South Africa and the Global Order: The Structural Conditioning of a Transition to Democracy

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On 2 February 1990, a mere two months after the collapse of the Berlin Wall, State President F.W. de Klerk announced the unbanning of the African National Congress (ANC), the Pan-Africanist Congress (PAC) and the South African Communist Party (SACP). This act served as the opening gambit to a negotiations drama that lasted four years and culminated in the demise of the last legally sanctioned, racially segregated society in the world. In his momentous opening address to parliament, De Klerk indicated that the apartheid government’s ‘unbanning’ decision was prompted by a range of domestic and international events. In the latter category, he explicitly mentioned the collapse of ‘communism’ in Eastern Europe and the weakening of the Soviet Union.

Much of the literature on the current transition in South Africa has acknowledged the role of global factors in facilitating political negotiations within the country (Phillips and Coleman 1989; Giliomee 1995). The ANC, it is argued, had to adjust to new global realities and pressures. It was compelled to enter into political negotiations by two of its principal supporters in the global arena: the Soviet Union and the Frontline States of Southern Africa. The former wished to extricate itself from foreign zones of conflict as a result of a new foreign policy that emerged from domestic reforms labelled perestroika and glasnost. The latter preferred an end to South Africa’s regional destabilization programme, in the hope that they could rebuild their devastated economies and societies. Both sets of supporters threatened to cut off the supply of arms and financial resources, and the provision of access to military bases, in the event of the ANC refusing to participate in the negotiations process.

Other international pressures were also brought to bear on the South African regime. Since the mid-1980s, the anti-apartheid movements in the United States and other Western nations had heightened their profile and forced their national governments to impose in some cases, and strengthen in others, sanctions on the South African regime. Within the country, major multi-national corporations either curtailed and/or sold off their operations and divested from South Africa. Western banks refused to extend loans to public and private agencies in the...
country, creating a fiscal crisis for the state. Foreign currency reserves plummeted, and the value of the rand declined by about two-thirds in less than three years.

This article explores how the international system conditioned the South African transition in the post-1990 period. Its historical-structural explanation of the South African transition questions the prevailing wisdom of much of the contemporary mainstream literature (Adam and Moodley 1993; Friedman 1993; Ranette and Gillonne 1992; Van Zyl Slabbert 1992; Welsh 1993), which tend to provide genetic explanations and focus on political elites as the primary variable in understanding the democratic transition currently under way in the country. The explanation also challenges the analyses of radical scholars (Cronin 1994; Saul 1991, 1992; Adler and Webster 1994) who, following a similar genetic methodological approach, explain the trajectory of the South African transition by focusing on the behaviour and decisions of the leadership of radical social movements.

The article begins by exploring the political and economic foundations of the current international system. Thereafter, it critically analyses the transformation of the South African polity by identifying the major political and economic elements distinguishing the transition. After detailing the coincidence of the major features of this transition with developments in the international system, the article concludes with some reflections on the implications of this transition for the consolidation of democracy in South Africa.

Two preliminary comments need to be made. The first is that despite the article’s focus on the influences of the international system on the South African transition, its argument must not be interpreted to mean that domestic factors did not influence the emergence, or condition the nature, of the transition. Indeed, the mass resistance to apartheid that emerged in the post-1976 period, the exhaustion of an import-substitution economic growth model, the struggles waged by the organized black working class since the early 1970s, the increasing incompatibility of apartheid’s ‘bantu’ educational policies with the imperatives of increased mechanization and the informational economy, and finally, the structural stalemate between the ANC and the South African regime in the late 1980s, are all crucial domestic variables necessary for understanding the current transition within the country. Nevertheless, despite their importance, this article will not focus on these domestic variables, but will rather explore the global dimension of the South African transition. The article does not attempt to explain all aspects of the South African transition, but in Kenneth Waltz’s well worn phrase, “only a small number of big and important things” (1986:329).

Second, our analysis is based on the alternative theoretical model advocated by Habib (1995). His historical-structural model, following Cardoso and Faletto (1979:x), “emphasizes not just the structural conditioning of social life, but also the historical transformation of structures by conflict, social movements and class struggle”. Habib maintains that although structures often constrain the political choices available to human agencies, the latter can sometimes transform the former, especially under conditions of societal flux where traditional ruling-class
alliances begin to fracture, and the oppressed classes activate and take the offensive. If structures are transformed in such circumstances, then new possibilities and limits for change are opened; the parameters of which, once again, condition the political choices of human agencies (Habib 1995:63).

Habib’s definition of structure borrows heavily from the realist international relations theorist, Kenneth Waltz, who defines it: “first, according to the principle by which it is ordered; second, by the specification of functions of formally-differentiated units; and third, by the distribution of capabilities across those units” (Waltz 1986:74). Habib, however, adapts Waltz’s definition by expanding his understanding of system and unit to incorporate classes, racial and other social groups, the state, political parties and social movements, foreign governments and international financial agencies, all of which comprise the overall system whose structure conditions societal behaviour. Structure is then defined “as the hierarchic ordering, functional differentiation, and the relative capabilities of the state, classes, social groups, foreign governments, international financial agencies and other relevant collective categories, that determine the arrangement of these units with one another” (Habib 1995:63).

