicated to winning elections. Mbeki’s rule also shifted government policies towards neoliberal macroeconomics and contentious foreign or health orientations (Gevisser 2007; Gumede 2005; Pons-Vignon & Segatti in this issue).

Privatisations of state assets became the preferred policy aimed at producing a black bourgeoisie and hence fuelling conflicts of interest, corruption and patronage networks (Southall 2004, 2008).

A new alliance unfolds to the left

Mbeki’s ascent had also, however, relied on the Alliance before he muzzled it. COSATU GS Sam Shilowa, the federation’s president John Gomomo and even Charles Nqakula, GS of the SACP, had initially supported him, and they were rewarded with political positions. Yet rifts quickly emerged between the Mbekites, COSATU and the SACP. The latter two realised they could no longer access power and influence policies. A 2003 union report noted that the federation was going on a general strike every year to denounce government policies. Partners in the Alliance exchanged ‘harsh words’ and COSATU and SACP activists and programmes were labelled ‘ultra-left’ by Mbeki and his entourage. The term was considered a derogatory one by the then GS of the National Union of Mineworkers (NUM), Gwede Mantashe (NUM 2003). Beyond the denunciation of macro-economic policies, the opposition to Mbeki must also be read, however, in its more immediate political translation: his fierce rejection of the communist faction in the ANC, which he labelled ‘left sectarians’ (Munusamy 2012), barred the political ascent of leaders belonging to the left.

Politically, Zuma himself was never a strong proponent from the left and his ‘credentials as a worker leader were thin’ (Ceruti 2008). However, Mbeki’s exclusion and victimisation of leaders from the left turned him into a symbol of resistance. The unions were ready to fight a battle, and major strikes were organised in 2006 and 2007. Tension escalated when Mbeki, who could not constitutionally lead the country for a third term, tried to split the ‘two centres of power’ (the state and

the ANC) by retaining control over the party. His main contender Jacob Zuma was forced to resign from his position as South Africa's deputy president following charges of corruption. He regained political momentum after these charges were lifted, and was elected ANC president in Polokwane (2007), before becoming president of the country (2009), thanks to the support of COSATU, the SACP, and other fringes of the ANC such as its Youth League (ANCYL).

Disciplining the youth

The ANC has three leagues, or internal groupings: the Youth League, the Women's League (ANCWL) and the Veterans' League (ANCVL). The Youth League is the most powerful of the three.

While most youth structures in political parties are limited to training new generations of leaders and promoting the decisions taken by their seniors, the ANCYL has always conceived and exerted its role differently. It is regularly torn between its limited constitutional autonomy and its aspirations to influence and gain independence from the party. It regularly claims the legacy of its notorious forebears from the 1940s who took over the ANC in the 1950s. Its post-apartheid leaders include politicians like Peter Mokaba, Malusi Gigaba, Fikile Mbalula and Julius Malema, whose support often proved decisive in winning political battles in the ANC: Mokaba campaigned for Mbeki against Ramaphosa, and Mbalula was the first in the ANC galaxy of the mid 2000s to voice support for Zuma against Mbeki. But the ANCYL was also regularly silenced by its elders when it proved too unruly. Gigaba – now Minister of Public Enterprises – ensured it kept quiet under Mbeki's rule and, more recently, Malema was ousted from the ANC after challenging Zuma's bid for a second term.

Critical to the Youth League's power are its past achievements. Until Zuma defeated Malema, no senior leader in the ANC had successfully campaigned for the movement's top position without the support of its youth wing. The ANCYL is therefore a valuable ally and it lobbies delegates to ANC elective conferences (where it also gets a small quorum of representatives). In 2011 it claimed 366,000 members, which makes it a significant force in the overall ANC, especially since overlapping is common between the two organisations at all levels. The League also relies on a network of 'graduates' who hold senior positions in the ANC, in provincial government or in Parliament. Last, but not least, it has its own financial resources and was once funded by controversial tycoon Brett Kebble as well as through its own investment vehicle, Lembede Investment Holdings, which closed in 2009 after it was found to have evaded millions of rand in taxes (Botiveau 2007; Forde 2011; Glaser 2012).

Under Gigaba, the organisation mainly addressed issues such as gender, health and sports. Under Mbalula it was focused on succession in the ANC. Malema resolutely placed the emphasis on economic transformation. ANCYL National Congress resolutions in 2001 (21st Congress), 2004 (22nd Congress) and 2008 (23rd Congress) show this shift. In 2001 and 2004, economic resolutions remained marginal and vague, and they conformed to ANC positions. In 2008, however, the emphasis was on 'economic transformation' and the ANCYL stated its intention to put the Freedom Charter back on the agenda. That was when the first call to nationalise mineral resources was launched, unnoticed at the time because all the attention was still on the Mbeki vs Zuma feud (ANCYL 2001, 2004, 2008). 2008 was the beginning of Malema's reign over the ANCYL. A millionaire, Malema portrayed himself as an 'economic freedom fighter' re-enacting

the history of the ANC in the 1940s with a mission to radicalise the movement. After numerous attempts to channel his political energy within, the ANC disciplined and expelled him and his close allies in 2012. The disciplinary committee headed by Cyril Ramaphosa found him guilty of portraying the ANC, government and Zuma in a 'negative light' and of calling for a regime change in Botswana. On the eve of the ANC 2012 National Conference the youth faction was silenced and its leadership, which partly remained loyal to Malema, was disbanded soon after Zuma's re-election.

A triumphant SACP

The years of exile were the golden age of SACP influence in the ANC (Ellis and Sechaba 1992). In 1985, 21 out of the 35 members of the ANC's National Executive Committee (NEC) belonged to the party. The SACP also recruited key trade unionists in the late 1980s (Lodge 1992). Its influence, however, was never uncontested and the diplomatic initiatives of the ANC were often led by non-communists or by

SACP leaders who, like Mbeki and almost half of its Central Committee members, would soon allow their membership to lapse (Williams 2008). Once back in South Africa, the SACP could no longer rival the ANC whether financially or in numbers (it only had 25,000 members in 1992 in comparison with the ANC's 750,000). After the political settlement, the SACP shortly lost influence in the ANC and it only started to regain ground following Zuma's victory in 2007. Figure 1 shows how intertwined SACP, COSATU, ANC and government leaders now are. The party has six prominent representatives in Cabinet and it holds the pivotal position of ANC secretary general through Gwede Mantashe.

Mantashe's influence, combined with that of Blade Nzimande, marks the domination of the party by its own statist faction, which believes communists should be deployed to government in order to directly influence policy making. These leaders are also very intolerant of discordant views – especially if they filter through the media – and they promptly label anyone opposed to them as 'counter-revolutionary'. Mantashe, who used to lead the NUM and

	SACP	COSATU	ANC	Government of the RSA
Frans Baleni	Central Committee (CC)	Gen. Sec. of the NUM	/	/
Jeremy Cronin	First Dep. Gen. Sec.	/	/	Deputy Minister of Public Works
Rob Davies	CC	/	National Executive Committee (NEC)	Minister of Trade and Industry
Sidumo Dlamini	CC + Politburo	President	NEC	/
Fikile Majola	CC + Politburo	Gen. Sec. of NEHAWU	NEC	/
Gwede Mantashe	CC + Politburo	/	Sec. Gen.	/
Ben Martins	CC + Politburo	/	/	Minister of Transport
Blade Nzimande	General Secretary	/	National Working Committee (NWC) + NEC	Min. of Higher Education & Training
Jeff Radebe	CC	/	NWC + NEC	Min. of Justice & Constit. Development
Thulas Nxesi	Dep. Nat. Chair.	/	NEC	Minister of Public Works
Senzeni Zokwana	Nat. Chair.	Pdt. of the NUM	NEC	/

Figure 1. The SACP's growing influence.

Source: Websites of organisations (visited on 2 March 2013).

was the national chairperson of the SACP, made sure that Frans Baleni, whom he coopted as GS of the mineworkers' union, and its president Senzeni Zokwana held leadership positions in the SACP. Only two other leaders of COSATU's 20 affiliates, Fikile Majola (GS of the National Education Health & Allied Workers' Union, NEHAWU, close to Baleni) and Fezela Liliwe (vice president for Sports, Arts and Culture of the South African Democratic Teachers Union, SADTU), also belong to the SACP's Central Committee. Before the party's 2012 congress, divisions were rife on whether Nzimande should remain its GS while staying in Cabinet. He eventually did so thanks to the creation of a second position of deputy GS, which practically secures his control of the party without the administrative duties attached to the task (Molefe 2012). What lies beneath the direct participation of the left in government is in fact an old dilemma, particularly strong in the union movement, regarding political involvement. It has historically been embodied in COSATU by the diverging views of the NUM – favourable to direct political participation – and the National Union of Metalworkers of South Africa (NUMSA) – which favours a workerist approach focused on the shop floor (Baskin 1991; Thomas 2007).

COSATU: a permanent split

While the SACP and COSATU's support of Zuma's bid for a second mandate went very well for the party's statist faction, the tripartite relationship has increasingly turned into a political impasse for the federation. Zuma was supported in the first place against Mbeki. After his victory, the left started to regain influence and was rewarded with ANC and government positions, which Zwelinzima Vavi, GS of COSATU, and other union leaders (e.g., NUMSA's general secretary Irvin Jim) have consistently declined. Others such as Thulas

Nxesi, former GS of SADTU and now the Minister of Public Works, accepted. But public policies remained relatively unchanged and the New Growth Path (2010) did not address key determining features of the post-apartheid economy (Fine 2012). The second phase of South Africa's transition, 'which should concentrate in particular on a radical shift in economic policies' was still being 'called for' in 2012 ... (COSATU 2012). However, faced with the possibility of seeing an anti-left faction take control of the ANC, the status quo remained COSATU's preferred option despite the contortions involved. Recently for instance, amid scandalous allegations that public money was used to fund Zuma's seigneurial residential complex in Nkandla, and while the president was being covered by Nxesi and Jeremy Cronin, COSATU issued a press release expressing its shock at the fact that no less than R206 million in public money had been invested in the project, some of it to allegedly enhance security (COSATU 2013).

