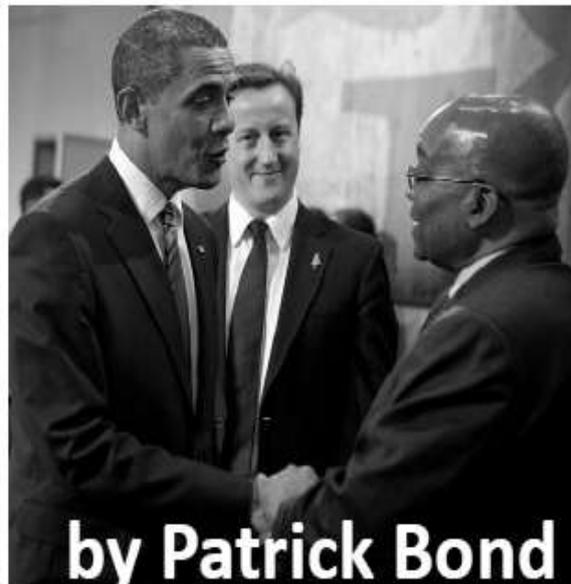


*critical essays on*  
**South African  
sub-imperialism**

*regional dominance and global  
deputy-sheriff duty in the run-up to  
Durban's March 2013 BRICS summit*



**by Patrick Bond**

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**Neoliberalism in SubSaharan Africa: From structural adjustment to the New Partnership for Africas Development** – in Alfredo Saad-Filho and Deborah Johnstone (Eds), *Neoliberalism: A Critical Reader*, London, Pluto Press, 2005, pp.230-236.

**US empire and South African subimperialism** - in Leo Panitch and Colin Leys (Eds), *Socialist Register 2005: The Empire Reloaded*, London, Merlin Press, 2004, pp.125-144.

**Talk left, walk right: Rhetoric and reality in the New South Africa** – *Global Dialogue*, 2004, 6, 4, pp.127-140.

**Bankrupt Africa: Imperialism, subimperialism and financial politics** - *Historical Materialism*, 12, 4, 2004, pp.145-172.

**The ANC's "left turn" and South African subimperialism: Ideology, geopolitics and capital accumulation** - *Review of African Political Economy*, 102, September 2004, pp.595-611.

**South Africa tackles Global Apartheid: Is the reform strategy working?** - *South Atlantic Quarterly*, 103, 4, 2004, pp.819-841.

**Removing Neocolonialisms APRM Mask: A critique of the African Peer Review Mechanism** – *Review of African Political Economy*, 36, 122, December 2009, pp. 595-603.

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**South Africas dangerously unsafe financial intercourse** - *Counterpunch*, 24 April 2012.

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**Which Africans will Obama whack next?** – forthcoming in *Monthly Review*, January 2012.

# Neoliberalism in SubSaharan Africa: From structural adjustment to the New Partnership for Africa's Development

## Introduction

Distorted forms of capital accumulation and class formation associated with neoliberalism continue to amplify Africa's crisis of combined and uneven development. A new, supposedly home-grown strategy, the New Partnership for Africa's Development (NEPAD), corresponds to neoliberalism and relies upon compliant African politicians. There is little prospect that other mild-mannered global-scale initiatives being promoted by 'Post-Washington Consensus' reformers - for example, lower US and European Union agricultural subsidies, a bit more debt relief, or slightly better access to brand-name anti-retroviral medicines to fight AIDS - will change matters, aside from increasing African elite acquiescence in the structures of power that keep the continent impoverished. New strategies and tactics, summed up in the terms 'deglobalisation' and 'decommodification,' will be necessary for Africa to break from systemic underdevelopment. The continent's leading popular movements are taking steps in these directions.

Interlocking intellectual traditions of African political economy and radical political science have long attributed the continent's post-colonial crises to both external (imperialist) features and internal dynamics of class formation. Amongst the contributors are great organic intellectuals whose work was suffused with political urgency, including Ake, Amin, Biko, Cabral, Fanon, First, Kadalie, Lumumba, Machel, Mamdani, Mkandawire, Nabudere, Nkrumah, Nyerere, Odinga, Onimode, Rodney, Sankara, Shivji (see Arrighi 2002 and Saul and Leys 1999 for updated analyses).

There are many ways to demonstrate the two main points of this review: that neoliberalism as the most recent stage of global capitalism does not offer the scope for Africa to develop, and hence that reform strategies aimed at increasing integration will be counterproductive. Consider the main trends in these primary economic categories: financial accounts (including debt, portfolio finance, aid and capital flight), trade, and investment.

Africa's *debt crisis* worsened during the era of globalisation. From 1980-2000, SubSaharan Africa's total foreign debt rose from \$60 billion to \$206 billion, and the ratio of debt to GDP rose from 23% to 66%. Hence, Africa now repays more than it receives. In 1980, loan inflows of \$9.6 billion were comfortably higher than the debt repayment outflow of \$3.2 billion. But by 2000, only \$3.2 billion flowed in while \$9.8 billion was repaid, leaving a net financial flows deficit of \$6.2 billion.

African access to *portfolio capital* flows has mainly taken the form of 'hot money' (speculative positions by private-sector investors) in and out of the Johannesburg Stock Exchange (as well as Harare, Nairobi, Gabarone and a few others on occasion). In 1995, for example, foreign purchases and sales were responsible for half the share trading in Johannesburg. But these flows have had devastating effects upon South Africa's currency, with 30%+

crashes over a period of weeks during runs in early 1996, mid-1998 and late 2001. In Zimbabwe, the November 1997 outflow of hot money crashed the currency by 74% in just four hours of trading.

Meanwhile, *donor aid* to Africa dropped 40% in real terms during the 1990s, in the wake of the West's Cold War victory. Most such aid is siphoned off beforehand by bureaucracies and home-country corporations, or is used for ideological purposes instead of meeting genuine popular needs. The then director of the Harare-based African Network on Debt and Development, Opa Kapijimpanga (2002), remarked, 'The donor creditor countries must keep all their aid and against it write off all the debt owed by poor African countries... The bottom line would be elimination of both aid and debt because they reinforce the power relations that are contributing to the imbalances in the world.'

An important source of financial account outflows from Africa that must be reversed is *capital flight*. James Boyce and Léonce Ndikumana (2002) argue that a core group of SubSaharan African countries whose foreign debt was \$178 billion had suffered a quarter century of capital flight by elites that totaled more than \$285 billion (including imputed interest earnings): 'Taking capital flight as a measure of private external assets, and calculating net external assets as private external assets minus public external debts, subSaharan Africa thus appears to be a net creditor vis-à-vis the rest of the world.'

Africa's underdevelopment through unbalanced *trade* is also a major problem. The continent's share of world trade declined over the past quarter century, but the volume of exports increased. 'Marginalisation' of Africa occurred, hence, not because of insufficient integration, but because other areas of the world - especially East Asia - moved to the export of manufactured goods, while Africa rapidly deindustrialised thanks to excessive deregulation associated with structural adjustment. In the process, rapid trade-related integration caused social inequality, as World Bank economist Branco Milanovic (2003) concedes. The 'terms of trade' between Africa and the rest of the world deteriorated steadily, thanks in part to the artificially low prices of crops subsidised by G8 countries. The UN Conference on Trade and Development argues that if the terms of trade had instead been constant since 1980, Africa would have twice the share of global trade than it actually did in the year 2000; per capita GDP would have been 50% higher; and annual GDP increases would have been 1.4% higher.

*Foreign direct investment* in SubSaharan Africa fell from 25% of the world's total at peak during the 1970s to less than 5% by the late 1990s, and those small amounts were devoted mainly to extracting minerals and oil, mainly from extremely corrupt regimes in Nigeria and Angola in which transnational corporate bribery played a major role. The only other substantive foreign investment flows were to South Africa for the partial privatisation of telecommunications and for the expansion of automotive-sector branch plant activity within global assembly lines. This was by far offset by South Africa's own outflows of foreign direct investment, in the

forms of delisting and relocation of the largest corporations' financial headquarters to London, not to mention the repatriation of profits and payments of patent and royalty fees to transnational corporations. Moreover, official statistics ignore the long-standing problem of transfer pricing, whereby foreign investors underpay taxes in Africa by misinvoicing inputs drawn from abroad.

### **Structural adjustment and debt**

Neoliberalism was initially codified in Africa in the World Bank's 1981 *Berg Report* (written by consultant Elliot Berg). Very few countries resisted, and the effects were quite consistent. Budget cuts depressed economies' effective demand, leading to declining growth. Often, the alleged 'crowding out' of productive investment by government spending was not actually the reason for lack of investment, so the budget cuts were not compensated for by private sector growth. Privatisation often did not distinguish which state enterprises may have been strategic in nature, was too often accompanied by corruption, and often suffered from foreign takeover of domestic industry with scant regard for maintaining local employment or production levels (the incentive was sometimes simply gaining access to markets).

There is convincing documentation that women and vulnerable children, the elderly and disabled people are the primary victims, as they are expected to survive with less social subsidy, with more pressure on the fabric of the family during economic crisis, and with damage done by HIV/AIDS closely correlated to the tearing of safety nets by structural adjustment policies (Tskikata and Kerr, 2002). Moreover, there were no attempts by World Bank and IMF economists to determine how state agencies could supply services that enhanced 'public goods' (and merit goods).

Notwithstanding their failures, the Bank and IMF demanded even more latitude to design the nature of reformed neoliberalism during the late 1990s, in areas such as debt relief, structural adjustment and institutional governance. Their success is witnessed by the fact that neoliberalism remains the dominant policy paradigm in Africa, notwithstanding systemic failure. The Highly Indebted Poor Countries Initiative (HIPC, initiated in 1996) was accompanied by a mere renaming of the structural adjustment philosophy in 1999 as Poverty Reduction Strategy Papers (PRSPs). These have proven inadequate in Africa, and are regularly condemned by civil society groups.

One reason is the maldistribution of power within the multilateral agencies, including the US veto (with just over 15% of the institutions' ownership). There is just one African member on the 24-member board of the Bretton Woods Institutions. But internal reform proposals to raise developing country voting power from 39% to 44% and add one new African director were rebuffed by the US in mid-2003. The same month, Ethiopian president Miles Zenawi poignantly implored to an Economic Commission on

Africa meeting, 'While we will not be at the high table of the IMF, we should be at least in the room where decisions are made.'

### **NEPAD to neoliberalism's rescue?**

Because of such problems, as reflected in consistent 'IMF Riots' by angry survivors across Africa, neoliberalism began suffering a legitimacy crisis during the late 1990s. A home-grown variant was required. South Africa's president Thabo Mbeki introduced the core outline of what would be the 67-page document, NEPAD, in early 2001 at a telling site: the Davos World Economic Forum. By November 2001, NEPAD was formally released in Abuja, Nigeria.<sup>1</sup> During 2002 the plan was endorsed by African rulers, the G8 summit in Canada, the World Summit on Sustainable Development and the United Nations heads of state summit (Bond, 2002 and 2004).

In areas of economic reform, such as financial flows and foreign investment, NEPAD offers only the *status quo*. Instead of promoting debt cancellation, the NEPAD strategy is to 'support existing poverty reduction initiatives at the multilateral level' including HIPC and PRSPs. In mid-2003, *Institutional Investor* magazine quoted the US government's chief Africa bureaucrat, Walter Kansteiner: 'NEPAD is philosophically spot-on.'

What, in contrast, was African civil society's input? In late 2001 and early 2002, virtually every major African civil society organisation, network and progressive personality attacked NEPAD's process, form and content (Bond 2002). Until April 2002, *no* trade union, civil society, church, women's, youth, political-party, parliamentary, or other potentially democratic, progressive forces in Africa were consulted by the politicians or technocrats about NEPAD. Tough critiques emerged in mid-2002 from intellectuals (e.g. Adesina 2002), especially those associated with the Council for Development and Social Research in Africa (CODESRIA)(cited in Bond, 2002):

- (a) the neo-liberal economic policy framework at the heart of the plan, which repeats the structural adjustment policy packages of the preceding two decades and overlooks the disastrous effects of those policies;
- (b) the fact that in spite of its proclaimed recognition of the central role of the African people to the plan, the African people have not played any part in the conception, design and formulation of NEPAD;
- (c) notwithstanding its stated concerns for social and gender equity, it adopts the social and economic measures that have contributed to the marginalisation of women;
- (d) that in spite of claims of African origins, its main targets are foreign donors, particularly in the G8;
- (e) its vision of democracy is defined by the needs of creating a functional market;
- (f) it under-emphasises the external conditions fundamental to Africa's

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<sup>1</sup> *New Partnership for Africa's Development*, 23 October 2001, <http://www.nepad.org>.

developmental crisis, and thereby does not promote any meaningful measure to manage and restrict the effects of this environment on Africa development efforts. On the contrary, the engagement that it seeks with institutions and processes like the World Bank, the IMF, the WTO, the United States Africa Growth and Opportunity Act, the Cotonou Agreement, will further lock Africa's economies disadvantageously into this environment;

(g) the means for mobilisation of resources will further the disintegration of African economies that we have witnessed at the hands of structural adjustment and WTO rules.

### **Conclusion: African resistance**

It is because of such experiences that CODESRIA intellectuals, Jubilee activists and allied groups within the Africa Social Forum have become as radical as any activists across the world when it comes to strategies addressing international economic relationships (Bond and Ngwane 2004, Ngwane 2003, Zeilig 2002). For example, not only do they try to kick the Bank and IMF out of their countries and persuade their finance ministers to default on the illegitimate foreign debt, they are also intent, strategically, on abolition of the Bretton Woods Institutions, and have developed at least one potentially devastating tactic: the World Bank Bonds Boycott.<sup>2</sup> US-based solidarity organizations like Center for Economic Justice and Global Exchange worked with Jubilee South Africa and Brazil's Movement of the Landless, amongst others, to ask of their Northern allies: is it ethical for socially-conscious people to invest in the World Bank by buying its bonds (responsible for 80% of the institution's resources), hence drawing out dividends which represent the fruits of enormous suffering?

As another example of what is being termed 'deglobalisation,' the African Trade Network and the Gender and Trade Network in Africa put intense pressure on the continent's delegates to reject the World Trade Organisation's 2003 Cancun proposals. This proved successful when the Africa-Caribbean-Pacific group led the walk-out that ended the Cancun meeting. Although a 'G-20' group of middle-income agricultural exporters emerged to promote trade deregulation, there was only one African country (South Africa) amongst them. The US and EU offered no concessions on matters of great importance to Africa (such as the decimation of West African

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<sup>2</sup> <http://www.worldbankboycott.org> By 2003, institutions which either sold World Bank bonds under pressure or committed never to buy them again in future include the world's largest pension fund (TIAA-CREF); major religious orders (the Conference of Major Superiors of Men, Pax Christi USA, the Unitarian Universalist General Assembly, and dozens of others); the most important social responsibility funds (Calvert Group, Global Greengrants Fund, Ben and Jerry's Foundation, and Trillium Assets Management); the University of New Mexico endowment fund; US cities (including San Francisco, Milwaukee, Boulder and Cambridge); and major trade union pension/investment funds (e.g., Teamsters, Postal Workers, Service Employees Int'l, American Federation of Government Employees, Longshoremen, Communication Workers of America, United Electrical Workers).

cotton exports due to subsidies, or the halting of grain dumping), and instead rigidly insisted on moving the corporate agenda forward with other so-called 'Singapore' issues. Bilateral or regional trade deals - such as with the European Union and the US Africa Growth and Opportunity Act - may also be resisted from both civil society and African countries which are manifestly losing out.

On a more localised level, inspiring anti-neoliberal struggles for what might be termed 'decommodification' are underway in Africa, especially South Africa. There, independent left movements have partially succeeded in translating demands for basic needs into genuine human rights: free anti-retroviral medicines to fight AIDS and other health services; free lifeline water (at least 50 liters/person/day); free lifeline electricity (at least 1 kiloWatt hour/person/day); thorough-going land reform; prohibition on services disconnections and evictions; free education; and even a 'Basic Income Grant,' as advocated by churches and trade unions. Because the commodification of everything is still underway in South Africa, this is the sort of potentially unifying agenda that can serve as the programmatic basis for a widescale movement for dramatic social change.

Foremost amongst the problems that must be addressed, simultaneously, is the rescaling of many political-economic responsibilities. These are now handled by embryonic world-state institutions overly influenced by the aggressive, neoliberal US administrations. The decommodification principle is an enormous threat to their interests, whether in the forms of borrowed intellectual property (such as AIDS medicines), African agricultural systems protected against genetic modification, nationalised industries and utilities, or less pliant and desperate labour markets. To make any progress, deglobalisation from the most destructive circuits of global capital will also be necessary. Those circuits - finance, direct investment and commerce - rely most upon the three multilateral agencies, and hence a strategy and tactics are urgently required to close the World Bank, IMF and WTO.

Beyond that, the challenge for Africa's progressive forces, as ever, is to establish the difference between 'reformist reforms' and more radical strategies. Some struggles have more obvious possibilities to advance a 'non-reformist' agenda, such as for generous social policies stressing decommodification, and for capital controls and inward-oriented industrial strategies allowing democratic control of finance and ultimately of production itself. These sorts of non-neoliberal reforms would strengthen the democratic movements, directly empower the producers, and perhaps, over time, open the door to the contestation of capitalism, of which neoliberalism is only a contemporary symptom.

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# US empire and South African subimperialism

## Introduction

Imperialism, subimperialism and anti-imperialism are all settling into durable patterns and alignments in Africa – especially South Africa – even if the continent’s notoriously confusing political discourses sometimes conceal the collisions and collusions. ‘All Bush wants is Iraqi oil,’ the highest-profile African, Nelson Mandela, charged in January 2003. ‘Their friend Israel has weapons of mass destruction but because it’s [the US] ally, they won’t ask the UN to get rid of it... Bush, who cannot think properly, is now wanting to plunge the world into a holocaust. If there is a country which has committed unspeakable atrocities, it is the United States of America.’<sup>1</sup> Mandela’s remarks were soon echoed at a demonstration of 4,000 people outside the US embassy in Pretoria, by African National Congress (ANC) secretary-general Kgalema Motlanthe: ‘Because we are endowed with several rich minerals, if we don’t stop this unilateral action against Iraq today, tomorrow they will come for us.’<sup>2</sup> After the fall of Baghdad, Mandela again condemned Bush: ‘Since the creation of the United Nations there has not been a World War. Therefore, for anybody, especially the leader of a superstate, to act outside the UN is something that must be condemned by everybody who wants peace. For any country to leave the UN and attack an independent country must be condemned in the strongest terms.’<sup>3</sup>

This was not merely conjunctural anti-war rhetoric. Mandela’s successor Thabo Mbeki is just as frank when addressing the broader context of imperial power, for example when welcoming dignitaries to the August 2002 Johannesburg World Summit on Sustainable Development: ‘We have all converged at the Cradle of Humanity to confront the social behaviour that has pity neither for beautiful nature nor for living human beings. This social behaviour has produced and entrenches a global system of apartheid.’<sup>4</sup> Mbeki’s efforts to insert the phrase ‘global apartheid’ in the summit’s final document failed, due to opposition by US secretary of state Colin Powell, who in turn was heckled by NGO activists and Third World leaders in the final plenary session. A year later, in the immediate run-up to the 2003 World Trade Organization (WTO) ministerial meeting in Cancun, Mbeki even hinted that Third World governments should align themselves with radical social movements: ‘They may act in ways you and I may not like and break windows in the street but the message they communicate relates.’<sup>5</sup> Moreover, in light of Pretoria’s centrality to the new India-Brazil-South Africa bloc and the G20 group often credited with causing the

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1 South African Press Association (Sapa), 29 January 2003.

2 *Business Day*, 20 February 2003.

3 Reuters, 28 June 2003.

4 Thabo Mbeki, ‘Address at the Welcome Ceremony of the WSSD,’ Johannesburg, 25 August 2002.

5 *The Straights Times*, 3 September 2003.

Cancun summit's collapse, the logical impression is that the anti-imperialist movement has an important state ally in Africa.

Unfortunately, these postures can best be understood as 'talking left, walking right', insofar as they veil the underlying dynamics of accumulation, class struggle and geopolitics. To illustrate, in early 2003, at the same time as Mandela's outburst, the ANC government permitted three Iraq-bound warships to dock and refuel in Durban, and the state-owned weapons manufacturer Denel sold \$160 million worth of artillery propellants and 326 hand-held laser range finders to the British army, and 125 laser-guidance sights to the US Marines.<sup>6</sup> South Africa's independent left immediately formed a 300-organization Anti-War Coalition which periodically led demonstrations of 5000-20,000 protesters in Johannesburg, Pretoria and Cape Town. Despite the embarrassment, Pretoria refused the Coalition's demands to halt the sales. George W. Bush rewarded Mbeki with an official visit in July 2003, just as the dust from the Baghdad invasion had settled. 'Let us use this visit to impact as best as possible on the consciences of the American electorate,' the South African Communist Party (SACP) secretary-general, Blade Nzimande, remarked. 'It would, we believe, be a mistake to press for a cancellation of the visit. But it would be equally mistaken to present the invasion of Iraq as a "thing of the past", as "something we've put behind us", as we now return to bi-national US/SA business as usual.'<sup>7</sup>

But business as usual seemed to prevail. As Johannesburg's *Business Day* editorialized, the 'abiding impression' left from Bush's Pretoria stopover was 'of a growing, if not intimate trust between himself and president Thabo Mbeki. The amount of public touching, hugging and backpatting they went through was well beyond the call of even friendly diplomatic duty.'<sup>8</sup> Organizing large demonstrations in Pretoria and Cape Town, the Anti-War Coalition countered: 'The ANC and SACP claim to be marching against the war ... while hosting the chief warmonger, George Bush. The ANC's public relations strategy around the war directly contradicts their actions, which are pro-war and which have contributed to the deaths of thousands of Iraqi civilians.'<sup>9</sup> Public relations finally caught up to *realpolitik*, as Mandela, too, recanted his criticism of Bush in May 2004, because 'It is not good to remain in tension with the most powerful state.'<sup>10</sup> A month later, Mbeki joined the G8 summit in Sea Island, Georgia, along with Africa's other main pro-Western rulers: Abdelaziz Bouteflika of Algeria, John Kufuor of Ghana, Olusegun Obasanjo of Nigeria, Abdoulaye Wade of Senegal and Yoweri Museveni of Uganda. Treated only to a lunch meeting which began late and ended early, the Africans promised the G8

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6 Andy Clarno, 'Denel and the South African Government: Profiting from the War on Iraq,' *Khanya Journal*, 3, March 2003.

7 *Umsebenzi*, 2, 13, 2 July 2003.

8 *Business Day*, 11 July 2003.

9 Anti-War Coalition Press Statement, 1 July 2003.

10 *Mail and Guardian*, 24 May 2004.

to help unblock the multilateral 'logjam' that emerged at the Cancun WTO summit. The next day, Mbeki was in Washington for the funeral of Ronald Reagan – notorious supporter of the old Pretoria regime, even during the mid-1980s states of emergency – and justified his presence to National Public Radio: 'For those of us who were part of the struggle against apartheid, it was actually during Reagan's presidency [that] the US government started dealing with the ANC.'<sup>11</sup>

How can we understand this political inconsistency? How much does it reflect the requirements of a US-led capitalist empire that uses Africa for surplus extraction and the spreading and deepening of global neoliberalism, and that especially relies on South Africa for legitimacy and subimperial deputy-sheriff support? To answer, consider first the context of modern imperialism, which in Africa combines an accumulation strategy based on neoliberalism and the extraction of ever-cheaper minerals and cash crops, with increasing subservience to US-led, indirect, neocolonial rule. The next step is to locate South Africa's position as the regional hegemon, identifying areas where imperialism is facilitated in Africa by the Pretoria-Johannesburg state-capitalist nexus, in part through Mbeki's New Partnership for Africa's Development (NEPAD) and in part through the logic of private capital.

### **Neoliberalism and surplus extraction**

What does imperialism 'need' from SubSaharan Africa, whose 650 million people generate just 1% of global GDP? During the twentieth century, a great organic tradition of anti-imperialist political economy and radical politics emerged to explain general and specific cases of African subordination and promote revolutionary solutions. More recently, a revival of commentaries concerning imperialism's logic has provided at least three strands of argument that are especially relevant for the purposes of this essay. First, the transition from post-War prosperity to the neoliberal era, beginning around 1980, can be traced to problems experienced in maintaining capital accumulation in the core regions of capitalism. Second, these problems were managed from the core - especially the Bretton Woods Institutions and the US state/military - through techniques that amplified uneven development and threatened Africa's social and economic reproduction. And third, these forms of management left the continent and its main political actors at the beck and call of imperial power, particularly the US state, notwithstanding a variety of multilateral outlets and regional associations.

Recent analyses of the sustained crisis tendencies in global capitalism's core regions have shown that the current economic conjuncture follows logically from a long structural crisis of capitalism characterized by three decades of lower global GDP growth during a period of persistent

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<sup>11</sup> *Washington File*, 11 June 2004.

