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Post-apartheid South Africa is characterized by centralized, neo-liberal policymaking that perpetuates, and in some cases exaggerates, socio-economic inequalities inherited from the apartheid era. The African National Congress (ANC) leadership’s alignment with powerful international and domestic market actors produces tensions within the Tripartite Alliance and between government and civil society. Consequently, several characteristics of ‘predatory liberalism’ are evident in contemporary South Africa: neo-liberal restructuring of the economy is combined with an increasing willingness by government to assert its authority, to marginalize and delegitimize those critical of its abandonment of inclusive governance. A new form of oligarch power, combining entrenched economic interests with those of a new ‘black bourgeoisie’ promoted by narrowly implemented Black Economic Empowerment policies, diminishes prospects for broad-based socio-economic transformation. Because the new policy environment is failing to resolve tensions between global market demands for increasing market liberalization and domestic popular demands for poverty-alleviation and socio-economic transformation, the ANC leadership is forced increasingly to confront ‘ultra-leftists’ who are challenging its credentials as defender of the National Democratic Revolution which was the cornerstone in the anti-apartheid struggle.

Key words: South Africa; democracy; African National Congress; neo-liberal; empowerment

Our movement and its policies are also under sustained attack from domestic and foreign left sectarian factions that claim to be the best representatives of the workers and the poor of our country. They accuse our movement of having abandoned the working people, saying that we have adopted and are implementing neo-liberal policies ... They are therefore contemptuous of the goals that our national liberation movement has pursued since its foundation (Thabo Mbeki).¹

South Africa exhibits that most bitter of social outcomes: destitution amid plenty (Willie Madisha).²

South Africa’s third democratic elections in April 2004 marked the tenth anniversary of the end of political apartheid and further solidified the position of the African National Congress (ANC) as the country’s dominant political force. The decision four
months later by the New National Party (NNP) to join ranks with the ANC is perhaps the most poignant manifestation of the political hegemony currently enjoyed by the ANC. The Tripartite Alliance – comprising the ANC, the South African Communist Party (SACP) and the Congress of South African Trade Unions (COSATU) – has been instrumental in the ANC’s pursuit of liberation before 1994 and its electoral success ever since. The ANC is, for the foreseeable future, likely to retain its strong hold on South African politics. Therefore alignments within the Alliance and the ANC leadership are as likely to have a significant impact on future political and policy trajectories as are challenges to the ANC from without. In the words of Marthinus van Schalkwyk, former leader of the now defunct NNP, ‘the real debate on the future of the country is within the ANC and not outside’.

This article attempts to explain how the ANC government’s acceleration of neoliberal economic restructuring in the 1990s became an instrument – conceptualized here as ‘predatory liberalism’ – for empowering (ANC) elites’ hold on state power and for, simultaneously, marginalizing and disempowering opposition to this neoliberal turn from within the Alliance and from society in general. Predatory liberalism comprises ‘a more generic cocktail of market capitalism, state authority and oligarch power that will constitute a new defining element of the global order’. The South African case is approached in the context of these predatory elements that are all evident in post-apartheid South Africa: a cocktail of market capitalism the neoliberal restructuring manifested in the Growth, Employment and Redistribution (GEAR) macro-economic programme, state authority (government neoliberal restructuring and black empowerment as instruments for disciplining and marginalizing opposition) and oligarch power (entrenched apartheid-era capitalists along with an ANC-affiliated emergent ‘black bourgeoisie’). South African politics and policy trajectories should be understood in the context of an ongoing struggle by governments with often conflicting demands by global market actors and local populations throughout the global South.

Charting a series of interrelated attempts by the ANC government to create a post-apartheid order which it can control fully at the domestic level, the article proceeds as follows: first, the government’s ‘neo-liberal conversion’ to an unequivocally market-oriented strategy for national development is examined. Second, the resulting ‘predatory liberalism’ is analysed; as a tool for disciplining internal and external opposition to the government’s political strategy, this form of neo-liberal statecraft becomes a preferred outcome of neo-liberal socio-economic organization, rather than an unfortunate outcome of sincere attempts to improve prospects for economic growth that can eventually produce pro-poor benefits. Third, Black Economic Empowerment (BEE), the principal strategy for embourgeoisement of key ANC cadres and a manifestation of predatory liberalism ‘in action’, is considered in the context of government claims to be pursuing a radical socio-economic transformation. Fourth, the emerging conflict between the ANC leadership and its Alliance partners and between state and segments of society is explored in the context of government intentions to forge a redistributive and developmental governing coalition. The article concludes with some thoughts on post-apartheid South Africa as a ‘typical’ example of liberal statecraft in the contemporary era.
A Neo-liberal Conversion?

A standard interpretation of the South African transition to non-racial democracy is that it was facilitated by a ‘pacted transition’ between the apartheid regime and the ANC.\(^5\) The National Party (NP) realized that it would be too costly to cling on to the political status quo and thus decided to negotiate as beneficial a deal as possible for its constituency while at the same time relenting to the pressures for (non-racial) democratic rule. The NP’s decision to act was reinforced by an increasing sense among the country’s leading capitalists (such as the Oppenheimer family) that apartheid was becoming increasingly costly and counterproductive, thus threatening the very survival of South African capitalism.\(^6\) The ANC recognized it could not overthrow the apartheid regime militarily, and that constraints on policymaking relating to the fall of communism and an emerging neo-liberal economic hegemony would preclude more radical pursuits of nationalization and redistribution if economic collapse were to be avoided.

