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PLEASE SCROLL DOWN FOR ARTICLE
The ANC’s ‘Left Turn’ & South African Sub-imperialism

Patrick Bond

The South African government is widely considered to play a progressive role in Africa and the world. Indeed, there was an expectation after the 2004 election that Pretoria would be part of a global backlash against neoliberalism. However, the radical rhetoric often emanating from Pretoria these days barely disguises its post-apartheid record of promoting of strategies which promote global integration. These include the New Partnership for Africa’s Development (NEPAD); ‘normalised’ bilateral military relations with the Pentagon and geopolitical alliances with Washington across Africa; trade liberalisation; collaboration with Western financial power and facilitation of transnational capital in Africa; and opposition to demands for reparations for the West’s apartheid-era profits. While some academic commentators have not yet grasped the essential nature of this policy direction, activists in the African Social Forum networks have periodically demanded the adoption of alternative strategies. Their vision is grounded in values of social justice and international solidarity; Pretoria’s appears to be merely sub-imperialist.

Some reviews of South Africa’s ‘ambiguous’ foreign policy during 2004 were based partly on a presumption, as Alden and le Pere (2004:104,106) argued recently, of Pretoria’s ‘loftier aims to play a key role in reshaping current international norms, institutions and process to further global justice for Africa and the South.’ This is an important claim, especially when the ruling African National Congress (ANC) is allegedly moving leftwards in geopolitical, ideological and economic terms. In June 2004, according to Business Day (24 June 2004), ‘President Thabo Mbeki set the seal yesterday on a decisive broad policy shift to the left for his final term in office, lashing out at what he called the “new conservatism” sweeping the world, which enshrined the individual and denigrated the state in a way which could never bring a better life for SA’s millions.’ The ‘full-frontal attack on free-market economics’ was interpreted by The Economist in these terms:

Since attaining power, Mbeki has governed in a reasonably market-friendly manner. But he has recently started to veer back to the left, in word if not yet in deed … Two years ago he fought trade unionists and communists, who are formally allied with the ruling … [ANC], when they threatened to strike against privatisation. He beat them down, but he fears they may bounce back (1 July 2004).

Certainly, the government has been talking tougher since the elections. For example, SA deputy foreign minister Sue van der Merwe opened the August 2004 Non-Aligned Movement ministerial conference in Durban with this argument:
There is a growing tendency on the part of countries of the North to mount global ‘campaigns’ against threats that are perceived and defined in the North but allegedly originate … in the countries of the South. … These unilateral actions, disregarding … the United Nations Charter and international law, [are] … further exacerbated by the re-emergence of a type of state behaviour reminiscent of the colonial era, with the emphasis on greater interference in domestic affairs of states in the developing world … The re-writing of the rule-book that at present condemns the majority of the world’s people to perpetual economic and social marginalisation and rewards the minority with infinite wealth is at the heart of the endeavours of this Movement. Fundamental among our concerns are the current processes of globalisation and liberalisation that in effect create a wider gap between the rich and the poor of the world.

Yet, it is important, and fair, to ask if ‘talking left’ is the same thing as ‘a decisive broad policy shift to the left’, or instead if, despite recent rhetorical shifts, Pretoria continues its post-1994 policy of ‘walking right’, not only in domestic politics but also in regional and international affairs. Such proclamations do not address questions about Pretoria’s relationship with the US-led empire, in the aftermath of the marriage between the apartheid regime and Western interests during most of the 20th century. In a host of controversial areas – arms dealing, trade, finance, regional investment and reparations – the evidence indicates relatively durable, not shifting, policies and practices. Notwithstanding a more vocal radical nationalism, these policy areas fit a specific South African role within the international capitalist mode of production. The ‘left turn’ advertised is, hence, a distraction from the underlying problems that African anti-imperialist activists – such as the African Social Forum, Jubilee Africa or the Africa Trade Network – face when confronting Pretoria’s agenda.

Spinning Left …

‘African scholarship has a responsibility to educate us about the consequences of the colonial system on the birth and practice of neo-colonialism that has characterised much of Africa during the years of its independence’, Mbeki wrote in his weekly message to constituents on 9 July 2004:

There is a continuing and urgent need for Africa’s historians, sociologists and others to assess and write about the long-term impact of these three historical phenomena on Africa: slavery, colonialism and racism. There are some in our country and the rest of the world who demand that we should view and treat these phenomena merely as a matter of historical record, with no relevance to our contemporary struggles for Africa’s rebirth. In part, this is driven by the determination to compel the victims of gross injustice to forget the harm that was done to them, inducing a collective African amnesia, the better to be able to persuade the victims to blame themselves for their wretchedness. We see this clearly in our own country, where some insist that apartheid is a thing of the past, and that all references to the continuing impact of that past constitute an attempt to ‘play the race card’ (2004b).

Mbeki provided further indication of a renewed interest in radical development theory a week later, in seeking

*to understand the extent of the success of the struggle of African Americans to free themselves from poverty and underdevelopment, in a situation in which, principally, this challenge was and is being addressed through reliance on the market. In principle this should help to improve our own success in confronting our own challenge of poverty and underdevelopment, given that we are striving to overcome the legacy of ‘colonialism of a special type’ (2004c).*
The anti-market rhetoric was to some extent a reversion to an analysis learned within the exiled ANC and at the Lenin Institute in Moscow, and it worried Peter Bruce, editor of Business Day: ‘Has President Thabo Mbeki lost his mind? Has he lost his temper? His patience? Or has he just lost his faith?’ (25 June 2004). (Just a year earlier, Bruce had been more confident: ‘The government is utterly seduced by big business, and cannot see beyond its immediate interests’ (4 June 2003)).

