Can Thabo Mbeki change the world?

Strategies, tactics and alliances towards global governance

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1. Introduction

"We will succeed," implored Thabo Mbeki to a captivated San Francisco audience, "in the struggle to end poverty and underdevelopment in our country and continent, provided we can count on the kind of support you gave us as we fought together to end the system of apartheid."¹ Thus the South African president invited leading representatives of US business, who in reality had for decades been diehard supporters of apartheid (nearly uniformly opposing ANC calls for comprehensive sanctions),² to help combat what Mbeki has already begun to term "global apartheid"--a system nearly as profitable for US capital as was South African racism. Either Mbeki is lost, bewildered, simply capable of saying anything pleasing to any audience to curry favour, like any politician. Or something else is going on.

Mbeki would argue strenuously against the former interpretation, as witnessed in his recent attack on the "Caliban native petit bourgeoisie, with the native intelligentsia in its midst, that, in pursuit of well-being that has no object beyond itself, commits itself to be the foot-lickers of those that will secure the personal well-being of its members."³ It will be clear, in excerpts from his speeches considered below, that Mbeki's approach to the global ruling elite is not about personal self-advancement, or even advancement of a goal so narrow as merely increasing foreign investment in South Africa. Instead, let us take as a given that Mbeki's approach is to engage the global ruling elite so as to pave the way for a continuation of the South African "revolution." In the same speech, Mbeki continued, "Our own intelligentsia faces the challenge, perhaps to overcome the class limitations which [Walter] Rodney speaks of, and ensure that it does not become an obstacle to the further development of our own revolution." Taking this position seriously, it is up to anyone engaging in analysis of global geopolitics and economics to determine not whether Mbeki is seeking to "further develop" the South African revolution through ever more strategic global insertions, but how he is managing such a challenge; what underlying analysis informs the approach; what strategies and tactics are appropriate;
and whether alliances are properly considered—all of which are addressed in pages below.

We might start with the premise that economic "globalization"—by which is generally meant free flows of trade, finance and direct investment, under conditions of overwhelming transnational corporate power, underpinned by a system of global embryonic-state institutions based mainly in Washington—simply doesn't work for South Africa, or Africa. Mbeki himself concedes as much, as recorded below. As a result, he and his closest colleagues claim to be pursuing three broad interventions in the global political-economic arena:

i) reforming the interstate and embryonic world-state system;
ii) lending South African prestige and concrete assistance to alleviating the plight of the African continent; and
iii) establishing the basis for a newly-evolved North-South ideology of social democracy.

The first challenge, upon which all else hinges (and hence upon which this analysis dwells at greatest length), has at least four component strategies:

a) leading the launch of a new World Trade Organisation round, in cooperation with four semi-peripheral allies (Egypt, Nigeria, Brazil and India), to contest Northern protectionism;
b) promoting the revitalisation of the International Monetary Fund and World Bank by advocating more democratic functioning, invoking a modified "Post-Washington Consensus" approach and demanding a larger volume of debt relief;
c) rejuvenating the United Nations—apparently through seeking a permanent seat on the Security Council—and associated agencies in key areas of international influence; and
d) confronting, even if tentatively, transnational corporate prerogatives when it comes to certain self-interested arenas such as pharmaceutical drug pricing.

The second challenge entails the assertion of South Africa's politico-economic-military-diplomatic might in Africa. The complex policy terrain upon which Pretoria's ambitions have, since 1998, unfolded includes debates over:

a) the merits of interventions within Southern African countries to prop up contested allied governments (unjustified when Zimbabwe enters the DRC but justified by Pretoria when South Africa intervenes in Lesotho);
b) whether residual nationalist alliances should determine South Africa's posture towards Zimbabwe (for in spite of qualms from within the ANC, Pretoria was ultimately extremely supportive of the Mugabe regime);
c) the maximisation of South Africa's formidable comparative advantages in manufactured exports to Africa (notwithstanding a serious backlash by SADC partners);
d) the costs of African immigration to South Africa (which is still strongly opposed and viciously punished by Pretoria); and
e) the diminishing role of human rights in foreign policy-making (as witnessed in arms sales and both African and international deal-making).

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4 I come to this conclusion on the basis of analysis found in Bond, P. (1999), "Globalization, African Economic Crisis and South African Vulnerabilities," African Communist, 3. To save space in this long paper, I have telescoped my argument in numerous places, and referred to publications where full documentation is provided; these are available to anyone interested by writing me at pbond@wn.apc.org.
The third challenge reflects the general global rethink of "neoliberal" (free-market) philosophy, as witnessed in crises of international economic regulation and growing global inequality. Even if still termed "social democracy," the modified "Third-Way" neoliberalism practiced by the ruling parties of the United States (from 1993), Britain (from 1997) and Germany (from 1998) is virtually indistinguishable from the policies of conservative predecessors—Reagan, Thatcher, Kohl—who launched the global resurgence of corporate rule and attack on the social wage during the 1980s. Mbeki's primary personal (and political-party) challenge has been to ally with regimes like those in Sweden and Chile that wear a post-neoliberal face, and to project a new compassion for marginalised people and countries that transcends the market. But other rhetorics of international "human solidarity" are also apparent.

To respectfully but critically consider all of the points above in the detail they require would require a massive treatise, so complicated are the issues and so active are Pretoria's diverse interventions. Many critical details about the balance of forces associated with murky, behind-the-scenes diplomacy will in any case never be publicly available. No doubt such an intellectual assessment can and will be undertaken, although probably only with the benefit of a few years' hindsight. But notwithstanding such caveats, preliminary engagements with Mbeki's global agenda can and should begin, even if based mainly—as at present—on interpretations of the discursive strategies and emblematic anecdotes that the president and his team have been invoking to advance their cause.

Furthermore, even at this very early stage, it is useful to set out a polar opposite position: Mbeki's challenges will fail, though not because of lack of will, integrity or positionality of those involved. After all, since 1994 extremely talented South African officials have presided over the board of governors of the IMF and World Bank, the Non-Aligned Movement, the United Nations Conference on Trade and Development, the Commonwealth, the Organisation of African Unity, the Southern African Development Community and a host of other important international and continental bodies. Instead, the failure is already emanating from the very project itself, and its underlying philosophy, inappropriate practical strategies, and ineffectual tactics. Instead of leading the world, Mbeki and his Pretoria colleagues run a different danger: treading a well-known, dusty path—a cul-de-sac of predictable direction and duration—that, notwithstanding mixed rhetorical signals, for all effective purposes excludes (indeed, most often rejects) alliances with increasingly radical local and international social, labour and environmental movements who in reality are the main agents of progressive global change. Thus the South African post-apartheid official leadership will not achieve its own limited objectives, much less the further-reaching transformation required under current excruciating global conditions.

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5 Alan Zuege puts it in a way strikingly applicable to South Africa's own socio-economic policies:

The [Third Way] social democratic agenda increasingly targets these variables as it seeks to adapt not just industrial and political structures, but social structures as well, to the imperative to compete and win in global markets. In pursuit of this agenda, the so-called modernising left asks workers to trade away what remains of their post-war entitlements of the chimerical promise of participation in a global knowledge economy, and to buy into the new industrial, distributional, and civic accords which purport to make it possible. But with the legacy of overaccumulation still unravelling and the ravages of international competition unyielding, these reformist "bargains" amount to little more than a "negotiated" path to austerity.


6 In his "Vox Populi—Is it Real?: Speech at the IUSY Festival," Stockholm, 28 July 2000, Mbeki makes clear the ideological starting point of this revived social democracy: "I believe that the question we should all ask ourselves is whether it is the vox populi—the voice of the people—that is the voice of God, or is it the voice of the market, that is the voice of God!"
Thus I set out to demonstrate, mainly through textual analysis of speeches and brief discussion of key events and processes, the limits of the project embraced by Mbeki, finance minister Trevor Manuel, trade and industry minister Alec Erwin, presidential director-general Frank Chikane, kitchen-cabinet intellectual Joel Netshitenzhe, ANC secretary-general Kgalema Motlanthe, foreign minister Nkosazana Dlamini-Zuma and others. I am compelled to consider power relations in the global sphere with far more skepticism than do Mbeki and his colleagues. Hence, in concluding that Thabo Mbeki cannot change the world, a more radical strategy necessarily arises as an alternative.

2. "Globalization made me do it"

According to economists Jonathan Michie and Vishnu Padayachee, "In the South African context, globalization has become a synonym for inaction, even paralysis, in domestic economic policy formulation and implementation." Indeed, as Nelson Mandela himself remarked at the July 1998 Mercosur meetings of South American nations, "Globalization is a phenomenon that we cannot deny. All we can do is accept it." In this spirit came Trevor Manuel's "terrible admission" of "impotence" in relation to even something simple such as job creation (from a leader of a state which not so long ago built atomic weapons). Mbeki, too, lectured the ANC’s July 2000 National General Council that globalization "impacts on the sovereignty of small states such as ours... The globalization of the economy resulting among other things in rapid movements of huge volumes of capital across the globe, objectively also has the effect of limiting the possibility of states to take unilateral decisions."

South African state managers were not alone, of course, in expressing enfeeblement. Many leaders and political parties of Second and Third World societies who at one point (at least momentarily) had carried the aspirations of a mass-popular electorate, confronted globalization during the 1980s-90s, rapidly reversed allegiance, and imposed ineffectual and terribly unpopular structural adjustment programmes. Very different circumstances prevailed, amidst very different ideologies, but this fate befell, amongst others, Aquino (Philippines), Arafat (Palestine), Aristide (Haiti), Bhutto (Pakistan), Chiluba (Zambia), Dae Jung (South Korea), Havel (Czech Republic), Manley (Jamaica), Megawati (Indonesia), Musoveni (Uganda), Mugabe (Zimbabwe), Nujoma (Namibia), Ortega (Nicaragua), Perez (Venezuela), Rawlings (Ghana), Walensa (Poland) and Yeltsin (Russia). The trend was just as pronounced in labour and social democratic parties in Western Europe, Canada and Australia, and even where once-revolutionary parties remained in control of the nation-state--China, Vietnam, Angola, and Mozambique, for instance--ideologies wandered over to hard, raw capitalism.

For post-apartheid South Africa, the mood of liberation shifted quickly to despair during two moments of powerful international financial discipline, in early 1996 and mid-1998, when currency crashes and capital flight provoked dramatic interest rate increases and, in the first instance, the high-

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8 Mandela’s televised comment is cited in Bond, P. (1998), "Global Financial Crisis: Why we should Care, What we should Do," Indicator SA, 15, 3.