'overaccumulation', untenable speculation and periodic financial collapses, frantic outsourcing of production across the world and hyperactive trade, the emergence of system-threatening ecological problems, soaring inequality, and the near-universal lowering of both labour's remuneration and the social wage.<sup>12</sup> In the last decade, one symptom of global capitalism's desperation is the extraction of surpluses from the Third World at an unprecedented rate. Thus, from a situation of net positive financial flows of more than \$40 billion per year to 'developing economies' during the mid-1990s, the East Asian crisis was followed by a \$650 billion South-North drain for the four years 1999-2002.<sup>13</sup>

Although Africa is typically given very little attention in contemporary Marxist accounts of imperialism, there is no question that the continent has been drawn deeper into global circuits of crisis management through the irresponsible liberalization of trade and finance that, in turn, cheapened the continent's products for northern consumption.<sup>14</sup> While some commodity prices have risen in recent years - oil, rubber and copper, thanks to Chinese demand - the major coffee, tea and cotton exports many countries rely upon continue to stagnate or fall.<sup>15</sup> Debt servicing also grew ever more onerous, notwithstanding the Bank/IMF 'Highly Indebted Poor Countries' (HIPC) relief initiative. From 1980 to 2000, SubSaharan Africa's total foreign debt soared from \$60 billion to \$206 billion, and the ratio of debt to GDP rose from 23% to 66%, leaving Africa repaying \$6.2 billion more than it received in new loans in 2000.<sup>16</sup> Meanwhile, donor aid was down 40% from 1990 levels, and capital flight exacerbated the problem of access to hard currency. James Boyce and Léonce Ndikumana established that a core group of 30 SubSaharan African countries, with a joint foreign debt of \$178 billion, suffered a quarter century of capital flight by elites totalling more than \$285 billion, including imputed interest earnings, leaving SubSaharan Africa 'a net creditor vis-à-vis the rest of the world.'<sup>17</sup>

Drawing upon Rosa Luxemburg's insights into the interactions between capitalism and non-capitalist aspects of production and social reproduction,

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12 See, e.g., Robert Brenner, *The Boom and the Bubble*, London: Verso, 2003; Robert Pollin, *Contours of Descent: US Economic Fractures and the Landscape of Global Austerity*, London: Verso, 2003; Ellen Meiksins Wood, *Empire of Capital*, London: Verso, 2003; and Robert Biel, *The New Imperialism*, London: Zed Books, 2000.

13 United Nations Conference on Trade and Development, *Trade and Development Report 2003*, Geneva, 2003, p.26.

14 Giovanni Arrighi, 'The African Crisis: World Systemic and Regional Aspects,' *New Left Review*, 15, 2002; John Saul and Colin Leys, 'SubSaharan Africa in Global Capitalism,' *Monthly Review*, July 1999.

15 Michael Barratt-Brown, 'Africa's Trade Today,' Paper for the Review of African Political Economy and CODESRIA 30th Anniversary Conference, Wortley Hall, Sheffield, 27 - 29 May 2004. See also Michael Barratt-Brown and Pauline Tiffen, *Short Changed: Africa and World Trade*, London: Pluto Press, 1992.

16 World Bank, *Global Finance Tables*, Washington, DC, 2002.

17 James Boyce and Leonce Ndikumana, 'Is Africa a Net Creditor? New Estimates of Capital Flight from Severely Indebted SubSaharan African Countries, 1970-1996', Occasional Paper, University of Massachusetts/Amherst Political Economy Research Institute, 2002.

David Harvey has provided a nuanced explanation of how the permanent process of primitive accumulation<sup>18</sup> evolves into what he terms a system of 'accumulation by dispossession'<sup>19</sup> That process is very important for understanding contemporary imperialism in Africa. Accumulation by dispossession intensifies as a result of the onset of capitalist crisis and the widespread adoption of neoliberalism, as the system seeks to mitigate and displace (though never fully resolve) crisis tendencies. Harvey interprets these processes as 'spatial and temporal fixes' for overaccumulated capital, processes which also serve as crisis management tools.<sup>20</sup>

Beyond these processes, the sphere of reproduction – where much primitive accumulation occurs through unequal gender power relations – remains central to capitalism's looting. This is especially evident in areas such as Southern Africa which are characterized by migrant labour flows, largely through the superexploitation of rural women in childrearing, healthcare and eldercare. More broadly, this is part of what Isabella Bakker and Stephen Gill term 'the reprivatization of social reproduction.'<sup>21</sup> For Africans, the denial of access to food, medicines, energy and even water is the most extreme result; people who are surplus to capitalism's labour requirements find that they must fend for themselves or die. The scrapping of safety nets in structural adjustment programmes worsens the vulnerability of women, children, the elderly and disabled people. They are expected to survive with less social subsidy and greater pressure on the fabric of the family during economic crisis, which makes women more vulnerable to sexual pressures and, therefore, HIV/AIDS.<sup>22</sup> Even in wealthy South Africa an early death for millions was the outcome of state and employer AIDS policy, with cost-benefit analyses demonstrating conclusively that keeping most of the country's five million HIV-positive people alive through patented medicines cost more than these people

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18 Michael Perelman, *The Invention of Capitalism: Classical Political Economy and the Secret History of Primitive Accumulation*, Durham: Duke University Press, 2000.

19 David Harvey, *The New Imperialism*, Oxford and New York: Oxford University Press, 2003.

20 David Harvey, *The Limits to Capital*, second edn., London: Verso.

21 Isabella Bakker and Stephen Gill, 'Ontology, Method and Hypotheses,' in I.Bakker and S.Gill, eds., *Power, Production and Social Reproduction*, Basingstoke: Palgrave Macmillan, 2003, p.36.

22 See, e.g., Dianne Elson, 'The Impact of Structural Adjustment on Women: Concepts and Issues,' in B.Onimode (ed), *The IMF, the World Bank and the African Debt*, London: Zed Books, 1991; and Sara Longwe, 'The Evaporation of Policies for Women's Advancement,' in N.Heyzer et al, eds., *A Commitment to the Worlds Women*, New York: UNIFEM, 1991. A comprehensive African literature review by Dzodzi Tsikata and Joanna Kerr shows that 'mainstream economic policymaking fails to recognize the contributions of women's unpaid labour - in the home, in the fields, or in the informal market where the majority of working people in African societies function. It has been argued that these biases have affected the perception of economic activities and have affected economic policies in ways that perpetuate women's subordination.' See Dzodzi Tskikata, and Joanna Kerr, e, *Demanding Dignity: Women Confronting Economic Reforms in Africa*, Ottawa: The North-South Institute and Accra: Third World Network-Africa, 2002.

were 'worth'.<sup>23</sup>

The imposition of neoliberal policies in this spirit has amplified combined and uneven development in Africa. In macroeconomic terms, the 'Washington Consensus' entails trade and financial liberalization, currency devaluation, lower corporate taxation, export-oriented industrial policy, austere fiscal policy aimed especially at cutting social spending, and monetarism in central banking (with high real interest rates). In microdevelopmental terms, neoliberalism implies not only three standard microeconomic strategies - deregulation of business, flexibilized labour markets and privatization (or corporatization and commercialization) of state-owned enterprises - but also the elimination of subsidies, the promotion of cost-recovery and user fees, the disconnection of basic state services to those who do not pay, means-testing for social programmes, and reliance upon market signals as the basis for local development strategies. As Gill has shown, enforcement is crucial, through both a 'disciplinary neoliberalism' entailing constant surveillance, and a 'new constitutionalism' that locks in these policies over time.<sup>24</sup>

Leo Panitch and Sam Gindin point to US empire's management capacities via the neoconservative petro-military-industrial complex in the Bush White House and the Pentagon, and the Washington Consensus nexus of the US Treasury, Bretton Woods Institutions and Wall Street.<sup>25</sup> While they do not see this as emanating from the need to displace a structural economic crisis at home, the SubSaharan African case seems, in fact, to demonstrate *both* the structurally-rooted need of global capital to extract surpluses, *and* the importance of Washington's political-economic power. However, in a recent survey, Robert Biel identified two central contradictions in US imperialism vis-à-vis Africa: 'First, central accumulation always tends to siphon away the value which could form the basis of state-building, bringing with it the risk of "state failure", leading to direct intervention. Second, the international system becomes increasingly complex, characterized by a range of new actors and processes and direct penetration of local societies in a way which bypasses the state-centric dimension.' Because of the complexity of indirect rule, and the difficulty of coopting all relevant actors, Biel continues, 'A reversion to the deployment of pure power is always latent, and the post-September 11th climate has brought it directly to the fore. This is a significant weakness of international capitalism.'<sup>26</sup>

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23 In the case of the vast Johannesburg/London conglomerate Anglo American Corporation, the cut-off for saving workers in 2001 was 12% - the lowest-paid 88% of employees were more cheaply dismissed once unable to work, with replacements found amongst South Africa's 42% unemployed reserve army of labour. For more, see Patrick Bond, *Elite Transition: From Apartheid to Neoliberalism in South Africa*, Foreword to the 2nd edition, London: Pluto Press, 2004.

24 Stephen Gill, *Power and Resistance in the New World Order*, Basingstoke: Palgrave Macmillan, 2003.

25 Leo Panitch and Sam Gindin, 'Global Capitalism and American Empire,' in Panitch and Leys, *Socialist Register 2004*.

26 Robert Biel, 'Imperialism and International Governance: The Case of US Policy towards

Likewise, Panitch and Gindin argue, 'An American imperialism that is so blatantly imperialistic risks losing the very appearance that historically made it plausible and attractive... This is especially important. Since the American empire can only rule through other states, the greatest danger to it is that the states within its orbit will be rendered illegitimate by virtue of their articulation to the imperium.'<sup>27</sup> Indeed, one critical area of agreement between most of the political economists today, is the ongoing relevance of the national state, not only to accumulation via traditional facilitative functions (securing property rights, the integrity of money, and the monopoly on violence), but also to the 'coauthorship' of the neoliberal project, in turn reflecting a shift in the balance of forces within societies and state bureaucracies. South Africa is an excellent case in point, we shall observe.

In sum, thanks largely to capitalist crisis tendencies and the current orientation to accumulation by dispossession, imperialism can neither deliver the goods nor successfully repress sustained dissent in Africa, not least in SubSaharan Africa, rife with 'state failure' and 'undisciplined neoliberalism' (witnessed in repeated IMF riots). The ideological legitimization of 'free markets and free politics' requires renewal, therefore. For this, the US needs a subimperial partner, even one whose politicians are occasionally as cheeky as those in Pretoria - and who have become, hence, just as vital for broader systemic legitimization as Washington's talk-left, walk-right allies in Delhi and Brasilia. After all, anti-imperial critique continues to emerge throughout Africa, not just rhetorically (as cited at the beginning of this essay) but also in practical form, as when trade ministers from low-income Africa - *not* the G20 or South Africa, India and Brazil - withdrew their support for a consensus at the WTO's Seattle and Cancun summits. Thus NEPAD becomes an especially important surrogate for imperialism, as argued below. Next, however, we consider the expansion of US geopolitical and military activities.

### **Washington's reach**

What are US planners up to in Africa? As one illustration, an expert at the US Naval War College recently drew up 'The Pentagon's New Map,' highlighting countries now considered danger zones for imperialism. In Africa, these included Angola, Burundi, the Democratic Republic of the Congo (DRC), Rwanda, Somalia and even South Africa, sites which could not only 'incubate the next generation of global terrorists', but also host interminable poverty, disease and routine mass murder.<sup>28</sup> Benign - or malign - neglect would no longer be sufficient. The period during the 1990s after the failed Somali intervention, when Washington's armchair warriors

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Africa', *Review of African Political Economy*, 95, 2003, p.87.

<sup>27</sup> Panitch and Gindin, 'Global Capitalism and American Empire,' p.33.

<sup>28</sup> Thomas P.M.Barnett, 'The Pentagon's New Map', United States Naval War College, <http://www.nwc.navy.mil/newrules/ThePentagonsNewMap.htm>, 2003.

let Africa slide out of view, may have come to an end with September 11. Army General Charles Wald, who controls the Africa Programme of the European Command, told the BBC in early 2004 that he aims to have five brigades with 15,000 men working in cooperation with regional partners including South Africa, Kenya, Nigeria and two others still to be chosen.<sup>29</sup> NATO's Supreme Allied Commander for Europe, General James Jones, confirmed the US geographical strategy in May 2003: 'The carrier battle groups of the future and the expeditionary strike groups of the future may not spend six months in the Mediterranean Sea but I'll bet they'll spend half the time down the West Coast of Africa.'<sup>30</sup> Within weeks, 3000 US troops had been deployed off the coast of Liberia (and went briefly ashore to stabilize the country after Charles Taylor departed). Potential US bases were suggested for Ghana, Senegal and Mali, as well as the North African countries of Algeria, Morocco and Tunisia.<sup>31</sup> Another base was occupied by 1,500 US troops in the small Horn country of Djibouti. Botswana and Mozambique were also part of the Pentagon's strategy, and South Africa would remain a crucial partner.

Central and eastern Africa remains a problem area, and not merely because of traditional French and Belgian neocolonial competition with British and US interests.<sup>32</sup> President Clinton's refusal to cite Rwanda's situation as formal genocide in 1994 was an infamous failure of nerve in terms of the emerging doctrine of 'humanitarian' imperialism – in contrast to intervention in the (white-populated) Balkans. With an estimated three million dead in Central African wars, partly due to struggles over access to coltan and other mineral riches, conflicts worsened between and within the Uganda/Rwanda bloc, vis-à-vis the revised alliance of Laurent Kabila's DRC, Zimbabwe, Angola and Namibia. Only with Kabila's assassination in 2001 and Pretoria's management of peace deals in the DRC and Burundi, did matters settle, however briefly, into a fragile peace combining neoliberalism with opportunities for minerals extraction. However, as turmoil resumed in mid-2004, it was clear that coups and outbreaks of strife would be a constant threat, demonstrating how precarious Pretoria's elite deals are when deeper tensions remain unresolved. Another particularly difficult site is Sudan, where US Delta Force troops have been sighted in informal operations, perhaps because although China showed some interest in oil exploration there during the country's civil war chaos, US oil firms have subsequently arrived. On the west coast, the major petro prize remains the Gulf of Guinea. With oil shipment from Africa to Louisiana refineries taking many fewer weeks than from the Persian Gulf,

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29 Martin Plaut, 'US to Increase African Military Presence,' <http://www.bbc.co.uk>, 23 March 2004.

30 <http://www.allAfrica.com>, 2 May 2003.

31 *Ghana News*, 11 June 2003.

32 Ian Taylor, 'Conflict in Central Africa: Clandestine Networks and Regional/Global Configurations,' *Review of African Political Economy*, 95, 2003, p.49.

the world's shortage of supertankers is eased by direct sourcing from West Africa's offshore oil fields.

In this context, it is not surprising that of \$700 million destined to develop a 75,000-strong UN peace-keeping force in coming years, \$480 million is dedicated to African soldiers.<sup>33</sup> But Africa is also a site for the recruitment of private mercenaries, as an estimated 1,500 South Africans – including half of Mbeki's own 100 personal security force – joined firms such as South Africa's Executive Outcomes and British-based Erinys to provide more than 10% of the bodyguard services in occupied Iraq.<sup>34</sup> Some African countries, including Eritrea, Ethiopia and Rwanda, joined the 'Coalition of the Willing' against Iraq in 2003, although temporary UN Security Council members Cameroon, Guinea and the Republic of the Congo opposed the war, in spite of Washington's bullying. The Central African Republic proved reliable during the reconciliation of Jacques Chirac and the Bush regime in March 2004, when Haitian president Jean-Bertrand Aristide was kidnapped and temporarily dumped there, prior to taking up a cautious residence in South Africa. Africa is also an important site for Washington's campaigns against militant Islamic networks, especially in Algeria and Nigeria in the northwest, Tanzania and Kenya in the east, and South Africa. Control of African immigration to the US and Europe is crucial, in part through the expansion of US-style incarceration via private sector firms like Wackenhut, which has invested in South African privatized prison management, along with the notorious Lindela extradition camp for 'illegal immigrants,' part of a highly racialized global detention and identification system.

Of course, the US military machine does not roll over Africa entirely unimpeded. Minor roadblocks have included Pretoria's rhetorical opposition to the Iraq war, conflicts within the UN Human Rights Commission (especially over Zimbabwe), and the controversy over US citizens' extradition to the International Criminal Court. On the eve of Bush's 2003 Africa trip, the Pentagon announced that it would withdraw \$7.6 million worth of military support to Pretoria, because the South African government - along with 34 military allies of Washington (and 90 countries in total) - had not agreed to give US citizens immunity from prosecution at The Hague's new International Criminal Court. Botswana, Uganda, Senegal and Nigeria, also on Bush's itinerary, signed these blackmail-based immunity deals and retained US aid.<sup>35</sup>

Competition from other neocolonial sponsors has occasionally been a

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<sup>33</sup> The major dilemma, here, appears to be the very high level of HIV-positive members of the armed forces in key countries. See Stefan Elbe, *Strategic Implications of HIV/AIDS*, Adelphi Paper 357, International Institute for Strategic Studies, Oxford: Oxford University Press, 2003, pp.23-44.

<sup>34</sup> *Vancouver Sun*, 11 May 2004.

<sup>35</sup> Sapa, 2 July 2003. Other African countries where US war criminals are safe from ICC prosecutions thanks to military-aid blackmail are the DRC, Gabon, The Gambia, Ghana, Kenya, Mauritius, Sierra Leone and Zambia.

factor limiting US arrogance, for example in the only partially successful attempt by Monsanto to introduce genetically modified (GM) agriculture in Africa. Zambia, Zimbabwe and Angola have rejected World Food Programme and US food relief because of fears of future threats to their citizens, and not coincidentally, to European markets. Linking its relatively centralized aid regime to trade through bilateral regionalism, the European Union aims to win major Africa-Caribbean-Pacific (ACP) country concessions on investment, competition, trade facilitation, government procurement, data protection and services, which along with grievances over agriculture, industry and intellectual property were the basis of ACP withdrawal from Cancun. The EU's 'Economic Partnership Agreements' (EPAs) under the Cotonou Agreement (which replaced the Lome Convention) will signify a new, even harsher regime of 'reciprocal liberalization' to replace the preferential agreements that tied so many African countries to their former colonial masters via cash-crop exports. If the EPAs are agreed upon by late 2005 and implemented from 2008, as presently scheduled, what meagre organic African industry and services that remained after two decades of structural adjustment will probably be lost to European scale economies and technological sophistication. An April 2004 meeting of parliamentarians from East Africa expressed concern, 'that the pace of the negotiations has caught our countries without adequate considerations of the options open to us, or understanding of their implications, and that we are becoming hostage to the target dates that have been hastily set without the participation of our respective parliaments.' Even Botswana's neoliberal president Festus Mogae admitted, 'We are somewhat apprehensive towards EPAs despite the EU assurances. We fear that our economies will not be able to withstand the pressures associated with liberalization.'<sup>36</sup> But the EU's substantial aid carrots and sticks will be the final determinant, overriding democratic considerations.

What of Washington's development aid to Africa? During the early 1990s, numerous US Agency for International Development mission offices in Africa were closed by the Clinton Administration. The highest-profile measures now relate to HIV/AIDS treatment, amounting to what the State Department called its 'full-court press' - including threats of further aid cuts - against governments which made provisions for generic medicines production, which Clinton only backed away from in late 1999 because of sustained activist protest.<sup>37</sup> Bush promised a \$15 billion AIDS programme, then whittled it down to a fraction of that, then refused to provide funds to the UN Global Fund to Fight AIDS, TB and Malaria, and then prohibited US government financing of generic medicines. Bush also

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<sup>36</sup> <http://www.epawatch.net/general/text.php?itemID=161&menuID=28>,  
<http://www.twnafrica.org/atn.asp>

<sup>37</sup> Patrick Bond, 'Globalization, Pharmaceutical Pricing and South African Health Policy: Managing Confrontation with US Firms and Politicians', *International Journal of Health Services*, 29, 4, 1999.

introduced an innovative vehicle to fuse neoliberal market conditionality with, supposedly, greater social investment: the Millennium Challenge Account (MCA). With USAID budgets still declining in real terms, the delinked MCA funding will rise from \$1 billion in 2004 to \$5 billion in 2006, a 100% increase on 2004 spending for all US overseas development assistance. But of 74 'low income' countries that are meant to be eligible, of which 39 are from Africa, only 16 passed the first test of governance and economic freedom in May 2004. Half of these were African: Benin, Cape Verde, Ghana, Lesotho, Madagascar, Mali, Mozambique and Senegal. The criteria for funding these countries' aid programmes have been established by a series of think tanks and quasi-government agencies: Freedom House (civil liberties and political rights), the World Bank Institute (accountability, governance and control of corruption), the IMF and the Heritage Foundation Index of Economic Freedom (credit ratings, inflation rates, business start-up times, trade policies and regulatory regimes), and the World Health Organization and UN (public expenditure on health and primary education, immunization rates and primary school completion rates).<sup>38</sup> Washington's attempt to disguise and legitimize imperialism through aid that carries 'good governance' and 'social investment' conditionalities dates to the Clinton era, but under Bush's MCA it involves more sophisticated disciplinary neoliberal surveillance, especially in combination with the World Bank.<sup>39</sup>

However, with so few African states receiving MCA funding, and with so much more at stake than can be handled by the expansion of military spending, it is vital for Washington to identify reliable allies in Africa to foster both imperialist geopolitics and neoliberal economics. Does South Africa qualify? There is much to consider in the hectic activities of Mbeki and his two main internationally-oriented colleagues – finance minister Trevor Manuel (chair of the IMF/World Bank Development Committee in 2002-04) and trade/privatization minister Alec Erwin (the leading candidate to replace Supachai Panitchpakdi as WTO director-general in 2005 if his health allows). But the question must be posed: are these men breaking or instead shining the chains of global apartheid?

### **Pretoria's subimperial functions**

During an August 2003 talk to business and social elites at Rhodes House

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38 Cited in *SA Institute for International Affairs e-Africa*, May 2004. These rating systems follow the examples set in the Africa Growth and Opportunity Act, which by 2003 applied to 39 countries; the remaining 13 African states were vetoed by the White House for various reasons. AGOA conditionalities include adopting neoliberal policies, privatizing state assets, removing subsidies and price controls, ending incentives for local companies, and endorsing US foreign policy.

39 See Nancy Alexander, 'Triage of Low-Income Countries? The Implications of the IFI's Debt Sustainability Proposal,' Washington, [http://www.servicesforall.org/html/otherpubs/judge\\_jury\\_scorecard.pdf](http://www.servicesforall.org/html/otherpubs/judge_jury_scorecard.pdf), 2004.

in Cape Town, Nelson Mandela offered the single most chilling historical reference possible: 'I am sure that Cecil John Rhodes would have given his approval to this effort to make the South African economy of the early 21st century appropriate and fit for its time.'<sup>40</sup> Indeed, in Rhodes' spirit, Mandela's less honourable foreign policy intentions were difficult to disguise. Although South Africa can claim one intervention worthy of its human rights rhetoric – leadership of the 1997 movement to ban landmines (and hence a major mine-clearing role for South African businesses which had helped lay the mines in the first place) – Mandela's government sold arms to governments which practised mass domestic violence, such as Algeria, Colombia, Peru and Turkey; recognized the Myanmar military junta as a legitimate government in 1994; gave the country's highest official award to Indonesian dictator Suharto three months before his 1998 demise (in the process extracting \$25 million in donations for the ANC); and invaded neighbouring Lesotho in 1998, at great social and political cost, mainly so as to secure Johannesburg's water supply. The latter incident was, according to veteran foreign policy scholar Peter Vale, 'rash – a rashness born, perhaps, of the power of mimicry and sanctioned by the new world order discourses, a call to policy action encouraged by an ensemble of new controlling values.'<sup>41</sup>

Once the South African government had shown its willingness to put self-interest above principles, the international political power centres placed increasing trust in Mandela, Mbeki, Manuel and Erwin, giving them insider access to many international elite forums. As global-establishment institutions came under attack and attempted to reinvent themselves with a dose of New South African legitimacy (such as Mandela's 1998 caressing of the IMF during the East Asian crisis, and of Clinton during the Lewinsky scandal), Pretoria's lead politicians were allowed, during the late 1990s, to preside over the UN Security Council, the board of governors of the IMF and Bank, the United Nations Conference on Trade and Development, the Commonwealth, the World Commission on Dams and many other important global and continental bodies. Simultaneously taking Third World leadership, Pretoria also headed the Non-Aligned Movement, the Organization of African Unity and the Southern African Development Community. Then, during a frenetic two-year period beginning in September 2001, Mbeki and his colleagues hosted, led, or played instrumental roles at the following dozen major international conferences or events: the World Conference Against Racism in Durban (September 2001); the launch of NEPAD in Abuja, Nigeria (October 2001); the Doha, Qatar ministerial summit of the World Trade Organization (November 2001); the UN's Financing for Development conference in Monterrey, Mexico (March 2002); the G8 summits in Genoa, Italy (July 2001) and Kananaskis, Canada (June 2002); the African Union launch in Durban (July

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<sup>40</sup> *Sowetan*, 26 August 2003.

<sup>41</sup> Peter Vale, *Security and Politics in South Africa: The Regional Dimension*, Cape Town: University of Cape Town Press, 2003, p.133.

2002); the World Summit on Sustainable Development (WSSD) in Johannesburg (August-September 2002); the Davos World Economic Forum (January 2003); the Evian G8 Summit (June 2003); George W. Bush's first trip to Africa (July 2003); the Cancun WTO ministerial (September 2003); and the World Bank/IMF annual meeting in Dubai (September 2003).