Mbeki’s reminder of ‘the consequences of the colonial system on the birth and practice of neo-colonialism’ should be taken seriously. After all, the colonial system’s main consequence for Africa was the structuring of capitalist – noncapitalist relations in a manner described so well by Rosa Luxemburg (1968), and updated eloquently as ‘accumulation by dispossession’ (Harvey, 2003) or more simply permanent ‘primitive accumulation’ (Perelman, 2000). While playing its subordinate role within world capitalism, Africa thus cannot hope to ‘develop’ but instead remains caught in various trade, debt, investment, technology and cultural traps which correlate growing international economic integration to worsening inequality (as even World Bank staff have come to admit).

On this basis, the way forward from colonialism and neo-colonialism to a fairer world economy and better-balanced geopolitical system does not pass through Washington, London, Geneva, Brussels or the G8 meeting-ground resorts where Mbeki and his two key allies – finance minister Trevor Manuel and trade/public enterprises minister Alec Erwin – have promoted reform. Were Mbeki serious about challenging ‘global apartheid’ (as he calls imperialism), he might have addressed international power relations rather differently. Thus, for instance, instead of selling US$250 million worth of arms to the US and UK (and welcoming Bush a few weeks after his occupation of Baghdad), what if Mbeki had followed Mandela in snubbing Bush and supporting anti-war resistance and boycotts in the Non-Aligned Movement and African Union?

Or, instead of rejecting calls for reparations from erstwhile investors in apartheid, what if Mbeki and his colleagues had nurtured the cause of anti-racism?

Or, instead of opposing the global justice movement and African trade demands from Seattle through Doha to Cancun, what if trade minister Erwin had tried uniting the continent and its allies behind a counter-hegemonic trade agenda?

Or, instead of rejecting debt cancellation as a strategy, what if Manuel had joined the Jubilee movement, denounced World Bank and IMF plans for crumbs of relief and helped organise a debtors’ cartel?

Or, instead of a New Partnership for Africa’s Development (NEPAD) – welcomed by the Bush regime and ridiculed by many Africans – what if Pretoria had promoted a bottom-up African recovery programme?

Or, instead of accepting the World Summit on Sustainable Development’s orientation to commodification (not to mention repressing dissent), what if ANC leaders tried to promote poverty-reduction and environmental reclama-
Or, instead of promoting water commercialisation and large dams, what if South Africa helped establish principles of social responsibility and respect for nature? (examples taken from Bond, 2004 a, b, c, d, e, f)

As I have argued here and elsewhere (Bond, 2001, 2002a, 2002b, 2003), the ideology adopted by Mbeki and his colleagues since liberation has been radical rhetorically, but essentially integrationist and reformist in intent. It follows classical modernisation analysis, today dressed up in dualistic terms. Mbeki typically describes global apartheid, as well as post-apartheid South Africa, as having ‘two economies’; impoverishment in the second is caused by its ‘marginalisation’ from the first. This, in turn, justifies NEPAD as a homegrown version of a ‘Washington Consensus’ strategy for the continent’s deepening global integration, and promotes personal enrichment as ‘Black Economic Empowerment’ (BEE) – despite the many debt-based failures of first-generation BEE’s.

Unfortunately, the SA Communist Party has helped to give the integrationist analysis a progressive spin – as in this statement (denying that the ANC had suddenly shifted to the left, on the grounds that it had always occupied this terrain) by general secretary Blade Nzimande (2004):

> The idea that there has been a dramatic ‘U-turn’ in policy comes mainly from those who, over the last decade, have attempted from the outside to put words into the mouths of senior ANC leaders. Liberals (and, indeed, various anti-ANC ultra-left groups) have portrayed government policies as uncomplicatedly ‘free market capitalism’.

Referring to Mbeki’s June 2004 budget speech (2004a), in which he contrasted US-style neo-liberalism unfavourably with European social democracy, Nzimande interpreted,

> These important value statements from our President, like the many positive socio-economic policy indications and commitments from the ANC election manifesto and government in the recent period, once more reaffirm these basic truths. They create a constructive climate in which meaningful and ongoing discussion and debate can be carried forward.

... While Moving Right

The reality is different – the persistence of neo-liberal policies, with two minor exceptions: privatisation has been slowed (mainly due to popular resistance and adverse market conditions) but not halted, and the tight post-apartheid fiscal straightjacket has been loosened very slightly. The climate for debate between the centre-left ruling party and its Alliance partners (the SACP and COSATU) on the one hand, and the independent left, on the other, remains chilly. The ANC continues to implement neo-liberal macroeconomic and microdevelopment policies – orthodox monetary policy is maintained, liberalisation of trade and finance proceeds apace, corporatisation of state enterprises speeds up, and the ongoing attack by state service providers against low-income people continues. According to chief water bureaucrat Michael Muller (Mail & Guardian, 25 June 2004), for example, ‘275,000 of all households attributed interruptions [in supply] to cut-offs for non-payment’ in 2003 alone, a far higher rate than prior academic and government studies estimated.

To illustrate the confusion, in June 2004, Cosatu expressed confidence in minister of public enterprises Alex Erwin:
We welcome the fact that the minister has, like the president, placed the issue of employment creation at the centre of restructuring of the State-owned Enterprises.

But by September, the only logical reply was for unions to threaten ‘the worst strike in Spoornet’s history if the railway company went ahead with plans to retrench 946 employees in the next two months’ – in the immediate wake of parent parastatal firm Transnet’s R6.3 billion pretax loss. According to Chris de Vos, secretary-general of the Spoornet union Utatu, at his first meeting with labour in July, ‘Erwin had said Spoornet as a state-owned company had the responsibility of creating jobs, not shedding them.’ By the end of August, Erwin had changed position, ‘saying state-owned companies were not employment agencies and that managers had to do everything possible to make businesses profitable, including cutting jobs’ (Faniso, 2004).

