South Africa's financial bubble and boiling social protest

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South Africa's poor and working-class people have recently been protesting at amongst the highest rates per person in the world. The police conservatively measure an average of more than 8000 'Gatherings Act' incidents per year since 2005 (Freedom of Expression Institute and Centre for Sociological Research 2009). In part this reflects, I will argue, the distorted character of 'growth' that South Africa has witnessed after adopting neoliberal macroeconomic and microdevelopment policies, and the logical 'double-movement' (Polanyi 1957) for and against commodification of life playing out in the country's slums. The impact of the late 2000s formal global/national economic crisis amplifies and extends the existing, inherited contradictions. Social and labour movements whose goals have been somewhat localist and corporatist, respectively, may have to unite with environmentalists to pose much more radical ways forwards in this context, although labour/communist influence within the ruling African National Congress makes it unlikely that a united left front can emerge in civil society in the short or even medium term.

The post-apartheid city: cauldron of capitalist contradictions

As just one reflection of extreme uneven development, South Africa's cities have hosted the world's most speculative residential real estate bubble, with an inflation-adjusted price rise of 389% from 1997-2008, more than double the second biggest bubble, Ireland's at 193%, according to *The Economist* (20 March 2009), with Spain, France and Britain also above 150%. (The US Case-Shiller national index was only 66% over the same period.) Although there were many more houses built annually with state subsidies in the post-apartheid period for lower-income people, compared to the last decade of apartheid, World Bank advice in 1994 meant that these were typically half as large, and constructed with flimsier materials than during apartheid; located even further from jobs and community amenities; characterised by disconnections of water and electricity; with lower-grade state services including rare rubbish collection, inhumane sanitation, dirt roads and inadequate storm-water drainage (Bond 2005).

In most provinces, the majority of the Gatherings Act incidents were 'service delivery protests' over low-quality provision and the rising cost of water, sanitation and electricity (Freedom of Expression Institute 2009). Even after 'Free Basic Services' - 6000 liters per household per month of water and 50 kWh of electricity (with small increases anticipated in 2010) - were provided, the convex nature of water/electricity tariffs meant the rise in the second block of consumption had the impact of raising the entire amount, resulting in higher non-payment rates, higher disconnection levels (1.5 million/year for water, according to the state) and lower consumption levels by poor people (Bond and Dugard 2008).

How did this happen, in a society that boasted one of the world's greatest urban social movements during the 1980s (Seekings 2000, Mayekiso 1996), which in turn generated a powerful urban reform project in the early 1990s, culminating in an African National Congress (ANC) 1994 campaign platform - the 'Reconstruction and Development Programme' - which had insisted upon various forms of decommodified real estate, especially housing finance? It turns out that these promises were another case of 'talk left, walk right', because notwithstanding a housing minister - Joe Slovo - who was also chair of the SA Communist Party at the time (just prior to his death due to cancer in early 1995), the December 1994 *Housing White Paper* set as a main task restoring 'the fundamental pre-condition for attracting [private] investment, which is that housing must be provided within a normalized market'. In practice this entailed huge concessions to banks, alongside a drive to commercialize municipal utilities (Bond 2000).

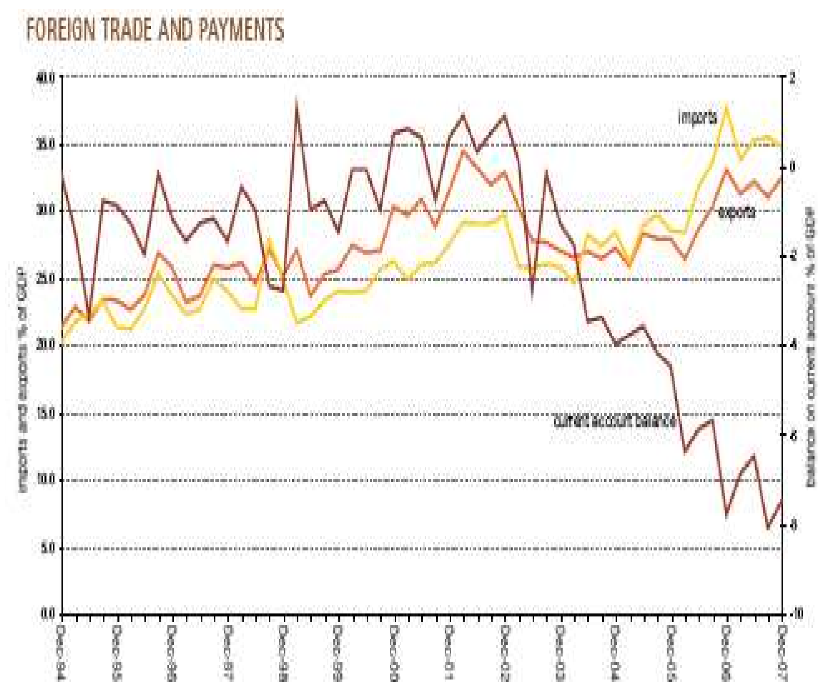
This was not merely the fault of a dying Slovo and his director-general, Billy Cobbett (subsequently director of the World Bank's Cities Alliance), for the dye was cast when neoliberalism was adopted in the early 1990s by the late apartheid regime. The period was marked by several policy shifts away from 1980s-era sanctions-induced dirigisme carried out by 'verligte' (enlightened) Afrikaner 'econocrats' in Pretoria, once the influence of 'securocrats' faded and the power of white English-speaking business rose during the 1990-94 negotiations. That period included South Africa's longest depression (1989-93) and required Nelson Mandela's ANC to periodically demobilize protest, until in late 1993 the final touches were put on the 'elite transition' to democracy (Bond 2005).