However, virtually nothing was actually accomplished through these opportunities. At the UN racism conference, Mbeki colluded with the EU to reject the demand of NGOs and African leaders for slavery/colonialism/apartheid reparations. By all accounts, NEPAD provided merely a homegrown version of the Washington Consensus. At Doha, Erwin split the African delegation so as to prevent a repeat of the denial of consensus that had foiled the Seattle ministerial in December 1999. In Monterrey, Manuel was summit co-leader (with Michel Camdessus and disgraced Mexican ex-president Ernesto Zedillo), but his role was merely to legitimize ongoing IMF/WB strategies, including debt relief gimmicks. From Kananaskis, Mbeki departed with only an additional \$1 billion commitment for Africa (aside from funds already pledged at Monterrey). The African Union supported both NEPAD and the repressive Zimbabwean regime of president Robert Mugabe. At the Johannesburg WSSD, Mbeki undermined UN democratic procedure, facilitated the privatization of nature, and did nothing to address the plight of the world's poor majority. In Davos, global elites ignored Africa and from Evian, Mbeki returned with nothing. For hosting a leg of Bush's Africa trip, Mbeki became the US 'point man' on Zimbabwe (as Bush pronounced), and avoided any conflict over Iraq. In Cancun, the collapse of trade negotiations left Erwin 'disappointed', because he and his G20 colleagues hoped for a deal, no matter how contrary it would be to ACP country interests. At Dubai, with Manuel leading the Development Committee, there was no Bretton Woods democratization, no new debt relief and no 'Post-Washington' policy reform. This was evident in March 2004 when a new IMF managing director was chosen, amidst Third World elite consternation about the job's reserved 'European-only' designation. Nothing else, aside from the peace-keeping funding and a minor extension of the ineffectual HIPC, was provided at Sea Island, while in contrast, Iraq won debt cancellation worth \$87 billion. There is insufficient space to recount here details about Mbeki's consistent defeats.<sup>42</sup> In sum, however, Pretoria's failures left South Africa slotted into place as a subimperial partner of Washington and the EU. Although such a relationship dates to the apartheid era, the ongoing recolonization of Africa – in political, military and ideological terms - and the

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<sup>42</sup> My own documentation can be found in Patrick Bond, *Talk Left, Walk Right: South Africa's Frustrated Global Reforms*, Pietermaritzburg, University of KwaZulu-Natal Press, 2004; *Against Global Apartheid: South Africa Meets the World Bank, IMF and International Finance*, 2nd edn., London: Zed Books, 2003; *Unsustainable South Africa: Environment, Development and Social Protest*, London: Merlin Press, 2003; and ed., *Fanon's Warning: A Civil Society Reader on the New Partnership for Africa's Development*, Trenton: Africa World Press. See also Ian Taylor, *Stuck in Middle Gear: South Africa's Post-Apartheid Foreign Relations*, Westport, Praeger, 2001.

reproduction of neoliberalism together require a strategy along the lines of NEPAD.

From the late 1990s, Mbeki had embarked upon an 'African Renaissance' branding exercise, which he endowed with poignant poetics but not much else. By 2001, Mbeki managed to sign on as partners for NEPAD's first draft, the 'Millennium Africa Recovery Plan', two additional rulers from the crucial North and West of the continent: Bouteflika and Obasanjo. Both suffered regular mass protests and various civil, military, religious and ethnic disturbances at home. By early 2001, in Davos, Mbeki made clear whose interests NEPAD would serve: 'It is significant that in a sense the first formal briefing on the progress in developing this programme is taking place at the World Economic Forum meeting. The success of its implementation would require the buy in from members of this exciting and vibrant forum!'<sup>43</sup> International capital would, in theory, benefit from large infrastructure construction opportunities on the public-private partnership model, privatized state services, ongoing structural adjustment, intensified rule of international property law and various of NEPAD's sectoral plans, all coordinated from a South African office staffed with neoliberals and open to economic and geopolitical gatekeeping. Once Mbeki's plan was merged with an infrastructure-project initiative offered by Wade, it won endorsement at the last meeting of the Organization of African Unity, in June 2001. (In 2002, the OAU transformed into the African Union, and NEPAD serves as its official development plan.)

In early 2002, global elites celebrated NEPAD in sites ranging from the World Economic Forum meeting in New York City to the summit of self-described 'progressive' national leaders (including Blair) who gathered in Stockholm to forge a global Third Way. Elite eyes were turning to the world's 'scar' (Blair's description of Africa), hoping that NEPAD would serve as a large enough bandaid, for as *Institutional Investor* magazine reported, the G8's 'misleadingly named' Africa Action Plan represented merely 'grudging' support from the main donors with 'only an additional \$1 billion for debt relief. (The G8) failed altogether to reduce their domestic agricultural subsidies (which hurt African farm exports) and - most disappointing of all to the Africans - neglected to provide any further aid to the continent.'<sup>44</sup> Mbeki had requested \$64 billion in new aid, loans and investments each year, but South Africa's *Sunday Times* reported that 'the leaders of the world's richest nations refused to play ball.'<sup>45</sup>

So on the one hand, within a period of weeks in mid-2002, NEPAD was endorsed by the inaugural African Union summit, by the WSSD, and by the UN's head of state summit in New York. On the other, pro-NEPAD lip-service could not substitute for the missing 'new constitutionalism' (to borrow Gill's phrase) that would translate into long-term, non-retractable leverage over the continent. The main reason for doubt about Mbeki's

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<sup>43</sup> *Business Day*, 5 February 2001.

<sup>44</sup> Deepath Gopinath, 'Doubt of Africa,' *Institutional Investor Magazine*, May 2003.

<sup>45</sup> *Sunday Times*, 30 June 2002; *Business Day*, 28 June 2002.

commitment to disciplinary neoliberalism and the rule of law was his repeated defence of the main violator of liberal norms, Mugabe.<sup>46</sup> Both Mbeki and Obasanjo termed Zimbabwe's stolen March 2002 presidential election 'legitimate,' and they repeatedly opposed punishment of the Mugabe regime by the Commonwealth and UN Human Rights Commission. The NEPAD secretariat's Dave Malcomson, responsible for international liaison and co-ordination, admitted to a reporter, 'Wherever we go, Zimbabwe is thrown at us as the reason why NEPAD's a joke.'<sup>47</sup> Nevertheless, NEPAD was still, in mid-2003, considered by the Bush regime's main Africa official to be 'philosophically spot-on'.<sup>48</sup> Just prior to the Evian summit, the former International Monetary Fund managing director Michel Camdessus, subsequently France's personal G8 representative to Africa, explained the NEPAD's attraction in the following way: 'The African heads of state came to us with the conception that globalization was not a curse for them, as some had said, but rather the opposite, from which something positive could be derived... You can't believe how much of a difference this makes.'<sup>49</sup>

### **Contradictions of subimperialism**

There were many observers who, like Manuel Castells, thought that 'the end of apartheid in South Africa, and the potential linkage between a democratic, black majority-ruled South Africa and African countries, at least those in eastern/southern Africa, allows us to examine the hypothesis of the incorporation of Africa into global capitalism under new, more favourable conditions via the South African connection.'<sup>50</sup> In reality, the most important new factor in that incorporation is the exploitative role of Johannesburg businesses, especially in the mining, construction, financial services, retail and tourism sectors.<sup>51</sup> Those quite substantial

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46 There is enormous confusion over Mbeki's role in Zimbabwe, which is addressed in Patrick Bond and Masimba Manyanya, *Zimbabwe's Plunge: Exhausted Nationalism, Neoliberalism and the Search for Social Justice*, London, Merlin Press, Pietermaritzburg, University of Natal Press and Harare, Weaver Press, 2003. For an important critique of Mugabe from an Afro-feminist standpoint, see Horace Campbell, *Reclaiming Zimbabwe: The Exhaustion of the Patriarchal Model of Liberation*, Cape Town: David Philip, 2003.

47 *Business Day*, 28 March 2003.

48 Gopinath, 'Doubt of Africa.' A few months later, Walter Kansteiner resigned as assistant secretary of state for Africa, but the sentiment remained.

49 [http://www.g7.utoronto.ca/summit/2003evian/briefing\\_apr030601.html](http://www.g7.utoronto.ca/summit/2003evian/briefing_apr030601.html)

50 Manuel Castells, *The Information Age, Vol III: End of Millennium*, Oxford: Blackwell Publishers, 1998, p.88.

51 For documentation, see Darlene Miller, 'South African Multinational Corporations, NEPAD and Competing Claims on Post-Apartheid Southern Africa,' Institute for Global Dialogue Occasional Paper 40, Johannesburg, 2004; Darlene Miller, 'SA Multinational Corporations in Africa: Whose African Renaissance?,' International Labour Research and Information Group Occasional Paper, Cape Town, 2003; and John Daniel, Vinesha Naidoo and Sanusha Naidu, 'The South Africans have Arrived: Post-Apartheid Corporate Expansion into Africa,' in J.Daniel, A.Habib and R.Southall, eds., *State of the Nation: South*

investments have been, mainly, takeovers, not greenfield projects. Indeed, in spite of a high-profile mid-2002 endorsement of NEPAD by 187 individuals and firms, led by Anglo American, BHP Billiton and Absa, there were no investments made in twenty key infrastructure projects two years later, only vocal corporate complaints that NEPAD's emerging peer-review system had insufficient 'teeth' to discipline errant politicians. According to the (pro-NEPAD) *Sunday Times* after a disappointing World Economic Forum regional summit, 'The private sector's reluctance to get involved threatens to derail NEPAD's ambitions.'<sup>52</sup> Much is made of Johannesburg-based corporations' malevolent attitudes and extractive orientation. The prospect that these firms will be 'new imperialists' was of 'great concern,' according to a leading member of Mbeki's cabinet, Jeff Radebe: 'There are strong perceptions that many South African companies working elsewhere in Africa come across as arrogant, disrespectful, aloof and careless in their attitude towards local business communities, work seekers and even governments.'<sup>53</sup>

But who, really, is to blame for this power relationship? Ideological backing for corporate-oriented subimperialism can usually be found within the South African Institute for International Affairs (SAIIA) at Johannesburg's University of the Witwatersrand. Yet because SAIIA heartily supports Pretoria's pro-corporate strategy, its writers have the space to speak a certain kind of truth to corporate power. In 2001, a SAIIA researcher warned that Erwin's self-serving trade strategy 'might signify to the Africa group of countries that South Africa, a prominent leader of the continent, does not have their best interests at heart.'<sup>54</sup> In 2003, a colleague issued a technical report on trade which conceded that African governments viewed Erwin 'with some degree of suspicion' because of his promotion of the WTO. Indeed, at Seattle and Cancun Erwin stood in direct opposition to the bulk of the lowest-income countries, whose beleaguered trade ministers were responsible for derailing both summits.<sup>55</sup>

A few South African journalists have also picked up hostile vibes from the rest of the continent. In August 2003, the *Sunday Times* remarked on Southern African government delegates' sentiments at a Dar es Salaam regional summit: 'Pretoria was "too defensive and protective" in trade negotiations [and] is being accused of offering too much support for domestic production "such as duty rebates on exports" which is killing off other economies in the region.'<sup>56</sup> More generally, according to the same paper, reporting from the July 2003 African Union meeting in Maputo, Mbeki is 'viewed by other African leaders as too powerful, and they

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*Africa 2003-04*, Pretoria: Human Sciences Research Council, 2003 (although note that this latter chapter does not subscribe to the argument that Pretoria is subimperialist).

<sup>52</sup> *Sunday Times*, 24 May 2004.

<sup>53</sup> Sapa, 30 March 2004.

<sup>54</sup> *Mail & Guardian*, 16 November 2001.

<sup>55</sup> *Business Day*, 2 June 2003.

<sup>56</sup> *Sunday Times*, 24 August 2003.

privately accuse him of wanting to impose his will on others. In the corridors they call him the George Bush of Africa, leading the most powerful nation in the neighbourhood and using his financial and military muscle to further his own agenda.<sup>57</sup>

Mbeki's agenda is not that of the majority of Africans or South Africans. If the largely parasitical - not development-oriented - Johannesburg corporations profit from NEPAD's legitimization of neoliberalism and lubrication of capital flows out of African countries, these flows mainly end up in London, where Anglo American Corporation, DeBeers, Old Mutual insurance, South African Breweries and others of South Africa's largest firms re-listed their financial (though not operational) headquarters during the late 1990s. And if Mbeki and his colleagues are benefiting from the high profile provided by NEPAD and all the other global-managerial functions discussed above, the real winners are those in Washington and other imperial centres who, increasingly, require a South African frontman for the ongoing superexploitation and militarization of Africa.

The function of Pretoria's anti-imperialist rhetoric, cited at the outset, is evident: disguising subimperial practices during an encouraging recent rise of social movement protest against neoliberalism at home<sup>58</sup> and across the African continent.<sup>59</sup> The African left has expressed deep scepticism about Mbeki's main strategies, for example in a hard-hitting resolution from a conference of the Council for Development and Social Science Research in Africa and Third World Network-Africa in April 2002,<sup>60</sup> and in various independent statements by leading intellectuals and organizations.<sup>61</sup> Not only do the left forces nearly uniformly oppose NEPAD, they also openly call for their finance ministers to default on the illegitimate foreign debt. They advocate not only kicking the World Bank and IMF out of their countries, but also international strategies for defunding and abolishing the Bretton Woods Institutions. US groups like Center for Economic Justice and Global Exchange work with Jubilee South Africa and Brazil's Movement of the Landless, amongst others, to promote the 'World Bank Bonds Boycott', asking of their Northern allies: is it ethical for socially-

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57 *Sunday Times*, 13 July 2003.

58 <http://www.ukzn.ac.za/ccs>, <http://www.red.org.za>, <http://www.aidc.org.za>, <http://southafrica.indymedia.org>, <http://www.khanyacollege.org.za>.

59 For more on the African left, see John Fisher, 'Africa,' in E. Bircham and J. Charlton, eds., *Anti-Capitalism: A Guide to the Movement*, London: Bookmarks, 2002; Leo Zeilig, ed., *Class Struggle and Resistance in Africa*, Cheltenham: New Clarion, 2002; Bond, *Talk Left, Walk Right*, Chapter Twelve; and Trevor Ngwane, 'Sparks in Soweto', *New Left Review*, 21, 2003.

60 Council for Development and Social Science Research in Africa, Dakar and Third World Network-Africa, 'Declaration on Africa's Development Challenges,' Resolution adopted at the 'Joint Conference on Africa's Development Challenges in the Millennium,' Accra, 23-26 April 2002, reprinted in Bond, *Fanon's Warning*.

61 See <http://www.codesria.org>, for Jimi Adesina, 'Development and the Challenge of Poverty: NEPAD, Post-Washington Consensus and Beyond', Paper presented to the Codesria/TWN Conference on Africa and the Challenge of the 21st Century, Accra, 23-26 April 2002; and Dani Nabudere, 'NEPAD: Historical Background and its Prospects,' in P. Anyang'Nyong'o, et al, eds., *NEPAD: A New Path?* Nairobi: Heinrich Böll Foundation 2002.

conscious people to invest in the Bank by buying its bonds (responsible for 80% of the institution's resources), and to receive dividends which represent the fruits of enormous suffering? Other examples of what is being termed 'deglobalization' include the successful effort to deny Trade-Related Intellectual Property Rights status to AIDS medicines, to keep GMOs out of several Southern African agricultural markets, and to reject French and British water privatizers. To these ends, the African Trade Network and the Gender and Trade Network in Africa put intense pressure on the continent's delegates to reject the WTO's Cancun proposals. And with the US and EU offering no concessions on matters of great importance to Africa, bilateral or regional trade deals are also resisted by both civil society groups and African governments.

On a more local level, inspiring examples of what might be termed 'decommodification' are underway in Africa, especially South Africa. There, independent left movements have struggled to turn basic needs into human rights: anti-retroviral medicines to fight AIDS and other health services; free water (50 liters/person/day); free electricity (1 kiloWatt hour/person/day); thorough-going land reform; prohibition on services disconnections and evictions; free education; and even a 'Basic Income Grant,' as advocated by churches and trade unions. The idea is that all such services should be provided to all as a human right, and to the degree that it is feasible, financed through imposition of much higher prices for luxury consumption.

Because the commodification of everything is still underway in South Africa, this could provide the basis for a unifying agenda for a widescale movement for fundamental social change, if linked to the demand to 'rescale' many political-economic responsibilities that are now handled by embryonic world-state institutions under the influence of neoliberal US administrations. The decommodification principle could become an enormous threat to imperial capitalist interests, in the form of a denial of private intellectual property (such as AIDS medicines), resistance to biopiracy, the exclusion of GM seeds from African agricultural systems, the nationalization of industries and utilities, or the empowerment of African labour forces. To make any progress, delinking from the most destructive circuits of global capital will also be necessary, combining local decommodification strategies and tactics with the call to close the World Bank, IMF and WTO. Beyond that, the challenge for Africa's progressive forces, as ever, is to establish the difference between 'reformist reforms' and reforms that advance a 'non-reformist' agenda. The latter would include generous social policies stressing decommodification, and capital controls and more inward-oriented industrial strategies allowing democratic control of finance and ultimately of production itself. These sorts of reforms would strengthen democratic movements, directly empower the producers, and, over time, open the door to the contestation of capitalism itself.

Not only does imperialism stand in the way, however, so do Pretoria's

various subimperial barriers. Notwithstanding occasionally leftist rhetoric and the world-historic damage inflicted by US empire, Mbeki and his colleagues are situating South Africa as the continent's leading bourgeois-aspirant country, parallel to what Frantz Fanon so poignantly described as the stunted 'national bourgeoisie' of a post-colonial African state, i.e., the modern equivalent of an old Bantustan, where the coopted elite prosper under conditions of global apartheid:

Content with the role of the Western bourgeoisie's business agent, it will play its part without any complexes in a most dignified manner. But this same lucrative role, this cheap-Jack's function, this meanness of outlook and this absence of all ambition symbolize the incapability of the middle class to fulfill its historic role of bourgeoisie. Here, the dynamic, pioneer aspect, the characteristics of the inventor and of the discoverer of new worlds which are found in all national bourgeoisies are lamentably absent... In its beginnings, the national bourgeoisie of the colonial country identifies itself with the decadence of the bourgeoisie of the West. We need not think that it is jumping ahead; it is in fact beginning at the end. It is already senile before it has come to know the petulance, the fearlessness, or the will to succeed of youth.<sup>62</sup>

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62 Frantz Fanon, *The Wretched of the Earth*, New York, Grove Press, 1963, pp.152-153.

# Talk left, walk right: Rhetoric and reality in the New South Africa

*'I am sure that Cecil John Rhodes would have given his approval to this effort to make the South African economy of the early 21st century appropriate and fit for its time.'*<sup>1</sup>

Nelson Mandela, opening the Mandela Rhodes Foundation, August 2003

## Introduction

Hailed as the most ambitious initiative in years for Africa, the New Partnership for Africa's Development (NEPAD) – the central programme of the African Union – advances a grand strategy for peace and security, democracy and economic development. In this review of NEPAD at the tender age of three, and its sponsoring government in South Africa at the age of ten, I consider the contradictory ideological dynamics and self-reinforcing material processes that are already undermining both the programme and its sponsor's credibility. The viewpoint I express comes from the independent left, based in Johannesburg – site of a 20,000-strong march from impoverished Alexandra township to Sandton Convention Centre on 30 August 2002, explicitly against NEPAD and the United Nations World Summit on Sustainable Development (WSSD).

Indeed, in Johannesburg, Cape Town, Durban and other urban centres, post-apartheid South Africa is being criticised by activists from the black townships, union halls, environmental forums, women's groups, health advocacy networks, progressive churches and other democratic organisations, backed also by progressive NGOs and intellectuals.<sup>2</sup> What are they saying, about their local situation, about Mbeki's continental project, and about what Mbeki has termed 'global apartheid'? The existence of a left critique on the scale demonstrated at the WSSD is important, and helps explain this ideological contradiction: the tendency of the NEPAD's Pretoria authors and promoters to 'talk left' but 'walk right', while at the same time, conservative forces shower both NEPAD and Mbeki's domestic economic management with praise.

Concerns expressed in protests by South Africa's 'new social movements' (also known as the Social Movements Indaba network) – anti-privatisation activists, the Jubilee anti-debt crusade, rural landless people, apartheid-victims groups, youth/students and many other disaffected poor and working-class people – are in part a function of the way neoliberalism has been applied locally, and in part the impression that activists have of Mbeki's agenda: using NEPAD to promote the Washington Consensus philosophy across Africa and indeed across the Third World through other multilateral opportunities. Hence we begin within South

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1. South African Press Association, 'Mandela Criticises Apartheid Lawsuits,' 25 August 2003.

2. To track the independent left, I recommend several websites - <http://www.ukzn.ac.za/ccs>, <http://www.red.org.za>, <http://www.aidc.org.za>, <http://southafrica.indymedia.org> and <http://www.khanyacollege.org.za>.

African socio-economic and political dynamics, before considering NEPAD's origins and allies, as well as Mbeki's broader global reform strategy, and the principles and strategies adopted by the left critics.

### **Pretoria's rule<sup>3</sup>**

The results of the 2004 elections were not surprising. The ruling African National Congress (ANC) won roughly 70%, as anticipated, and Mbeki's brilliant Machiavellian divide-and-conquer of the white-dominated opposition parties reduced their combined vote, with Tony Leon's Democratic Alliance taking 13%. The old apartheid governing elite, in the renamed 'New National Party', won more than 20% in 1994 and 7% in 1999, but were at 2% in 2004, before folding themselves entirely into the ANC four months later. The Afrikaner bitter-ender Freedom Front had 1%. At closer to 5%, half its 1994 percentage, the Zulu-based Inkatha Freedom Party collapsed and lost control of the KwaZulu-Natal province. A few parties whose critique of ANC rule was mainly from the left also fared badly; for various reasons they lacked credibility, access to the media to make their case, and hence any reasonable hope of gaining even a cumulative 10% of the vote.

As a result, it is to critiques by the progressive forces which did not run candidates for election that we turn our attention. Landless People's Movement (LPM) activists, for example, called for a vote boycott and then honoured the arrests of more than 50 of their members in the ghetto of Thembelihle, near Soweto, on election day (two suffered torture). As their press release explained, 'The people have been arrested in terms of the Electoral Code of Conduct and the 1993 Prohibition of Illegal Gatherings Act. The charges are related to illegal gatherings on the day of elections. The LPM regards the charges as spurious. The LPM members were not permitted to gather even though they were prepared to observe regulations allowing only protests held at least 200m from any polling station. They were arrested as they disembarked from their transport, and so no gathering or meeting even took place.'

Judging by this sort of repressive – indeed, paranoid – security and by the falling living standards experienced by the majority of black South Africans since 1994, Pretoria should be subject to the kinds of insurgent protests witnessed recently in Bolivia and Argentina. To rebut their leftist critics, ANC leaders took to doctoring simple statistics during the campaign. Some illustrations demonstrate why the government can make inspiring claims of delivery - but retain market-oriented policies ranging from macroeconomics to microdevelopment. It is no secret that Mbeki's homegrown structural adjustment policy, co-authored by the World Bank in 1996, codified the pro-corporate economic philosophy inherited from

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3. For details, see Bond, Patrick (2004), *Elite Transition: From Apartheid to Neoliberalism in South Africa*, Second edition, London, Pluto Press and Pietermaritzburg, University of KwaZulu-Natal Press.

apartheid. The result was the doubling of the formal unemployment rate from 16% in 1994 to 32% in 2002. When one considers, in addition, those millions of people who have given up any hope of finding a job, the rate rises to 43%. Both the public and private sectors shed more than 10% of formal sector jobs since liberation in 1994.<sup>4</sup>

Yet as the election neared, ANC politicians like trade and industry minister Alec Erwin began insisting that two million new jobs were created since 1994. His source was an official Labour Force Survey that defines 'employment' as including 'beg[ging] money or food in public' and 'catch[ing] any fish, prawns, shells, wild animals or other food for sale or family food.' Asked about this measure, the main trade union official, Zwelinzima Vavi, said simply, 'It is absurd to record such labour as jobs.'<sup>5</sup>

In addition, ANC election propaganda bragged of having created 'a level of macroeconomic stability not seen in the country for 40 years.'<sup>6</sup> In reality, there were three currency crashes witnessed over a period of a few weeks in February-March 1996, June-July 1998 and December 2001, ranging from 30 to 50% each, as the rand fell to R13.8/US\$. Each led to massive interest rate increases which sapped growth and rewarded the speculators. These moments of macroeconomic instability were as dramatic as any other incidents during the previous two centuries, including the September 1985 financial panic that split big business from the apartheid regime and paved the way for ANC rule.

