Progressive Academic Economists and the Challenge of Development in South Africa’s Decade of Liberation.

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1. Introduction

Progressive academic economists have played a significant role in support of the efforts by anti-apartheid social, labour and political movements to develop alternative economic policy ideas and strategies for post-apartheid reconstruction. But that role has also been a changing, dynamic and complex one. This paper examines the relationship between these progressive academic economists and the anti-apartheid social movements in the period that has come to be known as South Africa’s decade of liberation, roughly the mid-1980s to the mid-1990s.

The paper begins with a brief background on the role of intellectuals in processes of social and political change before the mid-1980s. I then examine the interaction of progressive economists with social movements in South Africa since c1985. This interaction occurred in the main via policy research networks and think-tanks such as the Economic Trends Research Group, the Industrial Strategy Project and the Macroeconomic Research Group. Thereafter I examine the role that these academic economists played in the formulation of the Reconstruction and Development Programme, the RDP White Paper and the Growth, Employment and Redistribution Strategy.

The following section sets out the major trends in the relationship between progressive economists and social movements over the decade of liberation. I then attempt to provide some tentative answers to the controversial and complex question of why many of South Africa’s progressive economists, underwent a sea-change in their economic thinking by the mid-1990s. My argument, in essence, is that South African academics and intellectuals (like many elsewhere) are far from independent; they are the creatures and creations of their time. This means that their positions depend upon their shifting circumstances and the demands placed on them. Ultimately, the explanation for the change in economics thinking rests on the politics of the transition itself, although other factors may contribute to explaining why the shift was so extreme and so pervasive.

In the penultimate section I advance some thoughts about the role that progressive academic economists could play in contemporary South Africa in relation to social movements and the institutions of the democratic state, before concluding briefly.

2. Background

Mike Morris has argued powerfully that:

One of the basic structuring principles of cultural life in South Africa is the lack of a deep-rooted tradition of intellectual independence. Intellectuals, whether
from the right or the left, have been squeezed between the powerful forces of Afrikaner and African nationalism, both of which have been highly suspicious of intellectuals, and have tended to accord them acceptance through incorporation and subordination rather than through promoting their independence (1996:256).

The issues Morris raises here form a central aspect of the discussion and argument of this paper. However, a preliminary issue relates to the question of which academics participated in policy-making processes before c1985. With few exceptions, progressive and liberal scholars, both in the social and natural sciences, and housed mainly in the English-speaking universities of Cape Town, Witwatersrand, Natal and Rhodes, eschewed participation in research which fed into policy-making processes during the apartheid era as these were inevitably linked into or funded and supported by the state.

The National Party, which assumed power a few years after the end of the second World War, had set up its own exercise in social engineering. The Party drew on right-wing, apartheid-supporting academics in the Afrikaans-speaking universities, especially at Pretoria and Stellenbosch, as well as those in state-funded research think tanks such as the Council for Scientific and Industrial Research (CSIR) and the Human Sciences Research Council (HSRC), to provide academic justification for some of its key plans and policies.

By the early 1970s progressive scholars were notably absent from national-level, policy-making processes, especially in the social and economic fields. The success which the apartheid state achieved in crushing anti-apartheid political, labour and civil society movements, especially after Sharpville in 1960, had the effect of hemming in the spaces for progressive academic interaction within these sorts of organisations. The emergence of a progressive, non-racial trade union movement in the early 1970s, changed this picture somewhat.

Progressive South African social scientists and economists played an important part in the birth and early development of the non-racial trade union movement, both just before and after the milestone Durban strikes of 1973. White intellectuals, at that time, Johan Maree points out in an article which draws on ideas advanced by Gramsci and Hobsbawn, ‘played a key role in helping the unions consolidate themselves and in building up their organisational strengths. They also all shared in common the intention of building up democratic trade unions with control ultimately residing in the hands of workers’ (1989:66). Maree argues, however, that while white intellectuals were committed to, and facilitated the emergence and growth of the unions in the early to mid-1970s, ‘their contradictory class location, the cultural cleavage between them and African workers, and ultimately the political context, impeded the process of democratisation’ (1989:58).

Another strand of work undertaken by progressive intellectuals at the time, but not always in direct interaction with social movements, focused on popular and academic critiques of various aspects of apartheid policy and practice. In the early to mid-1970s, a significant part of this research explored the historical and contemporary relationship between capitalism and apartheid. Much of this research was initially undertaken by progressive South African scholars who were, for one or other
reason, based in the United Kingdom (Wolpe, 1972; Legassick, 1974, Davies et al, 1976). By the early 1980s South African-based progressive scholars began to get more involved in this type of critique-driven research work (see for example the series, 'South African Review', which has been published regularly since 1983).

The move from a level of involvement with social movements based largely on organisational issues, service-type work and an historically-grounded critique of the apartheid state to economic policy issues, from about the mid-1980s and early 1990s, has not been an easy one. Cloete and Muller have remarked that progressive intellectuals, both individually, as well as those operating through research networks, were impelled more 'by the evident need than by any clear idea about how to move into progressive reconstructive work' (1991:29). Overcoming legacies of race and gender imbalances in the research and policy process; coping with the dramatic changes in global and local economic and political conditions; and coming to terms with a rising African nationalism, have been some of the key challenges which the progressive academic community in South Africa have had to address. The following section explores these and other developments, trends and complexities over the decade of South Africa's liberation as they relate to some of the better-known forms of interaction between progressive economists and labour, social and political movements.

3. Progressive academic economists and social movements (1985-96)

3.1 The early years

The mid-1980s was a time of risk, excitement and opportunity for the progressive, anti-apartheid academic community. Political mobilisation and activity reached new heights following the Johannesburg-based township turmoil which began in November 1984. The non-racial trade union federation, COSATU, was formed in December 1985. Internationally the sanctions campaign had intensified, culminating in the US Comprehensive Anti-apartheid Act of 1986. These and other developments combined to stimulate the establishment of many new research networks and organisations.