In the meantime, long-standing ANC promises to nationalize the banks, mines and monopoly capital were dropped; Mandela agreed to repay $25 billion of inherited apartheid-era foreign debt; the central bank was granted formal independence in an interim constitution; South Africa joined the General Agreement on Tariffs and Trade on disadvantageous terms; and the International Monetary Fund provided a $850 million loan with standard Washington Consensus conditionality. Soon after the first free and fair democratic elections, won overwhelmingly by the ANC, privatization began in earnest; financial liberalization took the form of relaxed exchange controls; and interest rates were raised to a record high (often double-digit after inflation is discounted). By 1996 a neoliberal macroeconomic policy was formally adopted and from 1998-2001, the ANC government granted permission to South Africa's biggest companies to move their financial headquarters and primary stock market listings to London (Bond 2005).

SA currency crashes (R/$)

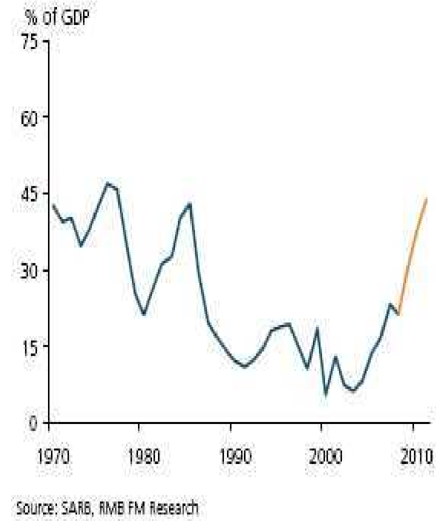
The basis for sustaining the subsequent property and financial bubble came from two sources: residual exchange controls which limit institutional investors to 15% offshore investments and which still restrict offshore wealth transfers by local elites; and a false sense of confidence in macroeconomic management. The oft-repeated notion is that under Finance Minister Trevor Manuel, 'macroeconomic stability' was achieved since apartheid ended in 1994. Yet no emerging market had as many currency crashes (15% in nominal terms) over that period: SA's were in early 1996, mid-1998, late 2001, late 2006 and late 2008.

By early 2009, *The Economist* (25 February 2009) ranked South Africa as the most 'risky' of 17 emerging markets, in large part because corporate/white power had generated an enormous balance of payments deficit thanks to outflows of profits/dividends to London/Melbourne financial headquarters.



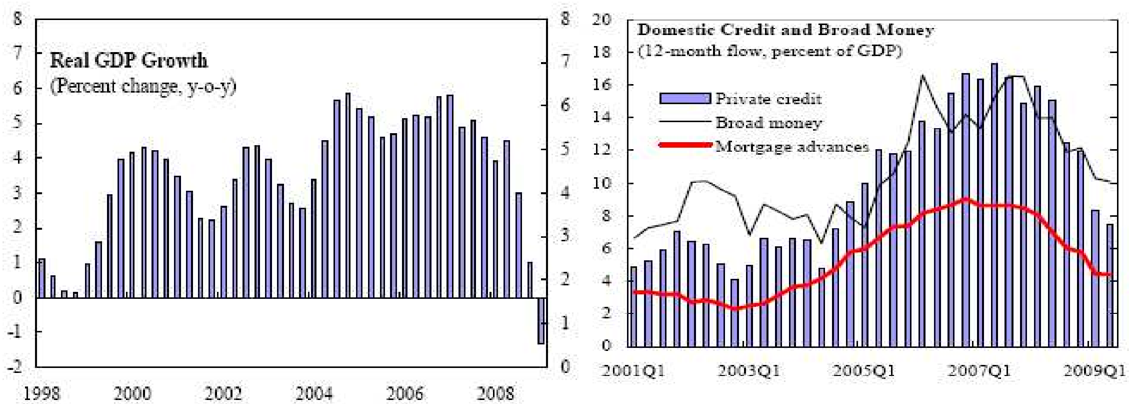
SA trade and payments deficits (% of GDP) – source: SARB