This definition focuses on the distributions of power between different actors in the South African transition. Since our investigation is directed at the influences of the global order on the South African transition, we explain the power relationships between foreign governments, international financial agencies, and domestic actors, how these condition the political choices of local actors, and thereby inform the trajectory of the transition. The central thesis of this article, then, is that the key elements of the post-apartheid order are conditioned by the relations of power between the different actors (global and domestic) involved in the South African transition.

**The Political and Economic Foundation of the Global Order**

The international system is currently in transition. The demise of ‘communism’ (or ‘state socialism’ or ‘state capitalism’), the disintegration of Eastern Europe, and the collapse of the Soviet Union, have fundamentally altered the distribution of capabilities across states. In this context, the political and economic foundation of the international system is undergoing substantial transformation. Nevertheless, despite its transient character, certain political and economic elements and patterns that will probably underpin the emerging global order, can already be identified.

In the era of bipolarity, stretching from the conclusion of the Second World War to the late 1980s, two forms of domestic political arrangements underpinned the international system. The Western alliance, led by the United States, established, supported and propagated a liberal political order distinguished by competitive elections, and the civil and political freedoms of speech, association, press, and organization necessary for the conduct of political debate and electoral
campaigns — what has been termed formal or procedural democracy. The focus of these political systems was on formal political equality, and it was assumed that if this were granted, then the views and interests of the majority would automatically prevail.

It needs to be noted that despite their public commitment to democratic forms of governance, the United States and other Western states installed and/or propped up rightwing dictatorships as long as they were ‘anti-communist’, including the brutal regimes of apartheid South Africa, Batista’s Cuba, Pinochet’s Chile, Somoza’s Nicaragua, strings of dictators in El Salvador and South Korea, Zia’s Pakistan, Mobutu’s Zaire, Moi’s Kenya ... the list is long. As one United States President once said of Cuba’s Batista in the 1950s: “He may be a sonofabitch, but he’s our sonofabitch”. Moreover, at different times, civil liberties in many Western democracies themselves came under severe threat in the name of ‘anti-communism’, most notably during the 1950s McCarthy era in the USA. Such liberties also did not often apply to black and indigenous people in Western countries until relatively recently. And finally, certain liberties such as freedom of speech are highly circumscribed in these societies by corporate ownership and control of the major sources of information, in particular the mass media, thus instilling in the population a narrow world view reflecting the Eurocentric interests of the rich and powerful (Chomsky 1991).

Benjamin Barber (1984) has labelled liberal or representational democracy, based as it is on excessive individualism and privatism, as a ‘thin’ conception of democracy that has led to the participation of fewer and fewer citizens in public affairs. He contrasts this with ‘strong’ democracy based on maximum participation of citizens in public life. ‘Strong’ or substantive democracy has been defined by Potter (1993:356) as formal democracy plus

... genuine participation in rule by the majority of citizens. In class-divided societies this majority has less wealth, income, education, honour and (especially) power. Democracy has historically been about lessening the unequal distribution of power, about the empowerment of subordinate classes through the vote, representation, increased participation and so on in the collective political concerns of society.

The theory of substantive democracy is oriented towards resuscitating the essence of democracy, but with the realization that this cannot occur outside an understanding of the balance of class power, and the struggles between the dominant and subordinate classes (Potter 1993:356-7).

The second form of domestic political arrangement was established and advocated by the communist alliance led by the Soviet Union. While these societies professed a commitment to a form of ‘substantive’ democracy, they established totalitarian political systems which denied their citizens any civil or political freedoms, and enabled communist parties to monopolize political power. The Soviet model emphasized freedom from hunger, want, poverty, and insecurity,
but its failure to guarantee civil and political freedoms, and its excessively commandist economy, alienated significant layers of the populace, and created the socio-economic context that ultimately led to the collapse of these political systems.²

The fall of the Soviet Union signalled for many the victory of the Western alliance. For the first time in history, most major powers supported the establishment of liberal democratic political arrangements in national states. It was this fact that led Francis Fukuyama to conclude (prematurely) that we had reached the “end of history” (1989). In any case, the collapse of the Soviet Union led to a distribution of capabilities across states that was decidedly in favour of establishing procedural democratic political arrangements in national contexts. The international system, reflecting the political norms, values and principles of the major powers, conditioned the behaviour and choice of political elites in transitional societies.

In this new post-cold-war era, international regimes such as the International Monetary Fund (IMF), the World Bank and a host of others began to tie additional loans and debt repayment agreements to political values and principles such as the establishment of procedural democratic political arrangements. Advanced industrialized states often conditioned the granting of 'most favoured nation status' to those nations that respected these values and principles. Third World leaders were and are encouraged to comply if they want to be the beneficiaries of foreign aid and preferential access to markets.

However, as Gillies (1993:7) has recently shown in his work on the World Bank, these criteria were not applied with any level of consistency, and that by differentiating rights into different generations, the Bank reinforced the view that civil and political rights could “be postponed until basic human needs are met”—a view propagated by many of the 'development dictatorships' in the South. Gillies goes on to argue that the World Bank has emphasized multi-party elections as an indicator of democracy to the exclusion of human rights:

... the Bank will not add concern for civil and political rights to its development mandate except in rare circumstances where these have profound and unequivocal economic effects. Civil and political rights are 'off limits' because their consideration allegedly constitutes political interference (1993:23).