The strategic interaction between the two major parties involved in the transition has been characterized by Waldmeir as a masterful outmanoeuvring of the NP by the ANC, but also by Marais and, especially, Bond and Saul, as a process of co-optation (setting the stage for a subsequent ‘betrayal’) of the ANC by corporate elites at home and abroad, aided and abetted by the NP.\(^7\) However the outcomes of this particular transition are characterized, the theoretical notion of a ‘pacted transition’ necessarily entails significant constraints on the parties involved.\(^8\) Because the ANC could not afford radically to alter ownership patterns and the structure of the South African economy, its goal of a more equitable society would have to be pursued within the constraints imposed by the ‘realities at hand’, namely, the global pressures for conforming to neo-liberal policymaking.\(^9\)

Recognition of . . . fiscal realities was facilitated by the involvement of the ANC in discussions with the National Party government, white-led business interests, the [International Monetary Fund] and other economic bodies during the transition period . . . ‘The ANC is probably the only liberation movement in history to speak of financial discipline before it assumes power’.\(^10\)

Choosing a neo-liberal path of economic management, the ANC distanced itself from part of its ‘struggle legacy’. It has, according to one of its notable critics, ‘pursued a brand of deeply compromised quasi-reformism’.\(^11\) Following the 2004 elections, the arch-conservative American Enterprise Institute noted approvingly that ‘to its great credit, the ANC in office could not have proved the naysayers more wrong as it became the very model of fiscal and monetary policy rectitude’, adding that increasing market orientation will of course be necessary.\(^12\) However, during the struggle against apartheid, liberating South Africans from the exploitation of a (primarily) race-based oppression was generally linked with a challenge to the capitalist foundation on which rested the apartheid state and the entire Southern African political economy. Despite the recent hegemony enjoyed by neo-liberal thought and practice, another world was indeed deemed possible in the decades preceding 1994.
The ANC and Socialism

Situating the neo-liberal turn in a larger African perspective, Adesina suggests that whereas African elites in the 1970s were inspired by Amilcar Cabral’s injunction to commit ‘class suicide’, thus becoming a ‘petty bourgeois class with proletarian/peasant aspirations’, they moved in the 1980s and, particularly, 1990s to become a ‘petty bourgeoisie with bourgeois aspirations’. This was a transformation of class aspirations profoundly shaped by universalizing global market pressures generally referred to as ‘globalization’ and a path followed by several African national liberation movements that have become dominant governing parties, such as Zanu in Zimbabwe, the South West Africa People’s Organization (SWAPO) in Namibia and the Mozambique Liberation Front (FRELIMO) in Mozambique. After all, if contemporary China is guided by Deng Xiaoping’s dictum ‘to get rich is glorious’, it is not surprising that a South Africa governed by the not-so-easily-defined ANC, in alliance with the SACP and the ostensibly socialist COSATU, exhorts its newly emergent black bourgeoisie to become ‘filthy rich’, as did then Deputy Trade and Industry Minister (a former trade unionist and now Deputy President) Phumzile Mlabo-Ngcuka in 1996. That same year President Mbeki brushed off criticism for presenting the GEAR macroeconomic programme as non-negotiable by inviting his critics to ‘simply call me a Thatcherite’.

Mbeki insists that the ANC has never been a socialist movement. While still a banned ‘communist’ in exile, Mbeki proclaimed that ‘the ANC is not a socialist party’, and it would not become one for ‘the purpose of pleasing its “left” critics’. Considering the ANC’s role as a ‘broad church’ in the struggle against apartheid, socialism was never of singular importance within the organization. However, given the assertions of the 1955 Freedom Charter, and the socialist spirit in which many ANC members were educated and took up the struggle, the neo-liberal post-transition politics have disappointed many Alliance supporters. The current political trajectory seems to many in the Alliance a betrayal of the National Democratic Revolution (NDR) which outlines the history of struggle against white domination in South Africa. It refers (in very general terms) to the goal of creating a ‘united, democratic, non-racial, non-sexist and prosperous society’ where the African poor and workers, led by the ANC in a broad national liberation movement, are the ‘main motive force’ and of which the Reconstruction and Development Programme (RDP) is a key manifestation. The NDR has been a cornerstone of the anti-apartheid struggle, and the ANC recently reaffirmed its identity as a liberation movement and its commitment to the NDR during its second National General Council (NGC) in Tshwane in June–July 2005.

By referring to the manifestly socialist aims of the anti-apartheid struggle, symbolized by the Freedom Charter and the NDR, the apartheid government claimed to be fighting not against African democratic aspirations, but rather against a movement that was part of a global communist threat to the ‘free world’. In apartheid parlance this communist threat was known as a rooi gevaar (a ‘red danger’), a term more politically expedient for the apartheid regime than the blatantly racist notion of a swart (black) gevaar. Today some within the leadership ranks of the
ANC are, with their sometimes virulent rhetorical attacks on its left critics labelled ‘ultra-leftists’, conjuring up a new *rooi gevaar* albeit with an obviously different approach to that ‘threat’ than in the past (public castigation in the political arena rather than violent oppression).\(^{20}\) Moreover, the ANC’s idea of a black ‘patriotic bourgeoisie’ bears some resemblance to previous NP policies aiming to promote a black middle class that would serve as a ‘buffer between the white minority and black masses’ following the Soweto riots of 1976.\(^{21}\) SACP General Secretary Blade Nzimande suggested ‘strong continuities’ between apartheid-era Black Advancement policies and BEE policies today in a speech on the eve of the ANC’s 2005 NGC.\(^{22}\) Crucially, both governments have approached the issue of a black (or patriotic) bourgeoisie instrumentally, viewing it as a tool for deflecting popular resistance to a capitalist order and the destructive effects of capital accumulation and dispossession.

