

South Africa pushed to the limit

The political economy
of change

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South Africa pushed to the limit: the political economy of change

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Introduction

Someone awoken from a 20-year coma would surely find twenty-first century South Africa unrecognisable. The apartheid era has been consigned to history books, several successful democratic elections have been staged and political violence has disappeared. Black millionaires are no longer a curiosity. Once shunned, South African businesses are now ubiquitous in Africa and jostle for custom across the globe. A liberal constitution anchors this new South Africa and laws protecting the rights of citizens—not least the workers among them—pepper the statute books.

The economy has recovered some zest. Vital social improvements are being made. Access to schooling and healthcare, and provision of water, sanitation and electricity have broadened, especially in urban areas. Infrastructure development sped up in the 2000s and institutional changes have been made to boost these advances.

But the efforts to change the lives of South Africans for the better are running up against formidable hindrances. Some are legacies of history, some stem from specific policy choices, others emanate from malfunctioning systems or spring from misjudgements, shoddy management or sheer bad luck.

South Africa pushed to the limit tries to gauge where South Africa's journey beyond apartheid is headed and why this is happening. And it proposes some modest interventions that could bring the prospect of wellbeing and genuine emancipation within the grasp of millions more citizens. To this end, it analyses the dynamics that have shaped the country's history, its main social forces and the choices they have made or spurned. The book therefore takes as its starting point the analysis presented in *South Africa: Limits to Change* (Marais, 1998 & 2001), but substantially extends it and other analyses offered in the hefty body of critical literature on South Africa published since the late 1990s.

The book is structured into chapters that can be read separately, but that are most rewarding when approached as a whole. Readers will encounter several themes of analysis that link the book's parts.

The first section appreciably condenses and updates the first six chapters of *South Africa: Limits to Change* (2001), scanning a familiar history, but from unfamiliar angles. It examines South Africa's political economic undercarriage, the structure of its economy, the developments that led to the political settlement in late 1993, the terms on which the transition would play out, and the relative weights of the main forces contesting its outcome.

Chapter one focuses on the economic, political and social patterns of capital accumulation from the late nineteenth century. It chronicles the initial phases of industrialisation and the moulding of the economy; the early stirrings of organised resistance; the apartheid system's origins, heyday and gradual disintegration; and the popular movement's evolution and tactics up to the late 1970s.

Chapters two and three zero in on the apartheid system's demise, the upsurge of resistance in the 1980s, the contours of the eventual political settlement, and the undertow of economic changes that were occurring. This provides the backdrop for Chapter four, which examines the 1996 imposition of a structural adjustment policy, the controversies that erupted around it and its key outcomes. This section shows that the end of apartheid is best understood not as a miraculous historical rupture, but as a dramatic phase in an ongoing struggle to resolve a set of political, economic and social contradictions that became uncontainable in the 1970s. The salience of 1994 was therefore also the collapse of the alliance of social, economic and political forces that had presided over that unstable order. The ANC's ascent to political power did not immediately fill the vacuum. Rather, it recast a struggle to determine which alliance of social forces would prevail, and to establish the decisive terms of such an alliance. The tales, cherished on the left, of an essentially progressive (even nominally 'socialist') ANC tricked and cajoled by external forces into adopting a neoliberal development path are unsatisfactory. Nor were the choices smuggled in through mere stealth and deceit. The prevailing balance of forces has shaped the trajectory of change.

While Chapter four chronicles the drama of economic adjustment in the 1990s, Chapter five assesses the economy's performance in the first decade of the twenty-first century. It pinpoints the underlying biases of the economy (particularly the enduring weight of the minerals and energy sectors) and discusses the unnerving continuities that link key post-apartheid economic policies with the fitful neoliberal adjustments with which the apartheid regime flirted in the 1980s. The effects are profound. South Africa's largest corporations have been able to restructure, consolidate and globalise their operations. This has entrenched their dominance in the local economy, helped fuel the turbocharged surge of the financial sector and wedged open the economy for speculative international capital.

While the rewards of South Africa's modest economic growth are being cornered in small sections of society, punishing costs are being imposed on the poor. Close to half the population could reasonably be said to be living 'in poverty' and income inequality is now wider than ever before. Tempering the ordeals of the poor are the government's attempts to expand social protection and public-works programmes — schemes that became crucial *political* imperatives in the 2000s, as unemployment rates worsened and community protests multiplied. But, as Chapters five to eight show, these 'safety nets' operate in a framework that expresses basic neoliberal 'rationalities'. This is especially obvious in the stigmatisation of social protection as 'handouts', the attempts to productivise what are essentially forms of indigent support, the privatisation of personal security and the firm rationing of citizens' claims on the state.

Chapter six details the many-faceted ways in which the world of work is being reshaped, the trade-union movement's efforts to regain the initiative and the outlook for attempts to reverse South Africa's extraordinarily high unemployment levels. It shows that the traditional narrative of economic modernisation seems to be running in reverse, generating greater informality and fewer decent jobs. Despite

the labour-law victories of the mid-1990s, workers (including those with jobs) are embattled. The hunt for profits has applied a tight squeeze to the use of labour, wages and terms of employment. Measured as a share of national income, company profits rose from 26% in 1993 to 31% in 2004, while workers' wages fell from 57% to 52% (Makgetla, 2005).