Nevertheless, despite these qualifications, international financial regimes have since the 1980s become much more vociferous in advocating the establishment of procedural democratic political arrangements.

This then takes us to developments in the international economic arena. For much of the period since 1945, the pattern of economic relations between non-communist nations was determined by American leadership and developed under the umbrella of America’s security apparatus. This international economic order, which was negotiated among the allied powers at the conclusion of the
Second World War, was known as the Bretton Woods System. The central pillars of this system were (i) the IMF which facilitated international monetary co-operation, managed currency arrangements, and promoted financial discipline; (ii) the International Bank for Reconstruction and Development (World Bank) which aimed to provide development loans to countries, initially in Western Europe and later in developing countries; and (iii) the General Agreement on Tariffs and Trade (GATT) which focused on world trade and negotiated international trade liberalization. American foreign policy in this era of bipolarity was aimed at developing an anti-Soviet alliance. Towards this end, the United States funded the recovery of Europe through the Marshall Aid plan, and supported and encouraged Western European co-operation through the establishment of the Common Market. It also lowered its barriers to foreign goods and provided, through private overseas investment and government aid programmes, much-needed capital, technology and management expertise for Europe, Japan and the developing world. Finally, the American military “umbrella, by providing the security for Western Europe, Japan and some parts of the developing world, resolved these nations’ security dilemmas” (Frieden and Lake 1991:140) and enabled them to focus almost entirely on economic and other domestic social concerns. The impact of these developments was dramatic. Frieden and Lake succinctly summarize these effects when they conclude that,

... all in all, the non-communist world’s unprecedented access to American markets and American capital provided a major stimulus to world economic growth, not to mention to the profits of American businesses and to general prosperity within the United States. For over 25 years after World War II, the capitalist world experienced impressive levels of economic growth and development, all within a general context of international co-operation under American political, economic and military tutelage (1991:140).

But by the early 1970s some of the central elements of the Pax Americana began to erode. As the United States’ ‘abnormal’ share of world Gross National Product normalized in the early 1970s, its economic power declined vis-a-vis Europe and Japan. This made it less willing to support the dollar-based international monetary system, and in the early 1970s this was replaced “by a new, improvised pattern of floating exchange rates in which the dollar’s role was still strong but no longer quite so central” (Frieden and Lake 1991:141). Moreover, detente between the United States and the Soviet Union in the 1970s, the real decline of Soviet power in the 1980s, and the collapse of the ‘communist’ world in the early 1990s, reduced general concerns over the ‘communist threat’, and increased American concerns over the relative economic gains of Japan. The redistribution of capabilities across states made the United States less willing to tolerate the un reciprocated open access to its domestic market that it had previously provided to Europe and Japan; now it demanded similar reciprocal measures, and its economic partners’ fulfilment of the GATT principles of non-discrimination, national treatment, and most-favoured nation status.

Despite the success of GATT in achieving freer trade and lower tariffs, tensions continued to exist between the United States, Europe and Japan. Both the United States and Europe continually expressed concerns over their access to the Japanese market in spite of the latter having become, by the mid-1980s, the least protectionist in terms of its formal trade barriers with respect to manufactures. In response to these concerns, the Europeans limited Japanese access to their markets, whilst demands for some form of protection by ‘threatened industries’ in the United States led to the emergence of non-tariff barriers to trade (see Frieden and Lake: 1991:336-7). These developments weakened the liberal international economic order, and led to a flurry of speculation on what the future held for economic relations between advanced industrialized states. What seems certain, however, is that the diffusion of economic power between Japan, the United States and Europe necessarily means that whatever the outcome of the current transition to a new international economic order, it will have to be negotiated between these major economic powers.

Whilst classic liberal principles have weakened in economic relations between the advanced industrialized states, they have strengthened over the last decade in economic relations between the North and the South. The primary reason for this is what Manuel Pastor, Jr. has termed the global capitalist planner role of the IMF. The latter, partly reflecting its origins as a central pillar of the Bretton Woods system, and more importantly, the interests of the major economic powers, has been able to convince developing societies to adopt classical liberal macro-economic policies. Its ability to condition the macro-economic policy of developing nations has been strengthened by the exhaustion of import-substitution policies in these societies, the world recession which led to a substantial decline in the export volume and prices of products of developing societies, the drying-up of most alternative sources of finance, and their dependence on Western loans to finance development and maintain interest payments on previously acquired debts. As Pastor maintains, in the capital-scarce world of the 1980s, the IMF shifted from its role as ‘lender of last resort’ to the ‘negotiator of first resort’ with the power to sanction or prevent developing societies from having access to other financial credit lines. In this context, almost all of Latin America and Africa fell under the auspices of IMF-inspired macro-economic policy programmes.

These programmes were founded on a perspective that blamed the economic crisis of developing societies on misguided national policies. The central policy elements of these macro-economic programmes were devaluation, reduction of fiscal deficits, privatization, decreases in real wages, relaxation of controls on trade and capital flows in the international sphere, and the elimination of subsidies and other government interferences (Pastor 1991; Mamdani 1990). Devaluation was intended to slow capital flight by increasing the costs of foreign assets,
and altered the distribution of capabilities across states. This redistribution of capabilities resulted in the enhancement of the image of liberal democratic regimes, fostering widespread political transitions in much of the developing societies. In short, a monetarist free-market economic system was imposed on developing societies.