9 Sunday Independent, 9 January 2000.

10 Keynote Address of the President of the ANC, Cde Thabo Mbeki, to the National General Council, 12 July 2000.
The prime culprit in making South Africa so vulnerable was the government's March 1995 decision, under intense pressure from local and international financiers, to discard the financial rand exchange control mechanism. This decision had the effect of attracting enormous speculative financial flows, which in turn fled rapidly as conditions changed and the investor-herd turned.

The country's allegedly "sound" economic fundamentals were, of course, deteriorating markedly during the late 1990s. Growing foreign imports amplified local deindustrialisation and job loss, while trade with Africa became extremely biased, contributing to geopolitical tensions and economic refugees from neighbouring lands (and resulting xenophobia by South African workers). There was, moreover, a net outflow of international direct investment from South Africa during the first five years of democracy, while the uneven dribs and drabs of incoming foreign investment were largely of the merger/acquisition variety rather than greenfield projects. Simultaneously, a net inflow of economic advice came from the international financial centres, based upon persistent demands not only for macroeconomic policies conducive to South Africa's increased global vulnerability, but also for social policies and even political outcomes that weakened the state, the working-class, the poor and the environment. That 1996-98 era of international financial turmoil offered Pretoria a learning curve to hell: among other outcomes, sinking the country's per capita living standards while intensifying the world's worst inequality; sending real interest rates to their highest-ever levels; crashing the Johannesburg Stock Exchange more than ever before; generating unprecedented municipal bankruptcies; forcing cuts in water and electricity to the poorest citizens; exacerbating apartheid geographical segregation; and reducing the ratio of people formally employed to those desiring a job to levels unprecedented in a century.

Yet within the highest circles of the ANC, the mood seemed to shift back, quite dramatically, later in 1998. Both Mbeki and Mandela had scolded a major Communist Party congress and a Cosatu executive committee in June-July for opposition to neoliberalism. But whether due to the impending mid-1999 elections or a genuine change of heart, some left flaps of the broad ANC tent were reopened in October 1998. Communists and trade unionists streamed back in, and the following rhetoric was heard in a paper coauthored by Netshitenzhe, the SACP's Jeremy Cronin and Cosatu's then leader, Mbhazima Shilowa:

The current instability and volatility in the global economy over the last year is seriously affecting the economies of both developed and developing countries... The present crisis is, in fact, a global capitalist crisis, rooted in a classical crisis of overaccumulation and declining profitability. Declining profitability has been a general feature of the most developed economies over the last 25 years. It is precisely declining profitability in the most advanced economies that has spurred the last quarter of a century of intensified globalization. These


trends have resulted in the greatly increased dominance (and exponential growth in the sheer quantity) of speculative finance capital, ranging uncontrolled over the globe in pursuit of higher returns... As the depth and relative durability of the crisis have become apparent, the dominant economic paradigm (the neoliberal "Washington Consensus") has fallen into increasing disrepute... The dominant assumption in the 1990s has been that alignment with globalization would guarantee economies more or less uninterrupted growth. The paradigm of an endlessly expanding global freeway, in which, to benefit, individual (and particularly developing) economies simply had to take the standard macro-economic on-ramp (liberalisation, privatisation, deregulation, flexibility and a 3 percent budget deficit) is now in crisis.14

Indeed at that stage, the East Asian collapse was acute; financial-crisis "contagion" had spread to South Africa; controversial Malaysian nationalist Mahathir Mohamad shocked the world by successfully imposing exchange controls; and the IMF and World Bank's legitimacy had sunk to unprecedented lows.15 A bit of cheekiness was surely justified, even if the attack implicated South Africa's own macroeconomic managers?

Perhaps--yet because Washington's grip on power remained relatively undisturbed during the late 1990s arc of emerging market crises, other disappointments were still ahead. "Debt relief" promised at the 1999 G-8 meeting in Cologne turned out to be, as Jubilee 2000 South Africa critics had predicted, a "cruel hoax."16 The guru of "Post-Washington Consensus" theory within the World Bank, chief economist Joseph Stiglitz, was fired in late 1999, and by May 2000 Ravi Kanbur, the Bank's Stiglitzian author of World Development Report: Poverty 2000 also resigned due to explicit censorship by US Treasury Secretary Lawrence Summers. A "Free Trade" deal between Pretoria and the European Union was negotiated, and renegotiated again and again when southern European countries protested at SA exporters' use of the names port, sherry, ouzo and grappa.17 Another "Free Trade" deal (like Europe's, catalysed and nurtured by lobbyists of large corporations) between Africa and the United States likewise went through numerous palpitations, and eventually included ridiculous riders such as the requirement that clothing exports from Africa to the US would have to include vast components of US textiles.

The world was becoming an increasingly brutal place when Thabo Mbeki assumed the South African presidency, as testified to by rising levels of mass-popular protest. Thus by mid-2000, just before his first anniversary in office, Mbeki emerged as an apparently far more aggressive critic of the global status quo. He made a series of trips to international political and economic centres and debated global governance. His colleagues, as well as other compatriots, played active roles in key multilateral fora. Within Southern Africa, Mbeki burdened himself with increasingly hands-on diplomatic functions


16 Notwithstanding Mbeki's plea in Japan in July 2000, there was nothing further on offer to either the poorest countries or to those like Nigeria and South Africa that were victims of odious-debt repayments. See the Jubilee 2000 South Africa and Jubilee South websites, at http://www.aidc.org

17 Though it was never pointed out publicly, the dispute mainly reflected the Orwellian power of the ad man to brainwash European consumers, for while no one challenged the right of South African producers to fill the content of their bottles with port or sherry, they simply were prohibited from use of what were formerly generic brands on the outside of the bottle.
(particularly in relation to Zimbabwe and the DRC).

At first glance this activity represented an impressive, forthrightly progressive attempt to rejig the global economy in the interests of lower-income countries, to actualise the "African Renaissance," and more generally to imprint the world with South Africa's successful political deal-making model and "social democratic" style of rule.

But at second glance, with a more careful interpretation of Mbeki's agenda, cynics could justifiably object to his minor tinkering, confused and confusing rhetoric, reluctance to question received wisdom when applied to domestic macroeconomic and industrial policy, failure to draw through the logic of the argument from broad generality to concrete settings, and questionable alliances. While key speeches containing insights into Mbeki's strategy are invariably eloquent and well received, they leave important intellectual questions hanging. This is obviously not because of a deficient intellect (nor the failure of extremely talented GCIS staff to stock the presidential website with his best work). It is because the approach taken is suffused with immense contradictions: on the one hand Mbeki argues that, to paraphrase, "globalization made me do it"; on the other, he occasionally resorts to advancing amongst the richest, most profound critiques of international markets to be found in contemporary South Africa.

3. Mbeki v. "the globalization of apartheid"

South Africa exists within an extremely unfavourable balance of global forces; to point this out had, by the turn of the 21st century, become pedestrian. For Mbeki, though, the glaring power imbalance provoked moments of honest and impassioned confrontation, even in the presence of Bill Clinton at the outset of his vaunted May 2000 US tour: "Mr President, during our discussion today we also observed that as the world globalizes, we continue to be confronted by unacceptable levels of poverty and deprivation, disease, war and conflict. Indeed the gulf between rich and poor has been widening."19

Yet in hinting at a relationship, Mbeki carefully avoids drawing the obvious causal linkages between growing wealth in one part of the world and growing poverty elsewhere. (Only rarely is the unspeakable in fact uttered, for example in Erwin's throwaway comment to parliament, just prior to the WTO debacle in Seattle, that "the mobility of [financial] capital acts to further set back economic growth in the developing countries."")20 When Mbeki does invoke arguments reminiscent of "dependency theory"—i.e., that integration entails the development of underdevelopment—as to more explicitly challenge global elites (as in even the San Francisco speech), economic variables are quickly obscured. The modus operandi becomes, simply, helplessness:

Many of our countries, including all those on our Continent, do not have and are unlikely to have in the foreseeable future, the strength themselves to determine on their own what should happen to their economies. The more they get integrated into the world economy, the further will this capacity be reduced, making them more dependent on the rest of the world

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18 Here I borrow John Saul's phrase capturing at least one common justification for non-delivery.

19 Remarks by President Mbeki at the State Banquet, White House, 22 May 2000.

economy with regard to meeting the challenge of ending poverty within their countries.21

"More dependent on the world economy"—but by definition (in Mbeki's post-communist, pragmatic leadership dictionary) that shouldn't be a bad thing, and is certainly a necessary process. Indeed in the White House speech, Mbeki warmly endorsed the amplification of US-dominated, corporate rule: "We are particularly pleased that the African Growth and Opportunity Act has been signed."22 There is never to be found, in Mbeki's repertoire of explanations, the dangerous notion that the gulf between rich and poor widens precisely because Northern capital enjoys ever-growing capacity to source inputs ever more cheaply from the South, thanks to asymmetric trade relations, debt peonage and currency crashes generated by regular bouts of financial-speculative raiding. That possibility, and the policy implications it suggests, can never be considered, much less stated in polite discourse. On the contrary, Mbeki appears to have backpedaled from a Sussex-era interest in dependency theory to "modernisation theory" principles:

Relative to the needs of these countries, including our own, the world economy disposes of sufficient capital resources whose injection into our countries as long-term investment, would succeed to take us to the "take-off stage" once spoken of in textbooks on development economics.23

Nevertheless, to rather different audiences and with a distinctly distressed moral tone, Mbeki forthrightly complains about the unfairness of the international system. Amongst intellectuals gathering at a gala African Renaissance event in late 1999, for example, Mbeki's brilliant, wide-ranging speech tackled

the problem we are facing even as we stand here, of arriving at the point when we can conclude the bilateral agreement between our country and the European Union. Stripped of all pretence, what has raised the question whether the agreement can be signed today or not, is the reality that many among the developed countries of the North have lost all sense of the noble idea of human solidarity. What seems to predominate is the question, in its narrowest and most naked meaning--what is in it for me! What is in it for me!—and all this with absolutely no apology and no sense of shame.24

"What is in it for me!" The scorn with which Mbeki dismisses not only trade realpolitik but also the very foundation of Adam Smith's invisible hand as optimal allocator of resources, is noteworthy. He invokes, periodically, deeply ethical contentions, as in this speech (as head of the Non-Aligned Movement) to the Group of 77's April 2000 South Summit in Havana:

All of us present in this hall represent countries that can pride themselves on the continued existence of a strong spirit of communal, human solidarity among many of our people. The atomisation of the family and the individual, driven by the development and entrenchment of the capitalist system, has not reached the structural permanence it has attained in the

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21 Lecture of the President of South Africa, Thabo Mbeki, at Georgetown University, 23 May 2000.