*Post-Apartheid Policy*

Szeftel suggests that the ANC had three broad options when taking power in 1994. It could embark on a ‘revolutionary path’ of expropriation of the commanding heights of the economy and engage in comprehensive redistribution by compulsion by directly confronting domestic and capital interests, thus forcing the ANC to ‘become what it had never been, a revolutionary party’. It could embark on a ‘radical reforming path’ where liberal political institutions were combined with high taxation and spending along with some nationalization as envisaged by the Freedom Charter and, to a lesser extent, the RDP; or it could choose the ‘neo-liberal option’ symbolized by GEAR and the reliance on linking up with the global economy and improving competitiveness to fund development with growth that ought to eventually trickle down. According to Szeftel the government has since the 1994 elections ‘moved progressively away from the second option towards the third’.\(^{23}\)

Southall doubts that ANC policy can be considered neo-liberal. He likens it more to a ‘pro-capitalist, interventionist state’ than a ‘minimalist state’.\(^{24}\) Nevertheless, it is the general package of economic policies adopted by the ANC – emphasizing fiscal stringency, foreign direct investment, further integration into global markets and market solutions to problems of uneven development – that is appropriately considered neo-liberal. Nevertheless, it seems that the government wishes at times to emphasize historical continuity with the anti-apartheid struggle rather than the neo-liberal contents of its current policies. The ANC chose the theme ‘A people’s contract to advance the vision of the Freedom Charter’ for the 2005 NGC, where important new documents on political strategy and tactics, unity of the movement, development, the national question and the ANC’s organizational design were debated. The choice of rhetoric cannot, however, hide the fact that the government policies are increasingly divorced in substance from struggle era ideals.

GEAR, the government’s neo-liberal macroeconomic policy framework, is the most decisive economic strategy embarked upon by the ANC government. According to its critics, GEAR is the ANC’s main contribution to the foundation for a ‘predatory liberalism’ that is also being established via the overarching (neo-liberal)
restructuring of the global economy and the profound impact that is having on
the Southern African region. Whether or not adopting GEAR really represented
a ‘U-turn’ and betrayal of the principles of the Freedom Charter and the RDP,
or whether GEAR simply was an acceleration of an already determined policy
trend – that is, a ‘natural expression’ of the leadership’s bourgeois character –
is still a matter of contention. In any event, Michie and Padayachee argue the ANC
had rejected neo-liberal policies ‘for most of its history’.25

GEAR is contentious within the Alliance and among South Africans in general
because it has not yielded its expected results. Unveiled in June 1996, GEAR’s key
targets were: economic growth of 6 per cent a year by the year 2000; accelerated
job creation, reaching 409,000 jobs annually after the year 2000; an inflation rate
below 10 per cent throughout 1996–2000; average annual non-gold export growth
of 8.4 per cent during the 1996–2000 period; a rise in gross domestic savings from
18 per cent to 22 per cent of Gross Domestic Product (GDP); increased gross domestic
investment from 20 per cent to nearly 26 per cent of GDP in 2000, with an average
annual real private investment growth of 11.7 per cent; an inflow of foreign invest-
ment equivalent to almost 4 per cent of GDP; and a reduction of the budget deficit
to 3 per cent of GDP.26 Such economic growth and job creation would help South
Africa transcend its legacy of uneven development and division.

By the early 2000s, GEAR had failed to deliver on its projections in all areas
except lowered inflation, budget deficit reduction and export targets. Regarding
the ‘success’ with inflation policies, it is not clear that pursuing low inflation at the
cost of increasing societal hardship is a productive long-term strategy in developing
countries such as South Africa.27 In fact, South Africa has performed substantially
worse in terms of GDP growth, levels of investment and unemployment than other
transitional economies such as Malaysia, Chile, South Korea, Egypt, and Brazil
during the 1990s and into the new century. GDP growth since 1994 is barely
keeping up with population growth and therefore almost unchanged on a per capita
basis. The real GDP growth of 2.4 per cent in 1995–99 fell far short of the 6 per
cent annually as predicted by GEAR and necessary to provide the currently unem-
ployed and new job market entrants with jobs. Official unemployment increased
from 16 to 30.5 per cent between 1995 and 2002 and is still not falling. GEAR has
failed to attract vital investments in productive assets and policies supposed to
create hundreds of thousands of new jobs have instead resulted in the official
economy shedding that many jobs. More than 500,000 jobs have been lost since
1996. In 1997–98 alone non-agricultural employment fell by almost 6 per cent and
almost 9 per cent of all gold miners lost their jobs during the first nine months of
2000 as the price of gold tumbled on international markets. These job losses are of
even greater consequence than their numbers indicate, considering that each
worker supports many other people financially.28

Persistent and potentially accelerating neo-liberal restructuring of the South
African economy is of crucial importance for the country’s development prospects,
the future of the Tripartite Alliance and the possibilities for broad inputs by societal
stakeholders into the national policymaking process. Whether this restructuring will
eventually produce the economic dividends with which underdevelopment can be
overcome – the currently debated move into a ‘post-GEAR’ policy environment where industrial and development policy resumes a more significant role – remains to be seen. A more immediate effect is that government’s commitment to cooperative governance has become neglected and the voice outside central government and big business weakened.

**Predatory Liberalism**

While neo-liberal reforms may be intended to enhance the overall capacity of government, they in fact produce rather different outcomes in divided societies such as South Africa (characterized by generations of uneven development); what emerges is the ‘generic cocktail’ of market capitalism, state authority and oligarchic power alluded to in the introduction. Instead of improving the institutional, regulative and macro-economic environment to comprehensively strengthen government capacity, neo-liberal reforms strengthen key decision-making elites within government while at the same time weakening and marginalizing other actors that may be critical of government policies. These reforms weaken potential centres for intellectual, policy and even popular opposition to government policies that are generally embraced by market actors (never mind the business community’s disappointing response, in terms of new investments and job creation) but so contentious within the Alliance and among South Africans in general.