In sum, the dramatic decline of the Soviet Union reduced the 'communist threat' and altered the distribution of capabilities across states. This redistribution of capabilities resulted in the enhancement of the image of liberal democratic regimes, fostering widespread political transitions in much of the developing societies to procedural democratic forms of polity. The economic development of Japan and Europe as a result of policies pursued by the United States in the era of bipolarity, the decline of the 'communist threat', and the redistribution of capabilities across states, greatly increased the power of the former vis-à-vis the latter. This increased power weakened the abilities of the remaining superpower to strengthen the liberal international economic regime, and consequently enabled Japan and Europe to become primary players in the determination of an alternative global economic order.

By contrast, the bargaining position of developing societies weakened as a result of the redistribution of capabilities across states. No longer able to play off one superpower against the other, domestic political elites became more dependent on the advice and resources of international financial agencies. These agencies insisted on the promulgation of neo-liberal economic reforms, thereby facilitating the liberalization of Third World economies and their economic relations with the outside world.

The redistribution of capabilities, then, facilitated the weakening of liberal economic relations between the major powers, but enhanced these liberal principles in economic relations between North and South. What impact did all of this have on the transition to democracy in South Africa?

The Character of the South African Transition

It has already been argued that developments in the international arena, and in particular, the redistribution of capabilities across states, established a global environment that conditioned the pattern of political and economic arrangements in developing societies. In the case of South Africa, this redistribution of capabilities across states crucially shaped the context and form of the country's transition. This transition represented a classic example of what Samuel Huntington termed 'transplacement', which results when 'the dominant groups in both government and opposition' realize that they are "incapable of unilaterally determining the nature of the political system in their society" (1991:152).

This form of transition was facilitated by the decline and ultimate collapse of the Soviet Union which, by reducing the strategic significance of South Africa, and thereby increasing Western pressure on the South African regime, contributed to the rise of a reformist wing within the government. The changed global environment also delegitimized radical solutions and weakened militants, enabling moderates to dominate the opposition. This dominance of reformists and moderates in the government and opposition respectively, facilitated the negotiated outcome that culminated in the non-racial general elections of April 1994.

The transition in South Africa has necessitated significant concessions from its two major political protagonists; the National Party and the ANC (in alliance with the SACP and the Congress of South African Trade Unions COSATU). The latter had, since 1948, been wedded to a policy of separate development which reserved participation within the country's political institutions to white South Africans. The African majority were limited to political participation in 'puppet homelands' established along tribal lines. When this system of separate development foundered on the rocks of the Durban dock strikes of 1973 and the Soweto Revolt of 1976, the apartheid regime attempted to reform the system by co-opting Indian and 'coloured' people through the establishment of a tricameral parliament, and moderate African people in black local authorities, with the promise to establish in the unspecified future a fourth chamber in parliament to cater for African representation (Saul and Gelb 1986). This reform of separate development was also undermined, in particular, by the sustained rebellion of the mid-1980s.

In contrast to the policy of separate development and its reformed version of the 1980s, the apartheid regime's initial proposals in the political negotiations indicated that it had shifted its position to accept a procedural form of democracy with competitive elections based on the universal franchise. Yet the regime did not abandon its attempts to protect white interests. These interests, however, were now to be protected within the framework of procedural democracy through consociational provisions such as joint presidencies, multi-party cabinets operating on the basis of consensus, decentralization of power along the same principles of consensus and power-sharing, and minority protection clauses (National Party 1991).

A similar shift in commitment to procedural forms of democracy occurred on the part of the ANC. Since 1956, with the adoption of the Freedom Charter, the ANC was committed to a substantive conception of democracy which it later termed 'national democracy'. This involved a political arrangement that reflected competitive elections, civil and political liberties, and profound economic changes such as drastic agrarian reform, widespread nationalization of key conglomerates and industries, and radical improvements in the conditions and standards of living for the working people (ANC:1977). In effect, national democracy equalled procedural democracy plus economic egalitarianism. The ANC's national-democratic vision was underpinned by the thesis of colonialism-of-a-
competitive elections, and political and economic liberties. Its earlier commit­
tional and domestic business interests. In late 1991, Mandela reassured
ANC's prominent roles in the ANC during the I 960s, 1970s and 1980s.
perceptions had changed on the issue. In an interview, Mandela suggested that
President Bush and corporate executives in the United States that the ANC's
Soviet-oriented Communist Party. In any case, the 'national democracy' envisioned in the Free­
dom Charter was an alliance vision that incorporated the social-democratic lean­
ings of the African nationalists and the longer-term ('second stage')
Soviet-oriented socialist vision of the SACP members who played increasingly
prominent roles in the ANC during the 1960s, 1970s and 1980s.