For a large proportion of society, job creation along the current development path does not offer a viable basis for social inclusion and wellbeing; wages and salaries are the main source of income for only about 5.9 million (57%) of the 10.3 million African households (Statistics SA, 2008c). Neither is having a job a solid hedge against oblivion (Barchiesi, 2008). Four million people living below the poverty line survive in households where at least one person works for a wage that is too meagre to lift them out of poverty (Meth, 2006 & 2008). The quest for more jobs is crucial, but it has to occur as part of the wider realisation of social rights.

Nevertheless, impressive and life-changing achievements have been made since 1994. Chapter seven surveys the accomplishments, closely examining trends in poverty, inequality and hunger, and in the distribution of the 'social wage'. Several developments temper these gains, including the steady increase in the scale of need, faltering local-government systems and stringent cost-pruning and -recovery policies. By the mid-2000s the pace, scope and quality of change was clearly lagging. The share of households connected to the electricity grid, with access to potable water and refuse-removal services changed relatively little in the 2000s (Statistics SA, 2009). A focus on targets rather than outcomes has seen quantity trump quality, and has caused the vital matters of maintenance and sustainability of services to slip down the rung of priorities (Roberts, 2005).

Ironically, the strongest inroads against poverty have been made with interventions that were not designed for that purpose. Chapter eight reviews the origins, merits and achievements of South Africa's social grant system, which ranks among the most impressive in the so-called 'developing' world. Social grants have turned out to be the single most effective anti-poverty tool deployed after 1994 (Meth, 2007). Yet they are allocated begrudgingly. A flinty aversion to alleged 'handouts' and 'dependency' prevails and the social protection system 'remains constrained by narrow conceptions of the state and by distrust of rights-based demands on state resources' (Hassim, 2005b:3-4). This chapter deciphers this paradox, questions the binary logic that pits 'welfare' against 'development', 'job creation' against 'dependency' and lays out the emancipating potential of an overhauled and expanded grant system.

There have been some disastrous setbacks in South Africa, mostly affecting the health prospects of its citizens. Health outcomes have deteriorated since the mid-1990s and are now worse than in many low-income countries (Coovadia *et al*, 2009). Much of this represents the overhang of history. But regarding the present merely as an instance of the past tells only part of the story, as Chapters nine and ten reveal. Life expectancy in 2008 was 12 years lower than in 1996 and both child and maternal mortality rates have worsened since the early 1990s. This is due largely to the AIDS and tuberculosis epidemics and the bungled manner in which these were

handled. Chapter nine presents a close analysis of the political economy of AIDS, an epidemic that is changing South Africa. Some of this impact is vivid, but a great deal of it is cumulative, subterranean and channelled into the lives and communities of the poor.

Pushed to the limit

The ANC and the government have announced their determination to tackle the many outstanding challenges. In 2010, government finally launched an AIDS campaign that did more than go through the motions. The disastrous outcomes-based education experiment was abandoned and a national health-insurance scheme was being crafted (discussed in Chapter ten). A new industrial strategy was unveiled and more plans to revive job creation were in the works (Chapters five and six). These and other potential breakthroughs are hugely important and can be augmented with many other feasible initiatives.

But the formative compass points of the transition have stayed largely unadjusted, despite the efforts of the ANC's allies on the left. The post-apartheid development path manifestly favours domestic (and international) corporate capital. Economic policies have shifted the balance of power further in their favour, particularly those sections that have managed to insert themselves deeper into the global system. Parts of the state (and, more so, the ANC) are now also entangled in that circuitry. Simply turning back the clock is not an option.

Meanwhile, the inequities that decide the fate of millions continue to be reproduced underfoot. As long as this persists, the biggest challenge for the ANC, the state and capital is how to maintain legitimacy, reproduce consent and achieve social and political stability. Above all, this has to be achieved in an economy that seems structurally incapable of providing jobs on the scale and terms required and where large parts of the public service are oxymoronic, inequality has widened, precariousness is routine and a palpable sense of unfairness is rampant. The problem is not simply one of 'poverty'—a lack of means—but of the glaring disparities that assault people day in and out. A seething sense of injustice exists, generating rancour and insubordination.

Quicker and more extensive material improvements are possible, but within stubborn limits. Many of the changes that lit and powered the struggle for liberation do not seem possible within the current political economy. The underlying structure of the economy, and the stunted and skewed character of its industrialisation, for instance, limit the extent to which waged work can serve as a reasonable basis for wellbeing. Many of the liberalising adjustments of the past 20 years have had a similar effect—by weakening the state's leverage for safeguarding the wellbeing of citizens. The leverage is far from exhausted, but it is not boundless.