Thus in July 2004, even *The Economist* Corporate Network conceded that the rand had recovered its strength to above R6.00/US\$ because 'portfolio managers are putting their money into countries with high returns, and SA was among the highest. Portfolio investments accounted for a massive 24% of SA's gross domestic product, and 65% of the rand's trading took place offshore.' At that point, according to *The Economist*, South Africa's ranking amongst all 25 emerging markets told the secret of 'stability': currency strength, 1/25; lowest inflation, 3/25; GDP growth, 25/25; foreign exchange reserves, 25/25; industrial production, 21/25; current account, 20/25. As financial consultant Michael Power summarised, 'Our real interest rates, cost of capital and unemployment are among the highest; our foreign direct investment inflow is among the lowest.'<sup>7</sup>

It is here that the core concession made by the ANC during the early 1990s transition deal is apparent, namely in the desire by white

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4. Miriam Altman, 'The State of Employment and Unemployment in South Africa', in John Daniel, Adam Habib and Roger Southall (Eds), *State of the Nation: South Africa 2003-04* (Pretoria: HSRC, 2003), pp.174-75.

5. Terry Bell, 'How "Non Jobs" come to the Aid of Government Election Propaganda,' *Sunday Independent*, 15 February 2004.

6. The Presidency, *Toward a Ten Year Review* (Pretoria: South African Government Communication and Information Service, 2003), p.101.

7. Statistics and citations in this paragraph are from Michael Power, 'Strong Rand is Stairway to Ruin,' *Business Day*, 16 July 2004.

businesses to escape the economic stagnation and declining profits born of a classical organic capitalist crisis, in the context of a sanctions-induced laager, and amplified by the 1970s-80s rise of black militancy in workplaces and communities. The deal represented simply this: black nationalists got the state, while white people and corporations could remove the bulk of their capital from the country, and simultaneously remain domiciled in South Africa with, thanks to economic liberalisation, still more privileges. Trade, credit, cultural and sports sanctions ended; exchange controls were mainly lifted; luxury imports flooded in; white people's incomes rose by 15% during the late 1990s; taxes were cut dramatically; and the corporate pre-tax profit share soared during the late 1990s, back to 1960s-era levels associated with apartheid's heyday.

Hence inequality soared during ANC rule, even state statistics show. Black 'African' South Africans suffered an income crash of 19% from 1995-2000, with every indication of further degeneration in subsequent years. The ANC rebuttal is that when state spending is accounted for, the divergence is reversed. Yet notwithstanding deeper poverty, the state raised water and electricity prices, to the point that by 2002 they consumed 30% of the income of those households earning less than \$70 per month.<sup>8</sup> An estimated 10 million people had their water cut off, according to two national government surveys, and 10 million were also victims of electricity disconnections. In June 2004, even the director-general of the water department admitted, '275 000 of all households attributed interruptions to cut-offs for non-payment last year,' a shocking record in view of the ANC's 2000 local government election promises of 'free basic services' covering water and sanitation, electricity and other municipal functions.<sup>9</sup> The higher cost of services reflects the permanent contradiction between big-business advocates of essentially neoliberal development policies, and well-mobilised activists.

Defenders of the elite transition deal may claim that leftward pressure on the ANC also emanates from the Constitution's celebrated socio-economic rights clauses. But the 1996 Constitution appears a bit tattered, partly because the judges are too frightened to take a stand against the state's neoliberal policies, and partly because of an incident on 21 March 2004, Human Rights Day (anniversary of the famous 1960 Sharpeville Massacre). Just before the opening of the Court's beautiful new building in central Johannesburg at the site of the old Fort Prison where Nelson Mandela had been incarcerated, community activists in the Anti-Privatisation Forum (APF) called a march to protest the installation of pre-paid water meters in Soweto by the French company Suez, which is running the city's outsourced water company. City officials banned the peaceful protest on absurd grounds (traffic disturbances – on a Sunday). The police arrested 52 activists and bystanders, some simply because they

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8. Statistics South Africa, 'Database on Expenditure and Income, 2000' (Pretoria, 2002).

9. Mike Muller, 'Keeping the Taps Open,' *Mail and Guardian*, 25 June 2004.

were wearing red shirts, and blocked travel of APF buses into Johannesburg. Neither the judges nor Mbeki – who attended the opening ceremony – uttered a word in the protesters’ defense, so even first-generation civil/political rights now appear merely contingent.

That incident aside, the country’s highest court has heard three major cases on socio-economic rights: one led to the death of a man denied kidney paralysis treatment because the judges deemed it too expensive; the next helped the Treatment Action Campaign acquire AIDS medicines for pregnant women because the judges agreed the state was needlessly killing tens of thousands of infants each year; and another allegedly enforced the right to emergency municipal services – but checking back on the successful plaintiff, Irene Grootboom, in her Cape Town ghetto, the *Sunday Times* found her community as destitute in March 2004 as in September 2000, at the time of her case.<sup>10</sup>

To be sure, the status of women like Grootboom includes some improvements since the arrival of democracy, especially in reproductive rights, albeit with extremely uneven access. But contemporary South Africa retains apartheid’s patriarchal modes of surplus extraction, thanks to both residual sex discrimination (women’s pay relative to men shrunk from 78% to 66% during the late 1990s) and the rural-urban migrant labour system, which is still subsidised by women stuck in the former ‘bantustan’ homelands.<sup>11</sup> Structured superexploitation of women is accompanied by an apparent increase in domestic violence associated with rising male unemployment. Mbeki was quoted by the SA Press Association at an electoral rally on 22 March 2004, just after Human Rights Day: ‘He said if ever his sister was to arrive home and tell him that she was in love with African Christian Democratic Party leader Kenneth Meshoe, he would have to beat her.’ A spokesperson said the president was only joking.<sup>12</sup>

Women are also the main caregivers in the home, and bear the highest burden associated with degraded health. Public-sector services continue declining due to underfunding and competition from private providers. Infectious diseases such as tuberculosis, diarrhoea, cholera, malaria and AIDS are rife, all far more prevalent than during apartheid, and a decade of life expectancy has disappeared. Most South Africans with HIV still have little prospect of receiving antiretroviral drugs to extend their lives. Only barely in time for the election did the medicines finally begin to make their way to hospitals and a few clinics, but haltingly and subject to repeated reversals.

During his five years as president, Mbeki has taken various obstinate stands against the poor and the sick. Still, it is unfair to attribute the massive, unnecessary loss of life associated with refusing five million HIV+

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10. Bonny Schoonakker, ‘Treated with Contempt,’ *Sunday Times*, 21 March 2003.

11. Statistics South Africa, ‘The South African Labour Market’ (Pretoria, 2002), p.147.

12. Boyd Webb, ‘Parties slam Mbeki’s “Misogynist” Comment’, South African Press Association, 22 March 2004.

South Africans access to AIDS medicines solely to his notorious 'denialist' posture. Early death for millions of South Africans must also be blamed upon structural forces, including pressure on Pretoria by transnational pharmaceutical corporations still adamant about the sanctity of their patents, and by financiers who insist on Pretoria maintaining a budget deficit/GDP ratio of below 3%. In addition, employer reaction to the AIDS epidemic is an adverse factor, with cost-benefit analyses demonstrating conclusively that keeping most of the country's five million HIV-positive people alive through patented medicines cost more than the people were 'worth'.<sup>13</sup>

Thus when philanthropist-financier George Soros was asked about medicines for HIV-positive South Africans during an April 2002 interview with the SA Broadcasting Corporation, he answered, 'I think to provide treatment to the bulk of the people is just not feasible. I think to provide treatment for instance to qualified workers actually saves money, actually saves money for companies'. The interviewer responded, 'Aren't you uncomfortable to talk in a way that is a kind of death sentence to those who we can't afford to treat?' Replied Soros, 'I think the cost of providing actual treatment to everyone at the present... [is not] realistic. It's not achievable.'<sup>14</sup> Thankfully however, genocidal tendencies associated with the dynamics of global capitalism can sometimes be reversed, as South Africa's Treatment Action Campaign and international allies ACT UP, Medicins sans Frontiers and even Oxfam showed by subsequently forcing countries to reject Big Pharma's monopoly patents on life-giving antiretroviral drugs (and Soros' crackpot realism), and driving the price down to affordable levels through generic medicines.

Returning to Pretoria, Mbeki has also stood down human rights activists and arms-control groups opposed to his \$6 billion purchase of sophisticated weaponry from European corporations. The widespread influence-peddling scandals associated with the arms deal threatened deputy president Jacob Zuma last year, after he allegedly solicited a bribe in a manner the justice minister deemed 'prima facie corruption', and it forced the resignation of several leading ANC politicians and officials caught in plots.

On the environmental front, the country's ecosystem as today in worse condition, in many crucial respects - e.g., water and soil resources mismanagement, contributions to global warming, fisheries, industrial toxics, genetic modification - than during apartheid. For example, in spite

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13. According to the *Financial Times*, in the case of the vast Johannesburg/London conglomerate Anglo American Corporation, the cut-off for saving workers in 2001 was 12% - the lowest-paid 88% of its 160,000 employees were more cheaply dismissed once unable to work due to HIV, with replacements found amongst South Africa's vast unemployed reserve army of labour. James Lamont, 'Anglo Baulks at HIV Drug Costs in S Africa,' *Financial Times*, 9 October 2001.

14. Interview with Ben Cashdan, SABC TV, 27 April 2002 (tape available from reporter: bcashdan@netactive.co.za).

of water scarcity, major dam projects are generating destructive environmental consequences downriver, and the extremely high costs of water transfer deter consumption by poor people. The location of natural surface and groundwater remains skewed towards white farmers due to apartheid land dispossession. Because a World Bank-authored neoliberal land reform policy was adopted just after 1994, less than 3% of arable land was redistributed, as against a 1994-99 target of 30%.

The systematically repressive side of Mbeki's regime was unveiled to the world during the August 2002 protests against the WSSD, which included an attempt to ban the Alexandra-Sandton mass march and police disruption – using stun-grenades - of an earlier candle-light march near the University of the Witwatersrand. Leading anti-privatisation activists in the black townships of Johannesburg and Cape Town are repeatedly harassed and detained by police, mainly illegally (resulting in high-profile acquittals), for resisting evictions and disconnections. Treatment Action Campaign members were savagely beaten in early 2003 during a non-violent civil disobedience campaign to acquire medicines.

This is a tough education, but one that African progressives have learned at great cost during the post-independence period, as Frantz Fanon perhaps most eloquently demonstrated in the chapter of his book *The Wretched of the Earth*, entitled 'Pitfalls of national consciousness.' South Africa's critical social movements, who think globally and act locally and continentally, are increasingly aware of the problems associated with Pretoria's talk left, walk right. A phrase describing ANC culture even emerged from within the SA Communist Party to depict the degenerate nature of socio-political processes, referring to Robert Mugabe's Zimbabwe African National Union: 'Zanufication.' After uttering it in an obscure interview published on the internet, the SACP's deputy leader Jeremy Cronin was forced to recant, under high-profile pressure from the ruling party, reminiscent of Soviet-style show trials, thus proving his point.

### **Neoliberalism, imperialism and NEPAD**

South African critics of Mbeki are joined by African intellectuals who demand better from their leaders as well, including those who understand Pretoria's continental ambitions.<sup>15</sup> To illustrate, a conference of the Council for Development and Social Science Research in Africa (CODESRIA)

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15. See <http://www.codesria.org>, for Jimi Adesina, 'Development and the Challenge of Poverty: NEPAD, Post-Washington Consensus and Beyond', Paper presented to the Codesria/TWN Conference on Africa and the Challenge of the 21st Century, Accra, 23-26 April 2002; Dani Nabudere, 'NEPAD: Historical Background and its Prospects,' in Peter Anyang'Nyong'o, et al (Eds), *NEPAD: A New Path?* (Nairobi: Heinrich Böll Foundation, 2002); and Adebayo Olukoshi, 'Governing the African Political Space for Sustainable Development: A Reflection on NEPAD,' Paper for the African Forum for Envisioning Africa, Nairobi, 26-29 April 2002.

and Third World Network-Africa in April 2002 resolved:

The most fundamental flaws of NEPAD, which reproduce the central elements of the World Bank's *Can Africa Claim the Twenty-first Century?* and the UN Economic Commission on Africa's *Compact for African Recovery*, include:

(a) the neoliberal economic policy framework at the heart of the plan, and which repeats the structural adjustment policy packages of the preceding two decades and overlooks the disastrous effects of those policies;

(b) the fact that in spite of its proclaimed recognition of the central role of the African people to the plan, the African people have not played any part in the conception, design and formulation of the NEPAD;

(c) notwithstanding its stated concerns for social and gender equity, it adopts the social and economic measures that have contributed to the marginalisation of women;

(d) that in spite of claims of African origins, its main targets are foreign donors, particularly in the G8;

(e) its vision of democracy is defined by the needs of creating a functional market...<sup>16</sup>

In sum, the imposition of NEPAD's neoliberal logic has already amplified combined and uneven development in Africa, including South Africa. In macroeconomic terms, the 'Washington Consensus' entails trade and financial liberalisation, currency devaluation, lower corporate taxation, export-oriented industrial policy, austere fiscal policy aimed especially at cutting social spending, and monetarism in central banking (with high real interest rates). In microdevelopmental terms, neoliberalism implies not only three standard microeconomic strategies - deregulation of business, flexibilised labour markets and privatisation (or corporatisation and commercialisation) of state-owned enterprises - but also various mandates specifically for social sectors: the elimination of subsidies, promotion of cost-recovery and user fees, disconnection of basic state services to those who do not pay, means-testing for social programmes, and reliance upon market signals as the basis for local development strategies. As Stephen Gill has shown, enforcement is crucial, both through a 'disciplinary neoliberalism' entailing constant surveillance and a 'new constitutionalism' that locks these policies in over time.<sup>17</sup>

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16. Council for Development and Social Science Research in Africa, Dakar and Third World Network-Africa, 'Declaration on Africa's Development Challenges,' Resolution adopted at the 'Joint Conference on Africa's Development Challenges in the Millennium,' Accra, 23-26 April 2002, p.4, reprinted in Patrick Bond (Ed), *Fanon's Warning: A Civil Society Reader on the New Partnership for Africa's Development* (Trenton: Africa World Press and Cape Town: AIDC, 2002).

17. Stephen Gill, *Power and Resistance in the New World Order* (Basingstoke: Palgrave Macmillan, 2003).

There is convincing documentation that the tearing of safety nets under structural adjustment worsens the vulnerability of women, children, the elderly and disabled people. They are expected to survive with less social subsidy and greater pressure on the fabric of the family during economic crisis, which makes women more vulnerable to sexual pressures and, therefore, HIV/AIDS. A comprehensive African literature review by Dzodzi Tsikata and Joanna Kerr shows that 'mainstream economic policymaking fails to recognise the contributions of women's unpaid labour - in the home, in the fields, or in the informal market where the majority of working people in African societies function. It has been argued that these biases have affected the perception of economic activities and have affected economic policies in ways that perpetuate women's subordination.'<sup>18</sup>

From the bottom-up problem of durable patriarchy to the top-down resurgence of US petro-militarism (from the oil-filled Gulf of Guinea in the West to the Horn of Africa in the East), Africa's majority is being squeezed literally to death. Patents, marketing restrictions and inadequate state-financed research make life-savings medicines unreasonably scarce. GM food threatens peasant farming. The 'Singapore issues' advanced by the G8 countries in the World Trade Organisation (investment, competition, trade facilitation, government procurement) added to grievances over vast agriculture subsidies, unfair industrial tariffs, incessant services privatisation and intellectual property monopolies, to become the basis of Africa-Caribbean-Pacific withdrawal from the Cancun summit, leading to its collapse.

In mitigation, the Bush administration's new Millennium Challenge Account (MCA) is delinked from (declining) USAID budgets, and is scheduled to reach \$5 billion in 2006. But in May 2004 only 16 out of 74 potential recipients passed the first 'governance' and 'economic freedom' tests, of which eight were African (Benin, Cape Verde, Ghana, Lesotho, Madagascar, Mali, Mozambique and Senegal).<sup>19</sup> The role of the US state in Africa - prior, during and after the Cold War - is invariably tied to corporate extraction of resources and backed by military might. Washington's attempt to disguise and legitimise this through aid that carries 'good governance' and 'social investment' conditionalities dates to the Clinton era, but under Bush's MCA involves more sophisticated disciplinary neoliberal surveillance, especially in combination with the World Bank. (The World Bank Country Policy and Institutional Assessment gives the following African countries 'A' ratings in their quintile measures of relative performance: Cape Verde, Mauritania, Senegal, Tanzania and Uganda. The number of failing ('F') ratings in Africa is twice as high, and contains the most populous and petroleum-rich countries: Angola, Burundi, Central

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18. Dzodzi Tsikata and Joanna Kerr, *Demanding Dignity: Women Confronting Economic Reforms in Africa* (Ottawa: The North-South Institute and Accra: Third World Network-Africa, 2002).

19. Cited in *SA Institute for International Affairs e-Africa*, May 2004.

African Republic, Comoros, Guinea Bisau, Nigeria, Sao Tome & Principe, Sudan, Togo and Zimbabwe.)<sup>20</sup>

With so few African states receiving MCA funding, and with so much more at stake than can be handled by the military expansion, it is vital for Washington to identify reliable allies in Africa to legitimise and foster both imperialist geopolitics and neoliberal economics. In July 2004, the Center for Strategic and International Studies publicly launched a US-Africa policy blueprint, requested by Colin Powell and the Congress. That document, 'Rising US Interests in Africa', recommends seven interventions: political stabilisation of Sudan, whose oil is craved by Washington; support for Africa's decrepit capital markets, which could allegedly 'jump start' the MCA; more attention to energy, especially the 'massive future earnings by Nigeria and Angola, among other key West African oil producers'; promotion of wildlife conservation; increased 'counter-terrorism' efforts, which include 'a Muslim outreach initiative'; expanded peace operations, which can be transferred to tens of thousands of African troops thanks to new G8 funding; and more attention to AIDS, whose treatment is feared by pharmaceutical corporations because it will require generic drugs. In all but Sudan, South African cooperation will be crucial for the new US imperial agenda, even if the deputy-sheriff aspect is not mentioned explicitly.<sup>21</sup>

Hence we must pose the question forthrightly: does NEPAD qualify as subimperialist? The answer is not entirely obvious, in view of South Africa's hot rhetorical traditions. In the view of Nelson Mandela just prior to the US invasion of Iraq, 'Bush, who cannot think properly, is now wanting to plunge the world into a holocaust. If there is a country which has committed unspeakable atrocities, it is the United States of America.'<sup>22</sup> But within weeks, three Iraq-bound US warships docked and refueled in Durban, and South Africa's state-owned weapons manufacturer, Denel, sold \$160 million worth of artillery propellants and 326 hand-held laser range finders to the British army, and 125 laser-guidance sights to the US Marines.<sup>23</sup> George W. Bush visited the South African capital Pretoria in July 2003, and left the impression, according to Johannesburg's *Business Day* newspaper, 'of a growing, if not intimate trust between himself and Mbeki. The amount of public touching, hugging and backpatting they went through was well beyond the call of even friendly diplomatic duty.'<sup>24</sup> By May 2004, Mandela withdrew his criticism: 'The United States is the most

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20. Nancy Alexander, 'Triage of Low-Income Countries? The Implications of the IFI's Debt Sustainability (DS) Proposal,' Washington, [http://www.servicesforall.org/html/otherpubs/judge\\_jury\\_scorecard.pdf](http://www.servicesforall.org/html/otherpubs/judge_jury_scorecard.pdf) 2004.

21. Africa Policy Advisory Panel, 'Rising US Stakes in Africa', Washington, DC: Centre for Strategic and International Studies, May 2004, Executive Summary.

22. CBS News, 'Mandela Slams Bush on Iraq,' 30 January 2003.

23. Andy Clarno, 'Denel and the South African Government: Profiting from the War on Iraq,' *Khanya Journal*, 3, March 2003.

24. *Business Day* editorial, 'Mbeki's Gift', 11 July 2003.

powerful state in the world and it is not good to remain in tension with the most powerful state.’<sup>25</sup> A month later, Mbeki joined the G8 summit in Sea Island, Georgia, along with Africa’s other main pro-Western rulers: Abdelaziz Bouteflika of Algeria, John Kufuor of Ghana, Olusegun Obasanjo of Nigeria, Abdoulaye Wade of Senegal and Yoweri Museveni of Uganda. Treated only to a lunch meeting which began late and ended early, the Africans promised the G8 to help unblock the multilateral trade ‘logjam’ that emerged the previous September at Cancun.

In spite of the confusing signals – talking left while walking right – there can be no doubt that international political power centres showed increasing trust in Mandela, Mbeki, Manuel and Erwin, giving them insider access to many international elite fora, beginning in the late 1990s. As global-establishment institutions came under attack and attempted to reinvent themselves with a dose of New South African legitimacy (such as Mandela’s 1998 caressing of the IMF during the East Asian crisis, and of Clinton during the Lewinsky scandal), Pretoria’s lead politicians were allowed to preside over the UN Security Council, the board of governors of the IMF and Bank, the United Nations Conference on Trade and Development, the Commonwealth, the World Commission on Dams and many other important global and continental bodies. Simultaneously taking Third World leadership, Pretoria also headed the Non-Aligned Movement, the Organisation of African Unity and the Southern African Development Community.

Then, during a frenetic two-year period beginning in September 2001, Mbeki and his colleagues hosted, led, or played instrumental roles at the following dozen major international conferences or events: the World Conference Against Racism in Durban (September 2001); the launch of NEPAD in Abuja, Nigeria (October 2001); the Doha, Qatar ministerial summit of the World Trade Organisation (November 2001); the UN’s Financing for Development conference in Monterrey, Mexico (March 2002); the G8 summit in Kananaskis, Canada (June 2002); the African Union launch in Durban (July 2002); the World Summit on Sustainable Development (WSSD) in Johannesburg (August-September 2002); the Davos World Economic Forum (January 2003); the Evian G8 Summit (June 2003); George W. Bush’s first trip to Africa (July 2003); the Cancun WTO ministerial (September 2003); and the World Bank/IMF annual meeting in Dubai (September 2003).

However, virtually nothing was actually accomplished through these opportunities:

- 1) at the UN racism conference, Mbeki colluded with the EU to reject the demand of NGOs and African leaders for slavery/colonialism/apartheid reparations;

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25. CNN.com, ‘Mandela Extends Conciliatory Hand to United States,’ 24 May 2004.

- 2) NEPAD provided merely a homegrown version of the Washington Consensus;
- 3) at Doha, trade minister Alec Erwin split the African delegation so as to prevent a repeat of the denial of consensus that had foiled the Seattle ministerial in December 1999;
- 4) Manuel was summit co-leader (with Camdessus and disgraced Mexican ex-president Ernesto Zedillo) in Monterrey, where he legitimised ongoing IMF/WB strategies, including lack of progress on debt;
- 5) from Kananaskis, Mbeki departed with only an additional \$1 billion commitment for Africa (aside from funds already pledged at Monterrey);
- 6) the African Union supported both NEPAD and the Zimbabwean regime of president Robert Mugabe;
- 7) at the Johannesburg WSSD, Mbeki undermined UN democratic procedure, facilitated the privatisation of nature, and did nothing to address the plight of the world's poor majority;
- 8) in Davos, global elites ignored Africa;
- 9) from Evian, Mbeki returned with nothing;
- 10) for hosting a leg of Bush's Africa trip, Mbeki merely became the US 'point man' on Zimbabwe, and he avoided any conflict over Iraq's recolonisation;
- 11) in Cancun, the collapse of trade negotiations – again, catalysed by a walkout by Africans – left Erwin 'disappointed'; and
- 12) at Dubai, with Manuel leading the Development Committee, there was no Bretton Woods democratisation, new debt relief or Post-Washington policy reform.

Space available does not permit a recounting of these consistent defeats for African interests.<sup>26</sup> In sum, however, Pretoria's failures left South Africa slotted into place as a subimperial partner of Washington and the European Union. Although such a relationship dates to the apartheid era, the ongoing conquest of Africa – in political, military and ideological terms - and the reproduction of neoliberalism together require a strategy along the lines of NEPAD.

The origins of the plan are revealing. Mbeki had embarked upon a late 1990s' 'African Renaissance' branding exercise, which he endowed with poignant poetics but not much else. The contentless form was somewhat remedied in a powerpoint skeleton unveiled during 2000 during Mbeki's meetings with Clinton in May, the Okinawa G-8 meeting in July, the UN Millennium Summit in September, and a subsequent European Union gathering in Portugal. The skeleton was fleshed out in November 2000 with the assistance of several economists and was immediately ratified during a special South African visit by World Bank president James Wolfensohn 'at

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26. Patrick Bond, *Talk Left, Walk Right: South Africa's Frustrated Global Reforms* (Pietermaritzburg: University of KwaZulu-Natal Press, 2004); Patrick Bond, *Against Global Apartheid: South Africa Meets the World Bank, IMF and International Finance* (London: Zed Books, 2003); and Patrick Bond, *Unsustainable South Africa: Environment, Development and Social Protest* (London: Merlin Press, 2002).

an undisclosed location,' due to fears of the disruptive protests which had soured a Johannesburg trip by IMF managing director Horst Koehler a few months earlier. By this stage, Mbeki managed to sign on as partners two additional rulers from the crucial North and West of the continent: Bouteflika and Obasanjo. Both suffered regular mass protests and various civil, military, religious and ethnic disturbances at home.