These research networks focussed on providing support to progressive social movements which were beginning to carry the anti-apartheid struggle to new heights. One central theme of this work related to studies into the impact of sanctions on the South African economy. Other work related to issues such as housing, health and safety, and pensions. Although hugely underdeveloped, the foundations of the socio-economic ideas that were advanced in these early exchanges were unmistakenly Neo-Marxist and socialist in character.

These progressive research networks were harassed by the security police and were sometimes forced to work under conditions of secrecy. They were led by young, progressive social scientists and economists, mainly white and male. Many had just returned to South Africa from studies overseas. Some worked from within universities and linked up with non-academic research networks; others set up and worked within, largely externally-funded, research and service centres outside the universities.
In the mid-1980s in the United Kingdom, a group of British left wing economists, together with the ANC’s Department of Economic Planning (DEP), formed a research consortium called Economic Research on South Africa (EROSA). EROSA produced a number of papers on the South African economy which went beyond a critique into areas of policy recommendations. This included work on the minerals-energy complex, the savings-investment constraint, and the financial market (Fine, Personal Communication, July 1997). Although EROSA related to the ANC-in-exile through activists like Max Sisulu and Pallo Jordan there is little evidence that the policy options generated there fed into ANC economic thinking in any systematic way.

The development of academic-led think tanks focussing on economic analysis and policy issues was boosted by some milestone international conferences in the second half of the 1980s. The first major conference of this kind was held at York University in England in September 1986 and was entitled ‘The South African economy after Apartheid’. The conference brought together a group of liberal and progressive economists opposed to the apartheid state. South African participants were closely vetted by the ANC in London. Selected papers from the conference were published in a book entitled After Apartheid: The Renewal of the South African Economy, edited by Landeg White and John Suckling.

A veritable flood of economic, social policy and other ‘anti-apartheid’ conferences followed: these included Beijing (1986), Amsterdam (1986), Boston (1987), Freiburg (1987), Harare (1988, 1990), Paris (1989), and Lausanne (1989). Progressive South African social scientists and economists were able, at these conferences, to make constructive contact with one another, and to meet (many for the first time) with high ranking members of the still-banned ANC, SACP and SACTU.

3.2 The Economic Trends Research Group (ET)

ET was initiated at the request of COSATU in late 1986. It is important in the light of subsequent developments to point out that although COSATU had joined the Congress fold at its launch in December 1985 it had at the time virtually total autonomy from ANC, SACP and SACTU structures. ET was initially located within the auspices of the Labour and Economic Research Centre in Johannesburg. ET began its work for COSATU, with a membership of 8 researchers based in Johannesburg, Durban and Cape Town. By late 1990 membership had grown to 21 (Gelb, 1991:xi). By this stage all but two of ET’s members were white and only two were women. When the project began key members of the group were based in institutions outside universities but by 1990, nearly all had tenured university positions. Of the Group, Dave Lewis and Mike Morris had extensive experience as union organisers or officials, and Doug Hindson was an editor of the South African Labour Bulletin in the [then] recent past.

The driving forces behind ET were its national co-ordinator Stephen Gelb and Alec Erwin, who led the COSATU delegation to ET meetings. Membership to ET was by invitation. The IDRC Report on policy formulation for post-apartheid South Africa observes that ‘while this outlook ensures some broad compatibility in terms of theoretical and political outlook, this has led to accusations of exclusiveness’ (1991:10).
ET’s initial work on behalf of COSATU was to examine the likely impact of sanctions on the economy. However, it soon became necessary to broaden the scope of ET’s work to understand the nature and origins of the crisis that had beset the South African economy since the early 1970s. That work culminated in the publication of a major report to COSATU in 1989 and in 1991 to a book, South Africa’s Economic Crisis edited by Stephen Gelb. The theoretical foundations of the research were located in terms of an adaptation to South African conditions of the French Regulation School, what Gelb described as racial Fordism (1991:13). While the rhetoric of ET discourse and ideas was socialist, a variety of analytical and policy positions from socialist to right-wing social democratic were accommodated within its loose Regulation framework – a framework which was arguably more useful for historical context than policy analysis.

The ET report and book were primarily analytical and critical in nature although there was some preliminary consideration of policy options. Mike Morris has pointed out that ET’s failure to produce a fuller set of alternative policy prescriptions was, at least in part, because this was not ‘initially viewed with much favour by trade unionists’, although it is not clear why they adopted this position.

One of ET’s main claims to fame was that, despite initial difficulties, it managed to forge an effective, productive working relationship, linking mainly university-based researchers to a major national labour movement, perhaps the first on this scale in the history of this country. However, the links between ET and COSATU, even in its most developed phase, were neither highly structured, nor as deep and strong as many believe.

Even as late as September 1989, there was an intense debate about whether to extend ET’s reach more formally into the union federation, and, if so, how. Alec Erwin argued passionately for ET members to relate more closely to the new structures which some of the unions had set up to deal with economic policy issues. ‘This is a time of acute political change’ he argued. ‘Organisations and intellectuals need to engage. Let’s not establish a broad bank of knowledge first, then intervene, but get into research and policy formulation, learn from other experiences and press on’. But this plea met with resistance from some of the researchers, who felt that the theoretical issues which were preoccupying ET at the time would be beyond the understanding and reach of union officials (ET Minutes, 1989).

Weak links with the ANC can be explained, partly, by the fact that in the early years of ET’s existence, the ANC was still banned from operating in South Africa. Although some attempt was made to establish links between ET and the ANC-supported EROSA in London, this led only to the one-off participation of EROSA members Laurence Harris and Ben Fine in two different ET meetings. Relations with the ANC-aligned Centre for Development Studies (CDS) within the country was strained, despite heroic, but unsuccessful, attempts by ET leaders to get the economics component of CDS to work.