The transition in the 1990s, however, witnessed a fundamental revision in the
ANC's conception of democracy. Whilst the organization remained committed to
competitive elections, and political and economic liberties, its earlier commit­
tment to economic egalitarianism receded in the face of pressure from interna­
tional and domestic business interests. In late 1991, Mandela reassured
President Bush and corporate executives in the United States that the ANC's
perceptions had changed on the issue. In an interview, Mandela suggested that
"nationalization is like the sword of Damocles hanging over those who want to
invest. So long as nationalization is our policy, we will not attract investors" (Financial Times, November 1991).

Radical agrarian reform was similarly jettisoned from the programme of the
ANC, and the new constitution binds the government to an agrarian and
land-reform programme that operates within the parameters of respect and
honour for title deeds allocated under the apartheid era. Just as important are the
recent statements by leaders of the ANC and COSATU that workers might have
to accept wage restraint to enable South African industries to become more
competitive. These developments indicate that the ANC, like the apartheid re­
gime, has shifted its commitment, in line with international developments, to a
more proceduralist conception of democracy.

Despite the fact that both the apartheid regime and the ANC now shared a
common commitment to a procedural form of democracy, significant differences
still remained between the two parties. Whilst the apartheid regime did not
consider the ANC as a majoritarian actor, the ANC-led alliance advanced a majoritarian conception of
democracy. The deadlock was eventually broken when the National Working
Committee (NWC) of the ANC adopted, in November 1992, a new policy docu­
ment entitled Negotiations: A Strategic Perspective.

This document, following the recommendations of an earlier paper authored by
SACP leader Joe Slovo (1992), signalled the ANC-alliance's new approach to
negotiations, and indicated its dramatically scaled-down constitutional vision for
the immediate post-apartheid period. Arguing that a changed global environment
and certain subjective and objective weaknesses forced it to consider strategic compromises, the document committed the ANC to "the establishment of a

Government of National Unity ... after the adoption of a new constitution", and
indicated its willingness "to address the question of job security, retrenchment
packages and a general amnesty... (for the existing) armed formations and civil
service" (ANC 1992:8). The interim constitution thus served as a model of
consensus democracy, while it did not grant veto powers to minority groups, it
did provide cabinet seats to all parties that received at least five per cent of the
electoral vote, and the post of Deputy-President to any party that received 20 per
cent of the vote, and committed the cabinet to rule according to the principle of
consensus.

Just as crucially, the interim constitution, as amended in the run-up to the April
1994 elections, provided for considerable devolution of power to the provinces.
After a few months in government, ANC premiers who control seven of the nine
provinces were as vocal as their Inkatha Freedom Party and National Party
colleagues in KwaZulu/Natal and the Western Cape respectively, in demanding
greater powers for the provinces. An ANC document entitled Strategy and Tac­
tics, tabled at its December 1994 congress, recognized this drift towards federalism
as a great threat both to the central government's ability to implement rapidly
the Reconstruction and Development Programme (RDP) as well as the "need to
build national unity" and avoid "antagonistic racial and ethnic demands" that can
develop from inter-provincial competition for scarce resources (ANC 1994a:3).

The constraints that shaped the political negotiations were mirrored at the socio­
economic level, resulting in significant shifts in economic policy on the part of the
ANC during the pre- and post-election period. The transition in the 1990s
witnessed the rise of pragmatism in the ANC's socio-economic policy perspec­
tives, especially since the organization came to power after the April elections.
In the face of pressure from global and domestic business interests, as well as a
determination to avoid the negative experiences of 'macro-economic populism'
in many developing countries, the ANC's economic policy has gone through
significant shifts since Mandela's call for nationalization on the day of his re­
lease. Nattrass (1994:14) has demonstrated that during 1991 and 1992, the tone of ANC
economic policy became "somewhat milder. ... A business audience was clearly
in mind when some of the more controversial items were formulated...". Padayachee (1994a:20), who makes
a similar point, argued that the decision to
underplay nationalization, the concessions on trade liberalization and exchange
controls, and the refusal to challenge the Reserve Bank's constitutional inde­
pendence, reflected the ANC's accommodation to an essentially market-driven
approach to economic reconstruction.

Trevor Manuel, the former Minister of Trade and Industry and now Finance
Minister, has been at the forefront of this new emphasis. He received numerous
plaudits for his commitment to fiscal discipline and the ending of exchange
Fiscal discipline and controlled government spending are, however, not only the concerns of the Minister of Finance and his colleagues from the previous era in the Reserve Bank. A similar determination to avoid the perils of ‘macro-economic populism’ has also come from former COSATU officials such as Jay Naidoo (former Minister without Portfolio and now Minister of Posts and Telecommunications) and former Deputy Finance Minister and SACP member Alec Erwin (now Minister of Trade and Industry). All three braved the wrath of organised labour when they presented this message to delegates at COSATU’s Fifth National Congress in September 1994. This followed an appeal by State President Nelson Mandela the previous day for workers to “tighten their belts” and think of the unemployed — in effect, appealing for a measure of (voluntary) wage restraint, which would allow South African industries to become more competitive internationally, which he hoped would lead to greater economic growth and more jobs (Financial Mail 16.09.94).