There are other limits to be vaulted. The ANC now hosts such a disparate assortment of interests, ideologies and ideals that its progressive impulses are mitigated by a mishmash of coarse tendencies. It can no longer credibly claim to be the custodian and manager of a coherent 'liberation project'—yet it will continue

to dominate electoral politics and the state. The entanglement of the party (via its investment ventures) and the fact that a substantial proportion of its office bearers are in profit-grabbing gambits favour the imperatives of the market. Almost one third of the party's National Executive Committee also serves as directors of black economic empowerment companies. Powerful sections of the ANC have acquired a reflexive sympathy for policies that put the market ahead of society, and that push the pursuit of social justice deeper into the shadows.

Partly as a result, the ANC is polluted with intrigues and feuding. A central problem is that both political and acquisitive ambitions are being channelled through the machinery of a party that monopolises the political system, yet is dissonant and unruly. The days when the ANC's knack for maintaining internal discipline drew a mixture of awe and trepidation are gone. Vendettas are now waged in full public glare, with the offices of the state often the arena. This is aggravating the strategic and functional incoherence that plagues the ANC and parts of the state, particularly at local levels. The overall effect is disruptive and debilitating, and powerfully contradicts the pretences of a 'developmental state' (as discussed in Chapter eleven).

The old left errs in clinging to the myth that this calls for a struggle for the 'soul of the ANC'. There is no 'soul' to be captured or 'essence' to be reclaimed. The ANC has grown incapable of mustering the ideological and strategic coherence it needs to manage and sustain a *progressive* project of change—even when the balance of power inside the organisation seems to shift in that direction. Consequently, gains are embattled and prone to reverse. This means that the ANC is now one of several fields on which the struggle to shape, achieve and defend change must be waged. Vital change can and must be achieved from inside the organisation—but this will occur within cramped limits. Because of these dynamics, victories for the left will be temporary, unsteady and tentative; and they will flounder unless linked to other advances in ways that begin to shift the underlying balance of forces. For now, both the old and the new variants of the left seem befuddled, as Chapter fourteen shows. Outgunned and outsmarted, they have little to show for their exertions of the past decade.

In such circumstances, there emerges an ever-greater need to retain power and replenish authority — not for any single goal, but precisely to facilitate the pursuit of disparate objectives. This formlessness forces the ANC to advertise its 'radical' credentials with bluster and selective deeds. The organisation still commands enough attributes and means to continue patching together its dominance; no other political or social force rivals it on that front. But its political *authority* — and its ability to govern effectively and manage change, any change — hangs in the balance. As long as the current central terms of change — the pre-eminence of capital accumulation over the wellbeing of citizens — stay unaltered, hegemony is unlikely to be achieved. Power and consent can then only nominally depend on material betterment, forcing greater recourse to ideology, the grammar of the liberation struggle, and rousing affirmations about entitlement and belonging.

Chapters twelve and thirteen show that, along with more profane impulses and calculations, President Jacob Zuma's rise to power was made possible by an

elemental yearning for consolidation, for mooring society to values that seem to reflect more faithfully a dominant sense of 'who we are' (which is always another way of asserting 'who we should be'). The assertion of conservative values speaks to the visceral unease and insecurity, the sense of 'things falling apart', which formed the basis of Zuma's triumph. His campaign tapped strong currents of disorientation and restiveness in and around the ANC, which the new social movements had failed to mobilise or channel. Zuma, it was hoped, would reset the controls and steer the transition back to the future. These illusions quickly dissolved, but the underlying disquiet has not. With the economic and social crises unresolved, increasing instability is likely. The tried and trusted way of responding to such uproar is by affirming and valorising bonds that can muffle discord or channel it in more manageable directions. There is a serious risk that exclusionary interpretations of belonging, citizenship and rights will prove politically rewarding.

During the 'Rainbow Nation' interlude of the mid-1990s, the terms of belonging were undemanding and structured around the embracing principle of 'live and let live'. In the abstract this seems appealing. But it is unsatisfactory in a society with a history as brutalising as South Africa's, a history that in many ways still constitutes the present and decides the future.

More normative notions of belonging become attractive. They might be inflected with racial and ethnic chauvinism and with narrow, exacting interpretations of culture and tradition; of who constitutes a 'true South African' and on what terms they do so. Antipathy toward the 'alien luxuries' of liberal constitutionalism might gain support; heartfelt misgivings about 'hollow rights' and a 'paper Constitution' already circulate. This adds up to a likelihood of experiments with populist nationalism, where social conservatism (invested with pinched interpretations of culture, tradition and identity) can be combined with licence for acquisitiveness and immoderation, and with targeted, conditional largesse. These shifts will be hotly contested. But it would be foolish to take for granted a progressive outcome.

Amid all this there remains enormous need and ample opportunity for changes that boost the wellbeing and liberty of citizens. The same effervescent intrigue that undermines the ANC's authority also opens spaces for other tactical forays and inroads. It offers the left—both old and new—opportunities to build focused alliances in and around the ANC and the state, zeroing in on specific objectives. These alliances will tend to be fickle and unreliable; gains will need to be defended scrupulously and imaginatively. But there is great scope for pushing past the limits to change, toward the ideals of emancipation, solidarity and equality.