Poor relations between ET and the ANC can also be explained by the strong hostility which leading ET members from the ‘workerist tradition’ felt towards the ANC and the SACP, and by COSATU’s disagreement with the ANC over the question of the
labour federation’s ‘accountability’ to SACTU, the official labour arm of the movement. These complexities were picked up by the 1991 IDRC Mission Report which observed that the absence of a closer relation with ANC structures, could be explained ‘by the reticence of some members of ET to have their research associated directly with the political movement’ (1991:11).

Despite this, and the very obvious wariness with which some exiled ANC members viewed the ET leadership at the time ET played an important, even leading role in the Harare Conference in April 1990 when, following the unbanning of the ANC, progressive economists and economic think-tanks from South Africa, London and Lusaka met to consider economic policy options for post-apartheid South Africa. That conference represented something of a turning point in the relationship between progressive economists and the ANC-SACP alliance.

Late in 1989 ET co-ordinator Stephen Gelb resigned from the project, and plunged ET into something of a crisis. Following months of tension and conflict the headquarters moved from the Institute for Social and Economic Research at the University of Durban Westville to the Development Policy Research Unit at UCT’s Economic History Department.

3.3 The Industrial Strategy Project (ISP)

ET’s Phase Two entitled ‘Economic Prospects for South Africa’ which was aimed at elucidating a framework for macroeconomic policy did not get off the ground. ET swiftly moved into a narrower focus in Phase Three in 1990, a body of research around industrial restructuring and trade policy, again at COSATU’s suggestion. The unbanning of the ANC, the shift to negotiations politics, COSATU’s open alliance with the movement and the ‘certainty of the immediate accession to power of COSATU’s political ally’, combined to create a very different and more open, yet far more intense, environment under which research work for social and political movements occurred and also ensured that work such as that of the ISP focussed more closely on policy (Joffee et al, 1995:xii).

The ISP was led by four co-directors, all university-based political economists or sociologists - they were Dave Kaplan and Dave Lewis of the University of Cape Town, Avril Joffe of the University of the Witwatersrand and (former South African) Rafael Kaplinsky of Sussex University’s Institute for Development Studies (IDS). The arrival of Kaplinsky to co-direct the ISP helped to consolidate ‘post-Fordist thinking in South Africa’, an approach which emphasised the creation of international competitiveness, supply-side intervention, skills upgrading, technological and work place re-organisation and the like (Bond, 1996:24).

Twenty-three (mainly university-based) researchers and administrators began work on the ISP. Sixteen were involved in detailed studies of one or more key sector of South African manufacturing. In ET Phase 1, the participating academics’ teaching and research commitments limited their participation in ET work and most academics drew on their own research projects and post-graduate theses as a basis for their ET research. However the ISP, needing substantial new work in often unexplored areas
in a short space of time, decided to buy-out its university-based academics for the
duration of the project.

In another significant departure from ET Phase 1 the ISP also engaged in training
largely at the insistence of the Canadians who had poured unprecedentedly large
amounts of money to set up and run the ISP. ISP researchers were also expected to
consult regularly with the relevant COSATU affiliate, and research results were made
available to COSATU on an on-going basis. All in all the ISP had a much clearer,
better structured and more effective relationship with COSATU (and the ANC to
some extent) than ET did in Phase I. But there were good reasons for this
improvement. Nevertheless the ISP’s work remained that of an independent
research collective, its relationship with COSATU being described on the completion
of the project by COSATU President John Gomomo as still an ‘arms-length’ one

A noticeable feature of the ISP, it has been argued, was its embrace of key
economic policy options advanced by some sections of South African capital and by
the advance guard of the World Bank team. The ISP ‘developed a great ideological
fondness’ for the Nedcor/Old Mutual Scenario planning proposals, which was
championed by Bob Tucker and was based on ideas developed by the conservative
economic philosophy of his Harvard Business School collaborator, Bruce Scott
(Bond, 1996:24). Tucker had in turn been highly successful in selling these ideas to
the ANC leadership. The ISP also recorded its agreement ‘with most of the World
Bank’s proposals for trade reforms and saw positive signs in other World Bank
proposals such as those relating to aspects of land reform (Padayachee,
1993:198/9). In general, a strong, centrist corporatist dimension (evident to a lesser
degree in some sections of ET) came to the fore in the ISP, sweeping aside any last
vestiges of militant syndicalism, associated with earlier ‘workerist’ thinking and
strategy.

One aspect of the ISP’s work culminated with the publication of a book edited by its
co-ordinators, entitled Improving Manufacturing Performance in South Africa, which
appeared only in 1995. The ISP also published many interim reports and papers and
a series of rich, sectoral and cross-sectoral studies of specific industries. The ISP’s
policy recommendations represent a distinct shift away from a national, demand-
side, developmental approach to a more global, supply-side strategy for economic
reconstruction.

The ISP experience throws up a number of intriguing issues and questions which go
to the heart of any proper understanding of the role of progressive economists in
policy-formulation for post-apartheid South Africa. Can the noticeable shift evident in
ISP thinking be explained entirely by changes in global economic conditions? Why
was COSATU happy to go along with the broad thrust of the ISP’s approach when
some aspects of this approach (eg on trade policy) were antithetical to worker
interests? And, finally how does one explain some significant departures between
the analysis and recommendations of some sector studies and those in the final ISP
book? (on this see Valodia, 1996:61).

These questions need a fuller treatment than is possible here. Whatever the answers
one thing is clear: industrial and trade policy in the immediate post-apartheid era
bore the unmistakable stamp of the work of the ISP, and behind that achievement, if you like, lay the efforts of some of South Africa’s most well-known political economists and social scientists, who had been linked to COSATU and the left within the country.