Moreover, there are ongoing reports of state repression and judicial harassment of social movements which resist. Mail & Guardian editor Ferial Haffajee ridiculed as ‘melodrama’ the observations of Naomi Klein, who wrote of South Africa:

> There’s a huge amount of struggle going on in this country. There are movements exploding. They are resisting privatisation of water and electricity, resisting eviction and demanding land reform. They are reacting against all the broken promises of the ANC. This is a security state. It spends three times as much on private security as it does on affordable housing – just to keep the rich from the poor (Sunday Times, 1 September 2004).

A month later, the Mail and Guardian revealed:

> The killing of a 19-year-old boy in Phoenix, Durban, two weeks ago by city council security guards has again cast a spotlight on the measures state authorities use against impoverished communities in protest. Marcel King was shot dead on Thursday June 24 by a member of a security company hired by the Durban council to disconnect electricity that had apparently been illegally reconnected in the impoverished Durban suburb … This incident is one of many recent clashes between state security, social movement activists and community members in suburbs in Gauteng, the Western Cape and KwaZulu-Natal. Marchers and protests are a regular feature of political life and are governed by a series of regulations governing gatherings. … On election day this year (14 April 2004) three Landless People’s Movement activists were arrested and were detained and allegedly tortured. On Freedom Day (21 March 2004) police fired on a group of Anti-Privatisation Forum members protesting outside the Constitutional Court in Johannesburg against electricity cut-offs (Mail & Guardian, 12 July 2004).

There are many more such cases, of course. Moreover, if we project Pretoria’s style of governance to the regional scale, it is easy to comprehend the processes of domination and exclusion that allow the South African government to exploit its semi-peripheral position within imperialism. For example, in spite of promoting the globalisation of capital, Pretoria is opposed to the globalisation and regionalisation of people. According to a recent Refugees International (RI) report (14 June 2004):

> South Africa is denying … political asylum to thousands of Zimbabweans seeking to escape persecution. Of the 5,000 applications for political asylum filed by Zimbabweans to date, fewer than 20 Zimbabweans have actually received political asylum in South Africa. But more troubling still is the fact that few Zimbabweans are able even to apply for political asylum … RI interviewed people who told of being asked for a bribe merely to receive a letter giving them an appointment to present their asylum claim. Police officers ask for bribes to look the other way when rounding up undocumented asylum seekers or those whose temporary permit of stay has expired.
The best explanation for Pretoria’s increasing repression of poor and working-class people locally and regionally is growing desperation. As conceded even by Joel Netshitenzhe, in a review of post-apartheid accomplishments,

*the advances made in the first decade by far supersede the weaknesses. Yet, if all indicators were to continue along the same trajectory, especially in respect of the dynamic of economic inclusion and exclusion, we could soon reach a point where the negatives start to overwhelm the positives* (The Presidency, 2004).

The negatives, combining economic austerity and financial vulnerability, are certainly formidable. According to Nenad Pacek of The Economist Corporate Network,

*portfolio investments accounted for … 24% of SA’s gross domestic product and 65% of the rand’s trading took place offshore* (Business Day, 19 July 2004).

Moreover, South Africa’s cumulative trade balance fell into deficit during the first half of 2004 (SA Press Association, 1 August 2004) while job shedding continued unabated with unemployment reaching 32% in 2002 (43% when frustrated jobseekers are added) (Statistics South Africa, 2001, 2002:iii). And, in spite of a minor upturn in domestic fixed investment, this remained far below the 25% required for a 5% GDP growth rate. The economy’s ‘slow rotting’ (Gelb, 2003) and the political concern it had produced was understood thus by Michael Power (Business Day, 16 July 2004):

*… we lag in: gross domestic product growth, 25/25; foreign exchange reserves, 25/25; industrial production, 21/25; current account, 20/25. A little digging reveals our real interest rates, cost of capital and unemployment is among the highest; our foreign direct investment inflow is among the lowest. No wonder our president is asking his advisers hard questions. No wonder he is tasking his ministers with hard delivery targets. And, unsurprisingly, he is doubting parts of the Washington Consensus package adopted by SA in 1994.*

Yet, for all Mbeki’s concern, trade union economist Neva Seidman Makgetla (2004:73) notes that:

*in response to the crisis within the economy, the government has adopted limited reforms involving increased spending on basic social services and housing, greater emphasis on job creation and equity, a renewed stress on planning and coordination and greater support for cooperatives. Yet these new initiatives do not constitute a systematic plan for transforming the economy.*

The same can be said of international policy. Thus, the main question before us remains: when will Pretoria cease polishing the economic chains of global apartheid, and begin to break them? We can consider geopolitics and military affairs, trade, finance, regional investment, and reparations claims to help illustrate the options and the choices made in Pretoria during the period of the alleged left turn.

**Geopolitical & Military Postures**

How are we to interpret Pretoria’s recent global political zigzag? On the one hand, Pretoria’s grand continental plan, NEPAD, was declared ‘philosophically spot-on’ by the Bush regime, and Mbeki anointed Washington’s ‘point man’ for resolving the
Zimbabwe crisis (during Bush’s July 2003 visit to Pretoria) in spite of his soft-pedalling of Mugabe’s repression (Bond, 2004a). In January 2003, Nelson Mandela remarked that, ‘if there is a country which has committed unspeakable atrocities, it is the United States of America’ (CBS News, 30 January 2003) but, in May 2004, he retracted his criticism, simply because ‘it is not good to remain in tension with the most powerful state in the world’ (CNN.com, 24 May 2004). As Greg Mills of the SA Institute of International Affairs explained,

I think there was a bluster by the South African government, or those associated near or around it, prior to the American invasion of Iraq in March last year, but that was toned down fairly quickly by the South African government and most notably, President Mbeki. Really, there has not been much in the way of condemnation of the American position since March last year (Business Day, 21 July 2004).