The federation is of course not monolithic and Vavi, a supporter of COSATU's independence, remains the principal critic of corruption. COSATU recently voiced – especially via NUMSA – its opposition to the National Development Plan adopted by the ANC in Mangaung against the federation's will. Inspired by the Brazilian experience it also backs the creation of a national minimum wage. Moreover, Vavi declined nomination to the ANC NEC and lobbied against Nzimande staying in government. In the run-up to Mangaung, Vavi was perceived to be backing a change of leadership in favour of Zuma's deputy Kgalema Motlanthe and is now under attack again (Matshiqi 2013), just like in 2010, when the ANC tried to discipline him after he publicly denounced corrupt ministers. Vavi had been expected to step down in 2012 and Mantashe had plans to get him replaced with his protégé Baleni, but this did not happen. The

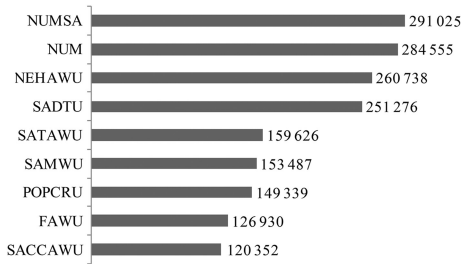


Figure 2. COSATU's main affiliates.
Source: COSATU 11th Congress Secretariat Report, 2012. Note that the NUM membership figure was updated since it showed considerable variation: Baleni (2013).

federation is now deeply divided between its pro-Zuma president Sidumo Dlamini, and a more independent Vavi who can count on the leaders of NUMSA (Matlala 2011), which leaves him with a relevant support base in the federation, especially since the pro-Dlamini NUM is undergoing a crisis and recently lost representation at major platinum mines (Figure 2). Note that NUMSA has now become COSATU's leading affiliate after the NUM lost several thousand members following the Lonmin-Marikana in 2012.

From Marikana to Mangaung

A mutual dependency prevails between a divided left of the ANC and Zuma, who de facto leads it along with Mantashe. In the 2012 conference the left decided to side with Zuma rather than expose its divisions. Motlanthe featured as a reluctant contender who had lost before the fight even began. Other ambitious leaders, such as Minister of Human Settlements Tokyo Sexwale, identified with the business faction of the ANC and did not really enter the fray, but many now have their eyes on the 2017 ANC conference, a sign that both the party and the Tripartite Alliance remain focused on internal factional games. Recent reports, for instance, alleged that Ramaphosa, a unionist turned businessman who was elected ANC

deputy president in December 2012, could not be Zuma's choice for the deputy president of South Africa after the 2014 general elections. Zuma, who fears future corruption investigations, is unlikely to trust Ramaphosa to secure his political retreat after his – still hypothetical – second presidential mandate. Controlling the state has thus seemingly become an end in itself for factions in the ANC and, ultimately, in the Tripartite Alliance. Yet what if the ANC did not secure an absolute majority in the 2014 elections and had to share power with opposition forces?

This is, in today's South Africa, a pure political fiction, but failing to take it into account could prove suicidal for the ANC and its allies. Some saw the recent rejection of the NUM by striking mineworkers as a harbinger of political decline for the ANC. The NUM was on its way to achieving a quasi-monopoly in mineworkers' representation and it was eliminating competing unions in the sector one after the other. The NUM is also a key block in the national architecture of the ANC because it is/was COSATU's main affiliate and provided top cadres to the party. Such an analogy between the apparent decline of the NUM and the potential demise of the ANC is hypothetical, be it only because mineworkers who brought South Africa's mines to a standstill in 2012 first struck against their companies in demand of a decent living wage. They did not directly target the government's economic policy. The shooting of 34 striking mineworkers by the police on 16 August 2012 is a major landmark in post-apartheid South Africa. If no one can anticipate its medium- and long-term political effects, it already marks an escalation in the resort to violence in order to solve political and social conflicts (Von Holdt in this issue). More critical to the ANC-affiliated union movement and to the ANC itself is the fact that other COSATU affiliates recently experienced defections and are losing members: a majority of the South African

Municipal Workers' Union's members (SAMWU) refused to strike in 2011; the South African Transport and Allied Workers Union (SATAWU) experienced a schism; and the Food and Allied Workers' Union (FAWU) was overtaken by strikers during the recent strikes in the farming areas of the Western Cape (Marrian 2013).

Recent strikes once again showed a growing divide between workers and their representatives (Buhlungu and Tshoedi 2012). Anti-mineworkers' comments by SACP and NUM general secretaries show, beyond the strategic divergences they may have with the strikers, a contempt worthy of the Stalin era for workers at war with capitalist mine owners. Nzimande described the strike action as 'criminality' (Marrian 2012) since it happened outside the labour law framework, while Baleni portrayed the strikers as uneducated outlaws misled by 'dark forces'. Insisting on the need to develop 'class consciousness', Baleni even stated: 'an unconscious member is as dangerous as an enemy' (Baleni 2012).

In addition to such controversial comments, the lack of political will to decisively alter the post-apartheid socio-economic balance of forces through ambitious and renewed public policies is all the more paradoxical, given that the left – the SACP claims 160,000 members, its highest membership ever – is strategically positioned in the ANC and the South African government. But with an ANC led by Zuma, his business friends and communist allies, and focused on internal politics on one hand, and divided unions stuck in their political alliance (despite the growing cost incurred) on the other, South Africa is politically blocked, despite urgent socio-economic issues calling for reform.

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BRIEFING

Labour market restructuring in South Africa: low wages, high insecurity

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Introduction

The liberation from apartheid generated great expectations of change in the workplace and the labour market (Pons-Vignon and Anseeuw 2009). This was due to the key role of trade unions in overthrowing the system of minority rule, both as a political force and through successful undermining of the racist order which had been established in workplaces (Von Holdt 2003). Apartheid geography had ensured the racial separation of dwellings; encounters (often brutal) between people considered to belong to different racial groups took place mostly in what Marx calls ‘the hidden abode of production’. The forcible commodification of Southern African peasants into wage labourers (Bernstein 1994) entailed extreme violence; it was followed by the imposition of a migrant labour system and of colour bars across workplaces. In the absence of alternative sources of income, wage employment came to occupy a central place in the reproduction of most South Africans. Yet, alongside a record-breaking unemployment rate (standing close to 35%), more and more

research points to the *restoration* of employer power post-1994, through the widespread use of outsourcing, entailing an explosion in casual employment (Buhlungu and Bezuidenhout 2008; Pons-Vignon forthcoming; Webster and Von Holdt 2005). The economically liberating stable employment most South Africans aspire to has therefore not materialised, but remains the overarching objective of progressive forces in which unions continue to play a leading role (Barchiesi 2011).

Yet, reading the media or the reports produced by the International Monetary Fund (IMF), one could believe that the South African government has yielded to the dreaded sirens of populism, at least in the labour market. Rigid rules have allegedly been established, killing flexibility by over-protecting workers who are poorly skilled and over-unionised; a deadly mix which lies at the root of high unemployment and poverty (Klein 2012). Such arguments follow the South African (neo)liberal tradition, according to which the key to unlocking growth and reducing poverty would be to reform the labour market (making it ‘flexible’) and equip poor people with useful skills. Similar arguments were used in the early 1990s to dismiss the report of the Macro-Economic Research Group (MERG 1993) and debunked by Sender (1994). The new claims associated with this neoliberal perspective on the labour market suffer from serious empirical limitations, whether in attempts to point to ‘high’ wages as the cause of unemployment (Forslund 2013), or to claim that South

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Africa's labour market is rigid (Bhorat and Cheadle 2007). This position is however reflected in parts of the government, notably in the National Treasury, which champions a 'youth subsidy' ensuring a transfer of taxpayer money to employers to facilitate the creation of casual jobs, and in the ANC- and government-endorsed National Development Plan.

The flawed characterisation of the South African labour market as 'rigid' has diverted attention away from a more grounded assessment of its performance. This briefing thus offers a critical review of post-apartheid labour market restructuring, showing that it has failed not for lack of flexibility, but rather because it has not protected poor workers. The changes which have taken place in the labour market have indeed reproduced, rather than challenged, the unequal relationship between capital and labour.

The dismal performance of the post-apartheid labour market

The new democratic regime carried expectations for millions of South Africans to find good jobs, with some security as well as wages and benefits allowing them to live decently. Most of them have been disappointed, as unemployment has risen to dramatic levels, while many jobs have become increasingly casual. Because jobs are the main source of direct and indirect income for most South Africans, these adverse developments have made their social reproduction extremely difficult. The result has been a deepening of inequality – not what most expected in 1994.

Unemployment in South Africa is among the highest in the world; it represents the most significant expression of the country's deep and lingering socio-economic crisis. According to the Quarterly Labour Force Survey (QLFS) for January to March 2013 (StatsSa, 2013), the official unemployment rate stands at 25.2%; this

figure climbs to 33.7% if discouraged jobseekers are included. While the government's 'official' rate (excluding discouraged job-seekers) downplays significantly the extent of the unemployment crisis (as can be seen in Figure 1, the difference between the two rates has hovered between 5 and 10 percentage points since 2001), the 'expanded' rate constitutes a better reflection of the situation of the labour market. Indeed, the reason for excluding discouraged jobseekers from the unemployed is that they are allegedly less motivated (therefore less likely) to find work. While this may be true in certain countries, recent research shows that, in South Africa, 'there is little to distinguish the searchers from the non-searchers in terms of their commitment to finding work.' As a result, 'the non-searching unemployed form a legitimate part of the labour force and... their exclusion from the official rate should be reconsidered' (Posel, Casale, and Vermaak 2013). What is particularly striking is the number of people who have *never* been in employment: they represented 59% of the (narrowly measured) unemployed in 2008 (Leibbrandt et al. 2010, 10).