3.4 The Macro-economic Research Group (MERG).

During a visit to Canada in June 1990 [then] ANC President Nelson Mandela raised the issue of the ‘urgent need for a better understanding of economic policy issues in South Africa within the anti-apartheid movement as it prepares for forthcoming negotiations” (van Ameringen, 1995:2). The Canadian government moved in to offer tangible support. A team of Canadian and African economists (headed by Gerry Helleiner and including John Loxley and Benno Ndulu) was appointed to make recommendations to the political leadership about how to improve the movement’s capacity to formulate economic policy. Their work was co-ordinated by the Canadian International Development Research Centre (IDRC).

The IDRC Mission to South Africa found that the economic policy capacity of the movement was both underdeveloped and unco-ordinated. Even where capacity existed (eg., among local university-based economists who were sympathetic to the movement) their research often duplicated other work, was not sufficiently focussed on policy, and was poorly linked to the ANC’s DEP, which had by now relocated from Lusaka to Johannesburg. The DEP in turn was understaffed, poorly organised, and its leadership appeared to have made little or no effort to mobilise the sources of relevant experience available at some of the universities.

They called for the establishment of a network-based Macro-economic Research Group (MERG), to ‘stimulate and co-ordinate policy research and training in the identified priority areas’. The most urgent priority, they argued, was the development of a ‘macro-economic policy framework’ within whose terms and parameters various policy options could be tested and economic policy-making take place.

MERG was set up in November 1991 and the research project was launched at a conference in Johannesburg in January 1992. Top international economists, including Americans Lance Taylor and Bill Gibson, were contracted for lengthy periods to train (or support) South African researchers, especially in areas such as macroeconomic modelling, where South African expertise was deficient.

By late 1992 little by way of working papers on policy options had been produced by the MERG research teams. In December 1992 the ANC-leadership requested the newly appointed MERG co-ordinator to accelerate the process of producing the Macroeconomic Framework, as negotiations at the World Trade Centre, suggested that a political settlement was close at hand.

MERG’s macroeconomic policy framework was presented to the democratic movement at a formal media launch on 3 December 1993. It was simultaneously published by MERG as a book entitled “Making Democracy Work: A Framework for Macroeconomic Policy in South Africa”. Although the book came out under the MERG label, the editors were Ben Fine, Laurence Harris, Vishnu Padayachee and John Sender. The macroeconomic modelling was done by Australian economist, Peter
Brain. The overall project co-ordinator, was Vella Pillay. In addition 45 research papers and reports were produced by MERG researchers over two years. Altogether 64 university-based economists, both South African and international, were involved in varying capacities in the MERG process. While only a handful were women, as many as 20 were not white. A significant number, though not all, of the South African economists involved in MERG were also integrally involved in both ET and the ISP.

The theoretical foundations of the MERG policy framework lie, in what I would characterise as a Cambridge or Post-Keynesian approach (in the tradition of Keynes, Robinson, Kaldor and Kalecki) where effective demand failures and the possibility of under-full employment equilibrium, are recognised as key problems. MERG envisioned a two-phase, 'crowding-in' approach to South Africa's development, a state-led social and physical infrastructural investment programme as the growth driver in the first phase, followed by a more sustainable growth phase which would see private sector investment kick in more forcefully as growth picked up (MERG, 1993, Chapter 1).

The MERG process also throws up many intriguing questions. Was the MERG approach as outdated in contemporary global conditions as some have argued? Why did the relationship between some research team leaders and the MERG administration deteriorate so dramatically over the course of two years? Why was the relationship between the MERG administration and the ANC's Department of Economic Planning characterised by so much rivalry and bitterness? Why did SANCO which was an integral part of the MERG structures since its launch in March 1992 chose not to attend any of MERG's meetings and workshops?

And why did some of South Africa's progressive economists view the participation of foreign economic experts in MERG with such suspicion? Stellenbosch economist and MERG researcher Servaas van den Berg 'made his disquiet on this matter known to DEP head Trevor Manuel, 'complaining that not since colonial days had South Africa's economic policy been drawn up by foreign economists' (Kentridge, 1993). I have attempted fuller answers of these questions elsewhere (Padayachee, 1995).

What I will say here is that although these kinds of problems may have slowed down and complicated the MERG process, they did not compromise the coherence and relevance of MERG's output. The MERG Report was widely acknowledged as being an important contribution to the formulation of an alternative macroeconomic strategy for post-apartheid development, a challenge to the previous government's Normative Economic Model. Business Day, on the eve of the MERG launch, noted in a leader-page article that 'the MERG framework, for all its faults, presents a serious challenge to the government's approach'' (December 1 1993). Foreign donors paid high tribute to MERG's achievements while not failing to comment critically on some of its administrative short-comings. Numerous positive academic reviews of the MERG book were published in international journals. In the International Review of Applied Economics, British economist, Chris Edwards argued that:

...it is hard to see a peaceful or prosperous society emerging from the application of the 'orthodox economics' of the NEM. In comparing MERG and the NEM in the light of the appalling legacy of apartheid, it seems clear that there is no alternative to an approach modelled on that of the MERG' (1995: 108).
Despite this, the MERG macroeconomic framework and recommendations were dumped by the ANC almost before it was launched. Why did this happen? SACP Deputy Secretary-General, Jeremy Cronin has argued that the absence from the South African economic debate of MERG’s ‘outstanding British economists’ contributed to the project’s marginalisation. I doubt the value of this explanation. It would be more accurate to argue that the ANC leadership, under pressure on many fronts, had by this time all but abandoned the idea of developing an alternative progressive macroeconomic framework to the late-apartheid neo-liberalism of the previous government’s Normative Economic Model.

I shall return to this point later.