22 In early 1998, during Clinton's visit to Cape Town, then-president Nelson Mandela expressed enormous dissatisfaction with the same legislation. A period of severe US arm-twisting of African ambassadors to the US followed, and official SA skepticism was reversed.

23 Lecture of the President of South Africa, Thabo Mbeki, at Georgetown University, 23 May 2000.

24 Speech of the President of South Africa, Thabo Mbeki, at the Launch of the African Renaissance Institute, Pretoria, 11 October 1999.
developed countries of the North.\textsuperscript{25}

And again, in July 2000 just after Germany had won the 2006 soccer World Cup by one vote, he told his party's National General Council: "As the ANC, we therefore understand very well what is meant by what one writer has described as the globalization of apartheid."\textsuperscript{26}

It is with such phraseology that Mbeki accomplishes a dual elision: on the one hand a displacement of the South's problems from the (untouchable) economic to the moral-political terrain, which in turn evokes calls for reform (not dismantling) of existing economic systems and institutions; but on the other, as noted above, a relentless campaign to persuade his constituents that "There Is No Alternative" to globalization. For here, with Mbeki addressing the July 2000 ANC National General Council meeting in Port Elizabeth, we locate a striking difference in Mbeki's rhetorics regarding racial apartheid--which the ANC always insisted should be "abolished" not reformed--and global apartheid:

Let me now mention that big, and some think, ugly word--globalization. This is one of the contemporary phenomena we will have to ensure we understand. We will have to understand this because whether we like it or not, we are part of the world economy. It would neither be possible nor desirable that we cut ourselves off from that world economy so that the process of globalization becomes a matter irrelevant to our country and people.\textsuperscript{27}

For Mbeki, the most important practical difference between racial and global apartheid seems to be the contemporary lack of a distinct "enemy":

There is nobody in the world who formed a secret committee to conspire to impose globalization on an unsuspecting humanity. The process of globalization is an objective outcome of the development of the productive forces that create wealth, including their continuous improvement and expansion through the impact on them of advances in science, technology and engineering.\textsuperscript{28}

Thus even though, symptomatically perhaps, power relations are skewed, the driving force of globalization boils down, in Mbeki's neutral story, to little more than technological determinism, a point worth investigating further.

4. Globalization's techno-economic fix?

\textsuperscript{25} Address of the Chairperson of the Non-Aligned Movement, Thabo Mbeki, at the Opening of the South Summit, Havana, 12 April 2000.

\textsuperscript{26} Keynote Address of the President of the ANC, Cde Thabo Mbeki, to the National General Council, 12 July 2000.

\textsuperscript{27} Keynote Address of the President of the ANC, Cde Thabo Mbeki, to the National General Council, 12 July 2000.

\textsuperscript{28} Keynote Address of the President of the ANC, Cde Thabo Mbeki, to the National General Council, 12 July 2000. It is important to observer here that in fact, globalization has gone through ebbs and flows, and that Mbeki's Port Elizabeth references to Mark and Engels on world markets reflected a particularly open period in the mid-19th century. But that openness waned when overaccumulation crisis (periodically) generated protectionist urges, as for example occurred most spectacularly during the 1930s. The ebb and flow of global trade, finance and investment is by no means mechanical and inevitable. As Fanon remarked, with a similar intention, "It is rigorously false to pretend and to believe that this decolonisation is the fruit of an \textit{objective dialectic} which more or less rapidly assumed the appearance of an absolutely inevitable mechanism."
There are diverse discourses in Mbeki's circles about globalization, as was demonstrated in the October 1998 "Global Economic Crisis" paper. Recall the explanation, above, that "It is precisely declining profitability in the most advanced economies that has spurred the last quarter of a century of intensified globalization." Thus instead of the strength and vitality of international capitalism that is to blame for globalization's march, it is the system's "overaccumulation crisis" and desperate attempt to reach out beyond stagnant home markets.

In contrast, a rather less threatening strand of explanation seems to have prevailed through at least mid-2000. For Alec Erwin, speaking to the February 2000 UN Conference on Trade and Development (the international organisation over which he presided during the late 1990s), the motive force is the power not of increasingly footloose transnational corporate capital, but the magic of IT:

> In a sense to say the world is global is a trite proposition. There is a new essence that we seek in the term globalization. It must surely be that we increasingly experience our globe in a common real time. This emerges as information technology links us. Knowledge of every type begins to flow so that we can know each other instantaneously. As a result everything else begins to move in a more rapid way. This movement of knowledge has powerfully inserted itself into production processes so that they move faster, with more precision, responding to immense complexity in nanoseconds. Surely it is this complex real time interaction that is the qualitatively new characteristic of globalization. If this is the case then it cannot be reversed. To think this is possible is like trying to prevent the spread of electricity because we fear being shocked when we don't take care.29

If globalization is based on technology, harnessing IT for development must then become a central objective. The July 2000 G-8 meeting in Okinawa certainly advanced this thesis. Mbeki warmly accepted the *bona fides* of the world leaders, notwithstanding enormous disappointment expressed universally that, quite evidently, radical debt relief was off the G-8 agenda. To illustrate, argued Mbeki to the Presidential Strategic Leadership Development Programme launch, "Technology by itself, will not necessarily eradicate poverty, nor will it end underdevelopment. Yet, the availability of technology and its dissemination amongst many sectors of society, is a critically necessary condition for economic and social development."30

The most poignant globalization high-road reference Mbeki regularly makes is to "telemedicine" (i.e., interventions by specialists at a great geographical distance). As he put it in the May 2000 speech to a corporate San Francisco audience, up the road from Silicon Valley:

> Few amongst us will disagree when we assert that a global society presents us with the opportunities to collapse both time and space, so that a village health worker in Uganda


30 Speech at the Launch of the Presidential Strategic Leadership Development Programme, Pretoria, 23 July 2000. Nigel Gibson points out, interestingly, that by reading Frantz Fanon's work closely, CLR James' close colleague Raya Dunayevskaya warned of the tendency to technological fetishism. According to Dunayevskaya, 1960 was a turning point in the struggle for African freedom and at the same time a warning of impending tragedy. The greatest of these tragedies was the separation between the leaders and the led in independent Africa... without masses as reason as well as force, there is no way to escape being sucked into the world market dominated by advanced technologies. The "tragedy of the African revolutions began so soon," she continued, "because leaders were so weighed down with consciousness of technological backwardness." For citations and a discussion of the relationship between Fanon and other mid-20th century marxist traditions, see Gibson, N. (forthcoming), "Fanon, Marxism, Humanism, Critique," *debate*, 5.
could perform some of the most difficult medical procedures with the assistance of a surgeon sitting in her office in San Francisco. To be able to do this, it requires of the people in a poor country such as Uganda to have access to education, to have access to satellite technology, and for the doctor and nurse in Uganda to be up to speed with the latest telemedicine technology.31

Of course, but telemedicine also requires something else that Uganda has a very hard time acquiring, given the fluctuating prices of its main agro-exports and the extreme burden of foreign debt repayment: hard currency. This vital barrier is obviously the main constraint behind the integration of Africa into the New Economy, yet paradoxically it also offers neoliberal policy advocates a rationale—even an imperative—for intensifying further Africa's self-defeating, export-oriented development strategy.

The need to earn forex is always at the back of Mbeki's mind, and the last quarter-century of declining prices of primary commodities weighs just as heavily. As he explained to the ANC National General Council audience,

You are aware of the fact that a central objective of our economic policy is and has been the expansion and modernisation of the manufacturing sector of our economy and the shifting of our export mix in favour of manufactured goods. Given our strong resource base, this must mean, among other things, that we add value to the resources we produce, so that we supply highly sophisticated intermediate products to the world industrial economy.32

But from this technological fix—whose implications are to enter the world economy via greater "beneficiation" of raw materials—there arise some profound dilemmas. Mbeki's best case for a pragmatic engagement with the world economy was close at hand when, at the ANC meeting in Port Elizabeth, he beseeched ANC cadres to upgrade their economic literacy so as to confront globalization with greater elan:

To simplify this proposition, let me cite just one example of a new manufacturing facility that has been established in this city. I refer to a catalytic converter plant which produces such converters which, as you know, are used to reduce carbon dioxide emissions from motor vehicles, to promote a better environment. Again as you know, these converters use platinum, of which we stand out as one of the world's largest producers. The catalytic converter plant to which I refer, which is here in Port Elizabeth, was established by a foreign company and is therefore part of the foreign investment we constantly seek to attract to our country. Its establishment has made an important contribution to the struggle we continue to wage to transform ours into a modern manufacturing economy, with a relative reduction of our dependence on the export of raw materials. To be economically viable, this plant has to export a large part of its output. It must therefore respond to the world market in a way that ensures that it is able to compete against other plants, wherever they are located in the world, with regard to such factors as consistency in quality, delivery on time and cost. Among other things, the management must therefore ensure that the staff at the plant has the necessary skills to produce the converters and meet these requirements. To put the matter plainly, in the event that the plant experiences repeated work stoppages so that it is unable to address these requirements, the motor manufacturing will switch to other plants located outside our country. Accordingly the PE plant would then have to close


32 Keynote Address of the President of the ANC, Cde Thabo Mbeki, to the National General Council, 12 July 2000.
down, with the inevitable job losses and our regression to the larger exports of raw platinum... The story we have told is not a tale of fiction. It describes what we as a movement, a government and a country are trying to do, and the demands imposed on all of us by the modern, global economy.\textsuperscript{33}

Setting aside Mbeki's coarse attempt to discipline labour, several obvious critical questions are begged. Who profits from production of catalytic converters, what rate of return is expected, and how much of the surplus leaves South Africa forever, as opposed to staying for reinvestment in other ventures? Is the production process as labour-intensive as local conditions should dictate? Why didn't a South African capitalist (or even the state) not establish that investment? What backward-forward linkages, aside from platinum inputs, does South Africa gain from the investment?

Why, indeed, are catalytic converters themselves not required in South Africa's own fleet of motor vehicles? The answer, we know, is the added cost per vehicle, in a country where transport is already prohibitively expensive for the majority of people. Yet is affordability truly an acceptable constraint, in view of the hedonistic consumer profile of the new-car market? What additional amount would a catalytic converter add to the price of a new Mercedes or BMW, whose output for rich South Africans has barely faltered over the past quarter century of national economic stagnation? Moreover, why have there been no efforts to adjust the pricing mechanism within the domestic auto market--using, for instance, a consumption tax on local and imported luxury cars to pay not only for environment-friendly accessories and unleaded petrol, but for a dramatic change in transport patterns--so that cleaner, more efficient, more equitable and more appropriate motor vehicles are produced? (The public transport recapitalisation of private taxis hardly qualifies as a substantial state intervention, given the sector's deadly contradictions.)