In spite of the depth of the unemployment problem in South Africa, many economists have sought to explain it as an abnormality rather than engage with the dynamics that (re)produce it. This started in the early 2000s with Bhorat emphasising 'the simultaneous existence of a skilled labour shortage and unskilled labour surplus' (2004, 976) to argue that skills development would be the key to reducing unemployment. Yet, this argument was profoundly flawed for, as pointed out by Makgetla and Van Meelis (2003), 'Even if more jobs were created for skilled than for unskilled people, it does not follow that increasing skill levels would in turn generate more jobs.' In the following years, drawing on dual labour market theories (which posit that there are two distinct labour markets, a formal and an informal one), some economists have argued that 'insider'

formal workers were forcing many ‘outsiders’ to either remain unemployed or work informally (Kingdon and Knight 2007). Yet, informal employment in South Africa is very low, especially by comparison with other African or middle-income countries, and much of its growth has been related to the informalisation of work, rather than to new opportunities in the informal economy. It is furthermore important to discard the notion that unemployment is high because informal wage employment is not captured by labour statistics: if anything, informal sector (especially *self-*) employment is exaggerated by the QLFS (Pons-Vignon forthcoming).

The roots of unemployment in South Africa are structural; they cannot be reduced to a mere ‘frictional’ dimension related to a neoclassical understanding of the labour market as the place where supply and demand for labour meet. According to Pollin et al. (2006), the three immediate reasons accounting for the very high unemployment rates in South Africa are historically high unemployment; sluggish growth; and declining labour intensity of growth. Growth has overall been low in South Africa since the late 1960s, with the exception of the period 2003–2007. Yet, Mohamed (2010) argues that far from being associated with long-term investment in the real economy, growth was then linked to increased debt-driven consumption and speculation in financial and real estate markets. Thus, much of the increase in services employment was related to outsourcing of low-pay services from manufacturing, in particular cleaning and security (Tregenna 2008). While the official unemployment rate had slowly declined during the 2000s, unemployment went up again after the economy recorded a million job losses in 2009, in the wake of the global crisis. Finally, the continued dominance of sectors associated with the minerals–energy complex means that the most dynamic sectors are capital- rather than labour-intensive, with limited capacity to increase employment significantly even

when they grow (Ashman, Fine, and Newman 2011).

Largely ignoring these structural features, debates about unemployment in South Africa have been dominated by calls for more labour market flexibility as the intractable unemployment crisis means that the national focus is primarily on job creation, often couched in ‘any job is better than no job’ terms. The focus on an imaginary ‘rigid’ labour market (and elusive ‘overpaid’ unskilled workers) is therefore a diversion from a serious engagement with unemployment (Bhorat and Cheadle 2007; Forslund 2013). It is all the more so that the South African labour market is in fact extremely flexible; employers can do pretty much whatever they please in practice.

The quality of jobs in South Africa has indeed declined dramatically over the past 20 years. The implication is that working poverty, which was a structural feature of segregation and apartheid (Wolpe 1980), has all but disappeared. Non-standard forms of employment are increasingly common throughout the South African labour market, in line with the global restructuring of work which has led, through a great diversification of employment arrangements, to widespread *precariousness*. This is not, unlike what is often assumed, restricted to the ‘margins’ of the labour market, but increasingly a feature of its core (on East Asia, see Chang 2009). In South Africa, restructuring started ahead of the transition to democracy and has since become a wide-ranging phenomenon. In mining in 2008, one out of three workers was thus employed by a contractor or a sub-contractor (Bezuidenhout 2008), a figure which has probably increased in the wake of the 2012 violence across platinum and other mines. The forms taken by work restructuring have been varied and include the growth of third party employers, such as labour brokers and contractors, alongside a sharp rise in casual contracts. These have included the use of arrangements such as home working (Godfrey, Clarke, and

Theron 2005), or gangs of workers employed by the day to perform certain tasks. With a few exceptions, for instance in transport (Barrett 2003) or metals and engineering, trade unions have not been able to counter employer strategies and prevent casualisation.

Labour casualisation has entailed a marked deterioration in levels of pay and security. In terms of pay, this is visible in the consistently low wages received by workers covered by Sectoral determinations (see Section 2), two-thirds of whom were classified as ‘poor’ in 2007 – with an *increase* in the number of poor workers in certain sectors since the adoption of a determination (DPRU 2010). In terms of employment security, out of a workforce of 13 million in 2008, 5.8 million workers were not covered by unemployment insurance, 2.7 million did not have written contracts, and 4.1 million did not have paid leave entitlements (Marais 2011).

The problems associated with the labour market have contributed to a sharp crisis of reproduction experienced by many poor people in South Africa. Combined with the casualisation and unemployment crises that

they experience in the labour market is an increasing commodification of essential services, from transport to health care (Barchiesi 2011). The upshot is that workers require more cash – at the same time as the incomes of many are declining. The ensuing reproduction squeeze often precipitates workers into the arms of very costly providers of consumption, or ‘micro’, credit (Bateman 2012). South African wage levels must therefore be understood in the context of a very expensive cost of reproduction due to commodified and often poorly managed services. Another consequence of labour casualisation has been to undermine the ability of workers to support dependants. In poor households, it is common that ‘workers’ wages are the main safety net ... [hence] even the limited income available to low paid workers is eroded through support for the unemployed’ (Coleman forthcoming).

With such poor records in employment creation and growth, it is not surprising that the unequal distribution of wealth has not altered. The country is the most unequal in the world, ahead of Brazil, with a Gini coefficient rising from about 0.56 in

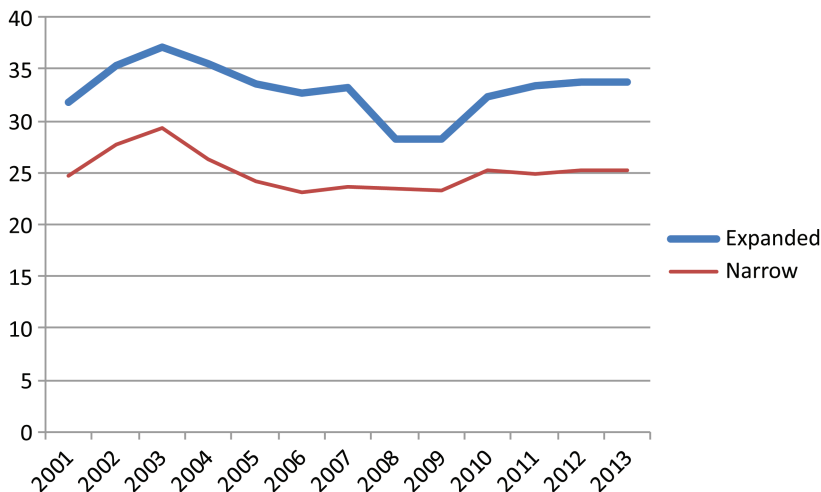


Figure 1. Narrow and expanded unemployment rates, South Africa, 2001–2013.

Source: StatsSA (2008; 2013); authors’ calculations for expanded rate.

Note: The methodology of the labour force surveys changed in 2008, with the introduction of the Quarterly Labour Force Survey. For the period 2001–2007, we draw on the ‘Historical revision March series’ published in 2008 to facilitate comparison with the new series. For 2008–2013, we use the Quarter 1 figure for each year in order to ensure consistency with the previous period.

1995 to about 0.63 in 2009. If workers, and in particular poor workers, have lost since 1994, who has won? Functional inequality between capital and labour has been increasing steadily, with the wage share of GDP falling from 50.1% in 1995 to 44.5% in 2010 (Forslund 2013). Like other countries, South Africa has experienced a rapid rise in the income of the super-rich, promoted by an unflinching commitment to 'orthodox' macro policies (Segatti and Pons-Vignon, this issue). This is closely related to the rise of the financial sector and of its ability to absorb resources at the expense of other sectors (Ashman and Fine 2013).

To make sense of such unexpected outcomes, it is crucial to adopt a class analysis. The process of work restructuring has been an instrument of 'authoritarian restoration' of employer power over workers (Von Holdt 2003). But how could such a strategy be successful, and workers be so undermined, in the context of an allegedly progressive, or rigid for some, labour market legal framework, based on workers-employer cooperation, and of a historically strong labour movement?

The emperor is naked: unpacking the myth of 'progressive' labour law in South Africa

The new government, supported by a strong labour movement, carried out what was presented as a radical restructuring of the workplace aimed at ensuring racial equity, improving working conditions and democratising decision-making at company level. It built on the reforms that had followed industrial (and political) action by the black trade union movement since the early 1970s. It could be said with hindsight that the Labour Relations Act (LRA) of 1995 walked in the footsteps of the 1981 LRA, in the sense that it established institutions in which unions could participate, thus asserting the legitimacy of majority black unions while continuing 'the ongoing effort to divert union power away from the shop floor' (Lichtenstein 2013, 14). The crucial decision made in the

new labour law regime was to leave most of the regulation of labour and pay (including minimum wage) conditions to Bargaining Councils (BCs, formerly industrial councils), and to leave it to the unions and employers to set these up. In sectors where unions were too weak to bargain, Sectoral determinations would be adopted by the Minister of Labour, on the recommendation of the Employment Conditions Commission (ECC), in order to regulate conditions of pay and work.¹

The restructuring of the labour market has reflected the restructuring of the South African economy. The new industrial relations system has entrenched the power of capital, first through the inability of collective bargaining (and unions by extension) to protect many workers, secondly through the very limited impact of direct state intervention in the labour market and the weakening of trade unions.

Collective bargaining

Until the end of apartheid in 1994 (and since long before its start), the South African labour market had been characterised by institutionalised racism. The migrant, badly paid and tightly controlled black workforce was a central feature of the mining economy (Moodie 1994). White workers benefited from institutional racism, for instance through job reservations or the rule that they should be always be in a hierarchically superior position. From the 1970s onwards, black trade unions grew stronger and focused on eliminating the most humiliating practices of daily racism in the workplace, such as the blurring between racial and technical lines of hierarchy.² Their success later provided an essential foundation for the mounting economic and social contestation which would lead to the fall of the apartheid regime. The largest confederation that emerged from this movement, the Congress of South African Trade Unions (COSATU), has become a member of the Tripartite Alliance which has ruled South Africa since

1994. Since tense (to use a euphemism) labour relations were a key feature of apartheid, a progressive workplace regime was a crucial expectation associated with the democratic transition.