But what of the ANC’s promises to use the levers of government to promote a redistribution of incomes and uplift the material living standards of the poor? Like any modern government, the Government of National Unity (GNU) has to weigh its priorities in terms of an accumulation (economic growth) imperative on the one hand, and a legitimation (wealth and power redistribution) imperative on the other. The ANC and its allies have attempted to marry, and contain the tensions between, these two imperatives through the RDP, which projects a broad social-democratic vision for a post-apartheid South Africa. Given the overwhelming support (amongst left and right) that the RDP has enjoyed since the elections, it seems fruitless to debate its merits and shortcomings here. A more fruitful investigation concerns the overall socio-economic framework and principles that underlay the implementation of the RDP.

In general, the accumulation imperative has been the central focus of global financial institutions and regimes, foreign investors, domestic capital and their political supporters, and state technocrats (as well as the bulk of the mass media). The central argument from these quarters is that new global conditions dictate that substantial economic growth necessary to maintain and develop a modern national economy cannot be achieved outside an engagement with the global economy, and the access this gives to continually advancing high technology. If this is taken as a point of departure, then it follows that South Africa needs to compete on the world market in order to sell more of its products, which in turn means that it would have to operate within the constraints imposed by a global economic order dominated by the interests of the Triad (the USA, European Union and Japan).

And this is precisely what South Africa has done. The last few years of the apartheid regime witnessed the emergence of privatization and monetary policies power the ANC committed itself in a Letter of Intent to the IMF to eliminate import surcharges, maintain a competitive tax structure, contain government expenditure, and develop an export-oriented economic growth path, à la IMF orthodoxy (Business Day, 24 March 1994).

Developments in the Uruguay round of GATT in December 1993 also prompted South Africa to a more liberalized economy. The United States ensured that South Africa was not granted GATT ‘developing country’ status and demanded rapid trade liberalization. Moreover, former United States Commerce Secretary Ron Brown announced in South Africa in December 1994 that foreign aid funds were to be explicitly tied to United States exports. In any case, the recent GATT agreements call for the elimination of subsidies and the lowering of South Africa’s tariffs in several key manufacturing sectors including textiles, clothing, motor vehicles, tobacco, footwear, wood, and transport equipment. One estimate of the impact of these agreements suggests that the fulfilment of GATT requirements would cost the country over R1-billion per year, and an increase of four per cent in total unemployment figures.12

Proponents of GATT suggest that some of the benefits to the South African economy include access to a substantial number of new markets for South African goods, and cheaper imports, most crucially that of equipment and machinery necessary to rapidly expand the economy. According to Hirsch (1994), whether GATT and the World Trade Organization ultimately works in South Africa’s favour or not, depends entirely on how this country operates within this environment to enhance the positive effects and minimize the negative. He argues that while GATT may pose a threat to specific industries in the short- to medium-term, it need not have disastrous implications for the economy as a whole. Part of the options available to South Africa as it manoeuvres within this new environment, he suggests, is the way it relates to other countries of the South vis-à-vis the dominant economic interests of the North.

Nevertheless, the liberalization of the South African economy continued into the post-election period. Some months after assuming office the then Minister of Trade and Industry, Trevor Manuel, announced a significant cut in duties on a range of imported items including automobiles and textiles (Sunday Times, 4 September 1994). He also suggested that further cuts could be expected in the future. In October 1994, Deputy President Thabo Mbeki announced that the GNU was committed to the privatization of public assets as part of a broader financial package to reorganize government finances (The Star, 30 October 1994). Most commentators expect exchange controls to be abolished in the future, following the merging of the financial and commercial rand.

These measures have been justified on the grounds of financing the RDP. While many view the RDP as an alternative development perspective to that of the IMF.
has emerged — one that is grounded in neo-liberal and monetarist principles. Moreover, it would appear that South Africa’s leading financial chiefs are even more zealous than the World Bank and IMF in applying a strictly orthodox economic interpretation of the RDP.

Padayachee (1994b:6) has argued that:

... there is a growing consensus around an economic programme in the GNU, but that, if anything, this is rooted more in the principles of neo-liberalism and a strict economic orthodoxy than in the more (selectively) interventionist and developmental philosophy of the RDP. This may mean that even though a public commitment to the RDP may well be maintained into the short to medium term future, many of its fundamental principles and programmes may be gradually down-graded or discarded.²

Padayachee’s prediction rang true in March 1996 when the RDP office and the Ministry overseeing it were abolished, and their functions and personnel incorporated into the office of the Deputy State President. The RDP has since then all but disappeared from government discourse.

This marginalization of the RDP and the drift towards neo-liberalism became more stark with the release of the government’s Growth, Employment and Redistribution (GEAR) strategy document in June 1996. The document contained no surprises. Predictably, its approach was largely consistent with the government’s earlier economic interventions. Establishing targets of a 6.1 per cent growth rate and the creation of 409,000 jobs per annum by the year 2000, it proposed an accelerated programme of privatization, deregulation, and fiscal restraint. Foreign exchange was liberalized even further, and the government set itself a deficit target of three per cent by 1999 to be realized through the rationalization of the public sector, the elimination and scaling down of some social services, budgetary reform, overhaul of the tax structure, and the establishment of more efficient mechanisms for revenue collection. The government also refused to endorse labour’s proposal for a minimum wage across the whole economy. In its stead, the government advocated a national social agreement to contain wage and price increases as a means to underpin accelerated investment and job creation. As Habib maintains, these “reforms to create a flexible labour market imply the development of two sectors with differential labour standards and wage levels” (1996:12). It is thus difficult to dispute the conclusion of a research report authored by the National Institute of Economic Policy which suggests that the GEAR document’s “proposed framework and policy scenarios represent an adoption of the essential tenets and policy recommendations of the neo-liberal framework advocated by the IMF in its structural adjustment programmes” (1996:1). As if to prove this point, John Camdessus, the executive director of the IMF, stated in a full-page advertisement in the Sunday Independent that the GNU’s strategy (October 1996).