By early 2001, in Davos, Mbeki made clear whose interests NEPAD would serve: 'It is significant that in a sense the first formal briefing on the progress in developing this programme is taking place at the World Economic Forum meeting. The success of its implementation would require the buy in from members of this exciting and vibrant forum!'<sup>27</sup> International capital would benefit from large infrastructure construction opportunities, privatised state services, ongoing structural adjustment which lowers the social wage and workers' real wages, intensified rule of international property law, and various of NEPAD's sectoral plans, all coordinated from a South African office at the Development Bank of Southern Africa (a World Bank-style institution) staffed with neoliberals and open to economic and geopolitical gatekeeping. Once Mbeki's plan was merged with an infrastructure-project initiative offered by Wade, it won endorsement at the last meeting of the Organisation of African Unity, in June 2001. (In 2002, the OAU transformed into the African Union, and NEPAD serves as official development plan.) Then, as 300,000 protesters gathered outside the July 2001 Genoa G-8 summit, Mbeki and other African leaders provided the G8 a modicum of cover.

In the wake of the World Conference Against Racism, the actual NEPAD document was publicly launched in Abuja, Nigeria, by African heads of state on October 23, 2001. In February 2002, global elites celebrated NEPAD in sites ranging from the World Economic Forum meeting in New York City to the summit of self-described 'progressive' national leaders (but including Blair) who gathered in Stockholm to forge a global Third Way. Elite eyes were turning to the world's "scar" (Blair's description of Africa), hoping that NEPAD would serve as a large enough bandaid, for as *Institutional Investor* magazine reported, the G8's 'misleadingly named' Africa Action Plan represented merely 'grudging' support from the main donors with 'only an additional \$1 billion for debt relief. (The G8) failed altogether to reduce their domestic agricultural subsidies (which hurt African farm exports) and - most disappointing of all to the Africans - neglected to provide any further aid to the continent.'<sup>28</sup> Mbeki had requested \$64 billion in new aid, loans and investments each year, but South Africa's *Sunday Times* remarked that 'the leaders of the world's richest nations refused to play ball.'<sup>29</sup> So on the one hand, within weeks, NEPAD was endorsed by the inaugural African Union summit, by the WSSD as the chapter on Africa, and by the UN's head

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27. Thabo Mbeki, 'Briefing: President Thabo Mbeki at the World Economic Forum,' *Review of African Political Economy*, 28, 87, March 2001, p.108.

28. Deepak Gopinath, 'Doubt of Africa,' *Institutional Investor Magazine*, May 2003.

29. Justice Malala, 'Rich Nations Dash Africa's Trade Hopes' *Sunday Times*, 30 June 2002.

of state summit in New York. Yet on the other hand, pro-NEPAD lip-service could not substitute for the 'new constitutionalism' (to borrow Gill's phrase) that would translate into long-term, non-retractable leverage over the continent.

The main reason for doubt about Mbeki's commitment to disciplinary neoliberalism and the rule of law was his repeated defence of the main violator of liberal norms, Mugabe,<sup>30</sup> notwithstanding promises such as: 'With NEPAD, Africa undertakes to respect the global standards of democracy, which core components include ... fair, open, free and democratic elections periodically organised to enable the populace choose their leaders freely.'<sup>31</sup> Mbeki termed Zimbabwe's demonstrably unfree and unfair March 2002 presidential election 'legitimate,' and repeatedly opposed punishment of the Mugabe regime by the Commonwealth and UN Human Rights Commission. In February 2003, South African foreign minister Nkosazana Dlamini-Zuma stated, 'We will never criticise Zimbabwe.' The NEPAD secretariat's Dave Malcomson, responsible for international liaison and co-ordination, then admitted to a reporter, 'Wherever we go, Zimbabwe is thrown at us as the reason why NEPAD's a joke.'<sup>32</sup> At the same time, according to Zimbabwean democratic opposition leader Morgan Tsvangirai, a gambit by Mbeki and Obasanjo to readmit Zimbabwe to the Commonwealth represented,

the disreputable end game of a long-term Obasanjo-Mbeki strategy designed to infiltrate and subvert not only the Commonwealth effort but, all other international efforts intended to rein in Mugabe's violent and illegitimate regime. Through this diabolical act of fellowship and solidarity with a murderous dictatorship, General Obasanjo and Mr Mbeki have now openly joined Mugabe as he continues to wage a relentless war against the people of Zimbabwe. They are now self-confessed fellow travellers on a road littered with violence, destruction and death.<sup>33</sup>

At the 2003 G8 meeting in Evian, France, world elites were well aware of NEPAD's lack of street credibility. Paltry concessions were provided Mbeki on the UN Global Fund for health, as well as what the *Financial Times* termed 'year-old pledges to provide an extra \$6 billion a year in aid to

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30. Patrick Bond and Masimba Manyanya, *Zimbabwe's Plunge: Exhausted Nationalism, Neoliberalism and the Search for Social Justice* (London: Merlin Press, 2003). For an important critique of Mugabe from an Afro-feminist standpoint, see Horace Campbell, *Reclaiming Zimbabwe: The Exhaustion of the Patriarchal Model of Liberation* (David Philip: Cape Town, 2003).

31. New Partnership for Africa's Development, <http://www.nepad.org>, paragraph 79.

32. Aubrey Nevin, 'Zimbabwe Hampers Nepad's Efforts,' *Business Day*, 28 March 2003.

33. Cited in Masimba Manyanya (Ed), *NEPAD's Zimbabwe Test: Why the New Partnership for Africa's Development is Already Failing* (Harare: Zimbabwe Coalition on Debt and Development, 2003), Foreward.

Africa,' a fraction of the amount spent on the Iraq war just weeks earlier.<sup>34</sup> More than 100,000 activists protested in the Swiss cities of Geneva and Lausanne. In this context of delegitimised elite politics, NEPAD still had potential in the view of the West. Just prior to Evian, the plan was described as 'philosophically spot-on' by the White House's main Africa official, Walter Kansteiner,<sup>35</sup> while former IMF managing director Michel Camdessus, subsequently France's personal G8 representative to Africa, explained NEPAD's attraction in the following way: 'The African heads of state came to us with the conception that globalisation was not a curse for them, as some had said, but rather the opposite, from which something positive could be derived... You can't believe how much of a difference this [home-grown pro-globalisation attitude] makes.'<sup>36</sup>

What of the subimperial part of the equation? The most important new factor is the exploitative regional role of Johannesburg business, especially in banking, breweries, construction, mining, retail, services and tourism.<sup>37</sup> If large Johannesburg corporations have benefited from NEPAD's lubrication of capital flows out of African countries, these flows then mainly proceeded to London, where Anglo American Corporation, DeBeers, Old Mutual insurance, South African Breweries, Liberty Life insurance and other huge South African firms relisted their financial headquarters during the late 1990s. In any event, SA corporations' quite substantial regional acquisitions have been, mainly, takeovers, not greenfield projects. Thus on the one hand, in spite of a high-profile mid-2002 endorsement of NEPAD by 187 individuals and firms, led by Anglo American, BHP Billiton and the Absa banking group, there were no investments made in twenty key infrastructure projects two years later, only vocal corporate complaints that NEPAD's emerging peer-review system had insufficient 'teeth' to discipline errant politicians. According to the chief reporter of (pro-NEPAD) *Business Day* in mid-2004, 'The private sector's reluctance to get involved threatens to derail NEPAD's ambitions.'<sup>38</sup>

On the other hand, the prospect that Johannesburg-based corporations will be 'new imperialists' was of 'great concern,' according to Pretoria's then public enterprises minister Jeff Radebe in early 2004: 'There are strong perceptions that many South African companies working elsewhere in Africa come across as arrogant, disrespectful, aloof and

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34. *Financial Times*, 'G8 Vows to "Fully Commit" to Developing African Nations,' 2 June 2003.

35. Gopinath, 'Doubt of Africa.' A few months later, Walter Kansteiner resigned as assistant secretary of state for Africa, but the sentiment remained.

36. [http://www.g7.utoronto.ca/summit/2003evian/briefing\\_apr030601.html](http://www.g7.utoronto.ca/summit/2003evian/briefing_apr030601.html)

37. Darlene Miller, 'South African Multinational Corporations, NEPAD and Competing Claims on Post-Apartheid Southern Africa,' Institute for Global Dialogue Occasional Paper 40, Johannesburg, 2004; and Darlene Miller, 'SA Multinational Corporations in Africa: Whose African Renaissance?,' International Labour Research and Information Group Occasional Paper, Cape Town, 2003.

38. Rob Rose, 'Companies "Shirking" their Nepad Obligations', *Business Day*, 24 May 2004.

careless in their attitude towards local business communities, work seekers and even governments.’<sup>39</sup> But Radebe could also have been describing his Cabinet colleagues Erwin and Mbeki. In August 2003, the *Sunday Times* remarked on SADC delegates’ sentiments at a Dar es Salaam regional summit: ‘Pretoria was “too defensive and protective” in trade negotiations [and] is being accused of offering too much support for domestic production “such as duty rebates on exports” which is killing off other economies in the region.’<sup>40</sup> More generally, the same paper reported from the July 2003 African Union meeting in Maputo, Mbeki is ‘viewed by other African leaders as too powerful, and they privately accuse him of wanting to impose his will on others. In the corridors they call him the George Bush of Africa, leading the most powerful nation in the neighbourhood and using his financial and military muscle to further his own agenda.’<sup>41</sup>

### **Conclusion: Whose Pan-Africanism?**

The antidote may well be the recent rise of social movement protest against repression and neoliberalism at home, and across the African continent.<sup>42</sup> Not only do the left forces nearly uniformly oppose NEPAD, they also openly call for their trade ministers to repeat the Seattle and Cancun rejections of the WTO, and for their finance ministers to default on the illegitimate foreign debt and demand reparations for slavery, colonialism and apartheid. They advocate not only kicking the World Bank and IMF out of their countries, but also international strategies for defunding and abolishing the Bretton Woods Institutions. South Africa’s Jubilee movement was a catalyst of the ‘World Bank Bonds Boycott’, asking of their Northern allies: is it ethical for socially-conscious people to invest in the Bank by buying its bonds (responsible for 80% of the institution’s resources), and to receive dividends which represent the fruits of enormous suffering? Other examples of what is being termed ‘deglobalisation’ include successful efforts to deny Trade-Related Intellectual Property Rights status to AIDS medicines, to keep GMOs out of several Southern African agricultural markets, and to resist French and British water privatisers amongst other promoters of the General

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39. Sapa, ‘SA’s “Imperialist” Image in Africa’, 30 March 2004.

40. Ranjeni Munusamy, ‘SADC Wants to Raise SA’s Trade Tariffs: Proposed ‘Asymmetry’ will give Southern Africa’s Lesser Economies a Competitive Edge, *Sunday Times*, 24 August 2003.

41. Ranjeni Munusamy, ‘The George Dubya of Africa,’ *Sunday Times*, 13 July 2003.

42. For more on the African left, see John Fisher, ‘Africa,’ in Emma Bircham and John Charlton (Eds), *Anti-Capitalism: A Guide to the Movement* (London: Bookmarks, 2002); Leo Zeilig (Ed), *Class Struggle and Resistance in Africa* (Cheltenham, New Clarion, 2002); Bond, *Talk Left, Walk Right*, Chapter Twelve; Patrick Bond and Trevor Ngwane, ‘African Anti-Capitalism,’ in Rachel Neumann and Andy Hsiao (Eds), *Anti-Capitalism: A Field Guide to the Global Justice Movement* (New York: New Press 2004); and Trevor Ngwane, ‘Sparks in Soweto’, *New Left Review* 21, July-August 2003.

Agreement on Trade in Services. To these ends, the African Trade Network and the Gender and Trade Network in Africa put intense pressure on the continent's delegates to reject the WTO's Cancun proposals.

On a more local level, inspiring examples of what might be termed 'decommodification' are underway in Africa, especially South Africa. There, independent left movements have struggled to turn basic needs into human rights, winning important partial victories: free anti-retroviral medicines to fight AIDS and other health services; free water (50 liters/person/day); free electricity (1 kiloWatt hour/person/day); thorough-going land reform; prohibition on services disconnections and evictions; free education; and even a 'Basic Income Grant,' as advocated by churches and trade unions. The idea is that all such services should be provided to all as a human right by a genuinely democratic state, and to the degree that it is feasible, financed through cross-subsidisation, through imposition of much higher prices for luxury consumption.

Because the commodification of everything is still underway across Africa, this could provide the basis for a unifying agenda for a widescale movement for fundamental social change, if linked to the demand to 'rescale' many political-economic responsibilities that are now handled by embryonic world-state institutions (including even UN agencies, presently under the influence of neoliberal US and EU administrations). The decommodification principle is already an enormous threat to imperial interests, in examples such as the denial of private corporate monopolies based on 'intellectual property' (such as medicines, as achieved in South Africa recently through Treatment Action Campaign protests); resistance to biopiracy and the exclusion of GM seeds from African agricultural systems (as agreed to by far-sighted state officials in Zimbabwe, Zambia and Angola notwithstanding the early 2000s droughts); the re-nationalisation of industries and utilities (particularly when privatisation strategies systematically fail, as is happening in varied sites across Africa); the recapture of indigenous people's land (as is becoming necessary against Shell in Nigeria's Delta region, and against DeBeers, its Debswana diamond partnership with the Gabarone regime, and the World Bank in Botswana); or the empowerment of African labour forces against multinational and local corporate exploitation.

To make any progress, delinking from the most destructive circuits of global capital will also be necessary, combining local decommodification strategies and tactics with the call to close the World Bank, IMF and WTO, and rejection of the UN's neoliberal functions and lubrication of US imperialism. Beyond that, the challenge for Africa's progressive forces, as ever, is to establish the difference between 'reformist reforms' and reforms that advance a 'non-reformist' agenda. The latter would include generous social policies stressing decommodification, exchange controls, and more inward-oriented industrial strategies allowing democratic control of finance and ultimately of production itself. These sorts of reforms would strengthen democratic movements, directly empower the

producers (especially women), and, over time, open the door to the contestation of capitalism itself.

Not only does imperialism stand in the way, however, so do Pretoria's various subimperial barriers, and Mbeki's destructive policies at home. Notwithstanding occasionally leftist rhetoric and the world-historic damage inflicted by the US empire, Mbeki and his colleagues are situating their country as the African continent's leading bourgeois-aspirant country, i.e., as the modern international equivalent of an old-fashioned South African Bantustan, where the co-opted elite prosper under conditions of global apartheid and untenable local class apartheid. But like racial apartheid, that role, too, will pass – largely because of progressive resistance, but also because the elite strategy is demonstrably unsustainable.

# Bankrupt Africa: Imperialism, subimperialism and the politics of finance

## Introduction<sup>1</sup>

Branwen Gruffwyd Jones argues: 'Marx's historical materialist method and theory of capital *explains why* capital is necessarily expansionary; *why* the plunder of Africa was an integral part of the primitive accumulation of western capital; *why* the reorganisation of Africa's human and natural resources to meet the needs of Europe's developing industries required colonial occupation and domination.'<sup>2</sup> Calling forth such explanatory power is a tall order, but the argument makes most sense, perhaps, if we take a central aspect of these claims: namely, the *financial* component of capital's uneven historical and contemporary expansion into Africa during periods of capitalist 'crisis'; the role of *financiers* in the process of primitive accumulation, not just in the slave and colonial eras but as a *permanent* aspect of global capitalism; and the importance of *financial power* to the extraction of surpluses in both historical and contemporary times.

The specific South African financial role in Africa was made clear in mid-2002, when Pretoria's finance minister Trevor Manuel promised the Commonwealth Business Council he would 'fast-track financial market integration through the establishment of an internationally competitive legislative and regulatory framework' for the continent. But without any Africa-wide progress to report two years later, Manuel's director general Lesetja Kganyago announced a new 'Financial Centre for Africa' project to amplify the financialisation tendencies already evident in Johannesburg's

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1. The arguments were initially presented at a York University Department of Political Science Seminar on Empire in Toronto in November 2003. Special thanks are due Leo Panitch, Sam Gindin, Colin Leys, John Saul, and Suzanne Soederburg, as well as participants at the *Review of African Political Economy* and Council for the Development of Social Science Research in Africa 30th Anniversary Conference in Sheffield in May 2004. In other publications, crucial precursors to this argument are laid out. Bond 2005 includes analyses by numerous African intellectuals and progressive organisations highly critical of the subimperial New Partnership for Africa's Development, a theme updated in Bond 2004a. In Bond 2003, I consider the way South Africa was affected by global financial markets in the immediate post-apartheid period. In Bond 2004b, I discuss the numerous ways Pretoria unsuccessfully attempted to reform 'global governance'. In Bond 2004c, South Africa's explicitly subimperial orientation is established within the context of shifting imperial designs on Africa. In Bond 2004d, I argue that reforms of the Bretton Woods Institutions have been ineffectual, particularly as conceptualised and promoted by South Africa. Bond 2004e and 2004f show the particular characteristics of post-apartheid South Africa that help explain the subimperial drive.

2. Jones 2003, p.42. In spite of impressive 20th century traditions of anti-imperialist political economy and radical politics in the work and practice of the African diaspora's leading scholars and activists (e.g., Ake, Amin, Biko, Cabral, Fanon, First, Lumumba, Machel, Mamdani, Mkandawire, Nkrumah, Nyerere, Odinga, Onimode, Rodney, Sankara, Shivji and Tandon) and talented expatriate scholars (including several cited below), the 20th century construction of an African historical materialism did not focus particularly on financial imperialism, with the exception of the Urgandan Marxist Dani Nabudere (1990).

exclusive new Sandton central business district: 'Over the five years to 2002, the financial sector grew at a real rate of 7.7% per year, more than twice as fast as the economy as a whole.' Responsible for a full quarter of post-apartheid South African GDP growth, the sector required further room to expand. According to Kganyago, 'What is needed is a financial hub especially focused on the needs and circumstances of the region, much in the same way that Singapore and Hong Kong cater for the capital needs of the Asian continent... International financial centres tend to have a foundation in common. Elements include political stability, free markets, and what is best described as the rule of commercial law.' Pretoria's specific aims included 'opening South Africa's markets to African and global issuers; global lowest trading costs and trading risk; global leadership in investor protection; and a global hub for financial business process outsourcing.' Concluded Kganyago, 'Africa's economies cannot wait the slow maturing of national financial markets to provide the necessary channel for large-scale foreign capital flows for development. Only a regional financial centre will be in a position to provide these services in the foreseeable future.'<sup>3</sup>

The point of identifying the financial lever in the subordination of Africa is, ultimately, to remove the pressure, which is the subject of the conclusion to this article. Before that, I review theoretical considerations and historical evidence of the financial basis of imperialism, especially as applied to South African subimperialism, dating to the 1870s (Section 2); and consider the current international context for financial surplus extraction from Africa (Section 3); including Pretoria's collaboration (Section 4).

### **Theories and histories of financial imperialism and subimperialism**

In his recent studies of the 'new' imperialism, David Harvey turns to the financial sphere:

The credit system and finance capital have, as Lenin, Hilferding and Luxemburg all remarked, been major levers of predation, fraud and thievery. Stock promotions, Ponzi schemes, structured asset destruction through inflation, asset stripping through mergers and acquisitions, the promotion of levels of debt encumbrancy that reduce whole populations, even in the advanced capitalist countries, to debt peonage, to say nothing of corporate fraud, dispossession of assets (the raiding of pension funds and their decimation by stock and corporate collapses) by credit and stock manipulations - all of these are central features of what contemporary capitalism is about.<sup>4</sup>

In this context, international and domestic financial markets in Africa

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3. Manuel 2002; Lekhanyaho 2004.

4. Harvey 2003a, pp. 75-75. See also Harvey 2003b.

amplify traditional forms of primitive accumulation, establish new kinds of 'accumulation by dispossession' (as Harvey puts it), and maintain other features of underdevelopment, particularly in recent years as commodification has spread more rapidly under neoliberalism. This process is coordinated by financial agencies, whose influence derives from Africa's crippling debt, capital flight, import dependence and the compradorisation process. To establish how this happens requires a detour into debates over financial power and vulnerability that can be traced back a century, and that are reflected in durable questions of both an analytical and political nature still on the agenda today. In particular, definitions of 'finance capital' are revealing, as they identified the 'unification' and 'merger' of various fractions of capital, with banking capital hegemonic.<sup>5</sup> Hilferding, Bukharin and Lenin thus emphasised the institutional *power bloc* characteristics of finance, at the expense of drawing insufficient attention to the *vulnerability* implicit in financial relations and their relationship to capitalist crisis.

After all, from around 1870 to 1920 it appeared that financiers had arranged the concentration and centralisation of key industries, and were the motor behind imperial tendencies. According to Lenin, the typical bank had 'fuller and more detailed information about the economic position of its clients'. Specialisations within banks increased to accommodate the new control functions, and financiers utilised interlocking directorates with firms and also influenced crucial state functions. Moreover, the new capitalism had a profound geopolitical sensibility, for 'Finance capital spreads its net over all countries of the world. An important role in that is played by banks founded in the colonies and by their branches.' Ultimately and most importantly, for Lenin, finance was increasingly 'separated' from production: 'Imperialism, or the domination of finance capital, is that highest stage of capitalism at which this separation reaches vast proportions. The supremacy of finance capital over all other forms of capital means the predominance of the rentier and of the financial oligarchy; it means the singling out of a small number of financially 'powerful' states from among all the rest.'<sup>6</sup>

This was also the period of Africa's carve-up, with national borders decided at an 1884-85 Berlin conference. In Southern and Central Africa, the consolidation of settler colonialism was feasible in large part thanks to the 1880-90s entrepreneurship and geopolitical leadership of Cecil Rhodes, a financier who graduated from diamond merchant cartelisation in Kimberley, where the DeBeers monopoly was born, to become governor of the Cape Colony. Rhodes received permission from Queen Victoria to plunder what are now called Gauteng Province (greater Johannesburg) once gold was discovered in 1886, and then Zimbabwe, Zambia and Malawi; his ambition was to paint the map British imperial red, stretching along the route from the Cape to Cairo. Rhodes' two main vehicles were

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5. See discussions in Brewer, 1980, pp. 103-109; Howard and King, 1989, Chapter Five.  
110. Lenin, 1986, pp. 41-63.

the British army, which invented the concentration camp and in the process killed 25,000 Afrikaner women and children and 14,000 black people during the 1899-1902 Anglo Boer South African War, and the British South Africa Company (BSAC), a for-profit firm which in 1890 began its drive from Cape Town north of the Limpopo River by sponsoring the 'Pioneer Column'. That settler initiative soon founded present-day Harare while massacring thousands of Shona and Ndebele people who had established pockets of resistance from 1893-96. London imperialists assumed that competition would continue beyond Berlin's 'Scramble for Africa', and that only BSAC-style expansion, at relatively little cost to Britain's taxpayers, would ensure geographical dominance over the interior of the continent in the face of hostile German, Portuguese, French, Belgian and Boer forces. Such a strategy was critical, they posited, to the protection of even the Nile Valley, which in turn represented the life-line to the prize of India.<sup>7</sup>

As is the case today, however, a crucial economic dynamic was playing out in Europe, above and beyond the never-ending search for gold, which helped explain the resource flows behind Rhodes' conquests: chronic overaccumulation of capital, especially in the London and Paris financial markets. Moreover, the push of capital was joined by the pull of white settlers from the colonising powers, as a result of growing social, ethnic and nascent class unrest across Southern Africa, itself a logical consequence of the establishment of systemic migrant labour systems. This dynamic fit the general thesis concerning financial control, capital-export, subimperial settler sites, and the advanced capitalist countries' 'labour aristocracy' advanced by, among others, Hobson, Hilferding and Lenin.<sup>8</sup> Likewise, the easy availability of foreign portfolio funding for nascent Southern African stock markets in Johannesburg and Bulawayo stemmed from a lengthy international economic depression, chronic excess financial liquidity (a symptom of general overaccumulation), and the global hegemony enjoyed by City of London financiers. Surplus capital was still concentrated in the London stock market in the early 1890s, and flowed easily not only to other European countries and the New World, but also to the high-profile, well-tested initiatives of Rhodes, supported by the likes of the then journalist, Winston Churchill.

In sum, it was a period, Ian Phimister contends, of increasing geopolitical turbulence across Africa emanating from 'capitalism's uneven development during the last third of the nineteenth century, particularly the City of London's crucial role in mediating the development of a world economic

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7. Loney 1975, pp. 31-32.

8. Lenin (1986, p. 87) illustrated *Imperialism* with a quote Rhodes uttered in 1895: 'In order to save the 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must acquire new lands to settle the surplus population, to provide new markets for the goods produced in the factories and mines. The Empire, as I have always said, is a bread and butter question. If you want to avoid civil war, you must become imperialists.'

system.’ As Britain faced industrial decline during the 1870s in both absolute and relative terms, manufacturers unable to compete in European markets joined ascendant London financial and commercial interests in promoting Free Trade philosophy, in contrast to the protectionism of other Europeans and the United States.<sup>9</sup> A central function of Rhodes’ role in the region was, in the course of searching for gold, to ameliorate the contradictions of global capitalism by channelling financial surpluses into new infrastructural investments, such as the telegraph, railroad and surveying that tamed and commodified the lands immediately north of South Africa. Even if these did not immediately pay off for the BSAC, they did succeed in extracting resources and assuring political allegiance to South African corporate power, a power that was generally in harmonious unity with the evolving British-run states of the region. We return to this point shortly, because regional economic domination – through liberalism backed by the forces of colonial power then, and today, through neoliberalism with military capabilities not yet fully tested – has also become the objective of the contemporary South African ruling class.