Likewise, another question begged in Mbeki's praise for catalytic converter production concerns South Africa's broader responsibility for reducing its own per-capita emissions of carbon dioxide, which are nearly as high as Japan's. Indeed, the other major export-oriented, beneficiation strategy that Mbeki could easily have mentioned in Port Elizabeth is that city's local Spatial Development Initiative pilot project: the proposed Coega stainless steel plant. Its initial formulation was as a zinc smelter, but when that failed due to global zinc oversupply, the huge deep-water port and steel plant at Coega were justified as offsets for a submarine purchase through a German firm. Regardless, Coega--like Mozal in Maputo--is an electricity-guzzling, pollution-intensive, export-oriented, heavily-subsidised project which, as Business Day newspaper points out regularly, should not go forward without a clear demonstration of economic sustainability. Such sustainability is questionable, as the deal boils down to a face-saving device for government's claim that R30 billion in arms purchases would generate R100 billion in matching investments.\textsuperscript{34} Worse, the number of permanent jobs created is only around 1,000, with the cost per job roughly 1,000 times higher than traditional public works or even SMME employment. In this case, funding the project from state coffers--covering a variety of SDI incentives plus a large Portnet subsidy for a questionable new deep-water port--will have the effect of diminishing Port Elizabeth's own potential to subsidise electricity for low-income households, as cross-subsidies from big firms to poor people are out of the question.\textsuperscript{35}

\textsuperscript{33} Keynote Address of the President of the ANC, Cde Thabo Mbeki, to the National General Council, 12 July 2000.

\textsuperscript{34} See, e.g., Business Day, 4 May 2000.

A top infrastructure official has already expressed great resistance to raising the price of heavy-polluting, electricity-intensive, export-oriented projects: "If we increase the price of electricity to users like Alusaf, their products will become uncompetitive and that will affect our balance of payments... It's a fact that international capital holds sway as we come to the end of the 20th century."\(^{36}\) Mbeki could not be unaware of the massive socio-ecological injustice associated with South Africa's ultra-cheap energy prices for corporations like Alusaf, Columbus, Highveld and Iscor (which together consume more than a quarter of South African coal-generated electricity). He firmly endorsed the "Berlin Communique" in June 2000, with its concern over global warming: "The global environment must be handed on safely to future generations. Sustainable development is an important orientation for modern governance." Yet in the next sentence is, once again, a resort to Washington-Consensus think: "We support the commitments in the Kyoto Protocol and want to use new mechanisms, like emissions trading, to create common interest between the developing and developed world."\(^{37}\) So proceeds "The Commodification of Everything," as Immanuel Wallerstein has termed it: even air.

Likewise, South African water has also been subject to globalization's techno-economic fix, in at least two ways. British and French water privatisers, replete with convincing documentation of consumer exploitation, worker disempowerment and political corruption, have been welcomed with open arms. But even worse, perhaps, the World Bank has entered the debate over the pricing of water, strongly inveighing against the free "lifeline" supply mandated in the RDP; insisting on a "credible threat of cutting service" to those who cannot pay their water bills; and suggesting that the then water minister, Kader Asmal, be "very careful about irrigation for `previously disadvantaged'" South Africans. Instead, World Bank staff insisted, the "key lies in voluntary solutions--trading water rights."\(^{38}\)

Why shouldn't such basic-needs services as water, electricity and telephones be provided by international firms? According to Manuel, after all, "foreign investment in state-owned enterprises allows for access to cutting-edge technologies and increases the effectiveness with which these entities can deliver on the rollout of essential services."\(^{39}\)

Yet on closer examination, the two most important pilots associated with "public private partnerships" in basic services had already disproved Manuel by the end of the 1990s. The role of Lyonnais des Eaux in several Eastern Cape towns left, after five years, the black townships increasingly subject not just to water cut-offs for non-payment of bills, but even to curtailment of

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\(^{36}\) Dr Chippy Olver, quoted in the *Mail and Guardian*, 22 November 1996.


\(^{39}\) Address by the Minister of Finance, Trevor Manuel, the US-South Africa Business and Finance Forum, 24 September 1999.
"bucket-system" excrement collection as well (contrary to the firm's 1994 promise that it would urgently upgrade the sanitation system from 19th century standards).40

Likewise, the most important partial privatisation to date, of Telkom, generated two scandalous dynamics which reflect the charlatan character of such partnerships. Firstly, the Texan and Malaysian partners who in 1997 bought 30% of Telkom not only have retrenched tens of thousands of workers (for which the state must carry the burden of associated social costs), but has attacked the cross-subsidisation of telephone calls. Previously, a local call received a large subsidy, paid for by long-distance users. That cross-subsidy evaporated because it detracted from the US-Malaysian consortium's profitability. Secondly, the rollout of telephone lines is thus hampered not only by unaffordability, but by the phenomenon known as "churning": in order to prove to government it has connected sufficient lines to warrant continuation of its monopoly status, Telkom simply reuses old connections, raises its prices for local calls, cuts off customers when they can't pay, and reconnects them (usually under another name), only to disconnect them all over again. The lack of sustainability in telephone rollout, as in the cases of water and electricity, is hence amplified by the role of the for-profit private sector.41

It is only fair to ask whether instead of attracting elusive foreign investment, more attention should not have instead been given to forcing local capital into a developmental mode (through mechanisms like prescribed asset requirements for institutional investors and community reinvestment legislation against banks). Mbeki and his team spurned such RDP mandates, rather directing enormous efforts to petition foreign privatisers, whose demands for 30-35% US-dollar-denominated rates of return on investments did not, apparently, phase Pretoria.42 The next logical question, given that South African state elites were not managing their own developmental challenge particularly successfully, is whether those elites should be entrusted with some of the world's most important development management positions?

5. Reforming global political-economy?

Mbeki and his team would answer in the affirmative, combining self-confidence with a unique noblesse oblige. Alec Erwin, for instance, openly expressed Pretoria's grandest ambitions to his parliamentary colleagues, (ironically) just prior to the Seattle round of the World Trade Organisation:

We will soon have to give leadership not just to the process of the development of our own economies [in the developing world] but to the equitable development of the world economy. The political capacity to do this and the will to do it in the G7 is weakening despite the power of the social democrats.43

This was not isolated arrogance. Mbeki closed his 2000 "State of the Nation Address" with the remark that:

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41 This is common knowledge amidst industry professionals; Interview, Ashraf Patel, Wits P&DM LINK Centre.

42 See Bond, Cities of Gold, Townships of Coal, Chapter Four, for more details.

As much as the rest of the world stood with us as we fought to end the system of apartheid, which struggle brought about the announcements that were made from this rostrum as the apartheid parliament opened ten years ago, so do we have an obligation ourselves to contribute to the construction of a better world for all humanity. From this, we cannot walk away.\textsuperscript{44}

In the wake of defeating apartheid, the ANC--in particular--must extrapolate its access, Mbeki told the Port Elizabeth gathering in July 2000:

When we decided to address the critical question of the ANC as an agent of change, the central subject of this National General Council, we sought to examine ourselves as an agent of change to end the apartheid legacy in our own country. We also sought to examine the question of what contribution we could make to the struggle to end apartheid globally.\textsuperscript{45}

The best answer--contradictory though it turns out to be--may come in the field of pharmaceutical products (especially access to anti-retrovirals to combat HIV-AIDS), as discussed below. But the answer Mbeki has instead provided (for example, in Havana) combines at least five fronts:

a) the alleviation of the debt burden carried by many of our countries, including its cancellation;
b) an effective mechanism to ensure a substantial increase in capital flows into the developing economies as this is a prerequisite for development;
c) the reversal of the trend resulting in a sharp drop in official development assistance;
d) the opening of the markets of the developed countries to our products, including agricultural products; and
e) the transfer of technology.\textsuperscript{46}

We can consider these challenges one by one (while saving technology transfer--in the case of drug patents--to the concluding section). It is arguable that Mbeki's approach to the first, debt relief, has done incalculable damage, mainly by virtue of his failure to endorse the Jubilee 2000 South Africa campaign against "odious debt," including apartheid debt. Numerous vitriolic debates between civil society and government have occurred on this issue since 1996, and do not bear repeating in full here. Suffice to say, Jubilee 2000 critics argue, had Mbeki, Trevor Manuel and his predecessor Nelson Mandela been truly serious about the debt issue, they would not have

a) agreed to repay the apartheid foreign debt to commercial banks when it was last rescheduled in October 1993;
b) claimed, repeatedly, that there \textit{is no} foreign debt owed by the South African government (by ignoring roughly \textdollar 25 billion parastatal and private sector debt, for which the South African state inherited repayment and guarantor responsibilities);
c) negated the possibility of demanding reparations for previous foreign credits to the apartheid regime; and

\textsuperscript{44} State of the Nation Address at the Opening of Parliament, 4 February 2000.

\textsuperscript{45} Keynote Address of the President of the ANC, Cde Thabo Mbeki, to the National General Council, 12 July 2000. As remarked by Dumisani Makhaye, the ANC National General Council passed a resolution welcoming "the efforts of government, and our president in particular, to place the interests of Africa and the developing world at the top of the global agenda" (\textit{Business Day}, 16 August 2000).