It needs to be noted that this neo-liberal economic approach is being contested within and outside the ranks of the ANC alliance. The legitimation imperative, which involves satisfying the socio-economic interests of a wide range of social forces, strikes a powerful chord in the ranks of many ANC parliamentarians, and amongst COSATU, SACP and SANCO (South African National Civic Organization) activists. COSATU publicly opposed the GEAR document and accused the ANC-led government of abandoning its worker allies. The leadership of the SACP seems divided. While Alec Erwin, an SACP member, was one of the architects of the GEAR strategy, other leaders such as Cronin and Rob Davies have come out against the government’s fiscal conservatism (Cronin: 1994). Moreover, contestation over the neo-liberal economic strategy has found expression through various forms of mass action, including strikes, land invasions and student rebellions.

But the solutions offered by opponents of this neo-liberal economic strategy seem ineffective. Advocates of a more developmentalist economic strategy, reflected in the policy proposals of the Macro-Economic Research Group (MERG) and the Industrial Strategy Project,¹⁷ have succeeded in detailing an alternative to the neo-liberal economic vision. Such advocates, however, have not tied such a vision to a political project that challenges the structural factors (both global and domestic) that condition the choices available to political actors, and in particular the ANC-led GNU.¹⁸

This then leads them to inadequate political solutions. For instance, Padayachee (1994b), who served on the MERG team, argues that our financial representatives need to be more unified in their negotiations with the IMF and World Bank, and for President Mandela to approach United States President Clinton and leaders of the European Union and Japan, to get them to pressure the IMF and World Bank to lessen their ‘conditions’ on South Africa. While this might be useful from the perspective of efficiency, policy coherence and a negotiations strategy, it does not represent a substantial political intervention in countering the government’s increasing orientation towards a neo-liberal growth path. Thus, the relative marginalization of a developmentalist policy in the corridors of economic power.

Some Concluding Reflections

The coincidence of the central features of the South African transition with developments in the global arena are striking and have already been demonstrated. Yet it can be argued that this correlation does not necessarily entail causation. While this is true at a general level since a variety of factors must be taken into account in understanding any domestic transition, what must be noted is that global developments did (and do) establish an environment which crucially
of societal transitions. This realization enables us to understand the close correlation between the societal transitions occurring in a variety of differing domestic situations.

In the context of the South African transition, the collapse of the Soviet Union and the redistribution of capabilities across states that it engendered, dramatically affected the manoeuvrability of the ANC. The structural economic crisis of South Africa, and the need for large-scale financial resources to restructure the economy and narrow the levels of inequality amongst racial groups, made political leaders dependent on the 'goodwill' of the remaining major powers of the international system. Yet since nation states are rational actors, political forces in South Africa recognized that financial and other forms of assistance would only be forthcoming from major powers if it enhanced and maximized their power. Major political actors within South Africa were thus influenced to adopt political and economic arrangements in the domestic and global arena that conformed to the interests of major powers in the international system. The distribution of capabilities across states then represents one of the more important variables that condition South Africa's choices and have promoted the shift in commitments to a procedural form of democracy and a liberalized economic system.

The impact of these central features of the transition on the consolidation of democracy in South Africa are as yet uncertain. But Michael Macdonald's work seems to suggest that power-sharing political arrangements, "while appearing to temper the legacy of apartheid, could be used to preserve some of its fruits for much — no longer all — of the white minority" (1992:725). In a similar vein, Andre Gunder Frank notes that "the best of newly democratically elected parliaments can be no more than an ineffective talk shop if its powers are limited by a constitution and/or judiciary, as well as parts of the executive branch that are holdovers from a previous undemocratic regime" (1993:51). Moreover, Manuel Pastor's work on Latin America indicates that the adoption of liberal macro-economic policies on that continent led "to continuing debt tributary coupled with stagnant growth and regressive redistribution. It is a performance that has hurt the vast majority of Latin Americans while delivering benefits to a thin strand of elites in North and South" (1991:328).

If Macdonald's fears are realized and the experiences of Latin America are anything to go by, the prospects of consolidating democracy in South Africa would seem slim. Since the country's class divisions already take a racial form, increasing concentrations of wealth will, in broad patterns, exacerbate economic inequalities along racial lines. This would likely lead to charges of betrayal, leading to renewed rounds of resistance and instability. Frank argues that while "liberal electoral democracy in 'sovereign' countries is still better than none at all", he points out that:

It is too early to surmise whether Frank's words will ring true for South Africa. But if this scenario is to be avoided, then it imperative that opponents of neo-liberalism recognize that the ANC-in-government's current shift to the right stems from structural features in both the global and domestic contexts. Unless a political project that addresses and challenges these structural features is developed, the drift towards neo-liberalism in South Africa is likely to continue.