To cover the current account deficit, a vast new borrowing spree began, with foreign debt rising from $25 billion in 1994 to nearly $80 billion by late 2008. Moreover, consumer credit had drawn in East Asian imports at a rate greater than SA exports even during the 2002-08 commodity price bubble. If there was a factor most responsible for the 5% GDP growth recorded during most of the 2000s, by all accounts, it was consumer credit expansion, with household debt to disposable income ratios soaring from 50% to 80% from 2005-08, while at the same time overall bank lending rose from 100% to 135% of GDP.

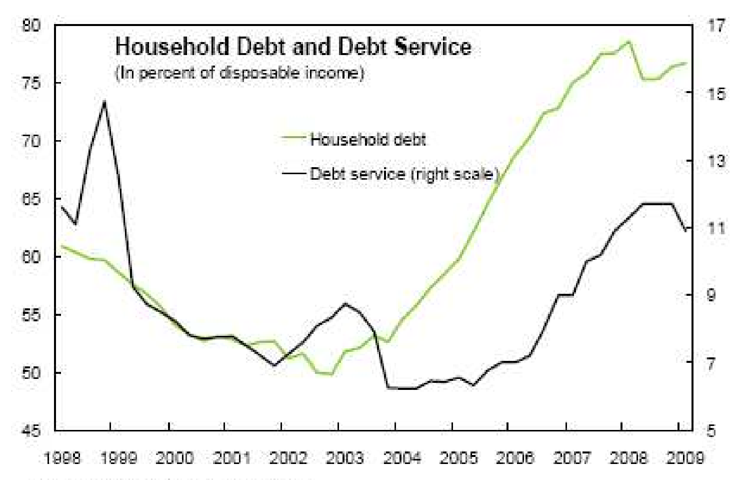


Rise in SA's foreign debt

SA 'growth' driven by credit, especially mortgage bonds



But this overexposure began to become an albatross, with non-performing loans rising from 2007 by 80% on credit cards and 100% on mortgages compared to the year before, and full credit defaults as a percentage of bank net interest income rising from 30% at the outset of 2008 to 55% by year's end (SARB 2009).



Overaccumulation, financialisation and social inequality

In early 2009 at the World Social Forum, David Harvey (2009) specified how these processes of financial-speculative accumulation intersect with class struggles in cities:

> Since 1970 there have been 378 financial crises in the world. Between 1945 and 1970 there were only 56 financial crises… My guess is that half of the financial crises over the last 30 years are urban property based… Since 1970, more and more money has gone into financial assets and when the capitalist class starts buying assets the value of the assets increases. So they start to make money out of the increase in the value of their assets. So property prices go up and up and up… So more and more low income people were brought into the debt environment. But then about two years ago property prices started to come down. The gap between what working class people could afford and what the debt was too big. Suddenly you had a foreclosure wave going through many American cities. But as usually happens with something of this kind there is an uneven geographical development of that wave.

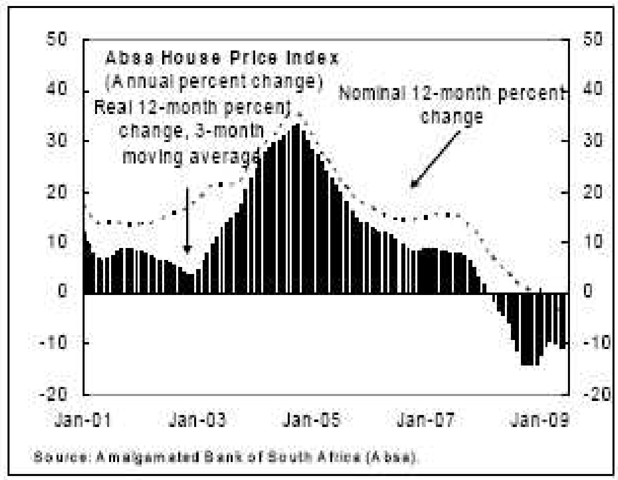
'Overaccumulation of capital' at the global scale is the root process behind the recent crisis, coming on the heels of a period of 35 years of world capitalist stagnation, extreme financial volatility and internecine competition that has had ruinous impacts (Foster and Magdoff 2009). The huge bubble in commodities - petroleum, minerals, cash crops, land - disguised how much countries like South Africa stood exposed, and indeed the early 2000s witnessed increasing optimism that the late 1990s emerging markets currency crises could be overcome within the context of the system. Moreover, even before the resources boom, by 2001 the rate of profit for large South African capital was restored from an earlier downturn from the 1970s-90s, to ninth highest amongst the world's major national economies (far ahead of the US and China), according to one British government study (Citron and Walton 2002).