In July, the US House of Representatives extended a ban on military assistance to 32 countries – including South Africa – which agreed to cooperate in future with the International Criminal Court against alleged US war criminals. Nevertheless, Washington’s ambassador to Pretoria, Cameron Hume, quickly announced that several bilateral military deals would go ahead in any case. According to Peter McIntosh of African Armed Forces journal, the US ‘had simply re-routed military funding for South Africa through its European Command in Stuttgart.’ Hume reported the Pentagon’s desire ‘to train and equip two additional battalions to expand the number of forces the [SA National Defense Force] have available for peacekeeping in Africa’ (ThisDay, 19 July 2004). The two countries’ military relations were fully ‘normalised’ by July 2004, in the words of SA deputy minister Aziz Pahad. In partnership with General Dynamics Land Systems, the State-owned Denel began marketing jointly produced light armoured vehicles (SA Press Association, 21 July 2004). This followed a period of serious problems for the SA arms firm and others like it (Armscor and Fuchs), which were also allowed full access to the US market in July after paying fines for apartheid-era sanctions-busting (Batchelor & Willett, 1998; Crawford-Browne, 2004).

Given Pretoria’s 1998 decision to invest US$6 billion in mainly offensive weaponry such as fighter jets and submarines, there are fears that ‘peacekeeping’ covers a more expansive geopolitical agenda, and that Mbeki is tacitly permitting a far stronger US role in Africa than is necessary (Black, 2004). On the surface, Pretoria’s mediation in the conflicts in Burundi and Congo (DRC) during 2003 appeared positive. However, on the ground the agreements more closely resembled elite deals locking in place ‘low-intensity democracy’ and neo-liberal economic regimes. Moreover, because some of the belligerent forces were explicitly left out, the declarations of peace were often followed by massacres of civilians in both countries and a near-coup in the DRC. By mid-2004, the leader of the Rassemblement Congolais la Democratic, Ernest Wamba dia Wamba, was publicly critical of Pretoria’s interference:

When a [transition process] takes off on a wrong footing, unless a real readjustment takes place on the way, the end cannot be good … Some feel like South Africa has actively put us in the situation we are in. They had a lot of leverage to make sure that certain structural problems were anticipated and solutions proposed. They seem to have fallen in the Western logic of thinking that mediocrity is a less evil for Congolese, if it stops the war. They also have a lot of leverage to get a clear on-going commitment to resolve the contradictory fears of both the DRC and Rwanda; they do not seem to use it. This is why some feel that South Africa is too close to Rwanda (http://www.zmag.org, 22 June 2004).
Trade

At issue in developing trade relationships is not only the growing role of bilateral deals linking South Africa and its hinterlands to the US and European Union but, as important, Pretoria’s active role in supporting global corporate interests and those of the largest Johannesburg-based firms (whose financial headquarters shifted to London during the late 1990s). To illustrate, eleven months after the Seattle debacle, the then director general of the World Trade Organisation (WTO), Michael Moore, actively pressured the Africa-Caribbean-Pacific (ACP) countries at Doha to fall into line with the demands of the US and European Union. Robert Wade describes it thus:

Moore, according to one delegate, took to phoning ministers at home at the weekend to pressure them for cooperation. A week after Tanzanian trade minister Simba had expressed his ‘sense of happiness’ at the final outcome, Dar es Salaam received $3 billion in debt relief from the IMF. The murderous attacks of September 11 were, of course, very helpful in forging the consensus at Doha, two months later. Moore, with US trade representative [Robert] Zoellick and EU trade commissioner [Pascal] Lamy, toured developing-country capitals to insist that the new free-trade round would be a blow against al-Qaeda – and that objectors would be considered as renegades in the war on terror. Once gathered at Doha, as Moore recounts in his book *A World Without Walls*, the trusty lieutenants went to work: ‘The wise and experienced minister from Brazil, Celso Lafer, South Africa’s Irwin [sic], Egypt’s Boutros Ghali and Nigeria’s Bello worked the African caucus.’ … Erwin played a crucial role in talking a joint ACP-LDC-Africa Group meeting through the reasons why they should accept it, nevertheless.

For Erwin, the Third World’s disarray at Doha produced a ‘fantastic’ result. But no subsequent progress was made in cutting European/US/Japanese/Canadian farm subsidies. Hence in September 2003, the Cancun WTO session broke down in acrimony, a result that was, for Erwin, ‘disappointing’ – in contrast with much of the Third World, which felt empowered, especially as it was the ACP bloc that repeated its Seattle feat of walking out, blocking consensus and halting the proceedings. Alongside Brazil and India, by contrast, South Africa had wanted to continue negotiating. Although Erwin was subsequently mentioned as a candidate for WTO director-general when the current occupant leaves the job in 2005, he was redeployed to Pretoria’s Ministry of Public Enterprises in May 2004.

As for the WTO, it was reborn in Geneva in July 2004 once the US and EU had made a few concessions which gave renewed momentum to the Doha framework. Without the stitched-up deal, Larry Elliott observed (The Guardian, 2 August 2004) ‘the WTO’s authority as a multilateral institution would have been shattered; the prospect of the global trading system fragmenting into regionalism and bilateralism would have been real.’ In fact, as Columbia University economist Arvind Panagariya explained, Geneva was a victory for neo-liberalism:

barring a few exceptional cases such as cotton, the least developed countries will actually be hurt by this liberalisation. The biggest beneficiaries of the rich country cuts in farm subsidies will be the rich countries themselves, which bear the bulk of the cost of the associated distortions, followed by the Group of 20 (The Financial Times, 3 August 2004).

Agricultural producers expecting to gain most were Brazil, Australia, Thailand, the Philippines and South Africa, according to the SA Institute of International Affairs, while African food importers would be faced with higher-priced European and US
products (*Business Day*, 3 August 2004). Most major environmental groups and NGOs condemned the deal, on grounds that further liberalisation would deindustrialise many weaker countries and hasten ecological crises associated with mining, fisheries and forests. According to Friends of the Earth’s Alexandra Wandel, ‘Corporate lobby groups will be the big winners, the environment and the poor – the big losers.’