Notes
1. Much of this literature is based on the methodology advanced by O'Donnell, Schmitter and Whitehead's (1986) four-volume edited collection entitled Transitions from Authoritarian Rule. For a critique of this study, see Habb 1995.
2. There have been other more successful but short-lived attempts at substantive democracy, most notably Sankara's Burkino Faso and the Sandinista government in Nicaragua. Cuba under Castro, while also suffering from the over-centralization of power as other state socialist experiments, has had a much greater participative character than its former East European allies.
3. The only exception is China, which has retained its centralized political system, while simultaneously liberalizing significant aspects of its economy.
4. The United States' share of global product has declined from more than a third of the total in the immediate aftermath of the Second World War to a little more than a fifth in the 1980s.
5. By the end of the Kennedy Round of GATT negotiations in 1967, tariffs on durable non-agricultural items had declined to approximately 10 per cent in the advanced industrialized countries. In the Tokyo Round, concluded in 1979, tariffs in these countries were reduced to approximately five per cent. See Frieden and Lake 1991:336.
6. Robert Gilpin (1987:190-1) argues that foreign demands for the liberalization of the Japanese economy entail not only the implementation of the basic principles and objectives of GATT, but also involve "a greater harmonisation of Japanese institutions and behaviour..." with those of liberal societies. Such demands thus "challenge inherent and crucial features of Japanese culture, social relations and political structure".
7. Most of these are clustered in sectors such as textiles, electronics, leather goods, steel and automobiles.
8. Manuel Pastor, Jr. (1991) suggests that the IMF's power had been substantially reduced in the 1970s because of Third World countries' independent access to international finance. He accounts for this by arguing that the expansion of world liquidity as a result of "the breakdown of Bretton Woods and the recycling of OPEC's dollar-denominated trade surpluses", encouraged banks to shift their attention to Third World borrowers. This situation changed in the 1980s as a result of the debt crisis. Banks were no longer willing to lend to Third World countries. This provoked a crisis because if banks insisted on prompt repayment and refused new credit, debtors had every incentive to default and bring down the international financial system. The IMF, by threatening to withhold fund credit to problem debtors, forced the banks to continue lending to Third World countries. Pastor thus concludes that "[w]ith expanded the IMF's command over resources beyond the stock of currencies already in its possession. At the same time, IMF control over Latin America was enhanced by the Fund's virtual monopoly.

10. For one of many critiques of colonialism-of-a-special-type, see No Sizwe 1979.

11. For an explanation of the consociational and majoritarian models of democracy, see Lijphart 1977. The ANC's initial proposals are contained in the document entitled *Minorities and Democracy*, which it submitted to the Convention for a Democratic South Africa (CODESA) in 1992 (see ANC 1991).

12. This term is used by Lijphart (1984) to describe a 'lesser' version of his consociational model of democracy.

13. This term was popularized in South Africa by the 1992 Mont Fleur scenario planning report, which was sponsored by Shell Corporation, among others. Mont Fleur brought together a range of key leaders in COSATU, the ANC, business and the state, and achieved a remarkable consensus on the need to avoid 'macro-economic populism'. By this was meant, among other things, yielding to the popular demand for massive state spending that went beyond the means of the fiscus, resulting in dramatically improved living standards for vast sections of the population in the short-term, but spiralling inflation and indebtedness in the medium- to long-term (as in countries like Argentina during the 1980s). This report — which was widely disseminated — arguably had a profoundly 'sobering' effect on the leadership of the ANC and in many ways marked the beginning of a convergence of thinking on economic policy amongst the key parties that later formed the GNU. (See *Mont Fleur Scenarios, South Africa, 1992-2002*, *Weekly Mail* 1992).

14. Mandela said that "the nationalisation of the mines, banks and monopoly industry is the policy of the ANC and any change or modification of our views in this regard is inconceivable" (Sowetan, 05.03.90).

15. This estimate was made in two articles on GATT published in *Africa: South and East*, February 1994.

16. For a comprehensive critique of the macro-economic policy proposals contained in the RDP White Paper (which is meant to set the parameters for the implementation of the RDP), see Adclzadch and Padayahec 1995. They observe that neo-liberal macro-economic policies sit uncomfortably with the document's claims to remain 'people-driven' and to "break decisively with the exploitative and cheap labour policies of the past, and a commitment to race and gender equality". The result is an "incoherent and fragmented" White Paper that departs significantly from the original document (p.13). Ben Fine (1993:31) also makes the point that government policy making "is being made in spite of and outside the context of the RDP".

17. MERG was sponsored by the ANC and COSATU, while the Industrial Strategy Project (ISP) was solely a COSATU initiative. For the MERG proposals, see MERG 1993, and for a discussion of the ISP initiative, see Joffe *et al* 1993.

18. A recent discussion document of the SACP (1994:37) provides elements of a structural critique of the drift towards neo-liberalism but falls short of developing a credible alternative political strategy, beyond the call for the Left to be "the most consistent force for thorough-going democracy, which we should understand to be the transformation of all power". This failure is a reflection of the current weakness of the Left as a whole, both at the ideological level and that of human and physical capacity.

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