\textsuperscript{46} Address of the Chairperson of the Non-Aligned Movement, Thabo Mbeki, at the Opening of the South Summit, Havana, 12 April 2000.
d) endorsed, repeatedly, the Highly Indebted Poor Countries initiative of the G-8, IMF and World Bank, which proved such a distraction from the cause of debt cancellation.47

Regarding the second issue, inflows of capital, there are two kinds worth considering: financial and foreign direct investment. It hardly needs arguing that "hot money" speculative inflows to emerging markets do not by any stretch qualify as "a prerequisite for development." Nor do the vast majority of foreign loans granted to Third World governments over the past thirty years. Nevertheless, Manuel continues to argue—as in a September 1999 speech to the US-South Africa Business and Finance Forum—that international finance should continue flowing freely to and from South Africa:

South Africa remains committed to the gradual liberalisation of the capital account. These controls will continue to be reduced in a manner that does not destabilise the market, while ensuring that the financial system manages its risk exposure in a prudent manner.48

After all, he contends, Pretoria at least has this aspect of international economic policy right:

In South Africa we have established certain principles: as financial flows are far larger than central bank reserves the rationale for defending the currency is questionable... We are convinced that our banking system survived the difficulties of last year [1998] because the experience of currency movements in previous years had shown the Banks the value of having in place highly effective risk management systems and the need to be constantly conscious of the dangers of currency exposure.49

Yet to advance this Washington-friendly discourse, Manuel had to ignore all the evidence to the contrary: the exceptionally expensive effort by Reserve Bank governor Chris Stals to prop up the rand in mid-1998; the massive losses sustained by SA banks (like Standard's L50 million Russian debt) gambling in international financial markets, also in 1998; and the failure of a substantial chunk of the small-bank market due precisely to ineffective Reserve Bank supervision and regulation.50

Even if attracting financial flows is a questionable objective, the second type of potential capital inflow—plant, equipment and machinery—is typically understood as an essential ingredient in any Washington-approved development strategy. But after having done all in his power to attract foreign direct investment, Mbeki finally appears ready to concede defeat (in this case to US corporate representatives at the San Francisco gathering):

Notwithstanding some specific problems in some developing countries and especially African countries, there are many among these countries that have and continue to have stability and are at peace with themselves, countries that have responded positively, even under very difficult circumstances, to the prescriptions of both the prospective investors as well as the multi-lateral institutions. Many of these countries have created the necessary climate conducive to investment, for example by liberalising their trade, privatising state-owned enterprises, reforming their tax system and generally adhering to the prescribed injunctions.

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47 See Bond, Elite Transition, Chapters Five and Six, and http://www.aide.org.za

48 Address by the Minister of Finance, Trevor Manuel, to the US-South Africa Business and Finance Forum, 24 September 1999.

49 Address by the Minister of Finance, Trevor Manuel, to the US-South Africa Business and Finance Forum, 24 September 1999.

all done in an attempt to attract the necessary investments. The response from the
developed countries, to these attempts by especially many African countries to stay within
the confines of the rules, has been to treat the African continent as one country, and
therefore, to punish a country on the one end of the continent for the deeds of another on
the other end. In our own country, we have been assured that our economic fundamentals
are correct and sound. We have developed a stable and effective financial and fiscal system.
We have reduced tariffs to levels that are comparable to the advanced industrial countries.
We have reformed agriculture to make it the least subsidised of all the major agricultural
trading nations. We have restructured our public sector through privatisation, strategic
partners and regulation. We have an equitable and sophisticated system of labour relations
that is continually adjusting to new developments. We play an active role in all multilateral
agencies in the world. Yet, the flow of investment into South Africa has not met our
expectations while the levels of poverty and unemployment remain high.51

Likewise at Georgetown, Mbeki spoke of

the many heroic efforts the governments and peoples of Africa have made and are making to
correct past wrongs, encompassing... the sustained effort in many countries to introduce
new economic and social policies consistent with many elements of the so-called
Washington Consensus.52

Confirmed Steve Morrison, the Africa expert at Washington's premier imperial think-tank, the
Centre for Strategic and International Studies, Mbeki "has toed the line in a disciplined fashion, yet
he has had very little return on that."53

Is there, as Mbeki seeks, an "effective mechanism" to reverse the problem of scarce capital inflows?
The standard mechanism to date has been the "seal of approval" of the World Bank and IMF, yet
huge controversies surrounded the late 1990s--and ongoing--imposition of Washington-Consensus
macroeconomic policy, dictated top-down, justified by Washington's need to rebuild the
"confidence" of international investors (via enormous bailouts paid for through huge cuts in living
standards). Would reforming the international financial institutions constitute a viable strategy for
changing investment patterns?54

The chair of the IMF and World Bank during 2000, Trevor Manuel, describes his reform agenda
mainly in terms of democratising the Bretton Woods Institutions, by which is meant expanding
developing country inputs to the board, rather than director voting according to the present formula
of ownership. As he explained in mid-1999,

The power relations in these institutions need to change. This is a 'Catch 22' situation. Their
Articles of Association go back to 1944, when the first shares were allocated. Voting is

51 Address by President Thabo Mbeki to the Commonwealth Club, World Affairs Council and US/SA Business

52 Lecture of the President of South Africa, Thabo Mbeki, at Georgetown University, 23 May 2000.

53 Cited in Plotz, D. (2000), "How Others see the President: An American View," in Slate magazine and reprinted in
the Mail and Guardian, 21-27 July, p.31.

54 A detailed description is in Bond, P. (2001), "The World Bank, International Monetary Fund, Third World Debt and
Foreign Finance: Southern African Debates," in J.Coeetsee, J.Graaf, F.Hendricks and G.Wood (Eds), Development for the
New Millennium, Cape Town, Oxford University Press.
based on the amount of shares a country holds. The biggest problem that confronts us in relation to the Bretton Woods Institutions is that you need an 85% vote to effect any change. With the US holding about 17% of all shares, no reform can take place without its agreement. Therefore, the kinds of reforms we are hoping for are not going to happen unless the world takes a very different approach to these institutions.55

The "kinds of reforms we are hoping for" in global financial markets have never been clearly spelled out (to this researcher's knowledge). However, Manuel offered some hints during a seminar at the Commonwealth Finance Ministers' meeting in October 1998:

It is interesting that at times like this Mr Keynes is again resurrected. There is a recognition that the standard prescription for macroeconomic stability and growth has not worked for everyone... As we attempt to find solutions a number of common themes are emerging: the need for capital regulation, improved supervision, greater transparency, reform of the Bretton Woods institutions, the need to shift away from the "Washington Consensus," to name a few.56

Indeed, in contrast to his support for financial liberalisation in South Africa, he gave his blessing in mid-1999 for a globally-coordinated "Tobin Tax" against speculative financial capital flows:

As a small economy with low savings, however, we are dependent on foreign capital flows, and are likely to be punished if we took such a decision... We are very mindful of the need to restructure the international financial system, and would want to be part of the first wave of constructing some "speed bumps" to financial flows... But now, as there doesn't appear to be a financial crisis anymore, too few of the appropriately placed people are asking what has happened to this idea.57

From South Africa's standpoint, what would a reformed World Bank and IMF look like? One answer might be surmised by considering that, as Manuel put it, "Our relationship with the World Bank is generally structured around the reservoir of knowledge in the Bank,"58 and that the Bank itself considers its South African operations as the key pilot in its reinvention as "Knowledge Bank."59 (See footnote 38, above, for a reflection of the Washington-Consensus nature and status quo implications of that development "knowledge").

Consider, too, that the ANC has had quite a schizophrenic relationship with the Bretton Woods Institutions, which was recently on public display in full defensiveness. "It is very fashionable for people to say that the macroeconomic policy of the country was dictated by the International Monetary Fund or the World Bank," complained ANC general-secretary, Kgalema Motlanthe, in a Mail and Guardian newspaper interview shortly after the mid-April Washington, DC protests against the two.60 The verb "dictate" insinuates unwillingness, and so may be a red herring. In reality,

55 Interview with Trevor Manuel, Global Dialogue, 4, 2, August 1999, p.15.


57 Interview with Trevor Manuel, Global Dialogue, 4, 2, August 1999, p.15.

58 Interview with Trevor Manuel, Global Dialogue, 4, 2, August 1999, p.15.

59 Details are in Bond, Elite Transition, Chapter Five.

60 Mail and Guardian, 5 May 2000.
Pretoria and Washington enjoy a revolving door that leads deep into the Department of Finance, as witnessed not only by Manuel's job as chair of the Bretton Woods Institutions during 2000, but that of other bureaucrats who move seamlessly between the World Bank, Department of Finance and the Johannesburg banks.61

Residual suspicions of nefarious Bank and IMF involvement in South Africa are worth noting in part because of their history. A National Reparations Conference opened by Archbishop Njongonkulu Ndungane in May 2000 resolved to demand the World Bank and IMF repay black South Africans for apartheid loans. From 1951-67, the Bank lent Pretoria more than $200 million, about half of which went to support electricity generation in dirty coal-fired plants. Yet black townships and rural areas were denied electricity due to apartheid. As late as 1966, the Bank granted $20 million in apartheid loans even after Albert Luthuli and the Rev. Martin Luther King called for anti-apartheid financial sanctions, and the United Nations General Assembly explicitly requested the Bank to stop (it replied to the UN, refusing).62 In 1986, the Bank again busted sanctions by indirectly lending to Pretoria, via the Lesotho Highlands Water Project, using a special London trust fund account to accomplish the stunt. The IMF continued its apartheid lending into the early 1980s, including $2 billion in loans after the Soweto uprising began hurting Pretoria's credit rating. After the IMF was prohibited from lending by the US Congress in 1983, it continued to give the apartheid state economic advice: to adopt neoliberal policies during the late 1980s and early 1990s, including privatisation, extremely high interest rates, export-oriented strategies and the unpopular Value Added Tax.

But, claims Motlanthe, things changed. "We're not accountable to the IMF or World Bank, as we have not borrowed from them." This is incorrect, for in December 1993, an $850 million IMF loan was signed by the interim government, known as the Transitional Executive Council (TEC), purportedly for "drought relief" (18 months after the drought ended). That loan bound Pretoria to cutting government deficit spending (from 6.8% to 6% of GDP in 1994) and reducing wages. The conditions were kept secret until a Business Day leak in March 1994. That newspaper's top financial journalist concluded that "The Reconstruction and Development Programme [RDP, the ANC's populist campaign platform] and the TEC statement of policies to the IMF are arguably the two most important clues on future economic policy... The ANC, in signing the statement of policies to the IMF, committed itself to promoting wage restraint."65 The progressive sections of the RDP were subsequently ditched in practice.64 Motlanthe was also not told, apparently, about a $46 million World Bank loan to promote exports in 1997, nor of tens of millions of dollars invested in South Africa by the Bank's private sector subsidiary, the International Finance Corporation.65

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61 One of Wolfensohn's top deputies, just appointed to head the Bank's social development division, is Mamphela Ramphele, once a radical black-consciousness associate of Steve Biko but more recently president of the University of Cape Town where she broke the staff union during a massive outsourcing drive. There are several other former South African finance and Reserve Bank officials who hold important Bank posts, and vice versa.


64 Bond, Elite Transition, Chapter Three.

65 These include stakes in Dominos Pizza, in for-profit healthcare, in housing securities to make high-income people's homes more affordable, and in infrastructure privatisation, none of which fight poverty (and all of which add a US dollar liability to South Africa's stressed current account). For details on the latter IFC strategy, see Bond, Cities of Gold, Townships of Coal, Chapter Four.
Nevertheless, the argument persists in Mbeki's office that South Africa has succeeded in warding off the Bank and IMF. Frank Chikane, director-general in the president's office, described the strategy as follows:

If you went overboard and pushed lots of resources into social expenditures to uplift the lives of people, you just widen the debt, and the debt servicing becomes higher, and you go tumbling down on your own. And then five years, ten years down the line, the World Bank and IMF will be here, you know, and come and tell you how you can cause more pain to the victims in order to correct the economy.66

Later we consider this question instead: should the IMF and World Bank be reformed, or closed?