Such a progressive regime has, however, not materialised out of the potential contained in the new legislation. The assumption of many that unions would remain as strong in the post-apartheid period as at the height of the struggle in the 1980s and 90s was not realised. Following the logic of the northern European model of industrial relations, it was expected that social 'partners' would collaborate at the national, sectoral and company levels to agree on policies and pay levels. However, class struggle has been more visible than class collaboration in post-apartheid South Africa.

The LRA effectively left most of the regulation of labour relations in the hands of unions and employers. BCs were retained as the primary forum for collective bargaining. The Act also provided a mechanism whereby unions (or employers' associations) which were not sufficiently representative to form a BC could seek to establish a statutory council, with limited powers to bargain. There was also provision for a plant-level structure, the workplace forum, influenced by the German work councils.

The number of councils has declined: after a peak of 99 in 1996, there were 47 bargaining councils in 2009. This can be attributed to councils collapsing in some industries or mergers of regional councils into national councils in others. Councils can have their collective agreement extended to all employers and employees within the scope of the council and not just the members of the party organisations. Companies can apply to the BC for an exemption from some or all provisions in the agreement(s) – about 80% of applications for exemptions are granted, confirming that the system does not lack 'flexibility' (Bhorat and Cheadle 2007).

In practice, the new architecture has not produced the intended dense web of negotiated conditions. BCs have not extended their scope to any significant extent in the

post-1994 period, and in some sectors have declined. The tendency overall has been away from centralised bargaining (which is typically associated with the best outcomes for workers) to more local, fragmented bargaining. Coleman (forthcoming) argues that:

While centralised bargaining is critical for the labour movement . . . , it is not in its current voluntaristic form, able to drive the transformation demanded by the South African situation. Indeed the fragility of collective bargaining institutions can be used by employers to attack wage levels.

This is particularly visible in many BC agreements about wage increases: the very low wages inherited from apartheid have in many cases been perpetuated. The implication of such decentralised bargaining is that wages vary greatly across sectors, reflecting the strength (or weakness) of unions: in 2005, the minimum wage for unskilled electrical workers was R185 per week, while it was R647 for the same category of workers in metals and engineering (Budlender 2009).

Other institutions supposed to promote collective bargaining have had even less success. Workplace forums were supposed to be consulted about restructuring and reorganisation of production, training, pay schemes and disciplinary procedures. However, only a handful has been established because employers were reluctant to move towards co-determination, while unions 'feared that [workplace forums] could serve to co-opt workers and reduce their willingness to oppose employer proposals' (Budlender 2009, 10). Likewise, very few statutory councils have been established – meaning that workers not covered by a BC have to hope for a Sectoral determination to be protected.

The main driving force behind this hollowing out of the collective bargaining framework has been the organisational restructuring which many companies have resorted to. The increase in contracting-

out of core and non-core activities in many sectors has resulted in the growing casualisation of jobs discussed above. The resulting precariousness in which many workers find themselves has negatively affected their ability to join unions and engage employers in the many fora established by the LRA. Crucially, it has allowed employers to replace 'extra-economic' coercion with economic coercion (Pons-Vignon forthcoming); this is a stark reminder that relations between labour and capital are more often characterised by conflict than by collaboration.

One of the more surprising outcomes of the failure of collective bargaining to protect workers in post-apartheid South Africa has been its inefficiency in promoting employment equity. Given that most low-skilled workers remain black, the increase in within-wage earners' inequality has been associated with increasing racial inequality. There have been exceptions, not least in the public service which, according to Budlender (2009), somewhat corresponds to the intent of the post-apartheid labour law. Improved representation (trade unions were hardly tolerated before 1994 in the state) and hiring and promotion of black professionals (Von Holdt 2010) have allowed state employment to play a classic role of class formation. Elsewhere in the labour market, Black Economic Empowerment has been useful to ensure that well-paid black executives were appointed in companies, but has done little to change the situation of the majority of workers (Budlender 2009).

Ineffective direct state intervention in the labour market

While collective bargaining is the cornerstone of the South African system of labour law, there are residual provisions for direct state intervention, in particular in relation to 'vulnerable' workers. Sectoral determinations however offer very limited protection to workers, while the enforcement capacity of the Department of

Labour is weak. Not only is protection minimal, but it is often elusive.

Sectoral determinations set minimum conditions of work and pay for sectors where there is no bargaining council, usually reflecting the weakness of unions, as well as documented exploitation; they have concerned sectors such as forestry, agriculture, domestic work and security. While the establishment of minimum wages seems to have helped increase sometimes extremely low nominal wages, case studies suggest that many employers have in response found ways either to casualise labour, or to counter wage increases by shifting to hourly or task payment, or reducing other benefits (Murray and Van Walbeek 2007). Sectoral determinations have thus resulted in increased casualisation because they are not monitored by trade unions, and because of poor enforcement mechanisms (see below).

As Coleman (forthcoming) puts it, 'the system of Sectoral Determinations... is both partial (only covering some low paid sectors), uncoordinated, with big variations in the minima, and without any coherent rationale in terms of the basic subsistence needs of workers.' Indeed, the minimum wages set in this way tend to be very low, with an average of about R1700 per month in 2011 (Coleman forthcoming). Given the weakness of workers, the minimum frequently becomes the benchmark, with wages clustering around the regulated minimum wage. In other words, even if it was implemented rigorously, direct state intervention in the labour market would hardly manage to uplift poor workers.

There is moreover a severe lack of enforcement of labour regulation. It is striking that in 2007, four years after the adoption of a Sectoral determination for agriculture, 28% of workers were paid *below* the minimum wage, and that 36% still did not have written contracts (Bhorat, Kanbur, and Stanwix 2012). This poor compliance on the part of employers is related to the weak enforcement (inspection) capacity of the Department of Labour. As Stanwix

argues, in ‘agriculture, the risks [associated with non-compliance] have been low and the penalties light’ (2013, 4). Inspectors are tasked with monitoring and enforcing compliance with the Basic Conditions of Employment Act and Sectoral determinations, as the state does not monitor agreements emerging from collective bargaining (which are supposedly monitored by BCs themselves). While the violence inherent in some sectors probably deters inspections (as in the collective taxi sector), there are many suggestions that the South African labour inspectorate is slow and ineffective.

As a result of the limited scope of Bargaining Councils, as well as the limited coverage of Sectoral determinations, the extent to which minimum conditions are in fact regulated is at best uneven. Combined with poor enforcement capacity, this produces a striking picture of an inefficient legal framework – at odds with the widespread perception. Overall, state intervention in the labour market mirrors the inefficiency of collective bargaining, and of trade unions by extension, in defending workers against employers.

The workplace strength of unions has been seriously dented with the transition to democracy, at the very moment when it was most needed to defend workers in the context of widespread restructuring. Furthermore, unions have lost a lot of their best cadres to government and the private sector (Buhlungu 2010), and, while they retain power in certain sectors and (some) political influence, they have not prevented widespread casualisation.

Conclusion

We have highlighted two trends in the post-apartheid labour market: its failure to address major socio-economic challenges, whether unemployment, poverty or inequality, and the inefficiency of collective bargaining for protecting workers, combined with the weakness of direct state intervention in the labour market. The progressive restructuring of labour relations,

starting with the creation of decent work opportunities for the majority of South Africans, has turned out to be a pipe dream. Instead, the labour market has, like the economy and the state, been restructured in a neoliberal way which has entrenched the structural inequality between capital and labour. Under apartheid, state intervention had been mobilised to advance the interests of capital, including by regulating the migrant labour system. The ‘liberalisation’ of the economy, which started in the late 1970s and was continued after 1994, also involved substantial state support. It has made the relationship between capital and labour even more unequal, by allowing capital to leave the country and leverage high unemployment to undermine the workplace strength of labour.

The new labour law regime in South Africa was inspired by northern European ‘corporatism’: the central idea was that it was going to protect workers thanks to strong trade unions negotiating conditions in centralised bargaining councils. This was coherent with demands by COSATU unions, who dreamed of a ‘mixed’ economy based on co-determination – but capital wanted none of it. The pervasive increase in atypical employment has eroded trade union ability to protect workers and take advantage of many of the provisions of the new legal framework.³

In South Africa, labour market restructuring, in a context of economic liberalisation, has benefited capital. The failure of a strong and militant trade union movement to counter these moves, with a few exceptions, is an uneasy reality for many. Macun (forthcoming) suggests that unions’ organisational power as well democratic control have been undermined in the post-apartheid era. This lies at the heart of the broader failure, for instance visible in macro-economic policy, of trade unions to advance the interests of labour as a class. Yet, the mobilisations in mining and agriculture signal that many workers, including among the most casual and unorganised, are

willing to take up the struggle against capital. The rebuilding of labour's power in South Africa will hinge on the ability of progressive forces to (re)connect with workplace activism.

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Notes

1. The EEC typically outsources research, sometimes resulting in serious misrepresentation of issues (Pons-Vignon forthcoming). Different proposals were made in the MERG report for the establishment of sectoral wage boards, staffed with qualified researchers, and tasked with the establishment of minimum wages and monitoring of employment.
2. Von Holdt (2003) thus shows how 'disobedient' black workers could be punished either for ignoring an order from a white colleague, or for obeying it when this order diverted them from their task.
3. One can wonder whether, beyond some isolated initiatives, there was ever any serious intent in COSATU to recruit and organise poor workers in sectors such as agriculture or domestic work.