This sort of neo-liberal statecraft is ‘predatory’ on democratic governance because it marginalizes the political opposition and pluralism that characterizes a consolidating democracy. Ultimately neo-liberal statecraft is also predatory on the people who are already poor because it constitutes a continuation of what the German revolutionary leader Rosa Luxemburg (1871–1919), and contemporary scholars such as David Harvey, have described as ‘accumulation by dispossession’. This is a historical process inherent in the capitalist mode of production whereby extending market imperatives locally and then globally produces increasing concentration of wealth for the relatively few, with increasing marginalization for the many who are unable to take part in the great wealth creation of which capitalism has always been capable. Accumulation by dispossession exists in both old (crude) and new (sophisticated) forms, from forced land removals to the enforcement of intellectual property rights, backed up by economic, political and sometimes military pressures by dominant powers.

Most accounts of the neo-liberal turn in economic governance in developing countries tend to emphasize whether reforms stem from governments pursuing home grown policies they genuinely believe will lead to broad-based development, or whether they are simply ‘seduced’ by the prevailing neo-liberal hegemony in development thinking and the institutional processes of co-optation provided by western governments, global capital and international financial institutions. This kind of cooptation includes placing important leaders from ‘emerging market’ countries in prominent (if symbolic rather than substantial) positions in international governing bodies. Between 1994 and 2001 alone, South African politicians presided temporarily over, among other international bodies, the United Nations Security Council, boards of governors of the IMF and World Bank, the UN Conference on
Trade and Development, the Commonwealth, the Non-Aligned Movement, the Organization of African Unity and the Southern African Development Community.\textsuperscript{31}

The influence of powerful market actors in South Africa is certainly important, as is the government’s desire to produce workable policies that enhance economic and social welfare. However, the current policy shift also constitutes a practical means for the ANC to strengthen its hold on (state) power by appeasing powerful constituencies and, importantly, by marginalizing the ‘internal’ left and civil society. Neo-liberal governance thus becomes a strategy that is desirable from a political–strategic perspective (retaining, and increasing, hold on state power) as well as, ostensibly, from an economic–developmental perspective (improving governance and the ability to resolve problems of underdevelopment). The economic–developmental objective has in contemporary South Africa become subordinated to the political–strategic imperative.

The neo-liberal hegemony promoted by key actors in the global economy has strengthened the position of the ANC leadership.\textsuperscript{32} As a result policymaking has become concentrated in a ‘neo-liberal clique’, centred on the President, key ministries – Finance (Trevor Manuel), Public Enterprises (Alec Erwin; previously Trade and Industry), the Presidency (Essop Pahad) – and the Reserve Bank (Tito Mboweni).\textsuperscript{33} Policymaking has, according to Bassett, become ‘relatively closed, hierarchical and expert-driven . . . [making] it difficult for popular movements to participate’.\textsuperscript{34} The SACP and COSATU have consequently found their positions weakened by a simultaneous erosion of their influence on key policymakers and the eroding legitimacy of their ideological stance (questioning the benefits of neo-liberal restructuring and ‘trickle-down’ economics). Cooptation into the ranks of capitalists also weakens their ability to mount a strong challenge to neo-liberal policies. Both the SACP and COSATU have become ‘comrades in business’ by setting up investment companies with the intent of becoming ‘institutional stakeholders’ in the capitalist South African economy, described by Gevisser as ‘one of the quietest and most profound revolutions of post-apartheid South Africa . . . [and] so radical a departure from traditional labour values’.\textsuperscript{35}

The international business community has been quick to endorse such developments. According to Philip Gawith of the \textit{Financial Times}, ‘when the bright young blacks have turned their backs on politics and are intent instead on making a fortune, that will be the signal that South Africa has grown up’.\textsuperscript{36} Neil van Heerden, Executive Director of the South Africa Foundation which represents South Africa’s major domestic and multinational corporations, notes improving ‘quality linkages’ between the government and big business, and a new ‘legitimacy of government’ that stems from its willingness to break away from ‘old thinking’ and attracting ‘clever people in departments dealing with the economy’.\textsuperscript{37} An important disciplining effect of the new economic environment is that business threats to export jobs and move non-sunken assets abroad become increasingly credible. Government’s ability to draw experienced officials from the ranks of unions and other non-governmental bodies into government erodes further the intellectual and organizational capabilities of Alliance partners and other organizations that may oppose government policy. The appeal of making such a move is undoubtedly
enhanced by the possibility of subsequently moving from a good position in government to the lucrative private sector, as many former government officials have done.\textsuperscript{38}

Non-governmental organizations (NGOs) and other groups involved in the anti-apartheid struggle have also seen their influence wane as the ANC leadership now seems less interested in actively keeping these actors mobilized and involved in crucial debates on the country’s future.\textsuperscript{39} Of course, the marginalization of civil society has also resulted in a revival of some forms of local organizing, but the new movements may work confrontationally against government as much as cooperatively with it.\textsuperscript{40} Isolated from societal stakeholders and critics within the Alliance, the ANC leadership negotiates the future of South Africa with other elite actors, articulating a rhetorical ‘leftist stance’ while adhering to ‘a “systems maintenance” policy regime for domestic and international capitalist interests, with marginal benefits for the poor who are stated to be the reason d’être of the party’.\textsuperscript{41} The ANC is playing a role increasingly familiar to former liberation movements and established welfare state governments alike, namely that of dismantling established social pacts in the name of improving efficiency, business friendliness and competitive integration into the global economy.