Third, regarding foreign aid, Mbeki calls for "more and better managed aid so as to deal with the basic needs that will have to precede any form of development in certain areas."67 One problem is that Mbeki did very little in practice to dissuade Clinton and other international leaders of the classically neoliberal trend known as "trade, not aid" (the real value of North-South aid fell during the 1990s by a third).68 The need for reform of even dwindling aid is enormous, as witnessed by the 1995 attempt of former US representative to the United Nations Andrew Young to rebuff US congressional aid cuts: "We get a five to one return on investment in Africa, through our trade, investment, finance and aid. Don't you see, we're not aiding Africa by sending them aid, Africa's aiding us."69

But what lessons does South Africa itself have to offer? Were foreign donors encouraged, under post-apartheid rule, to turn aid pledges into real programmes; sustainably provide for basic needs; promote civil society; and support good aid-management (e.g., monitoring and evaluation, and regular collective consultations with government)? There is a strong case that the Mandela and Mbeki governments were disastrous models in all these respects.70 Donor pledges of nearly $5 billion were made to Pretoria between 1994 and 1999. But just as government failed to disburse much of its own domestic-sourced development funding (80% annual RDP-related budget "rollovers" were typical in the early years, but even during the late 1990s, inability to spend poverty relief funding became a national scandal), the record of South Africa's largest donor (the European Union) was "abysmal," according to one study, with the ratio of money actually committed to that pledged at just 51%, and the amount disbursed compared to that committed only 13%.71 The inability of donors to establish appropriate ongoing subsidies for low-income project recipients meant that even the

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66 Rebuttals to Chikane's discourse can be found in Bond, Elite Transition, Chapter Six.


69 Cited in Bond, P. (1995), "A Five to One Return," African Agenda, 1, 2, March. At the same meeting, Washington-based aid consultant Joseph Szlavik warned African aid recipients to "pay more attention to their voting in the United Nations, trying to meet the US position more often than they currently do. By moving forward, African countries will be able to 'win friends and influence people' as the saying goes."

70 Details can be found in Bond, P. (2000), "Foreign Aid and Development Debates in Post-Apartheid South Africa," Transformation.

majority of simple rural water projects, for example, broke down.72 Moreover, notwithstanding strong rhetoric about aid and civil society, the SA Non-Governmental Organisation Coalition complained that

NGOs and CBOs in South Africa have come to experience a massive crisis of unparalleled proportion in the present transition. The root of the crisis lies in the major funding squeeze that the sector is experiencing. Major international donors, corporate and other donors, anticipating the new government would step in to fund this sector have reprioritised their allocation of development finance, withdrawn or claim that they are putting their money in government for the RDP. This has resulted in the sector experiencing a major funding drain and many organisations collapsing.73

Could Mandela, Mbeki, Manuel and their staffs not have managed aid more effectively? The European Union complained in its 1999 South Africa Country Review that "there is no real involvement [by the Deputy Finance Minister]... in terms of policy dialogue on national priorities and the main focus of EU support. As far as coordination is concerned, no framework has been set up for dialogue between government and the donor community as a whole..."74 Thus in making the case for more aid internationally, Mbeki has not yet provided a convincing case that such aid won't exacerbate well-known problems of bureaucratic capture and non-sustainability. The jailing of former anti-apartheid leader Alan Boesak for aid-related corruption may have sent some positive signals, but these were muddied by ANC leaders' justification of "struggle bookkeeping" prior to Boesak's conviction.

Fourth, Mbeki wants to correct what he calls the "rules and regulations that make the world trading system unbalanced and biased against the very countries that need a fair trading system so that these countries, which represent the majority of humanity, benefit from international rules of trade."75 Even if the South African economy is on the margins of world trade, Pretoria has won a high profile in global circuits for at least three institutional reasons: Alec Erwin's 1996-2000 presidency of the UN Conference on Trade and Development; his controversial role in the 1999 WTO Summit in Seattle; and his subsequent attempt to bring together a new "G-5" middle-income bloc to restart WTO negotiations. The latter two functions--particularly Erwin's distaste for the Seattle social-movement protesters ("Those people don't know what they're talking about," he objected while in the WTO session, arguing that demonstrators were useful idiots of US trade policy and pressure) and his near-refusal to join the Africa bloc of trade ministers protesting abominable treatment by US trade negotiator Charlene Barcchovsky--must await treatment by other experts.76

Throughout, Erwin has argued for less Northern protectionism for "dinosaur industries" like

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72 Sunday Independent, 9 April 1999.


manufacturing and agriculture. It is useful to consider Erwin's strategy for reforming world trade in his own words. He is an unusually open public speaker, as in this address to the February 2000 UNCTAD X meeting in Bangkok:

Let me try and capture the essence of the matter, and thereby be overly frank. UNCTAD is often seen as the bastion of the developing countries where they get their chance to vent their frustrations on the developed world because we get such short shrift where the money is paid out or the rules are made. The developed world comes here to do damage control. They don't want UNCTAD deliberations to unnecessarily complicate outcomes in places that really matter... For both sides, the places that appear to matter are the IMF, World Bank, UNDP, ILO and now the WTO.

For Erwin, the South African transition provided experience in conflict resolution:

Fears were expressed that UNCTAD was a platform to launch attacks against the developed countries and that the organisation was somehow out of tune with the realities of globalization. South Africa itself did some soul searching on these rather blunt questions before we agreed to host the Conference in Midrand and assume the Presidency. The last thing that a new and vibrant young democracy wanted to do was to act as the undertaker for an international organisation. Our assessment, however, led us to a confident and clear decision that there was a role for UNCTAD, but that it had to adjust to the new set of circumstances that was emerging in the world economy... In addressing the challenge of trade and development in UNCTAD IX, we were attempting to break with a conception of contestation by stressing partnership.

"Partnership." Yet worth asking is how partnership has benefitted South Africa in vitally-needed technology-transfer, for example in the case of patent surrender on vitally-needed AIDS drugs? How has it generated mutual interest in trade--instead of "What is in it for me!"? How has it transformed aid? How has it generated investment--with Mbeki bending over backwards to Washington's economic prescriptions? How has it accomplished even a modicum of debt relief?

Progress on any of these issues depends on who one is in partnership with, of course. At one point in his US trip, speaking to an African-American congregation at the venerable Ebenezer Church in Atlanta, Mbeki invoked the forces of social progress:

In a world where no country can insulate itself from other parts of the same world, our success is highly dependent on your concrete support. This global solidarity between ourselves was part of the vocabulary of the civil rights movement, and some of us will remember that Dr King was one of the first world leaders to call for a boycott of South Africa as part of the struggle for democracy. This kind of solidarity amongst those who work for the same objectives, has been the hallmark of our own movement and struggle for democracy. We are therefore saying that we should continue with this struggle of working together and striving for social and economic justice for the poor, for countries of the South, and come with practical ways of assisting Africa to pull herself out of the quagmire of poverty. I can assure you that you will find many amongst Africans who are ready to work in honest

77 Opening Address by Alec Erwin, President, UNCTAD IX and Minister of Trade and Industry, to the Opening of the Tenth Session of UNCTAD, Bangkok, Thailand, 12 February 2000.

78 Opening Address by Alec Erwin, President, UNCTAD IX and Minister of Trade and Industry, to the Opening of the Tenth Session of UNCTAD, Bangkok, Thailand, 12 February 2000.
partnership with yourselves.\footnote{Address by President Thabo Mbeki of South Africa at the Ebenezer Baptist Church, Atlanta, USA, 26 May 2000.}

6. Conclusion: Towards--or against--"global solidarity"?

But with whom in the world does Thabo Mbeki have an honest partnership, with whom is he building genuine solidarity?\footnote{Notwithstanding the eloquence of his Atlanta speech, the answers are not obvious. Under Mbeki’s influence, post-apartheid foreign policy examples of areas where solidarity was \textit{not} extended to democrats include Western Sahara’s Polisario Front, the Indonesian and East Timorese people suffering under Suharto (recipient of a 1997 Cape of Good Hope medal), Nigerian opposition activists who in 1995 were denied a visa to meet in Johannesburg, the Burmese people (given ‘Myanmar’s’ unusual diplomatic relations with Pretoria and Mandela’s refusal to condemn SLORC oppression), and victims of murderous central African regimes which were SA arms recipients. The National Conventional Arms Control Committee reported that from 1996-98, undemocratic regimes like Columbia, Algeria and Peru purchased more than R300 million rand worth of arms from South Africa; see Batchelor, P. (1999), "South Africa: An Irresponsible Arms Trader?,” in \textit{Global Dialogue}, 4, 2, August, p.17.} Such questions should be asked, in conclusion, because changing the world cannot, obviously, be left to Mbeki’s government alone. Who are the allies he has courted?

There are many answers, beginning at the very borders of South Africa. At the South Summit in Cuba, Mbeki invoked the words of none other than Michel Camdessus, the ex-managing director of the IMF, to suggest the urgent need for solidarity beyond the imperatives of the market:

"The global solidarity required does not simply mean offering something superfluous; it means dealing with vested interests, certain lifestyles and models of consumption, and the entrenched power structures in countries." I am certain that none of us present at this Summit would gainsay the importance of the observation Mr Camdessus made, that there needs to evolve a global solidarity that is more than just an adjunct of national policies. The relevance of this has just been demonstrated in our region of Southern Africa. Various countries of the North came to Mozambique to help the government and people of that sister country to cope with a very serious flood disaster. A week after they had arrived to demonstrate this global solidarity, they refused to do the most obvious thing to express solidarity with the suffering Mozambican people, namely to cancel Mozambique’s debt. Presumably, such a humane decision would have been inconsistent with their national policies, to use Mr Camdessus’s expression.\footnote{Address of the Chairperson of the Non-Aligned Movement, Thabo Mbeki, at the Opening of the South Summit, Havana, 12 April 2000.}

Yet here we must immediately remark upon some substantial hypocrisy. After apartheid ended, South Africa made loans to Mozambique to resettle disgruntled white Afrikaners and to refurbish electricity generation lines that apartheid-backed Renamo rebels had torn down. These loans have not been forgiven by the Development Bank of Southern Africa and Eskom.