Uneven geographical development is the basis for race/class segregation in South Africa's extraordinary built environment. In spite of greater access to housing mortgage bonds and other forms of consumer credit for working-class people during the 2000s, the overarching process of property speculation amplified that unevenness. In the US, leading mainstream economists George Akerlof and Robert Shiller (2009) have said much the same, though they root the crisis in a distorted psychology of individual investors (rather than in overaccumulated capital as does Harvey):

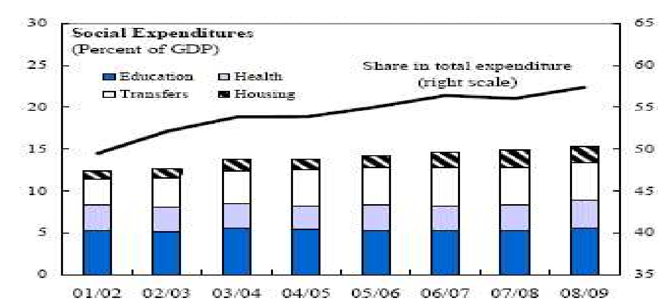
> [Speculative financial] events - in particular the recent housing bubble - are driven by what John Maynard Keynes called animal spirits, a naïve optimism at the intersection of overconfidence, corruption, storytelling,

and money illusion (another Keynesian term, for views warped by currency's nominal value instead of its purchasing value). For some reason, in the late 1990s and early 2000s, the idea that homes and apartments were spectacular investments gained a stronghold in the public imagination in the United States, and in many other countries as well… Home prices have fallen before. For instance, land prices fell 68 percent in real terms in major Japanese cities from 1991 to 2006. But investors didn't want to hear that sort of talk… For evidence of the effect of subprime lenders on the housing boom of the 2000s, consider that low-price homes appreciated faster than high-price homes. And then after 2006, when prices fell, the prices of low-price homes fell faster.

The South African version is still playing itself out, because after the late 2004 peak year-on-year 30% increase in the most cited House Price Index (Amalgamated Banks of South Africa 2009), five years later there were steady declines in the year-on-year average house price at more than 10% each month during 2009 (there is insufficient data available on the distributional impact of a worsening real estate crisis).



Moreover, although the decline in corporate tax revenue drove the budget deficit to a near-record 7.6% of GDP estimated for 2009, South Africa was not pursuing a classical Keynesian strategy, the state was simply carrying through massive construction projects contracted earlier. Anticipated increases in state spending based upon ruling party promises – especially for job creation (500,000 new jobs were promised but in reality 2009 would see a million job losses) and the launch of a National Health Insurance – were deferred by the new finance minister, Pravin Gordhan (2009), in his maiden budget speech in October 2009. The post-apartheid share of social spending in the total budget only rose from around 50% during the mid-1990s to 57% at the of crisis in any case, boosted only by social grant transfer payments.



SA social spend is relative modest – source: IMF

High corporate profits were not a harbinger of sustainable economic development in South Africa, as a result of persistent deep-rooted contradictions (Bond 2009, Republic of South Africa Department of Trade and Industry 2009, Legassick 2009, Loewald 2009):

- with respect to stability, the value of the rand in fact crashed (against a basket of trading currencies) five times, the worst record of any major economy, which in turn reflects how vulnerable SA became to international financial markets thanks to steady exchange control liberalisation (26 separate loosenings of currency controls) starting in 1995;

- SA witnessed GDP growth during the 2000s, but this does not take into account the depletion of non-renewable resources - if this factor plus pollution were considered, SA would have a net negative per person rate of national wealth accumulation (of at least US$ 2 per year), according to even the World Bank (2006, 66);

- SA's economy became much more oriented to profit-taking from financial markets than production of real products, in part because of extremely high real interest rates;

- the two most successful major sectors from 1994-2004 were communications (12.2 per cent growth per year) and finance (7.6 per cent) while labour-intensive sectors such as textiles, footwear and gold mining shrunk by 1-5 per cent per year, and overall, manufacturing as a percentage of GDP also declined;