\textbf{Beyond the Post-War Welfare Compromise}

Friedman and Chipkin describe economic apartheid as producing a social pact between (white) capital, labour and the state.\textsuperscript{42} Afrikaner nationalist programmes of empowerment (including what became apartheid) provided, according to Minter, Afrikaners the means of:

getting into that system [of British dominated capitalism], not replacing it. Their anti-imperialism and anti-capitalism, however strong rhetorically, was limited by the imperative of cooperation in exploiting Africa’s material and human resources.\textsuperscript{43}

This South African ‘social pact’ resembles in some basic economic (if not political) aspects the ‘historical compromise’ between corresponding actors in Europe which produced the ‘embedded liberalism’ of the European welfare states after the second world war.

As the South African arrangement was a ‘whites only’ pact, a key goal for the ANC was integration of all South Africans into this welfare-producing pact. If one replaces in Minter’s analysis (above) anti-imperialist with anti-racist rhetoric, Afrikaner motivations were not entirely different from motivations of a ‘black bourgeoisie’ today. It is perhaps an odd twist of history, then, that the organization which struggled against apartheid, and in some ways also (white) capitalism, should now manage the neo-liberal turn which erodes possibilities for maintaining, never mind extending, the (racially) very circumscribed welfare state to which its supporters were the net contributors (but never the beneficiaries).

Welfare states built on broad, mutually reinforcing, pacts between different societal actors have been eroded gradually worldwide since the 1980s, most obviously the social democratic welfare states of Western Europe – from Britain’s ‘New Labour’ to German and Swedish social democrats – now opting for
increasingly market driven solutions to manage global market pressures.\textsuperscript{44} This process will be more volatile in South Africa than in relatively egalitarian European societies. South African workers simply have more to lose than do Europeans who are not negotiating against as lowly a bottom line as are South Africans. A popular response is already evident. Recent polls suggest ‘a progressive decline’ in public support for government policies, with support among wealthier South Africans (many whites and the emerging black upper class) increasing and support among poorer South Africans (mostly black) decreasing.\textsuperscript{45} Public perceptions of the government’s BEE strategy, which is understood widely as providing well-connected black businessmen with opportunities for further enrichment while doing little to promote genuine transformation, exacerbate scepticism and cynicism among (poorer) South Africans worrying that government responses to persistent mass unemployment and poverty are insufficient or even disingenuous.

**Black Economic Empowerment**

BEE is a broad set of policies modelled on ‘affirmative action’ policies elsewhere and intended to provide better access to the marketplace (including education, job training, hiring and promotion) for previously disadvantaged South Africans. To comply with BEE, companies must act to promote appropriate black ownership and black representation at all levels of operation, from entry-level employees to highest level executives.\textsuperscript{46} Emerging (black) market actors have generally supported BEE, while established (white) ones have taken a more cautious approach. Big businesses have been more receptive to arguments for BEE than have small ones, the latter more concerned about (short-term) costs of compliance. It has, however, not been considered politically expedient for any market actors to oppose strongly the fundamental idea underlying BEE, namely that both private and public sectors have a responsibility ensuring that previously marginalized South Africans are integrated at all levels of the economy, and that such integration is in the long-term interest of all parties involved. According to Colin Reddy of BusinessMap, which monitors BEE compliance by companies in South Africa, ‘business people are talking largely about the details of implementation [of BEE policies], rather than expressing total opposition to the very notion [of BEE]’ (quoted in *Business Day*, 1 April 2005).\textsuperscript{47}

A BEE Commission, headed by former ANC Secretary General Cyril Ramaphosa, was created by the government in 1998 to evaluate progress on black economic empowerment, and a 2005 BusinessMap report notes that BEE has ‘altered considerably’ the demographic makeup of South African business leaders. BEE transactions worth approximately 150 billion Rand have been concluded since 1994, with more than 50 per cent of this total value being generated in the financial services and (natural) resources sectors. While virtually no businesses are exempt from BEE requirements, it is larger businesses that are best positioned, and able, to implement BEE transactions. Although these deals have benefited both emerging black elites and middle classes, these are sectors of the economy which tend to involve a narrow (already wealthy) segment of black South African society, although the number of individuals and firms involved has increased from the early years of BEE. The
report recognizes that BEE has a problem with perception: ‘it has struggled to present itself as a process that seeks more than the acquisition of equity for black individuals’. Indeed, of the approximately R30 billion value of BEE transactions in 2003, about 72 per cent of this value involved the ‘Big 6’ BEE consortiums: ARM, Mvelaphanda, Shanduka, Safika, Kagiso and Tiso.

Essential for understanding motivations behind ANC policymaking today is the process of embourgeoisement of key cadres from the anti-apartheid struggle, individuals such as Saki Macozoma, Popo Molefe, Jay Naidoo, Cyril Ramaphosa and Tokyo Sexwale who emerged from the anti-apartheid struggle into key political and (then) corporate positions in the post-apartheid era. Macozoma, Molefe and Ramaphosa are all members of the ANC’s National Executive Committee (NEC), and few South Africans can compete with Ramaphosa’s corporate connectedness; he is Chairperson of Bidvest Group, Johnic Holdings, Capital Property Fund, MTN Group and several other major corporations which he represents as chairperson, or in various other positions. A rapid integration of ANC cadres into existing national and global structures of economic power is a key ingredient in the government’s strategy for establishing control of the state and effectively marginalizing ‘left-wing’ critics of this newfound role for the ANC leadership. Thus BEE becomes a key manifestation of predatory liberalism ‘in action’: a powerful policy instrument with which the government can provide patronage, mete out ‘punishment’ (by rejecting particular BEE deals or excluding particular individuals from access) and co-opt opposition within the Alliance by providing links from political positions from which opposition is mounted (for example, in the SACP, COSATU and ANC Youth League) to lucrative corporate appointments.