Before long, however, in both Southern Africa and the metropole, financial institutions suffered tremendous bankruptcies, culminating in system-wide crashes that left international payments in tatters from 1929-33.<sup>10</sup> Marxist theories of imperialism based on finance capital were never fully reconciled to this development, and those who had established arguments over the prior quarter century and witnessed the Great Depression remained divided over the capacities of capital for reproduction under stress. Hilferding, for example, contended that the problem of rising overaccumulation in highly-concentrated branches and sectors of production could be perpetually *displaced*, thanks to the coordination functions of finance capital, into the more competitive, non-cartelised sectors of the economy. As a result, intensified uneven sectoral development during crisis would *not* generate further destabilisation of the economy, but rather stabilisation through deepening cartelisation. The subsequent shake-out of the smaller producers would permit the finance capital cartel to increase the level of industrial concentration and survive the broader downturn.

Hilferding even expressed faith that the centralisation and concentration process would result in an ‘increasingly dense network of relations between the banks and industry... [which] would finally result in a single bank or a group of banks establishing control over the entire money capital. Such a “central bank” would then exercise control over social production as a whole.’ Politically this was extremely important, for it justified seeking a route to socialism that entailed the socialisation of capitalist relations *via*

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9. Phimister 1992, pp. 11-15.

10. The excesses of financial speculation were more frequent and disruptive in Southern Africa, especially during the early 1920s. The South African history of finance and uneven development is told in Bond 2003, Chapter 12; the Zimbabwean story is found in Bond 1998, Bond and Manyanya 2003, and Phimister 1988.

*finance*. As Hilferding concluded, 'taking possession of six large Berlin banks would mean taking possession of the most important spheres of large scale industry, and would greatly facilitate the initial phases of socialist policy during the transition period, when capitalist accounting might still prove useful.'<sup>11</sup> Frankfurt School economist Henryk Grossmann offered scathing comment: 'Hilferding needed this construction of a "central bank" to ensure some painless, peaceful road to socialism, to his "regulated" economy.'<sup>12</sup> As German finance minister under difficult circumstances in the late 1920s, Hilferding failed in any such mission, yet as late as 1931 maintained the validity his thesis.<sup>13</sup>

Where did Hilferding go wrong in miscalculating the durability of finance capital power, and what are the implications for contemporary Africa? According to Suzanne de Brunhoff, Hilferding made a critical mistake that led him to dissociate money and the credit system, for 'money as an instrument of hoarding' was ignored, she complained: 'This dissociation has probably been one of the reasons for the overestimation of the role of finance capital.'<sup>14</sup> That overestimation was based on at least five other causes, which Hilferding should have recognised within the logic of his argument. First, uneven sectoral development (disproportionalities) between capital goods and consumer goods, upon which Hilferding grounded his crisis theory, heightened with the rise of finance, notwithstanding short-run amelioration provided by credit. Second, the same problems in the productive sector that led to falling profit rates also forced banks to look further afield, geographically and sectorally, in order to maintain lending and a healthy deposit base, which brings added risk. Third, rather than declining in importance, financial speculation tended to increase dramatically prior to the climax of a crisis. Fourth, Hilferding's argument that joint-stock companies were relatively immune from downturns was contradicted by his analysis of how vital credit was to the smooth operation of stock exchanges. Fifth, the combination of industry, commerce and banking increased temptations for insider lending and thus generated higher risk.

In sum, nearly all of Hilferding's previous analysis led to the logical conclusion that, contrary to finance capital hegemony during a crisis, banks

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11. Hilferding, 1981, pp. 180, 298, 368. Hilferding posited that several factors 'militating against a banking crisis' would combine with finance capital's increasing range to ensure that conditions of crisis could be ameliorated. Those factors included first, the ability of finance capital to manage and share risk effectively; second, the belief that a strong gold reserve and other state regulatory policies could shore up the creditworthiness of the system; third, a decline in the volume and importance of speculative activity (at the powerful urging of key institutions of finance capital); and fourth, the ability of production by joint-stock companies during a downturn to continue since such production need not realise an immediate return. Hilferding (1981, p. 291) concluded that it was 'sheer dogmatism to oppose the banks' penetration of industry... as a danger to the banks.'

12. Grossmann, 1992, p. 198.

13. Sweezy, 1968, p. 298.

14. de Brunhoff, 1976, p. xiv.

do indeed lose self-control, as well as control of outside entities and processes. Paul Sweezy observed, 'Hilferding mistakes a transitional phase of capitalist development for a lasting trend.' The transitional phase was one of recovery from the 1870s-1890s financial crises; but the crises would emerge again during the early 1930s and from the 1970s until the present.<sup>15</sup> As Grossmann concluded his 1929 book *The Law of Accumulation*, 'The historical tendency of capital is not the creation of a central bank which dominates the whole economy through a general cartel, but industrial concentration and growing accumulation of capital leading to the final breakdown due to overaccumulation.'<sup>16</sup>

Why is this important today, especially in considering African underdevelopment? If classical theories of imperialism were based on the finance capital thesis – adopted by Lenin, Kautsky, Bauer and Bukharin – and hence did not focus sufficiently on the *vulnerability* of financial circuits of capital, then they missed the intrinsic opportunities to combine these weaknesses of capital with the illegitimacy of the political form, colonialism. The anti-colonial struggle was insufficiently linked to analysis of the dynamics of accumulation, particularly in Third International politics. But there is an additional problem with earlier theories, namely that they lined up imperial processes behind the metropole-colonial relationship, which missed what Harvey stresses are the features of primitive accumulation that were continually reproduced through the North-South relationship.

Rosa Luxemburg had a different approach. Notwithstanding flaws in her analysis, Luxemburg observed in her book *Accumulation of Capital* the core contradiction of capitalism, namely 'the deep and fundamental antagonism between the capacity to consume and the capacity to produce in a capitalist society, a conflict resulting from the very accumulation of capital which periodically bursts out in crises and spurs capital on to a continual extension of the market.'<sup>17</sup> Her thesis regarding the power relationships responsible for global uneven development was straightforward. 'Capital cannot accumulate without the aid of non-capitalist organisations, nor, on the other hand, can it tolerate their continued existence side by side with itself. Only the continuous and progressive disintegration of non-capitalist organisations makes accumulation of capital possible,' she argued:

The relations between capitalism and the non-capitalist modes of production start making their appearance on the international stage. Its predominant methods are colonial policy, an international loan system – a policy of spheres of interest – and war. Force, fraud, oppression, looting are openly displayed without any attempt at concealment, and it requires an effort to discover within this tangle of political violence and contests of power the stern laws of the economic process.<sup>18</sup>

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15. Sweezy, 1968, p. 267.

16. Grossmann, 1992, p. 200.

17. Luxemburg 1968, p. 347.

18. Luxemburg 1968, pp. 396,452-453.

This description immediately alerts us to similarities between early 20th and early 21st century global unevenness. Today, the international stage offers views of a new colonial policy: 'disciplinary neoliberalism' in the form of the World Bank/IMF's Highly Indebted Poor Countries initiative and allegedly 'participatory' Poverty Reduction Strategy Papers; the homegrown neoliberalism of Thabo Mbeki's New Partnership for Africa's Development; the World Trade Organisation's extraordinary reach of private property rights into traditional sites of state sovereignty and biopower; innovations in donor aid that link 'good governance' (better termed 'low-intensity democracy') with liberalisation; and all the other means Washington and its allies deploy to maintain control, including military might.<sup>19</sup> Today, we can witness an international loan system that corresponds to spheres of interest writ large (not merely through banking relations along colonial-geographical lines, as before). Today, there are persistent, periodic wars, in Africa and around the world, that reflect the tensions associated with capitalist crisis, interimperialist rivalry, territorial defence against the devalorisation of capital, and various resulting forms of barbarism.

Drawing upon Luxemburg's insights into the interactions between capitalism and non-capitalist aspects of production and social reproduction, Harvey provides an explanation of how the permanent process of primitive accumulation evolves into the system of accumulation by dispossession, i.e., looting:

commodification and privatisation of land and the forceful expulsion of peasant populations; conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights; suppression of rights to the commons; commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neocolonial and imperial processes of appropriation of assets (including natural resources); monetisation of exchange and taxation (particularly of land); slave trade; and usury, the national debt and ultimately the credit system as radical means of primitive accumulation.<sup>20</sup>

We need continual reminding of earlier debates in the same spirit, prior to reviewing opportunities for resistance at the local, national, continental and global scales. For Luxemburg, as for many contemporary critics, capitalist crisis tendencies were translated into an aggressive, systematic geopolitical process, characterised by 'oppressive taxation, war, or squandering and monopolisation of the nation's land, and thus belongs to the spheres of political power and criminal law no less than with economics.'<sup>21</sup> But the

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19. Gill 2003.

20. Harvey 2003a, p. 74.

21. Luxemburg, *The Accumulation of Capital*, p. 370. Updates of the theme that capitalism

laws of economics still unfold according to the Marxist argument, as witnessed by historical evidence of financial ascendance during the accumulation cycle.

The existence of long-waves of capital accumulation is securely established, with global 'crises' – defined in Coxian terms as problems in a system's reproduction which cannot be self-corrected using the internal logic of the system, but instead require an external intervention<sup>22</sup> - occurring roughly from 1825-45, 1872-92, 1929-48, and 1973-present, during which time large-scale devalorisation (shakeouts of economic deadwood) transpired.<sup>23</sup> To be sure, precise measurement of these cycles of accumulation is difficult.<sup>24</sup> But at least one variable stands out, for our purposes: national financial overextension. In the 1820s, the 1870s and the 1930s, the periodic build-up of foreign sovereign debt ultimately required mass defaults, typically involving a third of all borrowing countries. Christian Suter explains the 'global debt cycle' by way of stages in the long-wave, beginning with technological innovation and utilising international product cycle theory. At the global scale, a three-stage process unfolds comparable to Hyman Minsky's financial instability hypothesis, through which credit moves over time from largely 'hedging' functions, to 'speculative' activities, to a 'Ponzi'-type (reverse pyramid) desperation stage in which borrowers contract new loans in order to cover repayment of interest on the old.<sup>25</sup> At the global scale, this entails, as Suter puts it, 'first, intense core capital exports and corresponding booms in credit raising activity of peripheries; second, the occurrence of debt service incapacity among peripheral countries; and third, the negotiation of debt settlement agreements between debtors and creditors.'<sup>26</sup> Those settlements, even in

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requires pre-capitalist 'articulations' are found in Seddon 1976 and Wolpe 1980; however, as Smith (1990, p. 156) argues, these are best considered a symptom of uneven development, not the cause.

22. Cox (1987, p. 269) argues that 'the economy must undergo some structural change in order to emerge from a crisis; in a cyclical downturn, the same structure contains the seeds of its own revival'.

23. Gordon 1980, Goldstein 1988.

24. Variables such as price series, profitability and production estimates are central to most studies, whereas ideally measures such as capital intensity (and the organic composition of capital), surplus value rates, the velocity of circulation of capital, the geographical expansion of capitalist relations, capacity utilisation and inventory build-up would be preferable for Marxist analysis.

25. See, e.g., Ferri and Minsky 1992.

26. Suter 1992, p. 41. At the upswing of a Kondratieff cycle, as basic technological innovations are introduced in a labour-intensive and unstandardised manner, both the demand for and supply of external financing are typically low, and in any case the residue of financial crisis in the previous long-cycle does not permit rapid expansion of credit or other financial assets into high-risk investments. As innovations gradually spread, however, peripheral geographical areas become more tightly integrated into the world economy, supported by international financial networks. As the power of innovation-led growth subsides, and as the consumer markets of the advanced capitalist countries become saturated, profit rates decline in the core. This pushes waves of financial capital into peripheral areas, where instead of achieving balanced accumulation and growth, low

the forms of default, are crucial to clearing away the deadwood so that accumulation can resume. As we see in Figure 1, below, the cycle has repeated itself four times since the 1830s, but with divergent results in the contemporary experience.

This is not merely a problem of national accounts; the entire financial system becomes the basis for managing overaccumulation. Most important in the process of displacing (not resolving) overaccumulation crisis is a set of countervailing tendencies that, according to Harvey, transcend Marx's absolute and relative surplus value: 'Absorption of capital (and labour) surpluses through temporal and geographic displacement played key roles in the history of crisis resolution.' For Harvey, credit serves a temporal displacement function - a so-called 'temporal fix' to overaccumulation - since finance not only speeds the turnover time of capital, as Marx observed, but also sends surplus capital into 'the production of goods that have long term future uses in production or consumption'. This helps to displace crisis in the short-term, but exacerbates the overaccumulation problem down the road.<sup>27</sup>

There is also a 'spatial fix' to overaccumulation: in serving a geographical displacement function in the form of foreign lending, finance can send 'surplus money to another country to buy up surplus commodities'. This amounts to a short-term solution to overaccumulation which comes back to haunt lenders in advanced capitalist countries: in order to pay off the debt, the borrower must cut imports from, and increase exports to, those very countries. In sum, the tensions and contradictions in value production and realisation can only be resolved, says Harvey, 'at the price of internalising the contradictions within itself. Massive concentration of financial power, accompanied by the machinations of finance capital, can as easily destabilise as stabilise capitalism.' Harvey thus highlights the constraints on the power of finance imposed by the full logic of the accumulation process, and finance capital is therefore seen not as a 'merger' of banking and other fractions of capital, but far more usefully in terms of 'the countervailing forces that simultaneously create and undermine the formation of coherent power blocs within the bourgeoisie'.<sup>28</sup> How have those power blocs formed in response to capitalist crisis in the contemporary world, and how do they affect Africa?

### **Contemporary imperial financial relations**

In sometimes contested, but broadly consistent, surveys of global political economy, a half-dozen leading Marxist political economists have provided conceptual underpinnings and updated empirical accounts of sustained

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returns on investment plus a variety of other political and economic constraints inexorably lead to sovereign default.

27. Harvey 1999, p. 285; Harvey 1985, p. 345.

28. Harvey 1982, pp. vi, 283.

crisis tendencies in global capitalism's core regions.<sup>29</sup> In spite of the Bush regime's hubris over an apparent economic recovery (and profitability surge), Robert Brenner, for example, warned in early 2004:

Should the dollar continue to fall, US equity and bond values will come directly under stress and inflation will increase... Indeed, given that the rest of the world owns \$7.61 trillion worth of US assets – 40% of the US government's tradeable debt, 26% of US corporate bonds, and 13% of US equities - a significant decline of the dollar has the potential to set off a rush to offload these, unleashing a violent downward spiral of currency and asset prices. Can an economy move forward by way of the expansion of service and financial sectors catering to consumption, when key goods-producing sectors remain weighed down by over-capacity and reduced profitability, when overseas producers are grabbing ever-greater shares of the US goods market, when exports are falling ever further behind imports with no hope of closing the gap at current exchange rates, and when the US depends upon the largesse of East Asian governments to cover its international obligations?<sup>30</sup>

This balancing act is not just a mid-2000s conjuncture, but follows logically from three decades of lower GDP growth (indeed, negative per capita GDP if we factor in pollution and exhaustion of non-renewable resources), untenable financialisation and periodic financial collapses, frantic outsourcing of production across the world and hyperactive trade, the emergence of system-threatening ecological problems, soaring inequality, and the near-universal lowering of both labour's remuneration and the social wage, all associated with the neoliberal project during a period of persistent capitalist overaccumulation.

What have been the implications of global overaccumulation crisis for Africa? Much of the damage since the 1980s can be traced to the liberalisation of trade and finance that, in turn, cheapened the continent's products for northern consumption. Giovanni Arrighi criticises African elites' self-destructive hedonism,

not just in fostering conspicuous consumption but also, and especially, in assuming levels of foreign indebtedness that magnified the region's vulnerability to the change of systemic weather. In this respect, the [1980] Lagos Plan of Action's call for collective self-reliance was right on target. Unfortunately it came too late and, worse still, led to no action at all. Second, once the change had occurred, it would probably have been less damaging to default on the foreign debt than to reschedule it under the conditions dictated by the World Bank. In the

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29. Biel 2000, Brenner 2003, Foster 2002, Harvey 2003b, Pollin 2003, Wood 2003. Earlier studies describing the onset of crisis during the 1970s include Clarke 1988, pp. 279-360; Harvey 1989, pp. 180-197; and Mandel 1989, pp. 30-58.

30. Brenner 2004, pp. 99-100.

short-run, the collapse would have been more severe; but the negative long-term effects of the 'good policies' imposed by the agencies of the Washington Consensus would have been avoided.<sup>31</sup>

The negative effects of neoliberal policies such as trade liberalisation were indeed debilitating. John Saul and Colin Leys show how Africa's 'takeoff into manufacturing for internal consumption is blocked by an inability to compete with imports and by tiny domestic markets; meanwhile collapsing infrastructures, political risk, and poorly trained workforces tend to make manufacturing for export uncompetitive, even at very low wages.'<sup>32</sup> SubSaharan African manufactured products fell steadily from 18% of GDP in 1970 to 15% by 2000, while gross capital formation crashed from a peak of 25% of GDP in 1980 to just 15-18% during the subsequent two decades (compared to China's steady 35-40% over the same period). Michael Barrett Brown identifies several structural factors that hamper African exporters: 'The value added in making up manufactured goods has been greatly increased compared with the raw material required; synthetics continue to replace natural products in textiles, shoes and rubber goods; and the elasticity of demand for agricultural products (the proportion of extra incomes spent on food and beverages) has been steadily falling.' While some prices have risen in recent years - oil, rubber and copper, thanks to Chinese demand - exports that many countries rely upon continue to stagnate or fall. The United Nations Conference on Trade and Development confirms that from 1980 to 2000, cotton prices fell by 47%, coffee by 64%, cocoa by 71% and sugar by 77%. Africa's agricultural exports were down from \$15 billion in 1987 to \$13 billion in 2000, although oil exports rose from \$18 billion to \$28 billion over the same period (benefiting only the mainly corrupt elites of Angola, Cameroon, Congo, Gabon and Nigeria).<sup>33</sup> In historical terms, the prices of primary commodities (other than fuels) have risen and fallen according to the deeper long-wave rhythm identified above. Exporters of primary commodities have fared particularly badly when financiers have been most powerful. The cycle typically includes falling commodity prices, rising foreign debt, dramatic increases in interest rates, a desperate intensification of exports which lowers prices yet further, and bankruptcy. From around 1973, this process impoverished the non-industrialised Third World, especially Africa, albeit with occasional, erratic exceptions in oil-producing regions.

Finally, the other source of financial account outflows from Africa that must be reversed is illegitimate capital flight, ranging from liquid flows to transfer pricing. James Boyce and Léonce Ndikumana argue that a core group of SubSaharan African countries whose foreign debt was \$178 billion lost more than \$285 billion (including imputed interest earnings) because of

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31. Arrighi 2002, p. 9.

32. Saul and Leys 1999.

33. Barrett-Brown 2004.

elite repatriation of assets.<sup>34</sup> By 2004, an estimated 37% of African citizen's investments (cash and assets) were located offshore, according to the World Bank.<sup>35</sup> Outflows via multinational corporate investment also remain a major problem, though statistics are hard to come by. Foreign direct investment in SubSaharan Africa during the neoliberal era has mainly been channelled into extractive minerals and oil, with Nigeria and Angola predominating (thus unveiling the negative relationship between 'good government' and foreign investors, contrary to neoliberal rhetoric).<sup>36</sup> Transfer pricing via these investments occurs when companies cheat Third World countries on tax revenues, by artificially inflating their imported input prices so as to claim lower net income. It is only possible to guess the vast scale of the problem on the basis of case studies. For instance, the Oxford Institute of Energy Studies estimated that in 1994, 14% of the total value of exported oil 'was not accounted for in national trade figures as a result of various forms of transfer pricing and smuggling'.<sup>37</sup> And in a 1999 United Nations Conference on Trade and Development (UNCTAD) survey, 84% of Third World countries 'estimated that the affiliates they hosted shifted income to their parent companies to avoid tax liabilities and 61% thought that their own TNCs were engaging in income shifting'.<sup>38</sup>

Probably the most persistent African applied intellectual critic of these processes of corporate accumulation by dispossession, Yash Tandon of the Southern and Eastern African Trade, Information and Networking Initiative in Harare, includes a longer list of surplus extraction processes that are not well understood by UNCTAD and other mainstream researchers. They include patent and copyright fees on technology agreements which are, according to Tandon,

often arbitrarily determined in terms of intra-enterprise agreements between affiliates of TNCs operating in developing countries... management and consultancy fees [through 'aid' contracts];... loss of export revenue on account of protectionism in industrialised countries amounting to \$35 billion for the developing countries annually (\$24 billion due to the Multifibre Agreement, \$5 billion due to primary goods and \$6 billion due to other goods)... loss of revenue on account of blockage on the free movement of people [which Tandon and the

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34. Boyce and Ndikumana 2000.

35. *Zambia Post*, 24 June 2004.

36. The only other substantive foreign investment flows were to South Africa for the partial privatisation of telecommunications in 1997, and for the 1994-2001 expansion of automotive-sector branch plant activity within global assembly lines (capital-intensive investments which led to substantial auto sector job losses). Even these marginal foreign stakes were by far offset by South Africa's own outflows of direct investment, in the forms of relocation of the largest corporations' financial headquarters to London, not to mention the repatriation of dividends/profits and payments of patent/royalty fees to transnational corporations.

37. Cockroft 2001, p. 5.

38. UNCTAD 1999, p. 167.

UNDP estimate at \$25 billion annually during the 1980s]... and loss of capital through biopiracy... According to Vandana Shiva, wild seed varieties have contributed some \$66 billion annually to the US economy.'<sup>39</sup>

How is this system reproduced? A tight web of interrelated, overlapping economic, political, cultural and even military forces exists to permit and promote such high levels of accumulation by dispossession from Africa. I will focus on only two elements: neoconservative Washington's attempt to establish military capabilities in the main hot-spots where risk-based profitability is of concern; and neoliberal Washington's use of contemporary compradorism, especially through South African elites who play a subimperial role, lubricating the commodification of life, particularly through the financial markets.

For guidance, Leo Panitch and Sam Gindin have conducted rigorous studies of the power and centrality of Washington to contemporary neoliberal imperialism, in the form of either/both the neoconservative military-industrial complex in the Bush White House and Pentagon, or/and the Washington Consensus nexus of the US Treasury, Bretton Woods Institutions and Wall Street.<sup>40</sup> Panitch and Gindin simultaneously reject crisis-based theorisations of imperialism (as well as those that hark back to early 20th century debates), leading Greg Albo to observe a fundamental 'opposition between these alternative interpretations... The persistent underlying contradictions of the world capitalist economy, and the US role in these contradictions, continue to be taken as signs of either the terminal decline of US power, or its opposite.'<sup>41</sup> It appears very much an update of the Hilferding/Grossmann dichotomy.

What do conditions in Africa tell us about this debate, particularly looking from the vantagepoint of subimperial South Africa? Nelson Mandela offered one justification for our contemplation of the imperial trajectory of yesteryear, during an August 2003 talk to business and social elites at Rhodes House in Cape Town, where he launched the Mandela-Rhodes Trust: 'I am sure that Cecil John Rhodes would have given his approval to this effort to make the South African economy of the early 21st century appropriate and fit for its time.'<sup>42</sup> Rhodes' approval would have recognised the explicitly financial stranglehold that Northern governments, multilateral agencies, international banks and corporations maintain on Africa, during a period which combined global financial volatility and geopolitical arrogance, both emanating from London. However, there are also hints of resistance here, which add a dimension to the debate over financial power and vulnerability not often considered in political economy.

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39. <http://www.globalpolicy.org/socecon/develop/devthry/well-being/2000/tandon.htm>

40. Panitch and Gindin 2003.

41. Albo 2003, p. 90.

42. *Sowetan*, 26 August 2003.