- the Gini coefficient measuring inequality rose during the post-apartheid period, with the Institute for Democracy in South Africa (2009 citing Statistics South Africa) measuring the increase from 0.56 in 1995 to 0.73 in 2006, while Bhorat, van der Westhuizen and Jacobs (2009, 80) calculated a rise from 0.64 to 0.69, and the SA Presidency (2008, 96) conceded an increase from 0.67 to 0.70 over nearly the same period;

- black households lost 1.8% of their income from 1995-2005, while white households gained 40.5% (Bhorat et al 2009, 8);

- unemployment doubled to a rate of around 40% at peak (if those who have given up looking for work are counted, around 25% otherwise) - but state figures underestimate the problem, given that the official definition of employment includes such work as 'begging' and 'hunting wild animals for food' and 'growing own food';

- overall, the problem of 'capital strike' - large-scale firms' failure to invest - continues, as gross fixed capital formation hovered around 15-17 per cent from 1994-2004, hardly enough to cover wear-and-tear on equipment;

- businesses did invest their SA profits, but not mainly in SA: dating from the time of political and economic liberalisation, most of the largest Johannesburg Stock Exchange firms - Anglo American, DeBeers, Old Mutual, Investec, SA Breweries, Liberty Life, Gencor (now the core of BHP Billiton), Didata, Mondi and others - shifted their funding flows and even their primary share listings to overseas stock markets mainly in 2000-01;

- the outflow of profits and dividends due these firms is one of two crucial reasons SA's current account deficit has soared to amongst the highest in the world (in mid-2008 exceeded only by New Zealand) and is hence a major danger in the event of currency instability, as was Thailand's (around 5 per cent) in mid-1997;

- the other cause of the current account deficit is the negative trade balance during most of the recent period, which can be blamed upon a vast inflow of imports after trade liberalisation, which export growth could not keep up with;

- another reason for capital strike is SA's sustained overproduction problem in existing (highly-monopolised) industry, as manufacturing capacity utilisation fell substantially from the 1970s to the early 2000s; and

- corporate profits avoided reinvestment in plant, equipment and factories, and instead sought returns from speculative real estate and the Johannesburg Stock Exchange: there was a 50 per cent increase in share prices during the first half of the 2000s, and the property boom was unprecedented.

From burst bubbles to economic policy struggles

With this sort of fragile economic growth, subject to extreme capital flight, it is no surprise that in the second week of October 2008, the Johannesburg stock market crashed 10 per cent (on the worst day, shares worth US$ 35 billion went up in smoke) and the currency declined by 9 per cent, while the second week witnessed a further 10 per cent crash. Even the apparent death of South Africa's neoliberal project in September 2008, personified by former president Thabo Mbeki, whose pro-corporate managerialism was one reason for an unceremonious removal from power, is misleading. The 'populist' ruling party leader Jacob Zuma was intent on not only retaining Manuel as long as possible but preparing a collision course with his primary internal support base, trade unionists and communists. As Zuma put it to the American Chamber of Commerce in November 2008, ‘We are proud of the fiscal discipline, sound macroeconomic management and general manner in which the economy has been managed. That calls for continuity’ (Chilwane 2008).

A few days earlier, Manuel was asked by The Financial Times (Lapper and Burgis 2008) about the impact of the world crisis on South Africa, and told his constituents to tighten their belts:

> We need to disabuse people of the notion that we will have a mighty powerful developmental state capable of planning and creating all manner of employment. It may have been on the horizon in 1994 [when the governing African National Congress first came to office] but it could not be delivered now. The next period is likely to see a lot more competitiveness in the global economy. As consumer demand falls off there will be a huge battle between firms and countries to secure access to markets.

At the same time, the International Monetary Fund’s Article 4 consultation with South Africa confirmed the external pressures. Ironically, the institution’s managing director, Dominique Strauss-Kahn (2008), proclaimed the same month that the IMF now supported a 2% budget stimulus ‘everywhere where it’s possible. Everywhere were you have some room concerning debt sustainability. Everywhere where inflation is low enough not to risk having some kind of return of inflation, this effort has to be made’. Pretoria should have qualified for such a Keynesian seal of approval, but no, according to IMF (2008, 3-12) staff who prepared the annual Article IV Consultation paper, Manuel should instead:

- run a budget surplus, i.e., ‘an increase in public saving so as to bring the structural public sector borrowing requirement to zero over the next few years’, but bearing in mind that ‘cuts in the corporate income tax could boost growth’;

- adopt privatisation for ‘infrastructure and social needs’, including electricity and transport by ‘relying more widely on public-private partnerships’;

- maintain existing inflation-targeting (i.e. in the 3-6% target range, although inflation was more than 12% in 2008) and ‘raise interest rates further if supply shocks resume or domestic demand pressures do not dampen’;

- 'open the economy to greater international competition' by removing protections against international economic volatility, especially 'further liberalization and simplification of the trade regime'; and

- remove worker rights in labour markets, including 'backward-looking wage indexation' to protect against inflation.