However, the extent to which a black/patriotic bourgeoisie is really gaining control of the commanding heights of the South African economy, and the degree to which the rise of this new bourgeoisie produces a capitalist system more attuned to marginalized South Africans, is most probably exaggerated. Surveying the fortunes of BEE-linked activities (and black capitalism in general) since 1994, Southall concludes that ‘by far the most important point is that blacks have made extremely limited inroads into the ownership, control and senior management of the private corporate sector.’ Black ownership of the JSE Securities Exchange fell to below 4 per cent at the end of the 1990s, from a peak of about 10 per cent in the mid-1990s. In the private sector, 98 per cent of executive director positions of JSE-listed companies were still white in 2002.

This lack of broad transformation of economic ownership is symptomatic of the emergence of and reliance on ‘capitalists without capital’, which ensures that many new capitalists are beholden to already established capital and banking for the loans making their acquisitions possible in the first place. Moreover, black South African capitalists are no more likely to base their operations on concerns for the poor than are white capitalists. According to Friedman and Chipkin, ‘there is a deep gulf between the policy preoccupations of the elite, regardless of ideological stripe, and the poor’. Mzi Khumalo, a former political prisoner who became Chairman of the mining holding company JCI, remarked on the issue of corporate responsibility (towards the unions): ‘we are here to run a business. I am not for any
of this brotherhood stuff’. Khumalo authorized the retrenchment of thousands of mine workers from JCI, before the company folded and he was forced to quit following allegations of serious mismanagement. This suggests that while black empowerment is being pursued it is also superficial, at least in terms of what the ANC is ostensibly hoping to achieve: effectively linking black capital with broad-based development over the long term.

The difficulty of transforming capital ownership structures casts serious doubt on the abilities and desire of any ‘patriotic bourgeoisie’ to act independently, assertively and in solidarity with the working class and impoverished strata of South African society, and thus its ability and desire to promote and support policies and projects ensuring a broad distribution of the ‘fruits’ of capitalism. Perhaps this should not be entirely surprising, considering a younger Mbeki’s proclamation that:

black capitalism, rather than being the antithesis [to white capitalism exploiting black South Africans], is rather confirmation of parasitism, with no redeeming features whatsoever, without any extenuating circumstances to excuse its existence.

It is in part the perceived hypocrisy of a government that combines alliances with socialist organizations and liberation rhetoric in political speeches with hard-nosed pro-business policies (‘talking Left, walking Right’) that has given rise to conflict within the Tripartite Alliance and between government and marginalized sections of society.

**Confronting the Alliance**

Since coming to power in 1994, the ANC government has faced constant criticism for not being responsive to other parties and for moving South Africa in the direction of a ‘dominant-party state’, one that is (increasingly) prone to consider support for the ANC itself as the key indicator of ‘progress’ or ‘democratic values’ among South Africans. Such criticisms are oftentimes perceived as ‘right’ or ‘liberal’ in origin. The ANC has also been criticized, usually from the ‘left’, for being intolerant of internal criticism. Jeremy Cronin, Deputy Secretary of the SACP, accused the ANC of ‘Zanufication’ of its party structures (referring to the authoritarianism of Zimbabwe’s governing party) when speaking in 2002 about the supposed lack of internal dialogue and tolerance of (left) dissent. The former political prisoner and member of the ANC’s NEC went so far as to accuse the ANC leadership of ‘very brutal … dictatorial dealings with the left’. Cronin was severely rebuked by the ANC and later offered a public apology for airing his discontent regarding ‘internal party matters’. ANC Spokesperson Smuts Ngonyama insisted that ‘No member of the ANC National Executive Committee has the right to attack the ANC in [that] manner’.

Whether or not criticism of the ANC from a variety of sources (Alliance members, opposition parties, civil society and academics) is justified, it is noteworthy that the ANC leadership has reacted quite harshly to perceived dissent. At the 50th ANC National Conference in December 1997, then President Nelson Mandela and Vice
President Mbeki made uncompromising and well-publicized statements of disapproval regarding internal dissent within the Alliance, especially the SACP’s opposition to GEAR. President Mbeki has subsequently implicated ‘left sectarian factions’ in an ‘offensive against our movement’. Other ANC leaders (for example, Jabu Moleketi and Josiah Jele) see an ‘ultra-left’ plot aiming to destabilize the ANC government, and Nattrass and Seekings note high tensions within the Alliance. McKinley and Johnson find evidence that members in all three Alliance organizations are increasingly alienated due to their (perceived) inability to play a meaningful role in ANC policy deliberations. This is a serious problem given the ANC’s official emphasis on co-operative and inclusive governance.

Harsh responses by ANC leaders to criticism and dissent have both ‘disciplined’ and ‘outraged’ its critics, although it is not clear what long-term effects of such reactions will be. So far the response from Alliance partners has been somewhat confusing. For example, while COSATU has opposed in principle many of the government’s initiatives, such as privatization, the organization has at the same time been at pains to argue that the Alliance is alive and well, and that the ANC government is acting in the long-term interests of South African workers and the poor. COSATU’s post-election CEC Political Discussion Paper considers the 2004 ANC election victory a ‘working class victory’.