South Africa’s role in fostering liberalised trade was not limited to the WTO. Relations between the US and Southern Africa increasingly centred around the transition from the African Growth and Opportunities Act (AGOA) – overwhelmingly favourable to South Africa in contrast to other countries – to a free trade area encompassing the Southern African Customs Union. The EU and SADC began negotiating a similar package of ‘Economic Partnership Agreements’ featuring market access for agricultural and non-agricultural products, trade in services (often amounting to privatisation), and the ‘Singapore issues’ of investment, competition, trade facilitation, government procurement, and data protection. South Africa already has such an agreement (http://www.tralac.org/scripts/content.php?id=2762). In mid-2004, Pretoria also began bilateral trade liberalisation negotiations with China, which again will have enormous implications for the region’s industries, without consulting the smaller, more vulnerable countries.

Pretoria’s approach stands in sharp contrast with the position taken by activists in the Africa Trade Network who have rejected the liberalisation agenda, especially the Economic Partnership Agreements, and instead called for trade cooperation that:

- is based on a principle of non-reciprocity, as instituted in General System of Preferences and special and differential treatment in the WTO;
- protects ACP producers domestic and regional markets;
- reverses the pressure for trade and investment liberalisation; and
- allows the necessary policy space and supports ACP countries to pursue their own development strategies. (http://www.mwengo.org/acp/statements/default.htm; http://www.stopepa.org/).

**Finance**

As with trade, Pretoria’s ‘left turn’ is not that evident when it comes to international finance, with one exception: pressure on the World Bank to penalise a Canadian firm found guilty of bribery on the massive Lesotho-Johannesburg water transfer project. Otherwise, it substantively supported the main processes associated with worsening international financial injustice during 2004: failure to democratise the Bretton Woods institutions; resistance to reform of the World Bank’s social and environmental policies in the minerals and energy sectors; and the ongoing extraction of excessive debt repayments from the Third World. South African officials bear substantial responsibility for these because of their high-profile position on some of the specific issues, including finance minister Trevor Manuel’s role as chair of the IMF/Bank Development Committee from 2002.

The reform rhetoric continues, to be sure. As Mbeki himself put it at a March 2004 conference dedicated to increasing Africa’s ‘voice’ in the Bretton Woods institutions,
although we agree that there are already processes towards reforming these multilateral institutions, many of us are understandably impatient with the fact that these have largely been at protracted discussion levels. Accordingly, we are faced with a challenge to ensure that the urgent need for radical reform is translated into a concrete and tangible programme underpinned by effective participation, especially by the developing countries (Mbeki, 2004d).

Yet Pretoria did virtually nothing to organise effective African or middle-income country resistance, and indeed undermined civil society efforts to change North-South financial power relations.

Sub-Saharan Africa has only two executive directors on the 24-member Board of Governors of the IMF and World Bank, while eight rich countries have one seat each. The US enjoys veto power, and has used it to punish its political enemies, a voting arrangement criticised even by Manuel on occasion, as on 15 April 2000 when he called it a situation which ‘cannot be correct’. Again, in Mexico, on 19 March 2002, Manuel further complained that

reform of international financial governance is critical to [ensure] that developing countries benefit from globalisation through participation. The consensus on enhanced partnership, which would entail clearly defined responsibilities for all stakeholders, cannot be met by a reluctance to change the status quo regarding international financial governance.

And, on 1 June 2003, Manuel chaired a United Nations Economic Commission for Africa (UNECA) meeting in Addis Ababa, where he remarked of an IMF proposal to split the continent in half for internal organisational purposes:

Will it be along colonial lines, or into north and south? We don’t know. What we do know is that Europe is not being divided, nor is America (Bond, 2004a:ch. 5).

In practice, however, Manuel has done little to turn his frustration into action, and his Development Committee provided merely a narrow, technocratic, governance strategy which would add merely one additional representative from the Third World to the board. At the 2003 IMF/World Bank annual meeting in Dubai, when asked why no progress was made on Bank/IMF democratisation, Manuel answered, ‘I don’t think that you can ripen this tomato by squeezing it.’

The reluctance to squeeze was again evident in March 2004, when Manuel wrote a sparing two-page letter to fellow Development Committee members, arguing that reforms on ‘voting rights’ within the IMF and Bank were ‘likely to be postponed for some time’, so in the meantime the committee should address ‘those situations where countries’ quotas/capital shares were egregiously out of line with their economic strength.’ That would lead to the interim empowerment of wealthier countries, especially Japan, which would gain greater voting rights, alongside increasing IMF quotas and World Bank capital contributions. The upshot is that the two institutions would get much more money, in the process of strengthening the systemic inequality by which rich countries control these institutions.

The weakness of his strategy can be seen in the inability of Africa to challenge the convention of appointing only Europeans to be IMF managing director. There is a (figurative) apartheid-style ‘Europeans Only’ sign on the door to that office with the appointment of the ultra-right Rodrigo Rato in 2004. In contrast, in 2000, Africa’s finance ministers had nominated Stanley Fischer, the Zambian-born, South Africa-raised acting managing director of the IMF, to become director. But Fischer’s ‘fatal
flaw’ was his US citizenship, so Germany’s Kohler got the job instead (Business Day, 13 March 2000). In 2004, there was no such attempt, Africa’s finance ministers merely expressing the hope of a few more advisors to Rato and a few more resources for the two African executive directors (Business Day, 15 March 2004). Manuel remained largely silent on the matter.

