‘Post’-liberation aid dependency, finance and public policy: The case of South Africa

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Barack Obama speech on aid to democratic Middle East, 19 May

- "This is a window of opportunity for the US to take practical steps," one senior official said. The US is offering support for financial modernization and development of countries which will make the transition into democracy.
- The US initiative is based on ... supporting financial stability; supporting financial modernization; and developing a framework for trade and investment relations with the EU and the US.
- How appropriate with US financial instability due to excess financial modernization?!
‘one person, one vote in a unitary state’
(traditional liberation movement demand, successful on 27 April 1994)
racial-apartheid ‘Swiss cheese’ geography of white (and ‘Indian’ and ‘coloured’) areas, with bantustans for rural black Africans
class-apartheid ‘Swiss cheese’ geography of formerly white areas and former bantustans: correlation of bantustans to current poverty and state service shortages
apartheid South Africa and apartheid Israel: ten parallels
Jonathan Nitzan and Shimshon Bichler (1999), ‘Going global: Differential accumulation and the great U-turn in South Africa and Israel,’ *RRPE*

- white minorities;
- planned colonization;
- strategic assets for the British empire;
- pro-US foreign policy;
- elites self-perceived as islands of Western culture within backward, hostile environment;
- similar economic institutions: concentrated market structures, heavy state involvement, and labour market segmentation along racial/ethnic lines;
- economic development of both countries unfolded within framework of 'war economy' - recurring armed conflicts, large military and internal security budgets and major weapon development programmes
  - [add: dominance of relatively patriotic bourgeoisies]
  - [add: ‘superexploitative’ *historical* basis for race/nation-class-gender-geographical configuration, including border industrial zones]
  - [add: turn to neoliberal globalisation]
# Post-apartheid (1994) SA (and restructuring Palestine?)

- neoliberal macroeconomic policy and relations with world economy (free trade, high interest rates, liberalised exchange controls and finance, foreign direct investment deregulation, tightening fiscal policy)
- ‘homegrown’ but donor-massaged (WB, US, Canada, EU)
- relative strength of finance, trade, telecommunications, construction
- rising unemployment, inequality

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South African growth/decline

globalisation and world stagnation

deglobalisation: growth of infant industries during Great Depression
Stagnation in world GDP growth, 1960s-2000s

World GDP per capita growth, 1961-2003 (annual change in per cent)

*Forecast

declining SA manufacturing profit rate

deep-rooted capitalist stagnation due to ‘overaccumulation crisis’ (and then 1985 banking crisis) finally responsible for late 1980s break between white Johannesburg capital and racist Pretoria government

pre-1994 roots of neoliberalism: 
*unilateral late-apartheid regime shift*

1) **sanctions** bite English-speaking business, 1985;
2) F.W. DeKlerk transferred power from ‘securocrats’
to ‘econocrats’ by 1989;
3) **inward-oriented** siege economy – state
investments, border industrial zones, subsidies, low
interest rates – phased out, late 1990s;
4) **IMF** macroeconomic advice adopted, 1989;
5) longest **depression** in SA history, 1989-93;
6) **Iscor** (state iron company) privatised, 1989;
7) **Value Added Tax** installed, 1991;
8) **Normative Economic Model** adopted, 1993;
1990-94 roots of neoliberalism: African National Congress technocrats co-opted

1) more than a dozen World Bank ‘reconnaissance missions’ (‘Knowledge Bank’) from 1990-94 in all sectoral areas (ANC made radical Mass Democratic Movement allies cooperate);

2) ANC allowed intermediary agencies like Anglo American Corporation’s Urban Foundation thinktank and the Development Bank of Southern Africa to play crucial role in shaping transition in hotly contested fields like housing, water, energy, land, healthcare and education;

3) October 1993 agreement to repay apartheid debt - $25 billion in foreign loans from commercial banks, and somewhat more domestically – prevented subsequent ANC government from social spending;
1990-94 roots of neoliberalism

4) **Interim Constitution** in November 1993 assured property rights and ‘independent’ Reserve Bank (i.e. banker-biased, democracy-insulated);

5) **International Monetary Fund** set the stage for other neoliberal economic policies – e.g. public sector wage and spending cuts – as condition for December 1993 $850 mn loan;

6) IMF manager Michel Camdessus told Nelson Mandela to **reappoint apartheid-era finance minister** (Derek Keys) **and central bank governor** (Chris Stals).
‘post’-apartheid neoliberal consolidation

1) General Agreement on Tariffs and Trade (soon became the World Trade Organisation) hit South Africa hard in mid-1994, as fast-declining manufacturing protection reversed the anticipated gains of liberation for workers;

2) in early 1995, dissolution of the dual exchange rate system (a ‘financial rand’ used to deter international capital flight during the prior decade) and encouragement of stock market investment by international finance meant a huge inflow;

3) then, on five separate occasions in the subsequent fifteen years, dramatic outflows and currency crashes of at least 25%;

4) first of these runs, in February 1996, followed a rumour (unfounded) that Mandela was ill, and left the president and his team so psychologically shaken that they ditched their last left vestige, the Reconstruction and Development Programme ministry, and within four months imposed macroeconomic ‘Growth, Employment and Redistribution’ neoliberal policies.
seductive argument: ‘SA can join the civilised world and influence “global governance”’

yet the result was repeated *top-down failures*

- except Montreal Protocol on CFCs (ozone hole), 1996

but since then:

- World Bank, IMF Annual Meetings: trivial reforms (Chinese voting power rising, African falling)
- ‘Post-Washington Consensus’: Stiglitz fired, 1999
- UN Millennium Development Goal rhetoric, 2000
- WTO Doha Agenda 2001: failure
- Monterrery Financing for Development summit, 2002, then G20 global financial reregulation, 2008-09: failure
- renewed wars in Central Asia, Middle East, 2001-??
- UN Security Council reform attempts failed, 2005
- G8 aid promises (especially for Africa) broken, 2005-10
- Kyoto Protocol on climate: Copenhagen Accord tragedy
Copenhagen Summit crash, December 2009

on last day, backroom deal by Barack Obama (USA), Jacob Zuma (SA), Lula da Silva (Brazil), Manmohan Singh (India), Wen Jiabao (China) – designed to avoid needed emissions cuts; instead, business-as-usual for white-owned fossil-fuel industry and mainly-white overconsumers
water in South African townships: world-famous struggle against commodification
South Africa’s right to water?

• ‘everyone has the right to an environment that is not harmful to their health or well-being… everyone has the right to have access to… sufficient water’


• 2003-09 lawsuit by Soweto activists and SA Coalition Against Water Privatisation against Johannesburg government (and by implication, Paris-based Suez): http://www.law.wits.ac.za/cals
two core aspects of Mazibuko v Johannesburg case

• How much water?
  – City of Joburg and Suez (2001): 25 litres/capita/day
  – Phiri activists, CAWP, CALS (2003): 50 l/cd
  – High Court (Tsoka in April 2008): 50 l/cd
  – Constitutional Court (Sept 2009): ‘we don’t DO policy’

• What delivery mechanism?
  – Joburg, Suez: pre-payment meters
  – Phiri et al: credit meters (as in white areas)
  – High Court: pre-payment meters are discriminatory
  – ConCourt: no problem with pre-payment meters
lessons from Mazibuko

• use rights narrative purely for **defensive purposes** (injunctions against disconnections), not to change policy (confirming Critical Legal Studies’ ‘contingency’ theory)

• use rights narrative for **social education and mobilisation** (Treatment Action Campaign) but beware demobilisation potential

• for real relief: reconnection, turning meters into ‘statues’, ‘commoning’ and mutual aid, social mobilization and protest
case study of successful internationalist social movement solidarity: 
*access to Anti-RetroVirals*

- 1990s – US promotes Intellectual Property above all, monopoly-patented ARVs cost $10-15,000/person/year
- 1997 – SA’s Medicines Act allows ‘compulsory licensing’ (breaking patent for generic producers);
- 1999 – Al Gore for president, ACTUP! opposition to Gore, Seattle WTO protest, Bill Clinton surrender, ‘AIDS dissidents’ emerge
- 2000 – AIDS conference in Durban, rise of Thabo Mbeki’s denialism
- 2001 – ‘PMA-SA v Mandela’ lawsuit w Medicines sans Frontiers & Oxfam, while TAC imports Thai, Brazilian, Indian generics
TAC’s Anti-RetroVirals campaign:

2001 – Constitutional Court supports nevirapine, major World Trade Organisation (TRIPS) concession at Doha
2002 – critiques of Mbeki, Manto Tshabalala-Msimang
2003 – ANC compels change in state policy
2004 – generics produced in SA, global AIDS funds increase
2009 – nearly 800 000 public sector recipients
2010 threats – fiscal conservatism, Obama’s Pepfar cuts

strategic successes:

* commoning intellectual property
* decommodification
* destratification
* deglobalisation of capital
* globalisation of solidarity
‘globalisation of people, deglobalisation of capital’

I sympathise with those who would minimise, rather than with those who would maximise, economic entanglement among nations. Ideas, knowledge, science, hospitality, travel - these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible and, above all, let finance be primarily national. —John Maynard Keynes (1933), ‘National Self-Sufficiency,’ Yale Review
necessary prerequisite: protest - from racial apartheid...

a scene from Soweto, 1976
... to class apartheid

a few kms from Soweto, a scene from Riverlea, next to Soccer City, October 2009
anti-FIFA protest:

Stallion Security workers against labour broking, informal traders facing restrictions, displaced Durban fisherfolk, CT residents of N2 Gateway project forcibly removed, construction workers, AIDS activists prevented from distributing condoms, environmentalists concerned about World Cup’s offset ‘greenwashing’, Mbombela students who lost school, disability rights advocates, poor towns’ residents demanding provincial rezoning.

Stallion Security guards in Durban during World Cup

Johannesburg SA Transport and Allied Workers Union wage strike, 2010

Cape Town construction workers strike, 2008

Durban’s Warwick Early Morning Market: anti-displacement protest, 2009
ubiquitous 'service delivery protests'
South African campaigns for decommodification, destratification and the deglobalization of capital

• SA activists turning several ongoing struggles to turn basic needs into human rights:
  – free antiretroviral medicines;
  – National Health Insurance;
  – free water (50 liters/person/day);
  – free electricity (at least 1 kWh/c/d);
  – thorough-going land/housing reform;
  – free basic education;
  – renationalisation of Telkom for lifeline phone services;
  – prohibition on services disconnections and evictions;
  – a 'Basic Income Grant'; and
  – the right to a job!

• as ‘non-reformist reforms’, all such services should be universal, partly financed by penalizing luxury consumption.

• interlocking/overlapping campaigns – but so far not unified due to macropolitical conjuncture (especially rise of ANC Zuma faction)
the ongoing struggle against neoliberalism