There exists a cognitive dissonance between, on one hand, COSATU’s recognition that the government is committed to a fundamentally market-driven economy and, on the other hand, their claim that the 2004 elections were a ‘victory for the progressive working class’, a working class that presumably prefers the socialism (or at least social economy) to which COSATU is committed. The COSATU report also complains about devious ‘extreme left groupings’—employing an inflammatory ‘rooi gevaar’ rhetoric similar to that emanating from the ANC—that are supposedly attempting to undermine the government and its ability to work with Alliance partners in delivering its development agenda. This ‘extreme left’ is, however, dismissed by concluding that it has not been able to thwart the ANC’s electoral success and is faulted for not recognizing that ‘our struggle’s principal contradiction remains the national question’ (i.e. liberating Africans from national oppression) rather than the class struggle. This sort of argumentation, which prioritizes national or racial/ethnic struggle over class struggle, is at the very least theoretically problematic for an ostensibly socialist organization. A recently published ANC discussion paper on the ‘national question’, intensively debated at the 2005 NGC, persists in intertwining issues of race and nationality with those of class, thus undermining the sort of straightforward class focus that could unite South Africans of all backgrounds in the struggle against inequality.

Despite confidence in the ‘workers victory’ and the ANC’s capacity to lead, the COSATU report does note some potential problems in intra-Alliance relations. The 2004 ANC election manifesto ‘was not as inclusive as in the past’ and COSATU is ‘disappointed in the lack of strong consultation’. To this end, the report warns against ‘triumphalism’ following the election victory. The ‘left hegemony’ within the Alliance must be defended continually, and the ‘radical’ nature of the NDR (its aim to fundamentally restructure society?) must not be watered down.
[The NDR] never represented narrow deracialization. It always analysed society from a class perspective. [Therefore] any attempts by liberals to hijack [the ANC] into a party of narrow deracialisation that would only change the complex of oppression and exploitation must be consciously thwarted all the time.66

This argument is very problematic for several reasons. First, emphasis on the ‘national question’ marginalizes the crucial issue of class. Secondly, it seems impossible to deny that current ANC policy is directed by a leadership that has accepted an economic worldview that is essentially neo-liberal. Thirdly, the ‘narrow deracialisation’ cautioned against by COSATU is exactly what has transpired during the last decade.

In South Africa, deracialization at the top of society is a key component of the economic change that has taken place in the first post-apartheid decade. Considering that income disparities within the black community have increased, socio-economic transformation has certainly been narrow in scope. Average black household income declined by 19 per cent from 1995 to 2000, while the average white household income increased 15 per cent in the same time period.67 South Africa’s Gini-coefficient, measuring inequality, rose from 0.73 in 1995 to 0.80 in 2000 (from 0.55 to 0.67 for whites and from 0.70 to 0.81 for blacks). While studies indicate that the black middle classes are making significant economic gains, it is important to distinguish between an upper and a lower middle class, with the former being the primary beneficiary of a changing distribution of income. Average annual incomes of individuals in managerial, technical and administrative employment increased 22.7 per cent during 1995–2000, while average incomes decreased 25.3 per cent in the same period for those employed in clerical and sales sectors.68 Thus the ANC’s partners are at pains to explain how their adherence to a ‘radical NDR’ can be accommodated within an Alliance led by a leadership implementing mostly neo-liberal economic policies that are not producing broad-based development.

Nevertheless, the COSATU post-election report argues that just because a majority of workers voted for the ANC, the election result cannot be seen as ‘an endorsement of neo-liberal policies’.69 This means either that COSATU members (and other workers) ‘know’ that government policies are not neo-liberal after all, which is what Southall argues elsewhere,70 or that COSATU voters, constituting a ‘working elite’ in a society of mass unemployment, are simply aligning themselves with other elite groups in society to maintain some policy leverage in the new neo-liberal environment.

Given overlapping memberships and loyalties between the three Alliance organizations, some actors who now feel sidelined in matters of national policymaking may feel that ‘giving up’ on the ANC would simply mean conceding defeat to its neo-liberal leadership. Neva Makgetla, Head of Policy at COSATU, hints at reasons for why Alliance partners are choosing to stay put, noting the potential dangers of breaking away from the ANC: ‘what you risk is that you break up the leftist movement and you do not manage to rebuild [another] one . . . and of course it is always safer to keep doing what you have always done’.71 According to COSATU President Willie
Madisha, the result would be ‘business [taking] over the movement and [reversing] gains already won by workers’. Moreover, a recent COSATU survey finds little support among labour activists for breaking away from the ANC and forming an independent worker’s party.\textsuperscript{72}

The SACP also seem content to continue working within the Alliance rather than attempting to form an alternative to the ANC on the left. Cronin, earlier so sceptical about the possibility for dialogue on critical issues within the ANC, was nevertheless part of the ANC team responsible for formulating the party’s 2004 election strategy as the SACP and COSATU supported the ANC re-election bid without any significant reservations. Rather than walking away from the ANC and the Alliance, every effort should be spared to turn the Alliance, and the ANC leadership, in the ‘right direction’. The Alliance remains in place following the ANC’s third victory at the polls and the SACP and COSATU seem destined to continue playing a rather peculiar role within the context of a predatory liberalism that has dominated politics in South Africa and elsewhere in the ‘post-colonial’ era.