To be sure, Manuel did not follow this advice; the Alliance left (the SA Communist Party and Congress of SA Trade Unions) is powerful enough to prevent it if he tried any one of the five, especially just before a national election in 2009. Indeed, just as in the West, the SA central bank came under heavy pressure to reduce interest rates - by 5% from late 2008 through mid-2009 - and the real prime rate fell to the 2% range, down from a peak of 15% a decade earlier.

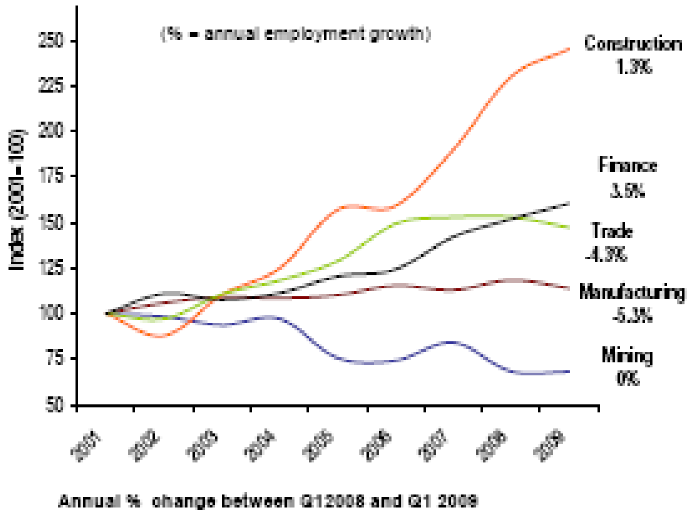
Surprisingly, the IMF's 2009 Article IV agreement had a very different tone, conceding that South Africa's strategy was acceptable:

> The expansionary fiscal stance is appropriate given the weak economic outlook, and strikes the right balance between supporting demand and preserving medium-term sustainability. If output turns out weaker than staff projects, the automatic stabilizers should be allowed to operate in 2009/10 and 2010/11… The monetary policy stance has been appropriate. The scope for easing may have been exhausted if inflation is to be brought within the target range by end-2010, as the authorities intend (IMF 2009, 1).

Although as late as February 2009, Manuel claimed such moves would prevent a recession, he was proven badly wrong in May when government data showed a 6.4% quarterly GDP decline, the worst since 1984 during anti-apartheid protests, the gold price's plummet and the tightening of sanctions. Even in late 2008 it was apparent that labour would suffer vast retrenchments, with a 67% reduction in average work hours per factory worker, the worst decline since 1970. The economy is likely to have shed a million jobs in 2009, especially in manufacturing and mining. January 2009 alone witnessed a 36% crash in new car sales and 50% production cut, the worst ever recorded, according to the National Association of Auto Manufacturers. The anticipated rise in port activity has also reversed, with a 29% annualized fall in early 2009.

Repossessed houses increased by 52% in early 2009 from a year earlier. The first quarter 2009 crash was, however, mitigated by the construction industry, which grew 9.4% thanks to white elephant state infrastructural investments: 2010 World Cup stadiums (hugely over budget and not anticipated to cover operating costs after the soccer matches), an elite rapid train service for

Johannesburg-Pretoria, a failing albeit generously subsidized industrial complex (Coega), port/airport/road/pipeline expansions, a vast new coal-fired electricity generator, and mega-dams. But these big projects aside, the number of building plans registered in 2008 was already 40% lower than in 2007.



Construction/finance-led growth/jobs index – source: IMF

Strategic implications for social resistance

What the contraction, relatively durable power relationships and economic policy continuity together imply, is that social protests will need to intensify and ratchet up to force concessions that help remake South Africa's built environment. As Harvey (2009) puts it, 'My argument is that if this crisis is basically a crisis of urbanization then the solution should be urbanization of a different sort and this is where the struggle for the right to the city becomes crucial because we have the opportunity to do something different.'