Changing the world would surely, for South Africa, begin within the region, by forthrightly addressing various Southern African dilemmas.\footnote{Details of South African subimperialism are to be found in Bond, P. and D. Miller and G. Ruiters (2000), "The Southern African Working Class: Production, Reproduction and Politics," in L.Panitch and C.Leyes (Eds), \textit{Socialist Register 2001: The Global Working Class at the Millennium}, London, Merlin and New York, Monthly Review Press.} After all, cross-border social and cultural connections have intensified; long-term migration patterns have begun to solidify (since permanent residence was granted to long-term guestworkers by the South African government in 1995);
controlling arms, drugs and other illicit traffic requires regional cooperation, as does the management of regional resources (such as water); the artificiality of nation-states sired at Berlin's colonial Africa carve-up conference in 1885 is more readily questioned as post-colonial nationalism fades; and there is wider recognition of the worsening unevenness of development (and related ethnic tensions) between the rich and poor areas of the region. Moreover, Mbeki and many of his closest colleagues were the beneficiaries of support from allied regional nationalist governments during the 1960s-80s.

But a regional strategy requires institutional frameworks, such as SADC, an institution initiated by northern donor governments during the 1980s to help combat apartheid, which morphed uneasily—with a major 1999 hiccup due to staff corruption, requiring an entirely new secretariat—into an organisation for free-trade deals under the rubric of regional integration, cooperation and harmonisation. As early as 1989, SADC committed the region to becoming a free-trade area by 2006, but progress has been slow, including steps backward when during the mid-1990s Zimbabwe and Zambia imposed tariffs on imported South African manufactures that were threatening entire domestic industries. The blame goes partly to South Africa's massive regional trade surplus, which soared largely as a function of Pretoria's self-interested failure to renew a 1964-92 "most favoured nation" status with Zimbabwe. But more generally, the South African state under Mbeki's reign been considered hostile to the region, so that SA-based companies, bureaucrats and even tourists are frequently labeled "the yankees of Africa." For Johannesburg capital, privatisation and liberalisation of African parastatal firms were the critical points of contact, as were high-profile branding takeovers in the spheres of banking, services, retail activity and mining.

Even if it were in better economic shape, the Southern African region remains fragmented and war-torn. And even if Southern Africa one day provides a platform for a renewal of strident Third World nationalism—witness Mbeki's ally Robert Mugabe, who with his 1999-2000 currency peg seeks a Malaysian-style exit-option from volatile international currency speculation (late 1999 saw Mohamad giving seminars to Southern African leaders not only in a resort near Kuala Lumpur, but also, at Mugabe's insistence, at Victoria Falls)—South Africa will still have to stitch together much stronger alliances. As the 1998 ANC/Alliance discussion document cited above asked so pointedly, "Can we forge a Brasilia-Pretoria-Delhi-Beijing Consensus in the absence of any Washington Consensus?" There is a faint possibility, at this writing, of a G-5 bloc of semi-peripheral states: Brazil, Nigeria, Egypt, India and South Africa, plus potentially Mexico and South Korea in future. But as always, the barriers not only of language and culture, but of divergent material interests and ideology intervene.

There are, as well, at least a few G-8 ruling parties who Mbeki can consider as formal allies, especially British Labour and German Social Democrats. As he told the ANC meeting, "[I]ess than a year ago, we were admitted as members of the Socialist International. This is the biggest of all the international political associations and contains the most progressive political parties from all countries." In reality, those "most progressive parties" within Europe turned out—in Okinawa, in the EU trade negotiations, in international sports negotiations, and in so many other settings—to sport a deadly punch. As a result, Mbeki turned in 2000 to the rulers of Sweden and Chile as potential real (not Third-Way) social-democratic comrades, but whether this generates a sustainable ideology for the 21st century or is simply another gambit to faintly challenge the global power centres, remains to be seen.


84 ANC/Alliance, "Global Economic Crisis," p.5.

85 Keynote Address of the President of the ANC, Cde Thabo Mbeki, to the National General Council, 12 July 2000.
The need for ideology is not contested, as Mbeki told the recent international social-democratic youth gathering in Sweden:

Fundamental to the labour, social democratic, socialist and national liberation movements from their very inception, is the adherence to the view that the people must be their own liberators. These movements have therefore always fought for democracy and, more than this, for the empowering of the people to represent their own interests through their political parties and through mass struggle... Democracy is about the exercise of political power by the people themselves. As the organised representative of these masses, the progressive movement cannot, on the basis that the market will decide these issues, as [New York Times columnist Thomas] Friedman asserts, abandon the struggle for the all-round and sustained betterment of the lives of the people and the attainment of social justice. Accordingly, we have to continue to treat the struggle against poverty, national and social exclusion and marginalisation as fundamental to the objectives of socialist movement.86

Yet in Wretched of the Earth, Fanon reminds us, most unequivocally, "For my part, the deeper I enter into the culture and political circles the surer I am that the great danger that threatens Africa is the absence of ideology."87 At the very least, a thorough-going social-democratic ideology requires much greater clarity about alliances than Mbeki provides.

For international businesses, as noted at the outset, are also imagined and sometimes actual allies of Mbeki. While as late as December 1999, Erwin entertained Cosatu's proposal that trade agreements and the WTO specifically be modified with "Social Clauses" that invoke labour, social and environmental protections, Mbeki had apparently jettisoned any reform along these lines by the time of the Commonwealth meeting a few weeks earlier:

We are pleased that the Commonwealth Business Council has made its own submission to CHOGM on this critical matter. Indeed we agree with your view that affirms the role of the WTO as an organisation that should be solely concerned with fair and efficient conduct and regulation of international trade. Accordingly, we also agree that it should not become an instrument for bringing extra-territorial policy changes outside the realm of the WTO or, more important, an institution for introducing new and discriminatory barriers to trade.88


88 Address of the President of South Africa, Thabo Mbeki, at the Commonwealth Business Forum, Johannesburg, 9 November 1999. Views on Social Clauses and international alliances from the Congress of South African Trade Unions, in their "7th Congress Political Discussion Paper: Advancing Social Transformation in the Era of Globalisation," are worth recording--not because they are the definitive "progressive" position but because of the dissonance with Mbeki's approach:

Three groupings of countries--the southern African region, the Non-Aligned Movement and the G77--could provide a platform for changing the rules of the world economy. These groups represent the common interests of developing nations in challenging the current form of globalisation. But again, these alliances are not uncontested. Some of the countries involved want to compete for foreign investment by suppressing labour rights, pay and conditions. The recent G77 Summit in Havana, for instance, rejected the inclusion of workers' rights and environmental protection in the world trading system. Because of this contestation, these forces could arrive at an unacceptable equilibrium. That would lead to a race to the bottom, as each developing country competes for foreign investment. It is therefore important that South Africa to take the lead in ensuring that these groupings take a progressive role.
For Erwin and Cosatu, the attempt to reform international trade through Social Clauses was, arguably, also misguided. Partly it relied upon a corporatist arrangement: the National Economic Development and Labour Council in Johannesburg allowed big government, big business and big labour to fashion a joint negotiating position. The Social Clause strategy, forcefully advocated by the SA Clothing and Textile Workers Union, was, critics argue, inappropriate. Fundamental principles of labour internationalism are violated by, in the case of Social Clauses, promoting the material interests of an oppressor nation over those of an oppressed nation, above all when the wishes of the people most affected have not been consulted. Thus may be appropriate to support boycotts against apartheid-era South Africa and contemporary Burma—for whom sanctions called for by popular, democratic movements translate into a strategic attack on local oppressors—but impossible to justify "humanitarian" interventions in the sphere of trade via Social Clauses enforced by the WTO, where economic interests are imperialist or at best narrowly protectionist, and where status quo power relations are exacerbated. Erwin eventually gave up on Social Clause advocacy, because in Seattle he found he was the only proponent amongst developing countries; internationalist solidarity on the basis of joint interests between Cosatu and the Mbeki government was clearly off to a bad start.

However, if not in relation to trade debates, there was nevertheless one extraordinary moment when Mbeki and his then health minister (now foreign minister) Nkosazana Dlamini-Zuma, forthrightly attacked the prerogatives of transnational corporate capital: in the pricing of pharmaceutical products, particularly anti-retroviral drugs used in the treatment of HIV/AIDS. But this was an exception that proved the rule, for the confrontation soon became Mbeki's most embarrassing failure—not only to change the world, but to change the trajectory of mass death facing his desperately ill domestic constituency.

It is in this case, finally, that we can find crystallised most of the crucial problems noted in the pages above, including Mbeki's own inability to project a serious position globally. According to a mid-2000 commentary in Slate, which is amongst the most important of Internet 'zines, "instead of dazzling the West, Mbeki is making a spectacle of himself" thanks to his tortured stance on HIV-AIDS.

To contextualise the latter problem does not require much more than citation of Mbeki's key spokesperson, Parks Mankahlana, who in March 2000 off-guardedly justified to Science magazine why the SA Department of Health refuses to provide a relatively inexpensive (R100 million per year) anti-retroviral treatment to pregnant, HIV-positive women: "That mother is going to die and that HIV-negative child will be an orphan. That child must be brought up. Who is going to bring the child up? It's the state, the state. That's resources, you see." Yet as was subsequently pointed out—and

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89 See Bond, P. (2000), "Workers of the World, Transcend the Wedge!," Z-Net Commentary, 24 February; for more on the social clause debate, see http://www.aids.org.za


91 Plotz, "How Others see the President," p.30.

92 Cited in The Citizen, 14 July 2000 and Mail and Guardian, 21-27 July 2000. Mankahlana—who a week earlier said he would toss the 5,000-signature Durban Declaration on AIDS into Mbeki's "dustbin" because it strongly refuted the AIDS-dissident camp—immediately denied making the statement: "Their story is a complete fabrication." Science's editor replied that his reporter had recorded Mankahlana in his Pretoria office on March 24, and offered to play the tape. I include this tragic incident because, notwithstanding Mankahlana's subsequent denial that the statement reflected policy, there is a general sense amongst health professionals in South Africa that the Science quote was indeed official thinking.
confirmed by the Department of Health itself—the cost-savings associated with treatment against mother-to-child-transmission of HIV could potentially be enormous (R700 million per annum was one estimate).93

The main point of this example, though, is that drug price savings could be yet vastly greater, if the South African government followed through on the stunning 1999 victory against the US state and international pharmaceutical capital. In late 1997, parliament passed the Medicines Act, which allows the Department of Health to override the Trade-Related Intellectual Property (TRIPS) provisions of the World Trade Organisation agreement which South Africa joined during apartheid's dying months. (The WTO provisions are malleable, allowing violation of patents in cases of extreme emergencies, such as AIDS.) It should therefore have been uncontroversial for the SA government to import cheap drugs (at less than 5% the cost they are sold locally by partners of transnational drug companies) from markets like India and Brazil, or to permit local generic production of such drugs.