3.5 The Reconstruction and Development Programme (RDP)

One of the most exciting trends in South African academic life during the late 1980s and early 1990s - at least in the English-speaking universities and some of the HBU’s - was the rise of the policy expert and policy advisor to social, labour and political movements. The most significant comment that can be made about the formulation of the ANC-alliance’s RDP, in so far as the theme of this paper is concerned, is that this trend was not reflected in any serious role in the RDP. There were a few exceptions of course: a Wits economist co-ordinated the writing of the RDP’s Chapter 4 on ‘Building the Economy’; UCT’s Energy and Development Research Centre assisted with the technical advise about electrification (Chapter 2); a UWC social welfare expert drafted the welfare sections of Chapter 2; and this writer, from a UDW base made extended technical comments on the whole of the penultimate draft. But no organised academic-linked think tank, ala ET, ISP, or MERG lay behind the formulation of the RDP.

Instead, as Patrick Bond has observed:

...several dozen praxis intellectuals from the NGOs and labour drafted the document, partly I think because they had close working relationships with the Democratic Movement social forces who mandated the drafters to move in this or that direction (Personal Communication, July 1997).

Part of the process of finalising the RDP involved holding 4/5 workshops which were attended by about 100 members each from democratic movement structures, making it arguably the most democratic process by which an opposition economics document was formulated. But that process did not involve the participation of many academics in any organised sense. Why was this? It cannot be argued that most progressive academic economists were otherwise engaged in MERG, for that process was almost complete by the time most of the RDP was being put together.

The answer appears to be that the more grass roots trade union and civic leadership of the movement which were charged with driving the RDP either did not trust or have much faith in what they may have perceived to be the more theoretical/intellectual approach of academic economists and social scientists. That may also explain SANCO’s absence from MERG. One result of all this was that MERG results did not effectively feed into the RDP’s formulation. Those relatively more senior movement leaders, who did have a better history of relating to progressive academics, mainly
because of ET, ISP and MERG, and were champions of the RDP, such as Alec Erwin and Jay Naidoo, were fighting mainly on the political front to secure the ANC leadership’s formal acceptance of the state-led, interventionist RDP-framework as official policy. That formal endorsement was made, after intense internal lobbying, just weeks before the April 1994 elections. It has subsequently become even more clear that the RDP was viewed by the ANC leadership as just a mobilising tool for election purposes.

3.6 The RDP White Paper (WP).

The RDP (WP) published in November 1994 and the Growth, Employment and Redistribution Strategy (GEAR) published in June 1996 are the two most important macro-economic policy documents of the post-apartheid ANC-led government. Their production, in many ways reflected the very different political context of the new era.

The GNU, not unnaturally, turned to economists within its own institutions and departments to develop the RDP Green Paper, ie the draft of the WP. These included Ismail Momoiat of the Department of Finance and Andre Roux of the Development Bank, among others. However, both were appointees of the new government. Roux a former UWC Economics Professor was a leading member of MERG’s Fiscal Project. The Green Paper was severely criticised by some leading members of the alliance. Jeremy Cronin for one wrote a trenchant critique of it. New authors, including Sanco’s Patrick Bond, were brought in to work on the White Paper, under the political direction of ex-COSATU leaders Jay Naidoo, Bernie Fanaroff and Howie Gabriels, by then Ministers or senior bureaucrats in the GNU. Significantly, and again reflecting the new era, businessmen too were part of the re-drafting team. The team did most of its work between 30 August and 6 September 1994. Eighteen different drafts were circulated within the state, but social and labour movements only saw versions of it towards the end of September.

A careful reading of the WP reveals significant departures from the underlying economic framework and thrust of the RDP itself. Despite re-assurances from new Ministers that only the language of the WP had changed to reflect a wider constituency of interests, it has been argued that the WP represented a significant compromise to free-market principles and to the economic preferences of the old regime.

3.7 The Growth, Employment and Redistribution Programme (GEAR)

Sometime late in 1995, it became known that the GNU had assembled a high-powered team to draw up a new, modelled, macroeconomic framework. The publication in February 1996 of the South African Foundation’s ‘Growth for All’ document, followed shortly thereafter, by the Labour Movement’s ‘Growth and Equity’ document, together with the dramatic collapse in the value of the Rand in the first quarter of 1996, appears to have forced the GNU, to accelerate the production of its macroeconomic framework document, in part to reassure jittery international financial and currency markets of its fiscal prudence. And so on June 14 1996, Finance Minister Trevor Manuel, unveiled ‘The Growth, Employment and Redistribution’ Strategy’ with the announcement that it was ‘non-negotiable’. Despite his position as Head of the ANC’s Economic Transformation Committee, Labour Minister Tito Mboweni, was not a central player in its formulation. So who were the central players?
GEAR acknowledges the contribution of a ‘technical team’ which assisted with the document. That team consists of 17 technical experts, of whom 16 were white, and 16 were men. Six were economists drawn from South African universities: 3 from UCT, 2 from Stellenbosch and 1 from Durban-Westville. Three worked at the Development Bank of South Africa, two at the World Bank, and two at the South African Reserve Bank. There was one representative each from the departments of Finance, Labour, Trade and Industry, and the Deputy-President’s office. It was this team that drove the GEAR research process.

Was there much continuity here with former policy processes of the movement? Of the ‘progressive’ economists, Stephen Gelb, Dave Lewis, Alan Hirsch and Brian Kahn, all participated in think-tanks from ET Phase 1 or 11, via MERG to GEAR. Lewis and Hirsch were also involved in the ISP. Andre Roux was involved in MERG, the RDP (WP) and GEAR. Dirk van Seventer from the DBSA and Servaas van den Berg from Stellenbosch were involved in aspects of MERG’s work.