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BRIEFING

Marikana: fragmentation, precariousness, strike violence and solidarity

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Introduction

The new democratic dispensation in South Africa has been characterised by proliferation of work fragmentation and precariousness. Labour has been severely fragmented while employer control and flexibility on how work is organised has been enhanced. Central to these changes is the sustenance of a cheap labour regime and flexibility. A cheap labour regime has been consistent from the onset of the mining industry in South Africa in the late nineteenth century.

This paper draws from the Marikana 2012 strike and gives a descriptive account of the patterns of fragmentation and precariousness and the connection to strike violence and worker mobilisation. It illustrates the ambiguous nature of strike violence by showing how the workers attained and sustained ‘solidarity and militancy’ in the face of fragmentation and precariousness.

The killing of 34 mineworkers at Marikana by the police service has brought to the fore the changing nature of employment in South Africa. Neoliberalism drives the global economy with the primary motive to maximise capital accumulation of surplus value for both domestic and foreign capital (Theron 2003, Harvey

2005). Although underpinning the driving forces of the exploitation regime in mining are global forces, the Marikana massacre has highlighted that the negative effects of neoliberalism are most felt locally.

The Marikana massacre unfolded almost 20 years after the democratic transition in South Africa and posed questions regarding the new dispensation. Important to note is that democracy and violence are interesting themes in South African history that manifest in numerous contexts. Democracy is associated with the broadening of political participation, as well as balancing political rights and promoting nonviolence in making claims (Tilly 2003). It has also brought about the establishment of third parties, for example, conciliation and arbitration panels to prevent violent resolution of disputes in labour relations. However, in South Africa democracy is significantly characterised by the persistence of violence in claim making. Violence has remained an important phenomenon in the polity since the democratic transition. Violent outbursts often bring simmering social tensions to the fore.

In industrial relations theory, conflict and strike violence may be managed through institutionalisation. This assigns a key role to the development of institutions with the capacity to regulate and manage conflict (Korpi and Shalev 1979). Strike violence during apartheid was initially explained by the lack of institutionalisation of industrial conflict for black workers. Although black workers were later partially

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incorporated in the 1980s following the Wiehahn Commission recommendations, the nexus between political and workplace struggles undermined institutionalisation of industrial conflict (Von Holdt 2010).

In the 1980s black people attained industrial citizenship but had no political citizenship. The South African constitution and labour relations regime adopted after the demise of apartheid guarantees both industrial and political citizenship. Nevertheless, violence in industrial conflict as at Marikana remains an important phenomenon. A 2012 survey by the Congress of South African Trade Unions (COSATU) shows that 60% of the workers interviewed believed the use of violence was a necessary strategy in strikes (NALEDI 2012). Von Holdt (2010) argues that institutionalisation of industrial conflict is tied to the broader political and socio-economic struggle which in South Africa remains highly contested and characterised by gross inequality.

The context

Since the onset of the mining revolution in South Africa in the 1860s, the organisation of work has gone through changes mainly designed to minimise risk and maximise profits. The underlying principle that has remained consistent since then is the use of cheap black labour and the migrant labour system (Wolpe 1972) designed to maximise surplus value.

The changes in how mining work is organised since the democratic transition are linked to fragmentation and precariousness both at work and home. Fragmentation refers to the breaking down of activities into smaller segments. It serves many purposes but primarily enhances the control of workers. Mining capital has thus drifted from 'compounded to fragmented labour' (Bezuidenhout and Buhlungu 2010). It has shifted from permanent to third party employment as an ongoing exercise following the emergence of union

hegemony and the democratic transition. This became more pronounced in later years following the demise of apartheid and the assertion of neoliberalism. Lifetime employment has severely declined as more jobs are now temporary and insecure.

In platinum, for example, over one-third are employed by third parties (Bezuidenhout and Buhlungu 2010). This works as a mode of control. For example, precariousness enhances employer control of the pace of production and discipline. It pushes the worker harder and instils disciplines as there is always a threat of dismissal (Smith 1998). As a result, many of the new jobs reflect how work has been re-organised. However, in many cases, third party employees are closely controlled as direct employees and integrated into the principal mining operations. Although the South African legislation has been appraised as progressive and labour friendly, in practice employers are able to circumvent this and create a precarious context.

Fragmentation of work in the current neoliberal dispensation is always ongoing and shifting. This has implications for worker mobilisation and dispels the possibility of worker solidarity (Smith 1998). The third party workers are the least accessible to unions because of heightened job insecurity which undermines union mobilisation and organisation.

Platinum has the highest rate of third party employment in mining. Over one-third in the sector are employed through subcontractors and labour brokers (Bezuidenhout and Buhlungu 2010). This dramatically changed from the 1990s as neoliberalism asserted its hegemony. There are a number of reasons why platinum shifted to a more labour-flexible regime. The sector before the 1990s was small and the employers were not organised centrally. As a result, the use of cheap labour became an entrenched strategy enhancing competitive advantage.

The mining industry in South Africa has from the onset been dependent on

migrant labour. The system developed initially as a response to the temporary nature of mining and lack of permanent settlement (Burawoy 1976). It was also designed to preserve an economic and political system based on exploitation and repression of black workers (Wolpe 1972). This has nevertheless persisted with some continuities and discontinuities.

The compound and later hostel system of accommodation developed along with the migrant labour system in mining. Before the attainment of democracy, the majority of the mine workers lived in hostels where as many as 25 workers shared a single room. This emerged as a solution to housing problems and to control mineworkers. After 1982, the National Union of Mineworkers (NUM) was thus able to 'subvert employers' logic of control by turning the hostels into sites of mobilisation' (Bezuidenhout and Buhlungu 2008).

A significant number of low-skilled workers in platinum are migrants from Lesotho, Eastern Cape, Mozambique, Swaziland and other areas. At Lonmin, for example, 82% fall in this category (Lonmin 2012). Many have two families – one at their place of origin and another at their workplace, and are expected to support them from meagre salaries. Many workers have been forced to live precariously in informal settlements without running water, toilets, electricity and roads. Employers offer a living-out allowance (LOA) instead of providing accommodation. In the Rustenburg municipality area – the hub of the world platinum mining production – only 42% of the population live in formal dwellings (Rustenburg 2012).

The 2012 Lonmin strike

Lonmin, the third largest producer of platinum in the world, employs 28,000 workers directly and another 10,000 through third parties (Lonmin 2012). Its mining

operations are centred in Marikana, which accounts for over 80% of its output.

The 2012 Lonmin strike was part of a wave that started at Impala Platinum in January 2012. The strike broke out after rock drill operators (RDOs¹) embarked on a strike challenging management's decision to award an 18% retention allowance to mine blasters. This mobilisation spread across the platinum belt and beyond. The strikes had similarities in the claims, violence, repertoires and the actors. The RDOs, later joined by other unskilled workers, were uncompromising. They demanded a wage award of over 200% outside the collective bargaining system, and exhibited unprecedented levels of militancy.

The demands were presented by independent committees at the shaft level to the local management. From the onset, the RDOs rejected representation by the National Union of Mineworkers (NUM) which then was the majority and only recognised union at Lonmin.² The RDOs claimed NUM was not accountable to its membership, corrupt, indifferent to their plight and compromised by management. They alleged corruption by shop stewards and union branch officials in issues such as company house allocation and recruitment, in which the union plays an important role (Chinguno 2013).

In most of the strikes there was an underground workers' committee responsible for meting out violence to dissenters. The committee would close off all the roads leading to the various work stations and assault anyone reporting for duty. Violence was thus a means of overcoming worker fragmentation and enforcing and maintaining 'solidarity'.

Ironically, when the strike ended, third party workers paid the utmost price as Murray and Roberts, a leading Lonmin contractor, terminated 2000 contracts.

The platinum mining workforce is fragmented along lines of ethnicity, skill, settlement, gender and others. The lack of union cohesion, common interests and objectives

made violence susceptible and undermined worker collective solidarity. The strikes were marked by violence and intimidation at different levels – i.e., intra- and inter-union, vertical and horizontal, and within the workforce and state (police). The violence often targeted scabs.

Fragmentation undermines worker mobilisation and collective solidarity in many dimensions. The changes in the mine settlement pattern play a role in worker fragmentation. Before the democratic transition, all mineworkers lived in company hostels and were not part of the nearby communities. This has since changed. The influx control legislation which restricted black workers' migration and mobility was disbanded in the 1980s and new settlement geography emerged. While a few of the mineworkers have remained in hostels, the majority live in local villages, own homes in high- and low-density suburbs, or stay in family units and in informal settlements. A significant number of workers moved into informal settlements that sprouted across the mining belts to supplement their salaries through saving from the LOA. This is all linked to the cheap labour regime.

The mining communities are broadly divided into the traditional villages, which preceded the platinum mining, and the new informal settlements that emerged following the democratic transition. Lonmin has three hostel complexes where the majority of its staff lived up till 1994. After democracy, the new government, the ANC and COSATU resolved to phase out hostels, and they advanced construction of family units to allow workers to live with their families. They argued the move was part of a strategy to destroy the apartheid legacy and restore the dignity of black workers. The Chamber of Mines and NUM brokered an agreement on an LOA for workers. This displaced the employer obligation to provide accommodation but was apparently adopted after limited consultation with the affected workers.

In the Rustenburg platinum belt there are over 38 informal settlements, and at least 37% of all dwellings are informal, compared to a national average of about 13%. Between 2001 and 2007, formal housing in Rustenburg decreased from 47 to 42%, reflecting growing fragmentation and precariousness of the workforce (Rustenburg 2012).

The hostels are no longer central in the control of workers. Many of the third party workers are not entitled to an LOA and cannot afford decent accommodation. This has forced many into the informal settlements. Many of Lonmin's low-skilled workers live in the neighbouring Nkaneng informal settlement. Lonmin has 1798 houses, 544 family and 95 bachelor units in addition to three hostel complexes which accommodate unskilled and semi-skilled workers. It can thus only provide recommended accommodation to 2342 workers – less than 10% of its 38,000 workforce (Lonmin 2010). At least 50% of the population living within a 15 km radius of its operations live in informal settlements with no basic services (Lonmin 2010). This new pattern reflects a new geography and new contours of class, citizenship, race, ethnicity and status that have emerged post-apartheid (Chinguno 2013).