On the matter of the World Bank’s own minerals and energy sector reforms, Pretoria actively opposed progress, because it would curtail some of the activities of the large mining houses. Bank loans to pipelines in Chad-Cameroon and the Caspian, as well as subsidising of global warming through other fossil-fuel activities, attracted numerous criticisms from the environmental, human rights and social justice communities. A Bank-sponsored, multi-stakeholder ‘Extractive Industries Review’ chaired by former environment minister Emil Salim of Indonesia argued in December 2003 that public funds should not be used to facilitate private profits in the destructive minerals and energy sector, and hence the Bank should phase out oil and coal lending by 2008. Bank staff vigorously opposed the recommendations (World Bank Press Review, 10 December 2003). The South African minister of minerals and energy, Phumzile Mlambo-Ngcuka, gave the staff her support in February 2004, advocating that the Bank ignore the ‘green lobbyists’. In August, less than a fortnight after the Bank’s 60th anniversary, the Bank’s board rejected the main review recommendations. According to Samuel Nguiffo of Friends of the Earth Cameroon, ‘The World Bank’s response is a deep insult for those affected by its projects.’ A Friends of the Earth spokesperson, Janneke Bruil in Amsterdam, added: ‘Billions of misspent public dollars and sixty years of outcries by people around the world have not been enough. What more does it take?’

Bank ambivalence about reform of this sort suited mining magnates across Africa. A striking example occurred in mid-2002, when officials from Pretoria, Kinshasa and the IMF arranged what the South African cabinet described as ‘a bridge loan to the Democratic Republic of the Congo of Special Drawing Rights (SDR) 75 million [about R760 million]. This will help clear the DRC’s overdue obligations with the IMF and allow that country to draw resources under the IMF Poverty Reduction and Growth Facility.’ What this represented, in essence, was South Africa underwriting the old links between Mobutu and the apartheid government. Moreover, IMF staff would be allowed back into Kinshasa with their own new loans, and with neoliberal conditionalities (disguised by ‘poverty reduction’ rhetoric) again applied to the old victims of Mobuto’s fierce rule. In the same statement, the South African Cabinet recorded its payment to the World Bank of R83 million for replenishment of its African loan fund, to ‘benefit our private sector, which would be eligible to bid for contracts financed from these resources.’ A few months later, the UN Security Council accused a dozen South African companies – including the huge former parastatal Iscor – of illegally ‘looting’ the DRC during late 1990s turmoil which left an estimated three million dead, a problem that went unpunished by Pretoria. In January 2004, Mbeki’s state visit to Kinshasa generated a $10 billion trade/investment package and the chance for South African firms to participate in $4 billion worth of World Bank tenders.

Instead of promoting the cancellation of African debt, Pretoria’s strategy, therefore, has been to accommodate past financial support for odious regimes, ranging from Mobutu to Botha, as we consider in more detail below. An alternative approach, still within the realm of establishment orthodoxy, was proposed by UN secretary general Kofi Annan’s economic adviser Jeffrey Sachs, a reform-minded neo-liberal. He told heads of state at a July 2004 African Union meeting in Addis Ababa, ‘African
countries should refuse to repay their foreign debts’ and instead use the funds to invest in health and education. (At the time, the IMF was controversially prohibiting expenditure of health funds donated to Africa, especially for HIV/AIDS mitigation, on grounds that civil service pay would rise to above 7% of GDP.) Pretoria maintained its NEPAD stance: namely, that Africa’s foreign debt should be paid, and that Africa should adhere to Bank and IMF programmes such as the Highly Indebted Poor Countries (HIPC) initiative and Poverty Reduction Strategy Papers. The most critical comment about HIPC’s notorious inadequacy made by Manuel came in 2002, when he appealed to a Commonwealth Business Council audience that ‘the HIPC Trust Fund be fully funded, and that provision is made for topping-up when exogenous shocks impact on countries’ debt sustainability’ (Manuel, 2002).

The single instance where Manuel’s anger at World Bank behaviour appeared to result in reform was in the case of Lesotho dam corruption scandal. The Bank had vacillated for a decade, initially (in 1994) prohibiting the Maseru government from firing the official later convicted of taking $2 million in bribes; then promising support for funding Lesotho’s prosecution in 1999 but not delivering; then finding the first company – Canada’s Acres International – innocent in a 2001 probe, prior to Maseru’s guilty verdict in 2003; and then delaying a re-examination of Acres until 2004, during which time Acres received three Bank contracts worth $400,000, in Tanzania, the West Bank and Gaza, and Sri Lanka. Acres meanwhile refused to pay its $2 million fine to the Lesotho government. At one point, Manuel became sufficiently embarrassed by the Bank’s sloth on the Lesotho corruption to remark that ‘the World Bank is giving us the runaround’ (Agence France Press, 4 June 2004). Finally, according to the main NGO watchdog group, International Rivers Network, a humiliating US Senate Foreign Relations Committee hearing about billions of dollars of Bank project corruption in May 2004 led the Bank to ‘debar’ Acres for three years, the first instance in which a major transnational corporation was held accountable for its malpractice on a World Bank project.

Meanwhile, African resistance movements voiced their own anger against international finance. The most striking single indication of African popular anger was probably the February 2004 work stayaway of half a million workers called by the Zambia Congress of Trade Unions, in which half a million protesters descended on parliament in Lusaka to reject a civil service wage freeze promoted by the IMF, demanding instead a minimum wage and other budgetary concessions (Southscan, 24 February 2004). In June 2004, a Cape Town meeting of Jubilee members from Angola, Cameroon, Côte d’Ivoire, the DRC, Kenya, Mozambique, South Africa, Swaziland, Zambia, Tanzania and Zimbabwe, and partners from Brazil, Argentina and the Philippines, all working on a comprehensive Illegitimate Debt Audit ‘expressed deep concern with South Africa’s sub-imperialist role and its use of NEPAD to promote the neo-liberal paradigm to further dominate the rest of the African continent politically, economically, culturally and militarily, serving the interests of transnational corporations’ (http://www.aidc.org.za). The groups demanded:

- Full unconditional cancellation of Africa’s total debt;
- Reparations for damage caused by debt devastation;
- Immediate halt to HIPC and PRSPs and the disguised structural adjustment programme through NEPAD and any other agreements that do
not address the fundamental interests of the impoverished majority and
the building of a sustainable and sovereign Africa; and

- a comprehensive audit to determine the full extent and real nature of
Africa’s illegitimate debt, the total payments made to date and the amount
owed to Africa (http://www.aidc.org.za).