## **African challenges to financial imperialism and subimperialism**

The most important recent challenge to a classical Marxist reading of finance, imperialism and subimperialism – as I've sought to provide above – comes from Panitch and Gindin, who argue that the current conjuncture cannot be compared to the earlier period:

Although traditional Marxist theories of crises provide some valid insights into the nature of these discontinuities, they are ultimately limited in what they explain. Their inadequacy stems from a tendency to fetishise crises in the sense of abstracting them from history, seeing markets and market-related institutions in static terms, and ignoring or inadequately integrating the role of classes and states into their analysis. The particular salience of crises cannot be understood apart from their historical specificity.<sup>43</sup>

Certainly the present conjuncture is different than earlier epochs of imperial expansion insofar as the hegemon is not presently exporting its overaccumulated capital, but on the contrary is drawing in \$2 billion per day of global savings in order to cover balance of payments and state budget deficits. However, this does not appear tenable over the medium term, as the imminent threat of a run on the dollar begins to force interest rates higher (possibly bursting the real estate bubble) and makes ever more difficult the unprecedented debt servicing obligations of the state, firms and consumers. Still, Panitch and Gindin insist that Washington now boasts highly capable managers of financial panics who can control 'the depth, duration and contagion' of crises within national boundaries, hence reconciling the 'combination of capitalist volatility and capitalist durability':

The global spread of capitalism could not be sustained without new mechanisms to manage risk. The development of markets that commodify risk was a response to this. It is clear enough that such markets include morally-repulsive speculation, appalling waste, and conspicuous inequalities, and that they have also added new risks, but that doesn't erase their importance to capitalist development (their very necessity within capitalism is a reason to question the rationality of capitalism as a social system). The development of financial structures increases volatility while it contributes to capitalist dynamism (which often works its way through crises) and supports the durability of the system ... The deepening of financial markets plays a directly imperial role. It has made it possible for the American economy to attract global savings that would otherwise be inaccessible without global markets.<sup>44</sup>

It is worth stressing, however, that as in the earlier epoch described by

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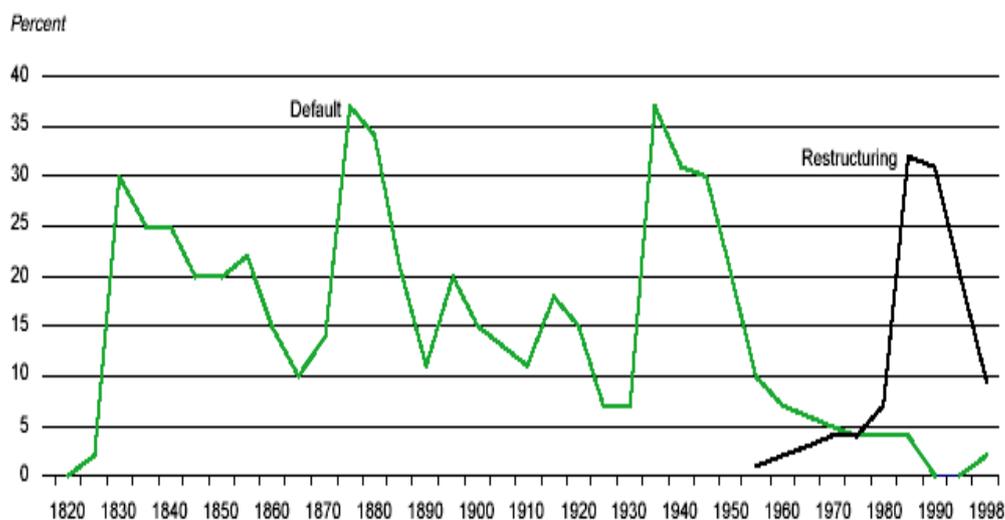
43. Panitch and Gindin 2004, pp. 40-41.

44. Panitch and Gindin 2004, pp. 37-38.

theorists of imperialism, the West's imperial capacity is reproduced through subimperial processes, including the New Partnership for Africa's Development and a variety of other mechanisms that promote accumulation by dispossession, not least through financial surplus extraction. Trevor Manuel, for example, has been a stalwart of Washington in legitimising the most important mechanism for risk abatement under renewed financial imperialism: the redefinition of the Bretton Woods Institutions' functions. It is here too that we can identify important moments of resistance.

Most importantly, the taxpayer-financed Bretton Woods Institutions socialised commercial bank losses and privatised profits through an unending series of bank bailouts beginning with Mexico in 1982, following the Volcker 1979-80 interest rate shock that catalysed the Third World debt crisis.<sup>45</sup> Instead of merely providing balance of payments support (the IMF) or longer-term project investments (the World Bank), as was the case from the late 1940s-late 1970s, both institutions converged in their lending strategies in order to simultaneously restructure unmanageable debt loads and restructure socio-economic relations through the imposition of Washington Consensus policies. As noted above, these institutions' financial and ideological grips are crucial to the 'directly imperial role' that the West plays in Africa, in a manner that did not exist in the earlier period, which was characterised by financial loosening during crisis, including defaults by a third of the debtor countries (Figure 1).

**Figure 1: The long-term record of sovereign bankruptcy: Percentage of countries in default, 1820-1999**



45. Other 'risk management mechanisms' such as securitisation systems and hedge funds, as Panitch and Gindin refer to, came later, were themselves in periodic need of bailout (most spectacularly, Long Term Capital Management in 1998), and contributed to the sense that imperialist financial-crisis displacement is merely a system of legalised 'moral hazard'.

Source: World Bank<sup>46</sup>

African elite legitimization of the Bretton Woods Institutions continues today, even where countries as diverse as Nigeria and Zimbabwe (not to mention numerous 'failed states') have recently defaulted on major debt repayment obligations. Keeping these countries 'in line' on debt is important within the context of Mbeki's New Partnership for Africa's Development, which promises to 'support existing poverty reduction initiatives at the multilateral level, such as the Comprehensive Development Framework of the World Bank and the Poverty Reduction Strategy (PRSP) approach linked to the HIPC debt relief initiative.'<sup>47</sup> (Not for nothing was the Partnership documented labelled 'philosophically spot on' by the Bush regime's leading Africa official in 2003.)<sup>48</sup>

In contrast, African chapters of the Jubilee debt-cancellation movement have unequivocally opposed these. Jubilee South's May 2001 'Pan-African Declaration on Poverty Reduction Strategy Programmes' criticised 'structural adjustment programmes in their various guises, particularly as based on the feminisation of adjustment to the further detriment of women and children.' Given that 'the World Bank and IMF are facing a deepening crisis of legitimacy', the two institutions 'introduced PRSPs mainly as a public relations exercise to demonstrate a supposedly new-found concern for the poverty in the poorest countries of the South, and to prove that they have a genuine desire to see the people of these countries "participating" in finding solutions to their poverty'.<sup>49</sup>

A telling incident in mid-2002 illustrated the responsibility that the South African government has taken on, via the New Partnership for Africa's Development, to police the financial mechanisms of imperialism. A Cabinet meeting in Pretoria concluded with this statement: 'The meeting noted the provision by South Africa of a bridge loan to the Democratic Republic of the Congo of Special Drawing Rights (SDR) 75 million. This will help clear the DRC's overdue obligations with the IMF and allow that country to draw resources under the IMF Poverty Reduction and Growth Facility.'<sup>50</sup> Thus was the earlier generation of IMF loans made to Mobutu Sese Seko, riven with corruption and capital flight to European banks, codified by Pretoria. The people of the DRC were previously victims of South Africa's apartheid-era allegiance with Mobutu, an arrangement that especially suited the ecology-destroying mineral extraction corporations headquartered in Johannesburg. The people's struggle against oppression had initially spawned another ruler in 1996, Laurent Kabila, who unfortunately refused democracy and later fell to an assassin's bullet. Thanks to his unelected son Joseph's connections in Pretoria's Union Buildings and finance ministry, the

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46. World Bank 2000, Appendix G.

47. New Partnership for Africa's Development 2001, paragraph 118.

48. Walter Kansteiner, cited in Gopinath 2003.

49. <http://www.jubileesouth.net>

50. South African Government Communications and Information Service 2002, p. 1.

old odious Mobuto loans would not be repudiated but instead be honoured, and serviced with the new credits, and IMF staff would be allowed back into Kinshasa with their own new loans, and with neoliberal conditionalities again applied to the old victims of Mobuto's fierce rule.<sup>51</sup> These elite linkages, the protective Washington gear and Mbeki's capacity for reproducing neoliberalism in such hostile conditions were, together, at least temporarily effective.

Similarly, South Africa's black victims of apartheid were repeatedly attacked by Pretoria during their ongoing pursuit of reparations for an earlier generation of odious bank loans and corporate investments. The call for reparations harks back to the campaign for financial sanctions against apartheid-era South Africa, spearheaded by the African National Congress but promoted strongly in the US during the mid-1960s by Martin Luther King and Students for a Democratic Society, the 1970s by community activists, and early 1980s by Ralph Nader and a new generation of anti-apartheid campaigners. In 1966, the United Nations General Assembly passed a resolution against loans destined for the minority rulers of South Africa. The World Bank replied that 'the Bank's articles provide that the Bank and its officers shall not interfere in the political affairs of any member and that they shall not be influenced in their decisions by the political character of the member or members concerned.'<sup>52</sup> The following apolitical activity was observed during apartheid:

- the Bank's US\$100 million in loans to the parastatal electricity company Eskom from 1951-67 that gave only white people electric power, but for which all South Africans paid the bill, as well as US\$100 million more for railways;
- IMF apartheid-supporting loans of more than \$2 billion between the Soweto uprising in 1976 and 1983, when the US Congress finally prohibited lending to Pretoria;
- a Bank loan for Lesotho dams which were widely acknowledged to 'sanctions-bust' apartheid South Africa in 1986, via a secret London trust fund; and
- IMF advice to Pretoria in 1991 to impose the regressive Value Added Tax, in opposition to which 3.5 million people went on a two-day stayaway.<sup>53</sup>

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51. The same day's Cabinet announcement from Pretoria also revealed that South Africans would generously fund the World Bank's main lending subsidiary for impoverished African countries, on behalf of a special constituency: 'Cabinet approved South Africa's contribution to the replenishment of the resources of the [Bank-subsiary] International Development Association, to the tune of R83 million. This amount, which would be drawn down over a nine-year period, would benefit our private sector, which would be eligible to bid for contracts financed from these resources.'

52. Cited in Darrow 2003, p. 151.

53. Bond 2003, Chapter Three.

Reparations from apartheid's financiers were surely in order. Activists from Jubilee South Africa and other church and apartheid-victims groups were frustrated by the failure of the September 2001 World Conference Against Racism - the single most appropriate international forum - to advance their agenda. The conference was so tightly controlled by Mbeki that a reparations endorsement, supported by the rulers of Nigeria and Zambia, amongst others, was simply not permitted in the final resolution. The activists turned to the US and Swiss courts, following the model set against Swiss and German bankers and corporations which violated human (and property) rights during the Nazi era. Civil cases for billions of dollars in damages were filed on behalf of apartheid victims against large multinational corporations which profited from South African investments and loans. The fear engendered was so great that the Bush regime and corporate lobbies pleaded with US courts, initially unsuccessfully, to nullify an interpretation of the Alien Tort Claims Act that made the apartheid-reparations suits possible.<sup>54</sup>

Mbeki had first responded to the reparations campaign with 'neither support nor condemnation.' However, in April 2003, in the wake of the Truth and Reconciliation Commission's final report, recommending a reparations payment by businesses which benefited from apartheid, he changed tack. It was suddenly 'completely unacceptable that matters that are central to the future of our country should be adjudicated in foreign courts which bear no responsibility for the well-being of our country and the observance of the perspective contained in our constitution of the promotion of national reconciliation.' The president expressed 'the desire to involve all South Africans, including corporate citizens, in a cooperative and voluntary partnership' - not reflecting on the numerous attempts by the Jubilee SA, the Apartheid Reparations Task Force and Cape Town's Anglican archbishop Njongonkulu Ndungane for several years prior to filing the lawsuits.<sup>55</sup> In July 2003, Mbeki and Maduna then explicitly defended international lenders and corporations against two major reparations proceedings in the US courts, arguing in a nine-page brief that by 'permitting the litigation', the New York judge would discourage 'much-needed foreign investment and delay the achievement of the government's goals. Indeed, the litigation could have a destabilising effect on the South African economy as investment is not only a driver of growth, but also of unemployment.'<sup>56</sup> Former Archbishop Desmond Tutu and Columbia University economist Joseph Stiglitz filed friend of the court briefs with the activists, but Mandela also took the opportunity provided by the

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54. *Business Day*, 17 June 2003. In June 2004, the Supreme Court confirmed the applicability of the Act to such cases, although it also warned courts to bear in mind U.S. foreign policy objectives.

55. For coverage, see, e.g., *Financial Times*, 19 May 2003.

56. *Sunday Independent*, 25 July 2003.

Mandela-Rhodes Trust launch in August 2003 to publicly criticise the reparations struggle.<sup>57</sup>

The lesson from the experience was simple: it would be impossible to seek allies in the fight for global justice amongst the nationalist leadership of South Africa, no matter the Pretoria politicians' occasional anti-imperialist rhetoric. Instead, alliances against financial power would have to be forged amongst Third World social movements themselves, unhindered by distractions from those Washington/London NGOs and labour movements which typically sought mere reform, not abolition, of the International Financial Institutions (IFIs). In April 2004, a new network of impressive mass-based social movements<sup>58</sup> and radical NGOs<sup>59</sup> called 'Adios IFIs!' emerged, with exemplary 'unifying principles' that included the following:

We believe in dismantling the IFIs, since we believe them to be fundamentally incapable of transforming into just institutions.

We believe in decommodification, in opposition to the neoliberal trend of privatising all common property.

We believe that IFIs reinforce patriarchy and the oppression of women.

We believe that IFIs reinforce a racist system of global apartheid, including the oppression of indigenous communities.

We believe in the free global movement of people.

We believe in the deglobalisation of capital.

We believe in cross-territorial work, crossing national, regional, and continental boundaries, and boundaries between issues (such as women, agriculture, indigenous peoples, public health, etc.)

We believe in global South leadership.

We believe in strengthening popular social movements.

We believe in linking global struggles against IFIs with local struggles around land, food, water, etc. ('global-local linkage').

Are there concrete ways to take these principles into battle against the IFIs? One anti-imperialist financial tactic based on the strategy of defunding the World Bank was introduced four years earlier: the World Bank Bonds Boycott. Catalysed by Jubilee South Africa, Brazil's Movement of Landless Workers, and numerous other Third World activist groups, Bonds Boycott

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57. *Sowetan*, 26 August 2003.

58. Social movement attendees at the founding conference (25-26 April 2004) included Association of Communities Organizing for Reform Now, US; CEIBA, Guatemala; Citizens Network for Essential Services, US; CODDEFFAGOLF, Honduras; COPINH, Honduras; Council of Canadians; Freedom from Debt Coalition, Philippines; Jubilee South, Philippines; Jubilee South Africa; MPNKP, Haiti; Narmada Bachao Andolan, India; Halifax Initiative Coalition, Canada; and Soweto Electricity Crisis Committee, South Africa.

59. These included Center for Economic and Policy Research, US; Center for Economic Justice, US; CEJ Southern Africa, South Africa; CIEPAC, Mexico; Development Gap/SAPRIN, US; Focus on the Global South, Thailand/India; Institute for Global Networking, Information and Studies, Norway; Public Citizen, US; and Rocky Mountain Peace and Justice Center, US.

activists posed this simple question that harked back to anti-apartheid disinvestment campaigning: is it ethical for socially-conscious people to invest in the Bank by buying its bonds, responsible for 80% of the institution's resources, hence drawing out dividends which represent the fruits of enormous suffering? Within a few years, the world's largest pension fund, TIAA-CREF, had sold its bonds under activist pressure, and an impressive array of investment funds committed never to buy another Bank bond again.<sup>60</sup> In addition, preparations were underway for campaigns to oppose recapitalisation of the IFIs. Another front was neoliberal knowledge reproduction via the IFIs, especially the World Bank's 'Knowledge Bank' role, which would also be subject to a campaign of intellectual delegitimation in coming years.

In these and many other ways, African activists are contributing to resistance against financial imperialism, South African subimperialism, and the compradorisation process. Their simultaneous, overlapping, interlinking efforts are bringing together some of the most advanced leftist mass movements across the world. What I believe they are doing, through praxis, is updating the classical theories of imperialism, but not based upon the finance capital thesis of overwhelming power. They have, instead, begun to focus systematically upon the *vulnerability* of financial circuits of capital, and are taking advantage of opportunities to combine their attacks against these weaknesses of capital with critiques of the illegitimacy of the political form, U.S.-led empire.

How far they go in part depends upon how far comrades in the advanced capitalist financial centres recognise the merits of their analysis, strategy and tactics – and offer the solidarity that African and other Third World activists can repay many times over, once the financial boot is lifted from their countries' necks and they gain the space to win their lasting, emancipatory objectives.

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60. <http://www.worldbankboycott.org> Organisations that have endorsed the boycott included major religious orders (the Conference of Major Superiors of Men, Pax Christi USA, the Unitarian Universalist General Assembly, and dozens of others); the most important social responsibility funds (Calvert Group, Global Greengrants Fund, Ben and Jerry's Foundation, and Trillium Assets Management); the University of New Mexico endowment fund; US cities (including San Francisco, Milwaukee, Boulder and Cambridge); and major trade union pension/investment funds (e.g., Teamsters, Postal Workers, Service Employees Int'l, American Federation of Government Employees, Longshoremens, Communication Workers of America, United Electrical Workers).

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# The ANC's 'left turn' and South African subimperialism: Ideology, geopolitics and capital accumulation

## Introduction

The South African government is widely considered to play a progressive role in world and African politics, and expectations rose after the 2004 election that Pretoria would join a global backlash against neoliberalism. However, Africanists and African social justice activists should consider such claims with caution, in view of contrary evidence during the first half of 2004. The radical rhetoric often emanating from Pretoria hardly disguises the post-apartheid record of integrationist strategies. Those ongoing strategies, such as the New Partnership for Africa's Development, include 'normalised' bilateral military relations with the US Pentagon and geopolitical alliances with Washington across Africa; further trade liberalisation; increasing legitimisation of Western financial power; lubrication of transnational capital in Africa; and opposition to reparations for the West's apartheid-era profits. While some academic commentators have not yet grasped the essence of the problem, activists in the African Social Forum networks have, and periodically demand alternative strategies. Their vision is grounded in social justice and international solidarity; Pretoria's appears to be merely subimperialist.

Reviews of South Africa's 'ambiguous' foreign policy emerged from respected scholars during 2004, in part based upon a presumption, as Chris Alden and Garth le Pere argued in these pages, of Pretoria's 'loftier aims to play a key role in reshaping current international norms, institutions and process to further global justice for Africa and the South.'<sup>1</sup> This is an important claim to consider, especially during an alleged move leftwards by the ruling African National Congress (ANC), in geopolitical, ideological and economic terms. In June 2004, according to *Business Day* newspaper, 'President Thabo Mbeki set the seal yesterday on a decisive broad policy shift to the left for his final term in office, lashing out at what he called the "new conservatism" sweeping the world, which enshrined the individual and denigrated the state in a way which could never bring a better life for SA's millions.'<sup>2</sup> The 'full-frontal attack on free-market economics' was interpreted by *The Economist* in these terms:

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1 Alden, Chris and Garth le Pere (2004), 'South Africa's Post-apartheid Foreign Policy: From Reconciliation to Ambiguity?', *Review of African Political Economy*, 100, pp.104,106. In the same spirit, see Sidiropoulos, Elizabeth (Ed)(2004), *Apartheid Past, Renaissance Future: South Africa's Foreign Policy 1994-2004*, Johannesburg: South African Institute of International Affairs. For more skeptical views, see Nel, Philip and Janis van der Westhuizen (Eds)(2004), *Democratizing Foreign Policy? Lessons from South Africa*, Lanham, MD: Lexington Books.

2 Hartley, Wyndham and Peter Bruce (2004), 'Mbeki signals Policy Shift to the Left with fiery Defence of State', *Business Day*, 24 June.

Since attaining power, Mbeki has governed in a reasonably market-friendly manner. But he has recently started to veer back to the left, in word if not yet in deed... Two years ago he fought trade unionists and communists, who are formally allied with the ruling party, the African National Congress, when they threatened to strike against privatisation. He beat them down, but he fears they may bounce back.<sup>3</sup>

Hence, it is fair to ask, does 'talking left' correspond with 'veering back to the left', or on the contrary, to Pretoria's post-1994 'walking right', i.e., words without deeds? We must ask this not only about domestic politics, but also pose the question at regional and international scales. For example, SA deputy foreign minister Sue van der Merwe opened the August 2004 Non-Aligned Movement ministerial conference in Durban with this anti-imperialist argument:

There is a growing tendency on the part of countries of the North to mount global 'campaigns' against threats that are perceived and defined in the North but allegedly originate or are based in the countries of the South. This is done without the prior acknowledgement of the contributions of developing countries to both the definition and also the condemnation of these threats. These unilateral actions, disregarding the centrality of the United Nations Charter and international law, have become the flagrant response. This tendency is further exacerbated by the re-emergence of a type of state behaviour reminiscent of the colonial era, with the emphasis on greater interference in domestic affairs of states in the developing world... The re-writing of the rule-book that at present condemns the majority of the world's people to perpetual economic and social marginalisation and rewards the minority with infinite wealth is at the heart of the endeavours of this Movement. Fundamental among our concerns are the current processes of globalisation and liberalisation that in effect create a wider gap between the rich and the poor of the world.<sup>4</sup>

What, indeed, is Pretoria's contemporary relationship to the US-led empire, in the wake of institutional and racial linkages that wedded the apartheid regime to Western interests and 'anti-communist' campaigning during most of the 20th century? If one treats the problem of imperialism in broader terms, based upon dynamics within the global mode of production, a clearer picture emerges, linking the era of apartheid to post-apartheid political economy. It is his apparent willingness to do so, as recorded in mid-2004 official statements, that makes Mbeki and his colleagues so compelling to *Review of African Political Economy* readers.

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<sup>3</sup> *The Economist* (2004), 'South Africa's Economy: Tack to the Left,' 1 July.

<sup>4</sup> Van der Merwe, Sue (2004), 'Challenges for Multilateralism in the 21st Century,' Opening Statement at the Senior Officials Meeting of the 14th Ministerial Conference of the Non-Aligned Movement Durban, 17 August.

However, after reviewing the new rhetoric, we must consider several fields where ongoing controversies - in arms dealing, trade, finance, regional investment and reparations - exhibit a relatively durable, not shifting, set of policies and practices. I conclude that notwithstanding vocal radical-nationalism on the ideological front, these fit the overall function of 'deputy sheriff' in geopolitical terms, in the context of a subimperial orientation with respect to capital accumulation. The 'left turn' advertised is, hence, a distraction from the underlying problems that African anti-imperialist activists - e.g. in the African Social Forum, Jubilee Africa or the Africa Trade Network - will face when confronting Pretoria's agenda.

### **Spinning left...**

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

There is a continuing and urgent need for Africa's historians, sociologists and others to assess and write about the long-term impact of these three historical phenomena on Africa: slavery, colonialism and racism. There are some in our country and the rest of the world who demand that we should view and treat these phenomena merely as a matter of historical record, with no relevance to our contemporary struggles for Africa's rebirth. In part, this is driven by the determination to compel the victims of gross injustice to forget the harm that was done to them, inducing a collective African amnesia, the better to be able to persuade the victims to blame themselves for their wretchedness. We see this clearly in our own country, where some insist that apartheid is a thing of the past, and that all references to the continuing impact of that past constitute an attempt to 'play the race card.'<sup>5</sup>

Although this rhetoric is thoroughly contradicted by Pretoria's activities on the reparations front, as we shall observe below, Mbeki provided further indication of a renewed interest in radical development theory a week later, in seeking

to understand the extent of the success of the struggle of the African Americans to free themselves from poverty and underdevelopment, in a situation in which, principally, this challenge was and is being addressed through reliance on the market. In principle this should help to improve our own success in confronting our own challenge of poverty and

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<sup>5</sup> Mbeki, Thabo (2004), 'An African Parliament of Liberators', Letter from the President, ANC Today, 4, 27, 9 July.

underdevelopment, given that we are striving to overcome the legacy of 'colonialism of a special type'.<sup>6</sup>

The anti-market rhetoric was to some extent a reversion to an analysis learned within the exiled ANC and at the Lenin Institute in Moscow, and it deeply worried Peter Bruce, editor of *Business Day*: 'Has President Thabo Mbeki lost his mind? Has he lost his temper? His patience? Or has he just lost his faith?'<sup>7</sup> (Just a year earlier, in mid-2003, Bruce was more confident: 'The government is utterly seduced by big business, and cannot see beyond its immediate interests.')<sup>8</sup>

This conjuncture means that Mbeki's advice to intellectuals to consider 'the consequences of the colonial system on the birth and practice of neo-colonialism' should be taken seriously. After all, the colonial system's main consequence for Africa was the structuring of capitalist-noncapitalist relationships in a manner described so well by Rosa Luxemburg,<sup>9</sup> and updated eloquently as 'accumulation by dispossession' (David Harvey)<sup>10</sup> or more simply permanent 'primitive accumulation' (Michael Perelman).<sup>11</sup> While playing its subordinate role within world capitalism, hence, Africa cannot hope to 'develop' but instead remains caught in various trade, debt, investment, technology and cultural traps which correlate growing international economic integration to worsening inequality (as even World Bank staff have come to admit).<sup>12</sup>

Following from such analysis, the way forward from colonialism and neo-colonialism to a fairer world economy and better-balanced geopolitical system would not pass through Washington, London, Geneva, Brussels or the G8 meeting-ground resorts, which is where Mbeki and his two key allies - finance minister Trevor Manuel and trade/public enterprises minister Alec Erwin - have mainly chosen to promote reforms. Were Mbeki genuinely serious about challenging 'global apartheid' (his preferred term for imperialism), he would have addressed international power relations rather differently. The analysis, strategies, tactics and alliances adopted by Pretoria reveal a *subimperial* location in terms of both geopolitics and capital

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6 Mbeki, Thabo (2004), 'The Poor of this World Rich in Faith', Letter from the President, ANC Today, 4, 28, 16 July.

7 Bruce, Peter (2004), 'Mbeki Shifts to the Left', *Business Day*, 25 June.

8 Bruce, Peter (2003), 'SA Needs a Market Economy that Works for All People', *Business Day*, 4 June.

9 Luxemburg, Rosa (1968)[1923], *The Accumulation of Capital*, New York: Monthly Review Press.

10 David Harvey (2003), *The New Imperialism*, Oxford and New York: Oxford University Press.

11 Michael Perelman (2000), *The Invention of Capitalism: Classical Political Economy and the Secret History of Primitive Accumulation*, Durham: Duke University Press.