GEAR’s foundations and policy recommendations have been severely criticised by progressive and even mainstream economists. Asghar Adelzadeh (1996) has argued that all indications suggest that the GEAR model was in fact the same model which underpinned the apartheid regime’s, neo-liberal Normative Economic Model. Nicoli Nattrass has pointed out that there are ‘so many parameter shifts in GEAR’s integrated scenario projection that its technical status is severely compromised. The growth and employment outcomes [she argues] are in large part the product of a set of optimistic guesses about the likely effects of the economic policy package’ (1996:38). Edey Rogers’ consultant, Edward Osborne, is even more forthright: ‘the GEAR policy document is bogus and fraudulent. It compromises litanies of policy measures that could have been taken from the IMF manual, but sanctified with the word “integrated”’ (1997:1)... And GEAR’s entire approach has been rejected by the ANC’s alliance partners, Cosatu and the SACP, and been criticised, albeit guardedly, from within the ANC itself.

Given all this, it is instructive to remind ourselves that GEAR was led politically by ANC Ministers and bureaucrats and that its research team included so many key members of ET, the ISP and MERG. It has since become clear from their public statements that these ‘progressive’ economists support and defend GEAR with pride and no small amount of arrogance.

The GEAR process, poses many more questions. Why is there still so much secrecy about GEAR’s formation and research methods, and specifically about the kind of model that was used? Was the announcement of ‘non-negotiability’ just the normal way in which policy documents will now be produced by the GNU? Is Tito Mboweni correct, when he claims that better consultation and discussion within the movement would have taken care of many of the tensions and conflicts now surrounding GEAR? And what should one make of President Mandela’s statement to the 1997 Cosatu conference that even the ANC did not discuss GEAR until it was ‘too late’?

Economic modelling, especially since MERG and GEAR, has become an important instrument in the tool-kit of progressive economists. But a caution about modelling from one of the economics profession’s most celebrated mathematicians and a Nobel
Prize winner, Wassily Leontief, brings this section of my address to a close. Leontief complained in a 1970 address to economists that “the mathematical-model-building industry has grown into one of the most prestigious, possibly the most prestigious branch of economics. [Unfortunately] uncritical enthusiasm for mathematical formulation tends often to conceal the ephemeral content of the argument” (in Jacoby, 1996:159). While models and modelling are undoubtedly important, their limitations need to be understood, and they should not be fetishised as some South African progressive economists, recent converts to modelling, appear now to be doing. Good economic ideas, backed by theoretical rigour and substantive arguments, and informed by a real concern for the lives of ordinary people, should still matter.

4. Major Trends over the Decade of Liberation.

What trends can one disentangle from the above account? There are of course a host of issues which can be analysed more fully: issues of race, gender, and foreign influence, amongst others. However the remarks already made on these issues, will have to suffice. Two more general comments will be developed, one related to changing organisational relations with the social movements, the second to the changing nature of the policy advice offered by progressive economists.

The first trend in the complex process set out in the previous section is that of small, fragmented groups of mainly white, male progressive economists and networks from the English-speaking universities working with a number of different social and labour movements in the mid-1980s, gradually merging by late 1991 into a co-ordinated national and international economic research, training and policy-think tank, the Macroeconomic Research Group, in order to develop a macroeconomic framework for one major client, the ANC-led alliance. Of course some economic think-tanks continued to exist independently, but many, including the ISP, fed their research into MERG. A gradual process of organisational coherence in the relationship between academics and social and political movements characterised the decade of liberation.

Progressive academic economists who were involved in ET, ISP, and MERG, also faced new choices after 1994. Many have left universities to accept full-time positions in key state departments such as Finance, and Trade and Industry, an option which did not exist for this community before. Others have remained within universities but relate to the state in various ways. Some have severed links with the state for one or other reason. Only a few academic economists continue to relate in any structured way to social movements in civil society.

A second major trend is that of the fairly rapid, albeit uneven and complex process through which the theoretical foundations of the economic analysis and policy advice advanced and developed by progressive economists, in interaction with social and political movements, disintegrated over the decade of South Africa’s liberation. From Neo-Marxism and the pursuit of a socialist alternative in the mid-to late 1980s, to an essentially social democratic version of Regulation Theory by 1990, to MERG’s 1993 post-Keynesian approach which championed a major developmental role for the democratic state, to the ISP’s mid-1990s corporatist strategy and post-Fordist vision of global competitiveness, and finally, in and through the RDP (WP) and GEAR, to neo-liberalism. All this, in the remarkably short time span of a decade.
Of course, there was nothing straightforward and unilinear about the processes of change either in the organisational form of this relationship or in the economic ideas advanced. Thus, although half a dozen leading economists were involved in nearly all of the policy think-tanks from ET to GEAR, different coalitions of progressive economists led each of the economic think-tanks that I have discussed. Not all have succumbed to neo-liberalism. What I would assert is that the ‘fulcrum’ or centre of gravity of the ideological or theoretical foundations of the policy-advice of this community of progressive scholars undoubtedly shifted to the right over the last 10 years.

5. Explaining the changing content of progressive policy advice.

How can these changes in economic policy advice coming out of this group of progressive economists be explained? I have noted earlier that the explanation for the shift in economic thinking among progressives must lie in the politics of the transition itself. But a variety of factors contributed to the pervasity of the change. This is what this section of the paper will explore. Some initial factors come to mind. The normal process of growing ‘conservatism’ that accompanies aging, is one. The ‘young’ progressive economists of 1985 are now 10 years older. The speed of the South African transition, it can be argued, caught many people, including progressive economists, by surprise, forcing a policy response for which they were ill-prepared. Some may even argue that they eventually ‘saw the light’, that neo-liberalism is the only answer in contemporary global circumstances. Other academic economists may suggest that pragmatism, practicing the ‘art of the possible’ is what it is all about. I would like to suggest a number of other, sometimes mutually reinforcing, explanations.