Investment

The most important ways that South African investments in the region foster
subimperial relations are through retail trade, mining, agricultural technology and
the NEPAD private infrastructure investment strategy (Miller, 2003, 2004). The
impact of these activities is uneven but an indicator of subimperialism is the highly
visible manner in which South African retailers are deindustrialising many African
countries by sourcing their goods from Johannesburg instead of local producers, so
as to take advantage of economies of scale. As noted above, South African mining
firms became an embarrassment in part because of the DRC looting allegations, and
in part because of the role the DeBeers diamond conglomerate and its Botswana
government and World Bank allies played in the displacement of the Basarwa/San
bushmen in 2003-04.

It may well be, however, that the longer-term implications of South African
subimperialism can best be observed in the agricultural sector. While the
governments of Zimbabwe, Zambia and Angola all attempted to resist genetically
modified organisms in food crops, in part because that would shut down their
European export potentials, South Africa became the GM gateway to African
agriculture. ‘Despite comprehensive objections raised by the African Centre for
Biosafety and Biowatch South Africa’, Pretoria ‘approved a United States funded
project that will soon see genetically engineered potatoes sprouting in six secret
locations in African soil. Similar potatoes were first grown in the United States but
were withdrawn from the market due to consumer resistance’ (Mail & Guardian, 27

Surprisingly, perhaps the most significant potential factor in South African corporate
sub-imperialism, NEPAD, was apparently stillborn as an operative investment
company has invested in the plan’s 20 high-profile infrastructure development
projects [roads, energy, water, telecommunication, ports]. The private sector’s
reluctance to get involved threatens to derail NEPAD’s ambitions.’ In contrast, a
2002 World Economic Forum meeting in Durban provided NEPAD with endorse-
ments from 187 major companies, including Anglo American, BHP Billiton, Absa
Bank and Microsoft. According to the programme’s chief economist, Mohammed
Jahed, ‘NEPAD is reliant upon the success of these infrastructure projects, so we
need to rethink how we will get the private sector involved, because clearly they have
not played the role we expected’ (Ibid.).

The highest-profile area in which South African foreign economic policy appears, at
surface level, to challenge the privileges of transnational capital is monopoly drug
company patents on anti-retroviral medicines. However, the famous 2001 lawsuit
by the Pharmaceuticals Manufacturers Association against the South African
government ended with the corporations dropping their objections, once Pretoria
pledged that it would only use generic anti-retroviral medicines sparingly. As a
result of both ‘denialism’ about AIDS and the high costs associated with treatment
by brand-name medicines, the South African presidency and health ministry perpetually delayed roll-out of AIDS medicines. The Aids Law Project and Treatment Action Campaign (TAC) issued a July 2004 report showing that fewer than 10,000 patients had access to antiretroviral medicines at state hospitals and clinics, in contrast to 53,000 who should have been provided medicine under the Cabinet’s November 2003 plan. According to the report, ‘advertisements regarding antiretroviral treatment have disappeared from television and rumours have it that this was ordered by [health minister] Manto Tshabalala-Msimang.’ Moreover, overall health system breakdown also threatens the success of the programme: ‘at some hospitals in Johannesburg patients have to wait until next year to get an appointment’ (News-24, 6 July 2004).

Reparations

A final example illustrates how inaccurate it is to consider Mbeki’s government capable of taking a ‘left turn’. The end of June 2004 witnessed a surprising defeat for numerous multinational corporations and the Bush regime, in the United States Supreme Court. In the case of Sosa v Alvarez, the corporate plaintiffs requested that foreigners not be permitted to file lawsuits for human rights violations committed elsewhere in the world under the Alien Tort Claims Act. According to the corporations, the danger was that US courts would infringe upon the sovereignty of nations and interfere with the business of free trade. The conservative Supreme Court’s ruling, in finding against the corporations, was a ‘huge blow’ to the firms, according to the Khulumani Support Group and Jubilee South Africa lawyers. Current cases are pending against companies for repressive operations in Burma, Nigeria, Indonesia and apartheid South Africa. According to Jubilee South Africa and Khulumani, representing 32,000 South Africans, ‘today the door is open to a narrow class of international norms’. The option was maintained to sue 23 financing, technology, transportation, oil, and arms corporations for their role in apartheid-era human rights abuses. The companies included IBM, General Motors, Exxon Mobil, JP Morgan Chase, Citigroup, Caltex Petroleum Corporation, Ford Motor Company and the Fluor Corporation (Business Report, 5 July 2004).

Yet the victory was tempered by the obstruction of the South African government as it sought to block the suits brought by Jubilee and Khulumani. According to the Apartheid Debt and Reparations Campaign (2004),

… the US Supreme Court cautioned that the right to civil relief must be balanced by the domestic policy interests of the foreign nations in which the conduct occurred and the foreign policy concerns of the United States. Regrettably though, in a footnote in the judgment, the US Supreme Court referred to the declaration submitted by the former South African Minister of Justice and Constitutional Development, Dr Penuell Mpapa Maduna, submitted to a district court where the Khulumani and other Apartheid cases are pending as an instance where the caution should be applied. The declaration expressed the South African government’s concern that the cases before the court would interfere with the policy embodied in the Truth and Reconciliation Commission. The South African government has specifically asked the court to abstain from adjudicating the victims claims in deference to its paramount national interests (Apartheid Debt and Reparations Campaign (2004), ‘Support for the Khulumani Lawsuit’, Johannesburg, 13 July).