One of the first strategies, however, is defense. Memories remain of the prior downturn in South Africa's Kuznets Cycle of roughly 15-year ups and downs in real estate prices. The resulting negative equity generated early-1990s housing 'bonds boycotts' in South Africa's black townships, in the wake of the granting of 200,000 mortgage bonds to first-time black borrowers during the late 1980s, once apartheid urban restrictions were eased. The long 1989-93 recession left 500,000 freshly unemployed workers and their families unable to pay for housing. This in turn helped generate a collective refusal to repay housing bonds until certain conditions were met. The tactic moved from the site of the Uitenhage Volkswagen auto strike in the Eastern Cape to the Johannesburg area in 1990, as a consequence of two factors: shoddy housing construction (for which the homebuyers had no other means of recourse than boycotting the housing bond) and the rise in interest rates from 12.5 per cent (-6 per cent in real terms) in 1988 to 21 per cent (+7 per cent in real terms) in late 1989, which in most cases doubled monthly bond repayments (Bond 2000).

As a result of the resistance, township housing foreclosures which could not be consummated due to refusal of the defaulting borrowers (supported by the community) to vacate their houses, and the leading financier's US$700 million black housing bond exposure in September 1992 was the reason that its holding company (Nedcor) lost 20 per cent of its Johannesburg Stock Exchange share value (in excess of US$150 million lost) in a single week, following a threat of a national bond boycott from the national civic organisation. Locally, if a bank did bring in a sheriff to foreclose and evict defaulters, it was not uncommon for a street committee of activists to burn the house down before the new owners completed the purchase and moved in. Such power, in turn, allowed both the national and local civic associations to negotiate concessions from the banks (Mayekiso 1996).

However, there are few links between the early 1990s civics which used these micro-Polanyian tactics successfully, and the 2000s generation of 'new social movements' which shifted to decommodification of water and electricity through illegal reconnections (Desai 2002). The differences partly reflect how little of the late 2000s mobilizing opportunities came from formal sector housing, and instead related to higher utility bills or forced removals of shack settlements. Still, there are profound lessons from the recent upsurge of social activism for resistance not only to the implications of world capitalist crisis in South Africa, but elsewhere.

The lessons come from deglobalisation and decommodification strategies used to acquire basic needs goods, as exemplified in South Africa by the national Treatment Action Campaign and Johannesburg Anti-Privatisation Forum which have won, respectively, antiretroviral medicines needed to fight AIDS and publicly-provided water (Bond 2006). The drugs are now made locally in Africa - in Johannesburg, Kampala, Harare, and so on - and on a generic not a branded basis, and generally provided free of charge, a great advance upon the US$ 15,000/patient/year cost of branded AIDS medicines a decade earlier (in South Africa, half a million people receive them).

The water in Johannesburg is now produced and distributed by public agencies (Suez was sent back to Paris after its controversial 2001-06 protest-ridden management of municipal water). In April 2008 a major constitutional lawsuit in the High Court resulted in a doubling of free water to 50 litres per person per day and the prohibition of pre-payment water meters (Bond and Dugard 2008), but the Constitutional Court reversed this decision in September 2009 on grounds that judges should not make such detailed policy, leading activists to commit to illegal reconnections if required (Coalition Against Water Privatisation 2009).

The ability of social movements such as in the health, water and housing sectors to win major concessions from the capitalist state's courts under conditions of crisis is hotly contested, and will have further implications for movement strategies in the months ahead. Huchzermeyer (2009, 3-4) argues that the Constitution mandates 'an equal right to the city'. However,

> It was only in 2000 that the Bill of Rights was evoked by a marginalised and violated urban community (represented by Irene Grootboom) in the Constitutional Court. In what was received as a landmark ruling, the Court interfered with the Executive, instructing the Ministry of Housing to amend its housing policy to better cater for those living in intolerable conditions. It took 4 further years for the policy changes to be adopted into housing policy. Chapters 12 and 13 were added to the national Housing Code: Housing in Emergency Circumstances and Upgrading of Informal Settlements. In the following 5 years, these two policies have not been properly implemented, if at all. Unnecessary violations have continued and marginalised communities have had to resort to the courts. However, the landscape has changed significantly. Whereas the Grootboom case involved an isolated community with only a loose network of support through the Legal Resources Centre which acted as 'Friends of the Court', today cases reach the Constitutional Court through social movements such as Landless People's Movement, Inner City Tenant Forum, Abahlali base Mjondolo, Anti-Privatisation Forum and the Anti-Eviction Campaign. These movements coordinate, exchange, and take an interest in one another's legal struggles.