This new geography has an important bearing on labour relations. An important feature of many of the informal settlements is the weakness or absence of local state structures. These have been in some cases substituted by informal structures that use vigilante-type violence to maintain order. This created a context for alternative systems to emerge. Many of them are 'no-go areas' for the South Africa Police Service. The absence of state structures or their retreat is not synonymous with the mining settlement but is quite widespread in South Africa (Monson 2011).

Although the demise of the hostels and the new spatial settlement geography may be a source of power and leverage for the workers as it reduces dependence on the

employer and control, in reality this advantage has in most cases not been fully realised.

Fragmentation of work organisation

Neoliberal globalisation, according to its proponents, is linked to profit maximisation through minimisation of risk: for example, the substitution of direct by triangular employment. The employment contract is thus substituted by a business contract. Its foundation, according to Harvey (2005), is tied to classical liberalism which purports to be linked to human dignity and individual freedom, viewed as central to civilisation. It is based on the assumption that individual freedom is guaranteed by free market and trade (Harvey 2005). Theron (2003) explores the changing nature of employment in South Africa and argues that the changes are driven by global economic changes shaped by ideology. There has been proliferation of externalisation of work in the post-apartheid order as a response to enhance flexibility and changes in the global economy in line with the neoliberal doctrine.

Sandvik, an engineering company, has a typical example of flexible work

arrangement. Its South African offices are in Jetpark, Johannesburg, but some of its workers are at Lonmin in Rustenburg. It also subcontracts other labour brokers such as SAN (see Figure 1). The workers are contractually employed by SAN but directly supervised by Sandvik. Figure 1 highlights the typical employment relations in platinum mining in South Africa. The subcontractors and the labour brokers in this case are closely integrated in the core operations. Lonmin is able to exercise direct control including over occupational health and safety standards. Thus fragmentation of work may coexist with operational integration (Williams, Davis, and Chinguno 2013).

However, this severely undermines worker mobilisation and solidarity. A Sandvik worker that was interviewed lamented how it is difficult to be active in the unions. Sandvik is an engineering company which in this case is contracted in mining. It is ordinarily organised by an engineering union such as NUMSA. However, in Rustenburg it is in a sector organised by NUM and the Association of Mineworkers and Construction Union (AMCU). This leaves workers in a quandary. As a result many have opted not to be active in unions.

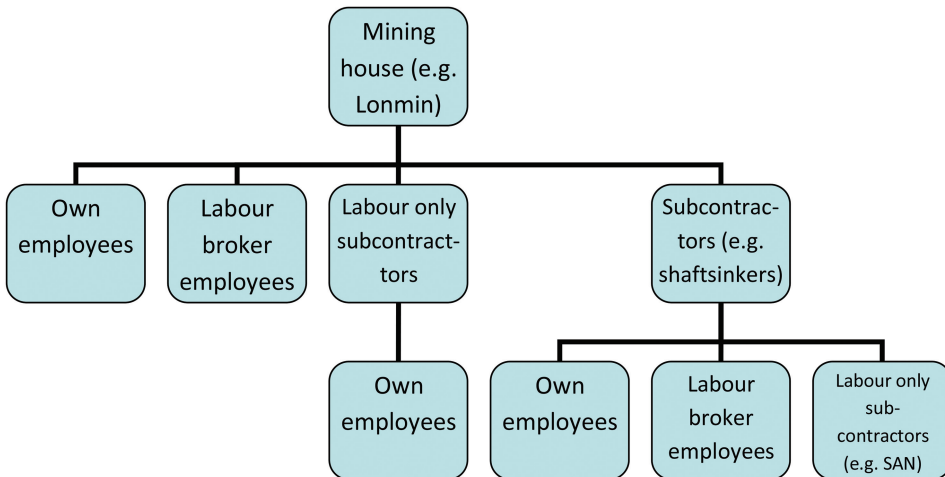


Figure 1. Typical work arrangement in platinum mining in South Africa.

During apartheid, most black workers were confined in the low-skilled job categories. The skills levels for black workers since apartheid have broadened. Black workers are now found in any level of the occupational hierarchy. In the past, they easily forged solidarity as low-skilled black workers. This formed a strong worker identity which has since dissipated and undermines worker mobilisation and solidarity.

Gender

Mining is dominated by men. This is explained by its demand for physical strength and endurance. In the past, legislation in South Africa barred women from underground mining. As part of the social transformation and promotion of gender equality, the government instituted legislation promoting women in mining. The Mining Charter (2002) instituted a minimum threshold for women in mining. It targeted 10% by 2009, which was then postponed to 2014. The introduction of women is a part of the internal transformation strategy. Lonmin attained 7.45% of women at a mine and 4.3% women in mining (Lonmin 2011). 'Women at a mine' are those working for the mining house in general, while 'women in mining' refers to those directly involved in the production process.

Over the past 10 years, more mining houses have integrated women in line with the legislation. Lonmin (2009) highlights its support for the integration of women. It argues that the integration of women is part of its corporate social responsibility and claims that women are better and more reliable employees.

This has brought a new gender dynamic. The majority of the women are usually recruited from local communities and are less likely to be migrants than the men. The introduction of women brings a new culture and struggles. Research by Benya (2013) argues that women bring new values, challenges and 'class' orientation.

In many cases they have no role models to learn from. Men, for example, have the experience of the role that unions played in the struggle against apartheid. They have the experience of the value of the union in defending workers' rights. Men are thus attached to victories of the past.

The women may have a different conception. They have no experience or attachment with the unions' past successes. Therefore, women may question the significance of a union in cases where there may be no tangible results. Men often perceive the union as an instrument that liberated them from the past repression and will normally ask no questions about its value. Women do not share a similar attachment. They do not live in hostels and a few reside in the informal settlements. They are thus not fully assimilated into the dominant mining culture and come with their own struggles such as sexual harassment.

At Marikana, women were initially barred from the kopje and were not directly active in the strike because of cultural values and beliefs. The introduction of women in mining may be viewed as a form of worker fragmentation which has brought in new repertoires and unanticipated challenges to union organising and mobilisation.

Ethnicity, local community and worker fragmentation

The recruitment of mineworkers in the past was often tied to socio-economic and political factors and other prejudices (Moodie and Ndatshe 1994). Certain jobs were preserved for some ethnic groups. For example, underground work was preserved for Basotho, rock drilling for Xhosas and machine operation underground for Mozambicans. There are continuities and discontinuities in this practice. At Lonmin, for example, nearly all the RDOs and most underground workers are from the Eastern Cape and Lesotho, despite a new policy that gives preference to locals. There are almost no Batswana (the locals) working as RDOs. These

divisions have an effect on worker solidarity and mobilisation.

In the hostels, workers were usually divided along ethnic lines and an *induna*³ appointed to oversee each group. As a form of control, migrants were separated in hostels on the basis of ethnicity. Continuity of this segmentation is reflected in the new informal settlements emerging across Rustenburg platinum district. Sondela, Nkaneng, Ikemeleng and Number 8 and 9 informal settlements in Rustenburg are predominantly Xhosa, Sotho or Shangaan, while the adjoining communities are more mixed and dominated by Batswana. The workers are thus not only divided at the workplace but even where they live.

The Mining Charter obliges mines to uplift the living conditions in the neighbouring communities. However, the changes in the organisation of work from 'compounded to fragmented labour' have created two distinct communities, apparently with different privileges and claims. At Marikana the distinct communities are the traditional villages near the mines and the informal settlements which sprouted after the democratic transition. These communities sometimes have parallel local structures and organise and mobilise differently.

Association of Mineworkers and Construction Union (AMCU)

The NUM had a recognition agreement at Lonmin. This guaranteed absolute rights and shut off competition from rival unions. The dramatic loss of the NUM legitimacy which unfolded during the strike bankrolled the growth of AMCU, a breakaway union. The AMCU's membership escalated from 23,000 in January 2012 to 150,000 by November 2012 (Chinguno 2013). In all the strikes, the dispute mutated into union rivalry and AMCU emerged as the new dominant union. It is important to note that when the dispute emerged initially it was linked not to

union rivalry, but rather to what workers claimed were genuine shop-floor problems, yet later developed into this as a manifestation.

AMCU rose from the ashes of NUM, which lost members from defections. It adopted a militant stance and its agenda was alleged to be driven from below. However, AMCU lacks a clear ideological perspective, which poses a challenge for the sustainability of its strategy and hegemony.

AMCU spread to all the major platinum mines and into gold and iron ore, and threatened the dominance of the NUM. In the past, the NUM emerged and spread its wings in a similar way. This suggests that union membership in these mines is somewhat precarious.

Conclusion

The Marikana strike and massacre has brought to the fore the impact of the changing nature of employment in South Africa characterised by fragmentation and precariousness. It has shown how this undermines institutionalisation of industrial conflict and worker organisation, and that it is connected to strike violence. The paper has shown the different forms and dimensions of fragmentation, i.e. work organisation, ethnicity, settlement patterns and gender. This separates workers, undermines union mobilisation and solidarity, and increases the propensity of violence.

Marikana highlights the ambiguous nature of strike violence. Strike violence may mean lack of solidarity on one hand, but conversely may be a means of forging workers' collective 'solidarity'. It highlights worker fragmentation but at the same time militancy and solidarity. The violence at Marikana underpinned rather than undermined worker collective solidarity.

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Notes

1. RDOs are underground workers who drill rocks using a jack hammer.
2. A recognition agreement confers a bargaining mandate to a trade union at a workplace.
3. Traditionally an *induna* is a senior official appointed by the chief as an overseer of his subjects. The system was adopted in the hostels to maintain ethnic division and control of the workers by appointing a lead person from each ethnic group.