i. The engagement of progressive academic economists with social movements in South Africa coincided with a global political and intellectual swing to the right, a trend which began in the UK and US in the late 1970s and gathered momentum in the wake of the collapse of Soviet and eastern European style socialism in the late 1980s and early 1990s. The Washington Consensus, the belief that ‘free markets and sound money are the key to economic development’ (Krugman in Bell, 1997:84) and that there is no alternative to this approach in contemporary conditions, was the hegemonic view that was powerfully propagated in South Africa after 1990 by the IMF and the World Bank, with differing degrees of tact and diplomacy. Many progressive economists succumbed to the Washington Consensus all too easily. Part of the reason for this capitulation lies in the relative intellectual weakness of this progressive economics community, judged by international standards.

ii. Fine and Rustomjee have observed that social sciences in South Africa have been ‘insulated or cushioned from intellectual developments elsewhere’. Although some intellectual ideas were imported from time to time, differing from discipline to discipline, ‘economics has been underdeveloped even from orthodox perspectives and political economy had tended to be practised more by those originating in other disciplines’ (1996:248). These factors, coupled with relative isolation, the absence of a rigorous debating tradition, bitter personality conflicts and power struggles left them vulnerable to the neo-liberal juggernaut, when these right-wing ideas, backed by powerful, global institutions and resources, entered South Africa in a big way after 1990.
iii. One important source of a greater intellectual independence and critical rigour, may have derived from coupling policy work with a serious commitment to university-based teaching and research. However, some key individuals were not employed within university departments. Others who were, were only too eager to be ‘bought out’ of university commitments by think tanks such as the ISP and MERG. The training of the next generation of economists (along progressive lines) was not high up on their agendas. As a result, many of the economists whose work fed into progressive policy work in this period did not have to grapple with challenges such as large undergraduate classes, ‘demanding’ students from disadvantaged backgrounds, a shortage of resources and funds, or face the prospect of being deprived of the glamour which comes from being close to ‘power’.

iv. The defeat, emasculation or disappearance of many civil society organisations in the 1990s, and the decision by many others, including COSATU, the SACP and SANCO, to accept the leadership of the ANC in the anti-apartheid struggle of the 1990s, effectively removed them from the policy world, as independent constituencies. As a result many progressive academic economists lost direct touch with the dynamic and more radical traditions of these mass-based labour and social movements. Progressive academic economists found themselves relating more and more to the ANC’s elite leadership, whose concerns and agendas were increasingly being set by conservative forces and institutions. They followed the current into what Mike Neocosmos refers to as the ‘corporatist statism’ of the 1990s. Many already conform to Mahmood Mamdani’s characterisation of African intellectuals as ‘state fetishists’ (Neocosmos, 1997:53).

v. South African capital and the media also exerted huge pressures on the progressive economics community. Their influence on the economists worked via their increasingly successful lobbying of, and impact on, the ANC leadership. Many key progressive ideas advanced by the academic community, which business and the media opposed, were rapidly shelved by the ANC leadership after c1993. One example illustrates this very well. ISP researchers who had pushed hard for an effective competition policy to break-up the power of the (white-dominated) South African conglomerates have been silenced by the ANC’s about-turn on this issue. The change in ANC thinking has, in part, been influenced by the growth of a black business elite, closely aligned to it, who are rapidly buying into the corporate world. Now one hears nothing about the dangers of economic concentration from economists who made this one of the central themes of their work as recently as the mid-1990s.

vi. Although the ANC itself has never articulated an economic policy framework that can be called radical by any stretch of the imagination, many economic ideas that were being discussed within the Congress movement as whole in the early 1990s were progressive in character. The commitment to a real transformation of the South African economy in some quarters within the movement was a genuine one. However, most of the factors discussed above (the global swing to neo-liberalism, the influence of the international financial institutions, the power of South African business and the establishment media) also directly impacted on ANC economic thinking, especially at leadership level between 1990-94. Noted Berkeley sociologist, Michael Burawoy, sets out the context within which the change in ANC economics thinking occurred:
Without a critical stance toward Soviet socialism, having never partaken in the debates about the meaning of socialism --- real and imaginary --- the liberation movement in power found itself without a cognitive map to navigate the enormous problems of national reconstruction. An “exodus without a map”, as Adler and Webster call it, became vulnerable to a neo-liberal redemption, especially when the entire globe is spell bound by the magic of the market (1997:1).

Whatever else was happening within the Congress movement, it was the ANC leadership’s slide into neo-liberalism (most noticeable from around early 1993) which arguably made the most dramatic impact on the decisions and choices of South Africa’s progressive economics community.

The main reason for this, I would contend, lies in the attraction to power, and loyalty to political patrons, that academics have displayed for most of this century and which many progressive scholars from Julien Benda (1980) to Edward Said (1994) have so brilliantly captured. Said points out that, although writing as early as 1927, Benda had sensed how willing intellectuals had been to respond to governments who recognised the importance of having:

as their servants those intellectuals who could be called on not to lead, but to consolidate the government’s policy, to spew out propaganda against official enemies, euphemisms and, on a larger scale whole systems of Orwellian Newspeak, which could disguise the truth of what was occurring in the name of institutional “expediency” or “national honour” (1994:5).

A similar point was made by right-wing commentator Paul Johnson, who reminds us that intellectuals ‘far from being highly individualist and non-conformist people, follow certain regular patterns of behaviour…thay are often ultra-conformist within the circles formed by those whose approval they seek and value (1988:342).

For South African left economists in the 1980s ‘power’ (and ‘legitimacy’) rested with the socialist-oriented workers’ movement, and in particular with COSATU. In the early 1990s power shifted to the multi-class, nationalist-oriented ANC; after 1994 it shifted again (out of the party) and into the Government itself. Some of the country’s leading progressive economists adjusted both their organisational loyalties and ideological views to stay close to where they perceived power to lie.