But in view of potential losses in the extremely lucrative upper-income (mainly white) medicines market in South Africa, transnational pharmaceutical companies quickly objected to the Medicines Act. The often explicit threat was that if the Medicines Act prevailed, the companies would disinvest from SA. Only in late 1999 did the firms put their opposition—including a High Court case—on hold, and that was only because another barrier to cheaper treatment of HIV+ South Africans was finally overcome: Al Gore. The US vice president was, through 1998-99, conducting a "full-court press"—in the words of a rabid US State Department official bragging to Congress in a February 1999 report—against Mbeki so as to force abandonment of the "offending language" in the Medicines Act. For Gore, South Africa's crime was not only its 1997 law, but also advocacy of similar global provisions (in the form of a mid-ranking health official's 1999 speech to the World Health Organisation). Not only did Gore directly assault South Africa's ability to conduct economic policy-making and cheapen vitally-needed medicines, he also began attacking the newly-democratised government's freedom of speech in international fora.

Two crucial reasons seemed to motivate Gore: the general principle that US companies possessing patent rights should not concede any encroachment upon their market share; and campaign contributions by major pharmaceutical firms. Discussing the latter factor, a May 1999 report by the Washington-based Center for Responsive Politics recorded recent bipartisan gifts to politicians by Pfizer, Bristol-Myers Squibb, Eli Lilly, Glaxo Wellcome, Novartis and five other firms: "Long one of the most powerful lobbies on Capitol Hill, the pharmaceutical industry spent nearly $12 million in soft money, Political Action Committee, and individual donations during the 1997-98 elections—a 53 percent increase over donations during the last mid-term elections." Ralph Nader's associates in the Consumer Project on Technology also documented other close personal links between Gore and

93 However, important caveats are in order here. Such savings only hold true if the state healthcare system actually has capacity—and if its personnel even intend—to care for sick HIV+ infants. Such assumptions were thrown into question because the public health service collapsed in many impoverished communities, especially rural clinics in provinces with high AIDS concentrations like the Eastern Cape, Northern Province and KwaZulu-Natal. Another questionable assumption (explicit in Mankahlana's comment) is that the state will look after orphans. In reality, there is a practically non-existent state safety-net for black orphans, and kinship networks are the only fallback when the HIV+ mother dies. The HIV-negative orphan is usually looked after by desperately poor relatives, and the likelihood thus increases of death before the age of five (in a country with amongst the world's highest infant-mortality rates for black children). This practical reality lowers the likelihood of a future productive life for an AIDS orphan (even if the HIV+ mother is treated with anti-retrovirals). Finally, if, against all the odds, the orphan does grow up to be a productive member of society, what jobs exist, now and in future, for her/him, given South Africa's 40% unemployment rate? These must have been factors at play in what some observers term the "genocidal" (Mail and Guardian, 21-27 July 2000) policy of denying mother-to-child-transmission treatment.
major pharmaceutical firms.

Fortunately for HIV+ South Africans, a vibrant "Treatment Action Campaign" emerged in 1999, embarked on protests at US consulates in Johannesburg and Cape Town, and began networking with the Consumer Project as well as with the Philadelphia chapter of the advocacy group ACT UP. Activists pledged to dog the 2000 presidential campaign with banners and in-your-face slogans: "No Medical Apartheid!," "Gore's Greed Kills!" "AIDS Drugs for Africa Now!" Gore was confronted repeatedly and aggressively in Tennessee, New Hampshire, California and Pennsylvania at the very outset of his campaign. Numerous newspapers carried front-page stories on Gore's quandary.

Within weeks, the vice president's own cost-benefit analysis began to reveal the danger of siding with the pharmaceutical firms, whose millions would not offset sustained damage to Gore's image. In a September 1999 meeting with Mbeki in New York, Gore conceded the validity of the SA Medicines Act. With Thailand also making noises about exorbitant drug prices and with tens of thousands of protesters in the streets, President Clinton agreed at the Seattle WTO summit not to push for a harder-line TRIPS protection for US pharmaceutical companies.94

The South African government then failed to take advantage of the space, as Mbeki searched for excuses--such as a controversial investigation into whether the HIV virus was indeed the cause of AIDS--to not implement aggressive anti-AIDS strategies, instead of pursuing the parallel importation or generic production options. At the Durban AIDS conference in July 2000, ANC member of parliament Winnie Madikizela-Mandela accused her government of being "an obedient servant of multinational companies that continue to put their profits above our people." According to acting SA Constitutional Court justice Edwin Cameron, in his keynote speech to the AIDS conference, "The drug companies and African governments seem to have become involved in a kind of collusive paralysis. International agencies, national governments and especially those who have primary power to remedy the iniquity--the international drug companies--have failed us in the quest for accessible treatment."95

But even if in retrospect it was pyrrhic, the joint struggle by the South African government and the activists over Gore and the pharmaceutical corporations was extremely important from the standpoint of my argument. In short, the David-v-Goliath battle against pharmaceutical companies--and the White House--was won, yet Mbeki quickly grabbed defeat from the jaws of victory; the broader war against AIDS took a quick turn for the worse. Yet the inspiration and lessons that we learn help address the most fundamental challenge Mbeki and his allies truly face: to publicly demonstrate the impotence of a left turn. To understand how far the ANC government must go to downgrade alliances with the Left, consider another ANC discussion document, this one drafted by Netshitenzhe and Moss Ngoashing in late 1996, which concluded with these lines:

The democratic movement must resist the illusion that a democratic South Africa can be insulated from the processes which characterise world development. It must resist the thinking that this gives South Africa a possibility to elaborate solutions which are in discord with the rest of the world, but which can be sustained by virtue of a voluntarist South African experiment of a special type, a world of anti-Apartheid campaigners, who, out of loyalty to us, would

94 The firms reacted with promises of cheaper, though not free, drugs, which in turn were spurned by activists as too little, too late. When faced with the prospect of local production, drug companies changed the subject by announcing offers of free medicine, which subsequently did not materialise.

95 Both quotes in the Mail and Guardian, 14-20 July 2000.
support and sustain such voluntarism.  

But the Medicines Act of 1997 is, activists insist, precisely such a "voluntarist experiment." It was, indeed, only sustained by virtue of appeal, by local activists, to "a world of anti-Apartheid campaigners" who "out of loyalty," militantly demonstrated in favour of the Act.

This is where, finally, the argument comes to a head. Throughout my analysis, I have tried to take seriously the extent to which Mbeki wants to change the world, even if the rhetoric has often confused listeners, the strategy is dubious and the tactics have not worked. Central to this problem, I would assert, is who Mbeki most comfortably allies with. The social forces represented in the last example are emblematic of the challenge, for they evoke enormous potential for real solidarity, for changing the balance of forces.

Mbeki must realise this, for he has invoked the Seattle phenomenon as a kind of threat, as a way of telling audiences that there is a more revolutionary option if they do not meet his demands. Speaking to Washington elites at Georgetown in May 2000, Mbeki quoted from Shelley ("O wild West Wind, thou breath of Autumn's being"):

> It may be that the protesters who besieged the negotiators at Seattle were, in their way, our own West Wind. What they said, if they spoke for the pestilence-stricken multitudes, yellow, and black, and pale, and hectic red, was indeed that since Winter was already upon these multitudes, Spring was not far behind.

Even more so, to a different audience of social-democratic activists, Mbeki was resolute in his commitment to nurture challenges from the grassroots:

> All of us, but most certainly those of us who come from Africa, are very conscious of the importance that all tyrants attach to the demobilisation of the masses of the people. At all times, these tyrants seek to incite, bribe or intimidate the people into a state of quiescence and submissiveness. As the movement all of us present here represent, surely our task must be to encourage these masses, where they are oppressed, to rebellion, to assert the vision fundamental to all progressive movements that--the people shall govern! The first suggestion I would therefore like to make to you as the progressive youth of the world is that you have to reaffirm this, that you remain committed to the task of the greatest possible mobilisation of the youth and the people as a whole to struggle for their own upliftment.

The problem is that this kind of support--Mbeki generously citing demonstrators for raising consciousness--is not, in fact, mutual. For consciousness-raising is only a small fraction of the concrete challenge that many of the leading protest movement organisations have set for themselves: the essence of that challenge is to shut down the WTO, World Bank and IMF. Mbeki's approach is the precise opposite: to gain greater admittance.

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97 Lecture of the President of South Africa, Thabo Mbeki, at Georgetown University, 23 May 2000.


100 The various reform strategies are discussed in Bond, P. (2000), "Their Reforms and Ours: The Balance of Forces
The radical strategy is multifaceted, but at the end of the day is not merely destructive or protectionist, as Alec Erwin suggested at in Seattle. Recall the first great reformer of the IMF and World Bank: a key co-founder, John Maynard Keynes. When Keynes failed to persuade the dominant US negotiators of the need for a more politically-neutral institution at the 1944 Bretton Woods and 1946 Savannah conferences (where, incidentally, proto-apartheid South Africa took a strong pro-US position on the basis of its gold production), he was despondent. As one account has it, "Keynes had argued so bitterly at Savannah with US Treasury Secretary Fred Vinson and was so distressed by the course on which the Bank seemed to be set that his friends blamed the meeting for the heart attack he suffered on the train back to Washington, and for a second, a month later, which killed him at the age of 63."101

It may be useful to conclude, as a result, with the kind of changes to the world economy for which Keynes once firmly argued. For these words are--if one only added "political solidarity" to the list of globalization goods--perfectly consonant with the radical strategy noted above: "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."102

This is, to be sure, the kind of "either/or" formulation that may well be objectionable to a "both/and" dialectician of Mbeki's enormous accomplishment. Keynes was not only perhaps a more active, successful and visionary shaper of global circumstances than Mbeki--albeit from a stronger power base in Britain, yet also ultimately a subservient and frustrating base. But in that 1933 maxim he also captured the essence of a bumper-sticker slogan that is often heard in the contemporary international social justice movement: "The Globalization of People, not of Capital!" It is that slogan which says so much more about strategy, tactics and alliances than I have probably managed, and in turn hints more profoundly about why Thabo Mbeki probably won't, notwithstanding his ambitions, integrity and best efforts, change the world.

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101 Caufield, Masters of Illusion, p.47.