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BOOK REVIEW

Epistemologies of African conflicts: violence, evolutionism, and the war in Sierra Leone, by Zubairu Wai, New York, Palgrave Macmillan, 2012, xvii + 263 pp., £57.50 (hardback), ISBN 9781137280794

For the last 60 years the positivist accounts of science and an asserted normative separation of ‘facts’ from ‘values’ have been dominant assumptions in international relations (IR) and international political economy (IPE). In contrast to such assumptions, Zubairu Wai’s *Epistemologies of African conflicts* unmasks the epistemic violence inherent in the positivist power/knowledge regimes and, in particular, those concerning Africa, i.e., the pejoratively labelled discipline of Africanism. Wai employs what V.Y. Mudimbe has termed a ‘transdisciplinary’ perspective (xiii) that unites post-positivist IR and IPE approaches with critical studies in the fields of history, anthropology and philosophy, as well as political science. Inspired by Mudimbe’s (1988) analysis of the ways in which Africa has been ‘invented’ as an object of ‘truth’ through the Western order of knowledge, Wai spends five chapters deconstructing the Africanist discourses on the civil war in Sierra Leone. His project stems from his frustration with ‘a fundamental disconnect’ between his lived experience of the conflict and influential accounts purporting to explain it (2).

Reviewing a wide-ranging literature of the ‘colonial library’, the first chapter demonstrates how evolutionist thinking has persistently characterised dominant discourses concerning African societies.

Influenced by Euro- and ethno-centric conceptions of the racial and moral superiority of the West, along with Enlightenment ideals of modernity and Christian principles of salvation, as Wai discloses, the evolutionist epistemology of Africanism has served to justify the imperialism and colonialism of Europe, and to produce and sustain the mythical representation of Africa as inhabited by backward, savage and tribal people – ‘as a continent without history’ at the bottom of ‘a temporal hierarchy of progress and civilization’ (46, 48). The second chapter further unpacks the ‘epistemological configuration and order of knowledge’ (63) in the European imagination about Africa, specifically focusing on the idea of Sierra Leone. It shows how the Sierra Leonean state was historically constituted through the visible and invisible forms of violence that accompanied European imperial expansion and through an evolutionist project promoted under the British colonial experiment and its formalised domination.

From there Wai turns to the dominant discourses on the decade-long civil war in Sierra Leone which began in the 1990s and, more broadly, contemporary conflicts in the African continent. In the third chapter, while expressing the danger of attempting to produce *the* definitive history of the conflict, he briefly, yet carefully, maps the contextual backgrounds of the insurgency in 1991 and subsequent violent movements. Though there is a slight disconnect from the previous discussion of the theoretical and historical terrains that have driven the development and persistence of evolutionist epistemology in Africanism, the chapter’s descriptive

analysis makes it easier for readers to navigate through the following investigations of complex issues and events in the armed conflict as well as their interpretations. The fourth chapter deciphers the major texts written mainly by Western scholars who purport to explain the Sierra Leonean war, and in so doing exposes their political and ideological commitments. These writings explicitly/implicitly attribute the war in Sierra Leone to an asserted social pathology that fails to ascend the unilinear evolutionary chain and/or simply reduce the conflict to violent competition over economic resources. Wai argues that such vulgar universalistic and reductionist interpretations of the conflict serve 'the purpose of justifying and legitimating past and ongoing imperial power relations and impulses' (144). In the fifth chapter, attention is shifted to Sierra Leonean academic reflections on the conflict. Mobilised as a response to and, more precisely, dissatisfaction with Western interpretations of the insurgency, Sierra Leonean intellectuals highlight the post-independence sociohistorical and political realities within which the conflict emerged. It is important, however, as Wai points out, to recognise that much of the discourse constructed by Sierra Leonean scholars through their elitist lenses, which themselves emanate from the internalised colonial library, largely remains within the frames of Africanism and fails to capture the 'multiple complexes and paradoxes that animated the conflict' (218).

Thus, this book effectively deconstructs the positivist and evolutionist paradigm in which the intrinsic linkage between the European 'will to truth' and 'will to power' not only underlines the discursive production of African realities, but also naturalises and justifies the Western imperial domination over the continent. Yet, in recalling Wai's motivation that animates this project, the book does not precisely clarify how far and in what ways his own experience of the civil war in Sierra

Leone differs from dominant interpretations. Related to this, another salient question left unaddressed is: how is it possible to create alternative historiographies about social phenomena in Africa, especially in relation to conflicts, by accounting for the lived experiences and struggles of subaltern social groups that are largely neglected in the dominant discourses? Posing these questions to Wai perhaps involves the danger of academic egoism, which imposes an obligation on the *insiders* who lived through the conflicts to speak about their own experiences for the purposes of knowledge advancement. Nevertheless, it is hopeful that the future work by Wai, as a critical student of IR/IPE with intimate knowledge of the socio-economic and political landscapes of the African continent and Sierra Leone in particular, will explicitly tackle this challenge in pursuing possibilities to think and act beyond the disciplinary frames of Africanism.

Such anticipation aside, *Epistemologies of African conflicts* provides many original and important insights in rethinking the meanings and foundations of contemporary African conflicts. This is a must-read for scholars in the disciplines of African and security studies, and will be invaluable to anyone concerned with postcolonial power/knowledge dynamics both within and outside the walls of academia.

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BOOK REVIEW

Violence in a time of liberation: murder and ethnicity at a South African gold mine, 1994, by Donald L. Donham, Durham and London, Duke University Press, 2011, 238 pp., ISBN 9780822348535

On 16 June 1994, violent clashes at a South African gold mine led to the deaths of two miners. The narratives of the gold mine's management and mineworkers attributed the violence to ethnic rivalry between Xhosas and Zulus. In his book *Violence in a time of liberation: murder and ethnicity at a South African gold mine, 1994* Donald Donham makes the argument that the violence at this gold mine in the East Rand region of Johannesburg was not in the main a consequence of ethnic clashes between Xhosas and Zulus, but rather the result of nationalist politics of the day, intertwined with gang violence and union rivalry. For Donham, the violence at the gold mine, which he calls by the pseudonym of Cinderella, only served to heighten the ethnic tensions between the Xhosas and the Zulus. However, ethnicity itself did not lie at the heart of the violent clashes of 16 June 1994. Donham challenges the ethnicity narrative by positing that the 'ethnic violence' label was deceptive because the AmaButho, a Xhosa-speaking regiment:

... did not attack because of ethnic hatred; but rather, it targeted the Inkatha core of the Zulus, who had wreaked havoc on black communities of the East Rand. But because the distinction between Inkatha and Zulus blurred in the eyes of the amabutho, in the end all Zulus became objects of attack. (186)

Nationalist politics of the day played a role in spawning the violence witnessed at the Cinderella gold mine. The AmaButho regiment had ties to the National Union of Mineworkers (NUM), which in turn had strong links to the African National Congress (ANC). Donham argues that the AmaButho regiment attacked the Inkatha Freedom Party (IFP) supporters because they perceived the latter as a destabilising force that did not want to participate in elections. Calls for a separate Zulu nation by the IFP leadership just before the 1994 elections exacerbated the highly volatile political situation prevailing in South Africa in the early 1990s.

Donham's book also foregrounds the primacy of ethnicity in the history of South African mining discourse, a discourse which thus easily framed the violence of 16 June 1994 that rocked Cinderella gold mine as ethnic rivalry between Xhosas and Zulus. Donham narrates how the whites created commonly held stereotypes of the different ethnic groups within the mining fraternity. Thus, the white discourse surrounding the mining industry was replete with notions of black ethnicity. These ethnic stereotypes were peculiar not only to the mining discourse among whites, but even among black mineworkers who constructed generalisations of different ethnic groups and even 'performed' ethnicity by performing ethnic dances for the whites' entertainment during weekends. Donham therefore argues that it is hardly surprising that the conflict among black mineworkers at Cinderella gold mine was quickly ethnicised by both the white management of the mine and the NUM.

The final strand developed by Donham examines the prevalence of gang culture

and violence in the history of South Africa's mining sector. Reference is made to mining gangs such as the Ninevites and the Russians, also known as 'AmaRassea', which were studied by the likes of Moodie and Ndatshe (1994). These gangs have been in existence in some of the South African mines since the first decade of the twentieth century. At the Cinderella mine, one such gang – the AmaButho regiment – appeared to be the most powerful gang and, according to Donham:

On Good Friday, the regiment may have attacked any Zulu worker they could find, but their primary target was the Inkatha core of fighters. In this, they were motivated not by ethnicity (they had no problem with the Zulus who retained their jobs) or solely by national politics (though the latter must have added a layer of incentive). They were concerned about their own ability to control the compound and its environs – and to be seen as doing so. (156)

The AmaButho regiment was able to become a powerful force at Cinderella mine because, 'As the company retreated from its old roles in the compound, it created a space in which ethnic gangs could flourish. At Cinderella, the AmaButho stepped into that space' (169).

Donham makes a compelling case, methodologically, by conducting a comprehensive ethnographic study of the Cinderella mine based on multiple sources including interviews, log records which captured the violent clashes of 16 June 1994, and also court records related to the case. The book's photographs add colour and bring to life the living and working conditions of the mineworkers at Cinderella gold mine. This enables the reader to visualise the conditions under which the violence of 16 June 1994 took place.

Donham argues that the violence at Cinderella gold mine was not an isolated event of mining violence in the 1990s in South Africa, but part of a mining culture that was prevalent in South African mines. This spectre of mining violence is exposed by Donham when he makes reference to other killings that took place on mines at East Driefontein, Leeudoorn and Northam. Just like the Cinderella conflict, the clashes that took place at these other mines were also rapidly ethnicised, developing into campaigns against the Zulus. One shortcoming of Donham's book is that he does not make a detailed comparison between the violence at Cinderella gold mine and the three West Rand mines that he fleetingly makes reference to. A more detailed comparison would have painted a more penetrating picture of violence in the South African mining sector and bolstered his argument about the ethnicisation of conflicts on the mines.