Huchzermeyer (2009, 4) suggests this strategy fills a 'gap in left thinking about the city (the gap derived from the Marxist ideology of nothing but a revolution)' and that the 'Right to the City' movement articulated by Henry Lefebvre and David Harvey should include marginal gains through courts: 'Urban Reform in this sense is a pragmatic commitment to gradual but radical change towards grassroots autonomy as a basis for equal rights.' After all, 'three components of the right to the city - equal participation in decision-making, equal access to and use of the city and equal access to basic services - have all been brought before the Constitutional Court through a coalition between grassroots social movements and a sympathetic middle class network' (even though 'this language is fast being usurped by the mainstream within the UN, UN-Habitat, NGOs, think tanks, consultants etc., in something of an empty buzz word, where the concept of grassroots autonomy and meaningful convergence is completely forgotten').

Critics, on the other hand, point to the opposite processes in the water case, and consider a move beyond human rights rhetoric necessary on grounds not only that – following the Critical Legal Scholarship tradition - rights talk is only conjuncturally and contingently useful (as in the cases Huchzermeyer cites) (Brand 2005, Madlingozi 2007, Pieterse 2007). In addition, the limits of neoliberal capitalist democracy sometimes stand exposed, when battles between grassroots-based social movements and the state must be decided in a manner cognisant of the costs of labour power's reproduction. At that point, if a demand upon the state to provide much greater subsidies to working-class people in turn impinges upon capital's (and rich people's) prerogatives, we can expect rejection, in much the same way Burgess (1978) criticised an earlier version of relatively unambitious Urban Reform (Turner's self-help housing), on grounds that it fit into - not fought against - the process by which capital lowered its labour reproduction costs. It may be too early to tell whether court victories won by social movements for AIDS medicines and housing access are the more durable pattern that reifies rights talk, or whether the defeat of the Soweto water-rights movement is more typical. Sceptics of rights talk suggest, instead, a 'Commons' strategy, by way of resource sharing and illegal commandeering of water pipes and electricity lines during times of crisis (Bakker 2007, Desai 2002, Bond 2009, Naidoo 2009, Ngwane 2009).

The challenge for South Africans committed to a different society, economy and city is combining requisite humility based upon the limited gains social movements have won so far (in many cases matched by the worsening of regular defeats) with the soaring ambitions required to match the scale of the systemic crisis and the extent of social protest. Looking retrospectively, it is easy to see that the independent left – radical urban social movements, the landless movement, serious environmentalists and the left intelligentsia - peaked too early, in the impressive marches against Durban's World Conference Against Racism in 2001 and Johannesburg's World Summit on Sustainable Development in 2002. The 2003 protests against the US/UK for the Iraq war were impressive, too. But in retrospect, although in each case they out-organised the Alliance, the harsh reality of weak local organisation outside the three largest cities - plus interminable splits within the community, labour and environmental left - allowed for a steady decline in subsequent years.

The irony is that the upsurge of recent protest of a 'popcorn' character - i.e., rising quickly in all directions but then immediately subsiding - screams out for the kind of organisation that once worked so well in parts of Johannesburg, Durban and Cape Town. The radical urban movements have not jumped in to effectively marshall or even join thousands of 'service delivery protests' and trade union strikes and student revolts and environmental critiques of the past years. The independent left's organizers and intelligentsia have so far been unable to inject a structural analysis into the protest narratives, or to help network this discontent.

Moreover, there are ideological, strategic and material problems that South Africa's independent left has failed to overcome, including the division between autonomist and socialist currents, and the lack of mutual respect for various left traditions, including Trotskyism, anarchism, Black Consciousness and feminism. A synthetic approach still appears impossible in 2009, nor do strategic convergences appear obvious. (For example, one strategic problem – capable of dividing major urban social movements - is whether to field candidates at elections.) Another problem is the left's reliance upon a few radical funding sources instead of following trade union traditions by raising funds from members (the willingness of German voters to vote Die Linke may have more than a little influence on the SA left, unfortunately).

By all accounts, the crucial leap forward will be when leftist trade unions and the more serious SA Communist Party members ally with the independent left. The big question is, when will Cosatu reach the limits of their project within the Alliance. Many had anticipated the showdown in 2007 to go badly for unionists and communists, and they (myself included) were proven very wrong. There is probably no better national trade union movement in the english-speaking world than Cosatu, so that error requires a rapid correction.

These challenges are not particularly new nor unique, with many leftists in Latin America and Asia reporting similar opportunities during this crisis but profound barriers to making the decisive gains anticipated. It is, however, in South Africa's intense confrontations during capitalist crisis that we may soon see, as we did in the mid-1980s and early 2000s, a resurgence of perhaps the world's most impressive urban social movements. And if not, we may see a degeneration into far worse conditions than even now prevail, in a post-apartheid South Africa more economically unequal, more environmentally unsustainable and more justified in fostering anger-ridden grassroots expectations, than during apartheid itself.

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