Part of the reason for this attraction lies in the fact that (as white, male, privileged, and mainly non-practising Jews) many of the leading economists for most of the 1980s felt excluded from the upper echelons of the (externally-based) liberation movement, except through arms-length ideological work. Part of their opposition to the ANC in this period, may have stemmed from such bitterness at not being able to participate within the movement in a leading role. So as one moved into a post-apartheid era, paymasters moved from NGOs and think-tanks into government, and more direct access to power and influence seemed at last within their grasp. Ironically, those few still outside government display a strange ambiguity towards power, wanting desperately to be close to power and to shape events whilst retaining some degree of their ‘independence’ - a dilemma which is most apparent in the post-1994 context, and which has seriously undermined the very nature and purpose of their work.
In short, from being independent and critically-engaged partners (even leaders) in the economic policy making process, ‘progressive economists’ have become pragmatic and fiercely loyal followers in the new order.


I would contend that the exciting, albeit problematic era, in which university-based academics played an integral, often leading role, as policy advisors and experts to social, labour and political movements, and through which both academics and social movements leaders pushed one other to the outer limits of their roles and responsibilities, has come to an end. What role can any remaining older and younger progressive economists play in relation to social movements and the democratic state in our new context?

Radika Desai’s comments on the role of progressive intellectuals in the current British context is instructive. Conditions in post-Thatcherite Britain, she argues, demand a different role for intellectuals, than that played by both the Thatcherite think-tanks, or indeed by the Fabian socialist intellectuals in an earlier era. She goes on:

How exactly this [role] is played is still an open question. Gramsci, for one, attempted to envisage a role for an ‘organic intellectual’, yet the concept was always more programmatic than analytical. For the left today, an intellectual practice which could intersect with social forces, giving them shape and direction, seems distressingly unreal. In our contemporary over-institutionalized intellectual life, this remains nevertheless the real Gramscian imperative (1994:64).

This is also the challenge that progressive South African economists and academics need to engage with in the post-apartheid context. Any such engagement forged with civil society movements would not (in my view) at this stage necessarily imply disengaging from participating within the structures, commissions and forums of the democratic state. South Africa’s transition to democracy and development is far from complete. That is one reason why I would maintain that progressive economists should seek actively to re-build relationships with modernising social movements in civil society, while at the same time, wherever possible, critically to exploit and expand the new spaces opened up at the level of the state by the triumph over apartheid oppression.

A dynamic engagement between South African progressive academics and establishment institutions such as the democratic state, and indeed the business community, may well be important and beneficial to wider constituencies. Such engagement may also force universities to develop new and creative research and funding links within the society, as Eddie Webster has suggested (see earlier). But I would argue that progressive academics in the new South Africa should resist the temptation to respond to the technological and developmental demands of the state and business in narrow and technicist ways, ie in ways which runs counter to the ethos and culture of university life. Universities are, after all, one of the few remaining sites for a critical and humanistic engagement with contemporary social issues, and care
should be exercised that the pursuit of these values and traditions are not compromised.

I would concede that two problems are beginning to emerge in regard to giving effect to the approach I have just proposed. One is that the organisational capacity of most civil society organisations have been badly affected by aspects of the transition. Their capacity to relate to the academic community and absorb its policy ideas in dynamic interaction, like the unions did in the second half of the 1980s, have deteriorated. Neither should one assume that social movements are all that desperate or willing to reach out, even to progressive academics in our new context. Such relationships may only be re-built through new struggles.

A second is a sense I have that the spaces for progressive engagement with the state may soon close up rapidly. The government has consolidated a new, highly loyal and pragmatic economic and technical elite, drawn in part from the former progressive economic community, and from the rump of the old apartheid state machinery. Even technical economic assistance and advice from academic economists may no longer be that sought after.

8. Conclusion:

In examining the interaction between progressive economists and social movements, my inaugural address has focussed consciously and primarily on process issues. Ultimately however, as Ben Fine insists, the debate about the role of progressive economists, networks and centres in the new South Africa, must be carried forward through being tied to the specific and central substance, context and reality of the corresponding policy issues’. How, he argues, can one express the dilemma which progressive economists face - of both participating within and being independent of government - without reference to the powers of private capital and the Reserve Bank, among others? Indeed, as Fine warns,

it is precisely the capacity to hold on to such realities which is at the greatest risk when critical gives way to constructive, constructive to compromise, and compromise to capitulation - as the imperatives of politics and pragmatism come to the fore (1996:54).

In addressing such substantive economic policy issues in our new political context, I would urge, along with John Bellamy-Foster, that progressive economists strive:

to advance a politics of the truth; to avoid easy compromises; to address the immediate and long-term needs of the mass of the population and of those who suffer the most severe forms of oppression; to search for the common ground of that oppression; to resist ideological claims that ‘we are all in the same boat’ in this society; to reject what Mills called the ‘crackpot realism’ that makes the status quo into a kind of inescapable second nature and closes off the future; to fight market fetishism. In short, to avoid making what Raymond Williams called ‘long-term adjustments to short-term problems’ (1990:286).
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Endnotes

1 I was over the period of this study a member of many of the economic policy think-tanks discussed below, including the Labour and Economic Research Project, the Economic Trends Research Group, and the Macroeconomic Research Group. I was also involved to some extent in the final stages of producing the Reconstruction and Development Programme. I have since May 1996 been a state-appointee on the Board of Directors of the South African Reserve Bank. Many of my observations on the role of progressive economists in South Africa, are therefore at least in part, made as an ‘insider’. I accept the constraints these positions place on ‘objectivity’.

2. By progressive academic economists, I mean those actively involved with anti-apartheid social movements, who were (at least initially) also opposed to the dominant neo-liberal economic policy framework. Most were based at the historically white, English-speaking universities, and the leading historically-black universities of Western Cape and Durban-Westville.