Donham's book is highly significant today, given the shocking and horrific scenes of violence that occurred at Marikana in South Africa's platinum belt in August 2012. Wanton killings at Marikana are still taking place, a year after the massacre of 34 striking miners by the South African Police Service. Thus, Donham's book is a timely reminder of the culture of violence that has for a long time bedevilled South Africa's famed mining sector.

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BOOK REVIEW

Suret-Canale de la résistance à l'anticolonialisme, by Pascal Bianchini, Paris, L'Esprit Frappeur, 2011, 253 pp., 14.00 €, ISBN 2844052445

During the 1960s and 1970s the research and scholarship of Jean Suret-Canale helped to educate a generation of activists and African intellectuals. But this author and militant, with an impressive output of books on African history, has become largely forgotten in the French-speaking world and remains largely unknown in the English-speaking one. Yet Suret-Canale was the founding father of African history in France. Even if he is rarely cited or read by historians and Africanists inside or outside France, Suret-Canale remains a figure of vital importance. Pascal Bianchini's excellent book *Suret-Canale de la résistance à l'anticolonialisme* gives us a unique insight into the man's life and work.

Comprising interviews conducted with Suret-Canale before the historian's death in 2007, the book tells the story of his extraordinary life through his own words and recollections. Bianchini's thorough introduction provides the context to the interviews, revisiting Suret-Canale's trajectory from student to partisan in the resistance during the Second World War and ardent member of the *Parti Communiste Français* (PCF).

Moving to Dakar after the war to teach, Suret-Canale became involved in the burgeoning nationalist movements. For three years he lived in the capital of French colonialism in West Africa, the *Afrique-Occidentale Française* (AOF), and witnessed and participated in the development of the first mass parties of African nationalism.

Suret-Canale was in Bamako for the creation of the *Rassemblement Démocratique Africain* (RDA) in 1946, and knew (and distrusted) Houphouët-Boigny who once visited Suret-Canale in hospital where the young teacher was recovering from an attack of malaria. As a communist he was involved in the growing workers' movement, witnessing the extraordinary strike of railway workers on the Dakar–Bamako line in 1947. In the chapter dealing with his involvement in the anti-colonial struggle in Dakar, Suret-Canale describes his involvement with the *Groupes d'Études Communistes* (GEC) which helped to train a generation of activists, at all levels, in political ideas and organisation.

Over the next two decades, with prolonged periods spent in France and then Guinea, Suret-Canale wrote prodigiously on Africa's tragic encounter with Europe. Responding to Sékou Touré's appeal for foreign volunteers following the exodus of the French after independence, Suret-Canale was one of only two French teachers to settle in Guinea. He explains his eventual disenchantment with the regime in one of the interviews in the book.

From the late 1950s to the end of the 1970s Suret-Canale wrote a number of important history books, publishing in 1962 his celebrated volume *Afrique noire: l'ère coloniale, 1900–1945*, which, Bianchini writes, 'made him known to a generation of African intellectuals and activists' (11). Letters from early leaders of West African nationalist movements, reproduced in the book, testify to this influence.

Even if his brand of 'committed history' was denounced at the time, his work clearly defined a new era in African

historiography. His volumes were translated into English, with one English reviewer remarking ‘Suret-Canale’s *Histoire de l’Afrique occidentale* ... is deeply imbued by an African nationalist ideology and is widely used in Guinea and Mali’ (11).

Returning to France in 1963, he became a leading intellectual in the PCF, spending a period on the Central Committee. But despite his influence and work, Suret-Canale remained ostracised by the French academy. Without the proper accreditation, it was not until the age of 57 that Suret-Canale secured a position at a university in Paris. Even this position was given grudgingly and he was appointed as a junior lecturer (*maître-assistant*) which meant that he was not allowed to supervise research, or – even more absurdly – teach African history.

Bianchini correctly identifies Suret-Canale as one of the pioneers in African studies, a group that includes Basil Davidson (with whom Suret-Canale was often in communication) and the American Melville Herskovits. One of the many pleasures of Bianchini’s book is the collection of documents reproduced from Suret-Canale’s personal archive. One letter from Davidson asks humbly for Suret-Canale’s

‘frank opinions’ of his recently published book on slavery, *Black mother* (1961), expressing delight that his own conclusions ‘echo yours’ (217).

With some force Bianchini argues that even though Suret-Canale was, at intervals, a leading member of the PCF his work was not marked by dogmatic party formulas. On the contrary, Bianchini describes his approach as a ‘defence of a type of “idealism” always based on the discovery of empirical elements, opposed to a strictly materialist conception, where historical facts are inscribed on pre-established formulas’ (24). Bianchini’s book is an important contribution to the necessary rediscovery and celebration of Suret-Canale and his work.

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BOOK REVIEW

The fate of Sudan: the origins and consequences of a flawed peace process, by John Young, London, Zed Books, 2012, xx + 388 pp., £16.99, ISBN 9781780323251

Peace is more than cessation of military hostilities, more than simple political stability. Peace is the presence of justice, and peace-building entails addressing all factors and forces that stand as impediments to the realization of all human rights for all human beings. (Bendaña 2003)

This statement, quoted by John Young at the beginning of *The fate of Sudan* (1), sets out unambiguously the issue the book deals with: the ultimate failure of the Comprehensive Peace Agreement (CPA) concluded in Sudan in 2005 to set the foundations of sustainable peace. The failure lies in the CPA's disregard of the need for democratic transformation in both embattled regions of Sudan. The author has followed the peacemaking process that took over six years to conclude from the beginning and, so to speak, from the inside. He was engaged to monitor its progress on behalf of international organisations. His sources are mostly first hand: his own observations and interviews with participants from all sides of the negotiation table. He is entitled, therefore, to draw the conclusions he expresses without mincing words.

The seeds of ultimate failure according to the author were planted in the heavy handed involvement of outsiders in a

process they eventually came to control. They had their own preconceptions of what needed to be done and prescriptions of how to do it. These are prescribed in the handbooks of peace negotiations as (a) peace-making negotiations aimed to achieve the cessation of hostilities; (b) peace-building to create a stable state on the western liberal democratic model. These are seen in a sequential process, and the established procedure is to focus on peace-making first and worry about state building afterwards. Critics have dubbed the first as 'negative peace' and the second as 'positive peace'. *The fate of Sudan* argues that, in this case at least, afterwards is already too late for state building along lines of democratic transformation essential to stability, hence the *flawed peace process* in the subtitle.

The flaws in the CPA story are many, and the author dissects them chronologically. They follow inexorably from the format adopted for negotiations, which recognised the two main antagonists – the National Congress Party (NCP) in the North and the Sudanese Peoples Liberation Movement (SPLM) in the South – and excluded other organisations – military, political, civil society – with vital interests in Sudan's future. This was hardly surprising since both the NCP and SPLM are militarist, authoritarian organisations, intolerant of competition in any form, and prepared to use violence to maintain their stranglehold on power in their respective countries. Both have faced many domestic challenges in the past, and will continue to do so in the future, since the causes that make for

instability were not addressed, let alone resolved, in the so-called Comprehensive Peace Agreement reached in 2005.

The CPA achieved a cessation of hostilities, i.e., a ‘negative peace’. According to the author, it failed miserably to set the foundations for state building through a democratic transformation that is to achieve ‘positive peace’. While pious statements about popular participation, inclusiveness, elections, etc., were included in the agreement, the only concrete result has been the secession of Southern Sudan. Because the SPLM had not created a civil administration for the South during the two decades of its existence, state-building was in order in 2005. The foreign sponsors of the CPA were obliged to sponsor it and funds flowed in, which the newborn state was utterly unable to absorb productively. They were used instead by the SPLM to run pacification campaigns in restless areas of the South, to carry out cosmetic political exercises such as the 2010 elections, and to nurture an emerging elite devoted to conspicuous consumption in a country with scarcely a sign of modernity.

The fate of Sudan makes depressing reading.

The placing of narrow political concerns above democratic transformation is symptomatic of a process which refused to permit the people of Sudan a role, failed to address the grievances which

caused and fuelled the war... and will almost certainly ensure that peace will not be sustainable in the north, in the south, and between north and south. (10)

Sadly, events since 2005 have not contradicted this prediction. There are many troublesome issues that concern the relationship of the two Sudans in the future: the sharing of oil resources, the failure to delineate boundaries, the unresolved future of the Nuba and Abyei regions. So far, criticism of the CPA has focused on them. John Young’s contribution points to a fundamental flaw in the constitution of the two states that will determine their respective futures as well as their inter-relationship. His analysis defines the essence of the problem and explains its origins. More importantly, however, it sheds light on the future, and will remain relevant for some time to come.

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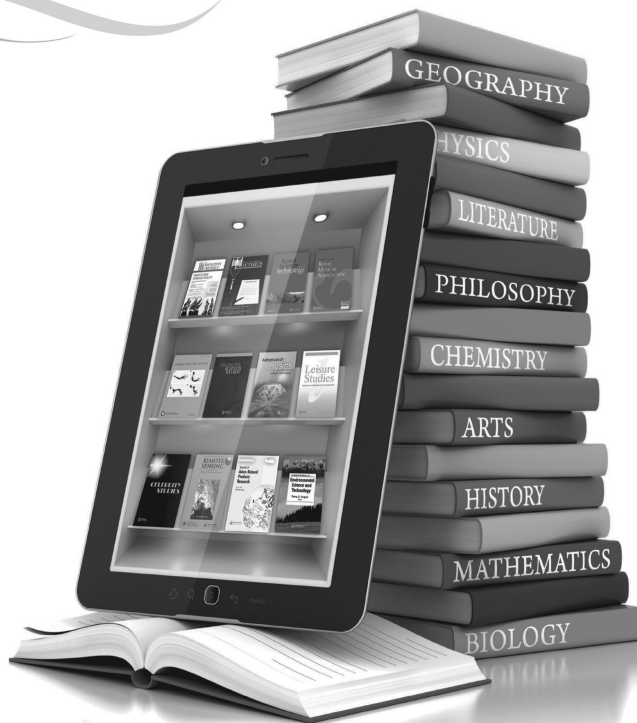
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