Yet the Final Report of the Truth and Reconciliation Commission contained a different sentiment, namely that the New York reparations cases pose no conflict
with South Africa law or policy: ‘business failed in the hearings to take responsibility for its involvement in state security initiatives specifically designed to sustain Apartheid rule.’ The TRC also found, according to Jubilee, that ‘it is also possible to argue that banks that gave financial support to the Apartheid state were accomplices to a criminal government that consistently violated international law. The recognition and finding by the international community that Apartheid was a crime against humanity has important consequences for the victims of Apartheid. Their right to reparation is acknowledged and can be enforced in terms of international law.’ Yet in a speech delivered from the former Cape Town headquarters of DeBeers, in which he rejected the reparations strategy whilst praising Rhodes, Nelson Mandela argued that ‘South Africans are competent to deal with issues of reconciliation, reparation and transformation amongst themselves without outside interference, instigation or instruction’ (SA Press Association, 25 August 2003).

**Conclusion**

Again and again progressive activists have confronted Pretoria with genuine challenges to its rhetoric and criticism of its actions. Not all South African politicians, of course, are as pro-corporate as those noted above. In mid-2004, for instance, the deputy minister of environmental affairs and tourism Rejoice Mabudafhasi commented on Thor Chemicals’ slow payment of fines for apartheid-era mercury dumping: ‘we are not yet through with the company. If they want me to wave a big stick, I will. All over Africa these companies are undermining us as developing countries’ (*Business Report*, 4 August 2004).

However, when the stakes are as high as they remain today in global geopolitics and economics, Mbeki ensures that a pro-business environment continues, and that the US regime is comfortable with its ‘point man’ in Africa. After all, the core (and most durable) aspect of the project pursued by the Mbeki government is attaining global-scale status. Under the circumstances, this is no time for intellectual equivocation on the part of progressive activists. Yet many commentators are finding it hard to make up their minds whether South African regional hegemony is good or bad. Part of the problem, it appears, is the tendency of analysts to believe government rhetoric. Without any documentation, University of Pretoria professor Maxi Schoeman (2003:356) recently claimed that the Mbeki government

*forcefully articulated critical standpoints on the issue of international debt and on the new round of multilateral trade negotiations in the WTO. In both instances one finds evidence of a seemingly increasingly confident South Africa taking up a leadership position in and on behalf of the global South, but always with particular emphasis on the needs of Africa.*

Nothing could be further from the truth: Pretoria has been largely uncritical of the standard Washington Consensus debt strategy, and indeed played a decisive role in undermining African interests in the main 1999-2003 WTO summits at Seattle, Doha and Cancun (Bond, 2004a: chs. 4, 5).

Equally, with regard to Mbeki’s ambiguous Africa strategy, Daniel, Naidoo and Naidu ignored the neoliberal spectre of NEPAD in their documentation of Johannesburg capital’s march up-continent. The vast state support structure required to lubricate sub-imperial capital accumulation is met only with apologetics by Daniel et al:
A distinction needs to be drawn between the behaviour of South Africa’s corporates and its government … it is not possible for Africa’s politicians to make the same charge [‘they bulldoze their way around’, according to a Kenyan MP on Johannesburg business leaders in 2001] against those who represent South Africa’s political interests in Africa … Here there has been a sea-change from the past … non-hegemonic co-operation has in fact, been the option embraced by the post-apartheid South African state (Daniel, Naidoo and Naidu, 2003:388-8; see also Daniel, Lutchman and Naidu, 2004:343-8).

The reality, as even journalists have surmised, is very different. In August 2003, the Sunday Times (24 August 2003) remarked that SADC delegates at a Dar es Salaam regional summit felt that ‘Pretoria was “too defensive and protective” in trade negotiations [and] is being accused of offering too much support for domestic production “such as duty rebates on exports” which is killing off other economies in the region’. More generally, the same paper reported from an AU meeting, Mbeki is ‘viewed by other African leaders as too powerful, and they privately accuse him of wanting to impose his will on others. In the corridors they call him the George Bush of Africa, leading the most powerful nation in the neighbourhood and using his financial and military muscle to further his own agenda’ (Sunday Times, 13 July 2003).

Daniel et al. found only Pretoria’s reprehensible post-2000 policy towards Zimbabwe and the September 1998 invasion of Lesotho worthy of criticism (for other critiques of Pretoria’s Zimbabwe strategy, see Bond & Masimba, 2003; McKinley, 2004). In the latter case, Daniel et al. recall, ‘the operation was widely condemned and criticised at the time and the exercise has not been repeated anywhere else on the continent’ (Daniel, Naidoo & Naidu, 2003:389). A more realistic assessment of that incident would be that it was not a one-off mistake but ‘policy’: ‘the recent military intervention by South Africa and Botswana in Lesotho had demonstrated the Southern African Development Community’s commitment to creating a climate conducive to foreign investment, deputy president Thabo Mbeki told a high-powered investment conference in the city yesterday’ (Cape Times, 2 December 1998).

In other words, Lesotho dams were worth defending in even the most egregious style, so that Johannesburg capital and rich suburbanites could continue drawing water in an unsustainable manner. The tendency to overlook structural power relationships of the type represented by Pretoria’s stake in the Lesotho Highland Water Project offer justification for a long overdue return to South Africa’s older political-economic traditions of intellectual engagement. In doing so, the reasons for and implications of dubious geopolitical arrangements, the failed reforms of international trade and multilateral institutions, counterproductive investments and Pretoria’s resistance to reparations arguments fit into place. The problem can be summed up in a word, sub-imperialism.

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