Prominent academic commentators in South Africa such as Mhone and Edigheji, who are critical of policy trajectories in contemporary South Africa, seem nevertheless to suggest that GEAR is compatible with a desire to move towards broad-based, sustainable development and that the ANC ‘cannot be faulted with respect to a commitment to democracy, development and good governance’.\textsuperscript{73} This despite suggesting that government’s reliance on neo-liberal strategies favours the interests of already established and new elites, thus ‘[compromising] both substantive democracy and developmental objectives . . . [making it] questionable whether democracy can be consolidated’.\textsuperscript{74} The notion that the ANC leadership might simply have decided to cast its lot with elite interests is seemingly ruled out; current policy outcomes not conducive to development are interpreted as the result of misguided intentions, rather than a conscious strategy born out of what Mhone suggests could be a (from the left’s perspective) nefarious realignment of the ANC leadership with global and domestic capital against rank and file Alliance partners advocating redistributive policies. The ANC may be misguided, they argue, but is supposedly committed to progressive politics at some level, and thus remains the key actor able to deliver on promises of development for all.

\textbf{Conclusion: What Is To Be Expected?}

What can we learn from the South African experience? Is the post-apartheid trajectory simply another example of ‘it’s our time to chop’ – a condition supposedly afflicting African societies, whereby elections are merely a process of reinforcing neopatrimonialism and determining which corrupt elite is allowed to plunder the public coffers?\textsuperscript{75} Is ‘another world’ possible in South Africa and countries facing similar challenges, or will there only be a deracialization at the top of society while, as in Brazil, extreme (race-based) inequalities persist?

At the level of international governance, Cammack understands the ‘deep neo-liberal’ restructuring of societies worldwide, to accommodate an increasingly unrestrained global economy, as the most fundamental project undertaken by a
global capitalist class. Integral to this project is the new emphasis by organizations such as the World Bank on articulating a ‘pro-poor agenda’, which serves merely to make more palatable a project of intensified neo-liberal restructuring that is ‘disciplinary rather than empowering in intent’ and where local participation is introduced merely as an instrument for cooptation. Cammack alludes to Stiglitz’s notion that structural adjustment policies in the 1980s ‘failed to reach deep down into society’ and thus neglected the ‘ambitious goal of encouraging society-wide transformation’. The logic of the Wolfensohn–Stiglitz project is to lock the poor into the market, replacing liberation from constraints on its operations with inescapable dependence upon it, and to present this ‘locking in’ as liberation. Certainly, the ANC government has facilitated the deepening of such a transformation of South African society in the post-apartheid era.

Why has South Africa developed in this way? Alexander’s recent study of the South African transition and post-apartheid society suggests that it is a profound mistake to understand the South African experience as ‘exceptional’. The South African experience with capitalism producing and perpetuating inequality and violence is rather ordinary, with many parallels elsewhere in Africa and the Global South. What has transpired, according to Habib and Kotzé, is simply that ‘the post-apartheid era has witnessed the “normalisation” of South African society in a neo-liberal global environment’. Persisting socio-economic problems and betrayals of liberation ideals by new political elites risk ushering in a new epoch of ‘profound cynicism and disillusionment’, despite the great technological and scientific innovations that would otherwise be able to provide all mankind with the freedom to participate and pursue their dreams, should we collectively decide to channel human knowledge and powers into such efforts. However, Alexander is not convinced that we are doomed to cynicism, apathy and destructive selfishness. Class-based struggles against the inequalities and brutality inherent in the capitalist mode of production are not merely a moment in societal activism that has passed.

A continuing relevance of class struggle may seem difficult to accept at a time when elites within the Tripartite Alliance, just like post-liberation governments elsewhere, seem to work so effortlessly in symbiosis with powerful capitalist interests at home and abroad. In South Africa, a powerful form of ‘predatory liberalism’, combining neo-liberal reforms with a narrowly implemented empowerment policy and an increasing willingness by government to marginalize criticism from even within its own movement, has become entrenched, favouring capital interests over commitments to inclusive governance and broad-based development. Nevertheless, new struggles by mass movements against ‘neo-liberal’ imperialism are re-emerging globally, demanding rights to land and democratic control over natural resources and national policies in Southern Africa, Latin America (Venezuela, Bolivia) and Asia (from Iraq to East Timor). The goal of these struggles is, finally, to attain the genuine societal transformations that previous transitions and ‘liberations’ could not. They ought to serve as a stark remainder for governing elites, especially in those transitional societies hit hardest by global economic integration and neo-liberal restructuring, that the patience of suffering peoples will not last forever.
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NOTES

20. The term rooi gevaar is used here primarily to make a stylistic point, highlighting connections between NP and ANC policies and strategies, although not suggesting that their actions are necessarily...
comparable and certainly not synonymous. The term rooi gevaar has analytic value in so far as it allows for a historical connection between general policy aims and strategies for marginalizing opposition during both NP and ANC eras.


37. Interview with the author in Johannesburg, 19 October 2001.


41. Mhone (note 27), pp. 34–5.

42. Friedman and Chipkin (note 16), pp. 5–7.


45. Mhone (note 27), pp. 61–62.


58. The term ‘liberal’ is contentious in post-apartheid South Africa. ‘Being liberal’ is in some contexts a derogatory reference to opposition parties, primarily the Democratic Alliance (DA), and what is perceived as an attempt by (primarily white) conservatives to cloak their opposition to restructuring and black empowerment in liberal terms such as equality before the law (as opposed to ‘affirmative action’ programmes) and individual freedom (as opposed to ‘positive freedoms’ emphasizing the right to basic social and economic provisions).


64. Ibid.


66. COSATU, emphasis added.


68. Southall (note 38), p. 531.

69. COSATU.

70. Southall (note 21).


73. Mhone and Edigheji (note 27), p. 6.

74. Mhone (note 27), p. 65.


78. Cammack (note 76), p. 205.
79. Alexander (note 5).
80. Habib and Kotzé (note 32), p. 266.

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