12 Milanovic, Branko (2002), 'Can we Discern the Effect of Globalisation on Income Distribution?, Evidence from Household Budget Surveys,' World Bank Policy Research Working Paper 2876, April.

accumulation, instead of an approach based upon Mbeki's counter-hegemonic rhetoric.

Consider a few hypothetical questions that transcend Mbeki's superficial rhetoric.<sup>13</sup> Instead of selling US\$250 million worth of arms to the Iraq War aggressors – the US and UK – and warmly welcoming George W. Bush a few weeks after his illegal occupation of Baghdad, what if Mbeki had taken the lead of former president Nelson Mandela and explicitly punished Bush with a snub, and strengthened anti-war resistance and even US/UK boycotts in venues like the Non-Aligned Movement and African Union?

Instead of rejecting reparations struggles to punish international financiers, corporations and the Bretton Woods Institutions for supporting apartheid, what if Mbeki and his colleagues had nurtured the anti-racism cause, for the sake of both repairing apartheid's racial and socio-economic damage and warning big capital off future relations with odious regimes?

Instead of battling the global justice movement and African trade officials from Seattle through Doha to Cancun, what if trade minister Erwin had tried uniting the continent and its allies behind a counterhegemonic trade agenda so as to meet popular needs, not those of global capital?

Instead of rejecting debt cancellation as a strategy, what if Manuel had joined the Jubilee movement, denounced bogus World Bank and IMF plans for crumbs of relief in the midst of amplified neoliberalism, and helped to organise a debtors' cartel?

Instead of a New Partnership for Africa's Development considered, simultaneously, 'philosophically spot-on' by the Bush regime and ridiculous by Zimbabweans, Swazis and many other Africans hoping for pro-democracy pressure, what if Pretoria had helped establish a bottom-up African programme for recovery based upon partnerships between Africans themselves?

Instead of exacerbating the World Summit on Sustainable Development's orientation to commodification, not to mention repressing legitimate dissent, what if the ANC leaders had tried to harmonise and genuinely implement the agendas of poverty-eradication and environment? And instead of promoting water commercialisation and large dams, what if South Africa helped establish sound principles of decommodification and

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13 The following cases are chapters from Bond, Patrick (2004), *Talk Left, Walk Right: South Africa's Frustrated Global Reforms*, Pietermaritzburg: University of KwaZulu-Natal Press. Updates prior to the April 2004 election can be found in (2004), 'South Africa tackles Global Apartheid: Is the Reform Strategy Working?', *South Atlantic Quarterly*, 103, 4, pp.819-841; (2004), 'US Empire and South African Subimperialism', in Leo Panitch and Colin Leys (Eds), *Socialist Register 2005: The Empire Reloaded*, London: Merlin and New York: Monthly Review Press, pp.125-144; (2004), 'Should the World Bank be 'Fixed' or 'Nixed'? Reformist Posturing and Popular Resistance', *Capitalism, Nature, Socialism*, 15, 2, pp.85-105; (2004), 'From Racial to Class Apartheid: South Africa's Frustrating Decade of Freedom', *Monthly Review*, 55, 10, pp.45-59; and (2004)[2000], *Elite Transition: From Apartheid to Neoliberalism in South Africa*, London: Pluto Press and Pietermaritzburg: University of KwaZulu-Natal Press.

respect for nature, both in water catchments at home and in international talk-shops?

As I have argued here and elsewhere,<sup>14</sup> the ideology adopted by Mbeki and his colleagues since liberation has been radical on the surface, but essentially integrationist-reformist in intent. This follows from classical modernisationist analysis, dressed up today in dualistic terms. Mbeki typically describes global apartheid, as well as post-apartheid South Africa, as having ‘two economies’ which do not interrelate; impoverishment in the second is caused by its ‘marginalisation’ from the first. This, in turn, justifies the New Partnership for Africa’s Development as a homegrown ‘Washington Consensus’ strategy for the continent’s deepening global integration, and at home, helps promote an enrichment-oriented version of ‘Black Economic Empowerment’ (BEE) via ownership charters that entail large gifts of shares to favoured investors, in the wake of first-generation BEE’s many debt-based failures.<sup>15</sup>

Unfortunately, the SA Communist Party has helped to give the integrationist analysis a progressive spin, as in this statement denying the idea the ANC suddenly shifted to the left (a site it has always occupied, according to this discourse), by general secretary Blade Nzimande:

The idea that there has been a dramatic ‘U-turn’ in policy comes mainly from those who, over the last decade, have attempted from the outside to put words into the mouths of senior ANC leaders. Liberals (and, indeed, various anti-ANC ultra-left groups) have portrayed government policies as uncomplicatedly ‘free market capitalism’.<sup>16</sup>

When Mbeki delivered his June 2004 budget speech in parliament, he used Will Hutton’s *The World We’re In* to contrast US-style neoliberalism with European social democracy, public services and social solidarity. As Mbeki put it,

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14 Ideological issues are taken up in greater depth in Bond, Patrick (2001), ‘South Africa’s Agenda in 21st Century Global Governance,’ *Review of African Political Economy*, 28, 89, pp.415-428; (2003), *Against Global Apartheid: South Africa meets the World Bank, IMF and International Finance*, London: Zed Books; (Ed)(2002), *Fanon’s Warning: A Civil Society Reader on the New Partnership for Africa’s Development*, Trenton: Africa World Press; and (2002), ‘The New Partnership for Africa’s Development: Social, Economic and Environmental Contradictions,’ *Capitalism, Nature, Socialism*, 13, 2, pp.151-180.

15 Class formation along these lines is proceeding apace. According to even Brett Kebble, the ANC’s closest white ally in the mining industry, ‘The old order has gone and co-opted a few little Uncle Toms, pasted them onto their boards and companies, promised them all kinds of power and ability to do things, given them a selective and very discreet deal-flow... Some of those people whom we have empowered have become part of an elite and developed amnesia. There is in this country, unfortunately, a self-proclaimed black royalty. Most of them couldn’t give a shit about liberation.’ (O’Toole, Sean (2004), ‘The Artful Mr Kebble,’ *Sunday Times*, 18 July.)

16 Nzimande, Blade (2004), ‘An ANC U-Turn, or the progressive consolidation of a majority left consensus?’, *Umsebenzi Online*, June.

There can be no doubt about where we stand with regard to this great divide. It is to pursue the goals contained in what Hutton calls the 'broad family of ideas that might be called left' that we seek to build the system of governance we indicated today and in previous Addresses. The obligations of the democratic state to the masses of our people do not allow that we should join those who 'celebrate individualism and denigrate the state'.<sup>17</sup>

For Nzimande,

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

### **...while moving right**

The reality is not only persistence in neoliberal policies, with two very minor exceptions: privatisation has only slowed not halted (mainly due to popular resistance and adverse market conditions), and the tight post-apartheid fiscal straightjacket has been loosened very slightly. In addition, the climate for debate between the centre-left ruling party and its Alliance partners - the SACP and Congress of South African Trade Unions (Cosatu) - on the one hand, and the independent left on the other, is still chilly. The latter still allege that the ANC adopted and continues to implement neoliberal macroeconomic and microdevelopment policies, as orthodox monetary policy is maintained, liberalisation of trade and finance proceeds apace, corporatisation of state enterprises speeds up,<sup>18</sup> and the ongoing attack by state service providers against low-income people continues.

To illustrate, in June 2004, Cosatu expressing confidence in minister of public enterprises Alec Erwin: 'We welcome the fact that the minister has, like the president, placed the issue of employment creation at the centre of the restructuring of the State-Owned Enterprises.' But by September, the only logical reply was or unions to threaten 'the worst strike in Spoornet's history if the railway company went ahead with plans to retrench 946 employees in the next two months,' in the immediate wake of parent parastatal firm Transnet's R6.3 billion pretax loss. According to Chris de

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<sup>17</sup> Mbeki, Thabo (2004), 'Budget Speech', Cape Town, 23 June.

<sup>18</sup> One of the highest-profile cases is transport. Transnet chief executive Dolly Mokgatle told the AfricaRail 2004 conference in June to 'get out from under the aura of State-owned enterprises... The days of "tunnel vision" are over. We have customers who want to catch up; some are competing with China's vibrant and growing economy... We need to look for public-private partnerships and strategic equity partners as we look for growth.' (*Creamer's Engineering News*, (2004), 'Railways should Strengthen Nation's "competitiveness"', 24 June.)

Vos, secretary-general of the Spoornet union Utatu, at his first meeting with labour in July, 'Erwin had said Spoornet as a state-owned company had the responsibility of creating jobs, not shedding them.' By the end of August, Erwin had changed position, 'saying state-owned companies were not employment agencies and that managers had to do everything possible to make businesses profitable, including cutting jobs.'<sup>19</sup>

The impact of the dramatic rise in employment was still rippling through the economy and society, leaving low-income communities with declining access to state services. According to chief water bureaucrat Michael Muller, for example, '275 000 of all households attributed interruptions to cut-offs for non-payment' in 2003 alone, which extrapolates to in excess of 10 million people affected since liberation.<sup>20</sup> The figures for electricity and telephone disconnections are even higher.<sup>21</sup>

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

There's a huge amount of struggle going on in this country. There are movements exploding. They are resisting privatisation of water and electricity, resisting eviction and demanding land reform. They are reacting against all the broken promises of the ANC. This is a security state. It spends three times as much on private security as it does on affordable housing - just to keep the rich from the poor.<sup>22</sup>

A month later, Haffajee's paper revealed:

The killing of a 19-year-old boy in Phoenix, Durban, two weeks ago by city council security guards has again cast a spotlight on the measures state authorities use against impoverished communities in protest. Marcel King was shot dead on Thursday June 24 by a member of a security company hired by the Durban council to disconnect electricity that had apparently been illegally reconnected in the impoverished Durban suburb...

This incident is one of many recent clashes between state security, social movement activists and community members in suburbs in Gauteng, the Western Cape and KwaZulu-Natal. Marchers and protests are a regular feature of political life and are governed by a series of regulations governing gatherings. Most occur without incident. But several have gotten ugly recently.

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19 Faniso, Mzwandile (2004), 'Unions plan major strike if Spoornet continues axing jobs,' *Business Report*, 3 September.

20 Muller, Mike (2004), 'Turning on the Taps,' *Mail and Guardian*, 25 June.

21 See coverage at <http://www.queensu.ca/msp> and <http://www.hellkom.co.za>.

22 Cited in Haffajee, Ferial (2004), 'Fact, Fiction and the New Left,' *Mail and Guardian*, 11 June.

On election day this year (14 April 2004) three Landless People's Movement activists were arrested and were detained and allegedly tortured. On Freedom Day (21 March 2004) police fired on a group of Anti-Privatisation Forum members protesting outside the Constitutional Court in Johannesburg against electricity cut-offs.<sup>23</sup>

There are many more such cases, of course.<sup>24</sup> Moreover, if we project Pretoria's style of governance to the regional scale, it is easy to comprehend the processes of domination and exclusion that allow the South African government to exploit its semi-peripheral position within imperialism. For example, in spite of promoting the globalisation of *capital*, Pretoria is opposed to the globalisation and regionalisation of *people*, according to a recent Refugees International (RI) report:

South Africa is denying access to political asylum to thousands of Zimbabweans seeking to escape persecution. Of the 5,000 applications for political asylum filed by Zimbabweans to date, fewer than 20 Zimbabweans have actually received political asylum in South Africa. But more troubling still is the fact that few Zimbabweans are able even to apply for political asylum...

RI interviewed people who told of being asked for a bribe merely to receive a letter giving them an appointment to present their asylum claim. Police officers ask for bribes to look the other way when rounding up undocumented asylum seekers or those whose temporary permit of stay has expired. One Zimbabwean told us, 'I was stopped while walking down the street. The policeman asked for my papers but told me that for 200 Rand [US\$33] he would not deport me.' At the Lindela detention center, bribes are demanded for release, while deportees can also pay to jump from the 'deportation train' on the way back to Zimbabwe...

Police and Army in the border regions rely on spurious methods to identify Zimbabweans, such as asking questions in a South African language or checking which arm bears a smallpox scar. According to an NGO working in Musina, 'The police have no training. Some people are being deported because [Zimbabweans] are darker.'<sup>25</sup>

The best explanation for Pretoria's increasing repression of poor and working-class people both locally and regionally is growing desperation. As conceded even by Joel Netshitenzhe - government's leading ideologue - in a

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23 Robinson, Vicky (2004), 'Concern at Government Violence against Protesters,' *Mail and Guardian*, 12 July.

24 Updates on independent left struggles and state repression can be found at <http://southafrica.indymedia.org>, <http://www.ukzn.ac.za/ccs>, <http://www.apf.org.za>, <http://www.khanya.org.za>, <http://www.aidc.org.za>, <http://red.org.za> and in some of the newspapers that have township coverage, though not URL links.

25 Refugees International (2004), 'Zimbabweans in South Africa: Denied Access to Political Asylum,' Washington, 14 June.

review of post-apartheid accomplishments, 'The advances made in the First Decade by far supersede the weaknesses. Yet, if all indicators were to continue along the same trajectory, especially in respect of the dynamic of economic inclusion and exclusion, we could soon reach a point where the negatives start to overwhelm the positives.'<sup>26</sup>

The negatives are formidable, and in mid-2004 took various forms combining economic austerity and financial vulnerability. According to Nenad Pacek of The Economist Corporate Network, 'Portfolio investments accounted for a massive 24% of South Africa's gross domestic product, and 65% of the rand's trading took place offshore.'<sup>27</sup> Given the strength of the currency – a July 2004 high of R5.8/US\$ - that logically resulted from vast financial capital inflows beginning in late 2001, when the rand hit a low of R13.8/US\$, South Africa's cumulative trade balance fell spectacularly from a US\$2 billion surplus in 2003 to a deficit of US\$290 million during the first half of 2004.<sup>28</sup>

Meanwhile, in the real productive sectors, job shedding continued unabated, notwithstanding the rise of unemployment from 15% in 1994 to 32% in 2003 (43% when frustrated jobseekers are added).<sup>29</sup> In spite of a minor uptick of domestic fixed investment - at 15% of GDP in late 2003, still far below the 25% required for 5% GDP growth - the official statistical agency reported that formal sector (non-agricultural) employment fell by another 41,000 in the first quarter of 2004.<sup>30</sup> The contrast between the economy's 'slow rotting' (in the words of frequent government consultant Stephen Gelb)<sup>31</sup> and the vast speculative inflow was explained by Michael Power (a Keynesian economist who writes regularly for *Business Day*):

Take a look at the emerging market rankings in The Economist. First where we 'lead': currency strength, 1/25; lowest inflation, 3/25. Yet we lag in: gross domestic product growth, 25/25; foreign exchange reserves, 25/25; industrial production, 21/25; current account, 20/25. A little digging reveals our real interest rates, cost of capital and unemployment is among the highest; our foreign direct investment inflow is among the lowest. No wonder our president is asking his advisers hard questions. No wonder he is tasking his ministers with hard delivery targets. And,

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26 The Presidency (2003), *Towards a Ten Year Review*, Pretoria, South African Government Communication and Information Service, October.

27 Stones, Lesley (2004), 'Volatile Rand, Aids Deter Foreign Investors,' *Business Day*, 19 July.

28 South African Press Association (2004), 'Warship, Strong Rand help Widen Trade Deficit,' 1 August.

29 Statistics South Africa (2001), *South Africa in Transition*, Pretoria, for 1995, and Statistics South Africa (2003), *Labour Force Survey, September 2002*, Pretoria, p.iii for 2002.

30 Webb, Boyd (2004), 'SA Investment Appears to be on Track,' South African Press Association, 16 July.

31 Gelb, Stephen (2003), 'Inequality in South Africa: Nature, Causes and Responses,' DfID Policy Initiative on Addressing Inequality in Middle-income Countries, Johannesburg, The EDGE Institute, November.

unsurprisingly, he is doubting parts of the Washington Consensus package adopted by SA in 1994.<sup>32</sup>

But even if doubt is expressed regularly by Mbeki, trade union economist Neva Seidman Makgetla notes that 'in response to the crisis within the economy, the government has adopted limited reforms involving increased spending on basic social services and housing, greater emphasis on job creation and equity, a renewed stress on planning and coordination and greater support for cooperatives. Yet these new initiatives do not constitute a systematic plan for transforming the economy.'<sup>33</sup> The same is true at the international scale, and the main question before us remains: when will Pretoria cease polishing the economic chains of global apartheid, and begin to break them? We can consider geopolitics and military affairs, trade, finance, regional investment, and reparations claims to help illustrate the options and the choices made in Pretoria during the period of the alleged left turn.

### **Geopolitical and military postures**

How are we to interpret Pretoria's recent global political zigzag? On the one hand, Pretoria's grand continental plan, the New Partnership for Africa's Development (NEPAD), was declared 'philosophically spot-on' by the Bush regime,<sup>34</sup> and Mbeki was anointed Washington's 'point man' for resolving the Zimbabwe crisis by Bush himself, during the US president's July 2003 visit to Pretoria, in spite of Mbeki's continual nurturing of Mugabe's repression.<sup>35</sup> Hence in one breath in January 2003, Nelson Mandela remarked, 'If there is a country which has committed unspeakable atrocities, it is the United States of America'<sup>36</sup>, but in another breath in May 2004, retracted his criticism, simply because 'The United States is the most powerful state in the world, and it is not good to remain in tension with the most powerful state.'<sup>37</sup> As Greg Mills of the SA Institute of International Affairs explained,

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32 Power, Michael (2004), 'Strong Rand is Stairway to Ruin,' *Business Day*, 16 July.

33 Makgetla, Neva Seidman (2004), 'The Post-Apartheid Economy,' *Review of African Political Economy*, 100, p.73.

34 Gopinath, Deepak (2003), 'Doubt of Africa,' *Institutional Investor Magazine*, May.

35 Details can be found in Bond, *Talk Left, Walk Right* and Bond and Manyanya, *Zimbabwe's Plunge*. It hardly needs restating that democrats across Africa wondered at the failure of Zimbabwe's urban poor and working people, so terrorised by the Mugabe regime, to attract any sympathy or solidarity from the ANC in general and Mbeki in particular. The various opportunities for Pretoria to intervene on behalf of free and fair elections, coordinated 'smart sanctions' against Mugabe and his cronies, legitimisation of oppositional civil society, and other surgical pressure points were all missed or, worse, rejected on behalf of the *status quo*.

36 CBS News (2003), 'Mandela Slams Bush On Iraq', 30 January.

37 CNN.com (2004), 'Mandela Extends Conciliatory Hand to United States,' 24 May.

I think there was a bluster by the South African government, or those associated near or around it, prior to the American invasion of Iraq in March last year, but that was toned down fairly quickly by the South African government and most notably, President Mbeki. Really, there has not been much in the way of condemnation of the American position since March last year.<sup>38</sup>

In mid-July, the US House of Representatives extended a ban on military assistance to 32 countries - including South Africa - which agreed to cooperate in future with the International Criminal Court against alleged US war criminals. Nevertheless, Washington's ambassador to Pretoria, Cameron Hume, quickly announced that several bilateral military deals would go ahead in any case. According to Peter McIntosh of *African Armed Forces* journal, the US 'had simply re-routed military funding for South Africa through its European Command in Stuttgart.' Hume reported the Pentagon's desire 'to train and equip two additional battalions to expand the number of forces the [SA National Defense Force] have available for peacekeeping in Africa.' South African newspaper *ThisDay* commented, in the wake of two successful joint US/SA military manoeuvres in 2003-04: 'Operations such as Medflag and Flintlock clearly have applications other than humanitarian aid, and as the US interventions in Somalia and Liberia have shown, humanitarian aid often requires forceful protection.'<sup>39</sup>

The two countries' military relations were fully 'normalised' by July 2004, in the words of SA deputy minister Aziz Pahad. In partnership with General Dynamics Land Systems, State-owned Denel immediately began marketing 105 mm artillery alongside a turret and light armoured vehicle hull, in support of innovative Stryker Brigade Combat Teams ('a 3500-personnel formation that puts infantry, armour and artillery in different versions of the same 8x8 light armoured vehicle'). According to one report, 'The turret and gun is entirely proprietary to Denel, using only South African technology. At sea level, it can fire projectiles as far as 36 km.'<sup>40</sup> This followed a period of serious problems for the SA arms firm and others like it (Armscor and Fuchs), which were also allowed full access to the US market in July 2004 after paying fines for apartheid-era sanctions-busting.<sup>41</sup>

Given Pretoria's 1998 decision to invest US\$6 billion in mainly offensive weaponry such as fighter jets and submarines, there are growing fears that peacekeeping is a cover for a more expansive geopolitical agenda, and that Mbeki is tacitly permitting a far stronger US role in Africa - from the oil rich Gulf of Guinea and Horn of Africa, to training bases in the South and North -

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38 Williams, Lindsay (2004), 'SA to Export Arms?', *Business Day*, 21 July.

39 Schmidt, Michael (2004), 'US offers to Train and Equip Battalions,' *ThisDay*, 19 July.

40 South African Press Association (2004), 'Denel to Benefit from US Defence Trade', 21 July.

41 Batchelor, Peter and Susan Willett (1998), *Disarmament and Defence Industrial Adjustment in South Africa*, Oxford: Oxford University Press; Terry Crawford-Browne (2004), 'The Arms Deal Scandal,' *Review of African Political Economy*, 31, pp.329-342.

than is necessary.<sup>42</sup> On the surface, Pretoria's senior roles in the mediation of conflicts in Burundi and the Democratic Republic of the Congo (DRC) during 2003 appeared positive. However, closer to the ground, the agreements more closely resemble the style of elite deals which lock in place 'low-intensity democracy' and neoliberal economic regimes. Moreover, because some of the belligerent forces were explicitly left out, the subsequent weeks and months after declarations of peace witnessed periodic massacres of civilians in both countries and a near-coup in the DRC. By mid-2004, the highly-regarded intellectual and leader of the Rassemblement Congolais la Democratique, Ernest Wamba dia Wamba, was publicly critical of Pretoria's interference:

When a [transition process] takes off on a wrong footing, unless a real readjustment takes place on the way, the end cannot be good... Some feel like South Africa has actively put us in the situation we are in. They had a lot of leverage to make sure that certain structural problems were anticipated and solutions proposed. They seem to have fallen in the Western logic of thinking that mediocrity is a less evil for Congolese, if it stops the war. They also have a lot of leverage to get a clear on-going commitment to resolve the contradictory fears of both the DRC and Rwanda; they do not seem to use it. This is why some feel that South Africa is too close to Rwanda.<sup>43</sup>

Pretoria was not alone, playing the role of proxy for the great powers in its own extended periphery. Simultaneously, similar concerns were raised about another new democracy with a centre-left regime, Brazil, which took leadership of the armed occupation of Haiti, just four months after the US-supported overthrow of the previous government.<sup>44</sup> From Brazil to South Africa, the dangers of growing regional political hegemony, in the context of military alliance with the US, are amplified when we consider some of the material economic forces at work.

## Trade

At stake in ongoing trade relationships is not only the growing role of bilateral deals, especially linking South Africa and its hinterlands to the US and European Union. Just as importantly, Pretoria's active role in international commerce continues to support global corporate business interests, as well as those of the largest Johannesburg-based firms, whose financial headquarters shifted to London during the late 1990s.

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42 Black, David (2004), 'Democracy, Development, Security and South Africa's "Arms Deal"', in Philip Nel and Janis van der Westhuizen (Eds), *Democratizing Foreign Policy? Lessons from South Africa*, Lanham, MD: Lexington Books.

43 Majavu, Mandisi (2004), 'Interview with Ernest Wamba dia Wamba,' <http://www.zmag.org>, 22 June.

44 Emir Sader (2004), 'What is Brazil Doing in Haiti?,' Interhemispheric Resource Center, <http://www.americaspolicy.org/commentary/2004/0406brazil.html>, June 29.

To illustrate, eleven months after the Seattle debacle, the then director general of the World Trade Organisation (WTO), Michael Moore, actively subordinated the interests of Africa-Caribbean-Pacific (ACP) countries at Doha, where he attempted to table four 'Singapore issues' which amplify trade liberalisation and government deregulation, at the behest of the US and European Union. London School of Economics professor Robert Wade reported on the WTO manager's tactics and allies:

Moore, according to one delegate, took to phoning ministers at home at the weekend to pressure them for cooperation. A week after Tanzanian trade minister Simba had expressed his 'sense of happiness' at the final outcome, Dar es Salaam received \$3 billion in debt relief from the IMF. The murderous attacks of September 11 were, of course, very helpful in forging the consensus at Doha, two months later. Moore, with US trade representative [Robert] Zoellick and EU trade commissioner [Pascal] Lamy, toured developing-country capitals to insist that the new free-trade round would be a blow against Al-Qaeda - and that objectors would be considered as renegades in the war on terror. Once gathered at Doha, as Moore recounts, the trusty lieutenants went to work: 'The wise and experienced minister from Brazil, Celso Lafer, South Africa's Irwin [sic], Egypt's Boutros Ghali and Nigeria's Bello worked the African caucus.'...

The Declaration, when it finally emerged, contained the Singapore issues. Erwin played a crucial role in talking a joint ACP-LDC-Africa Group meeting through the reasons why they should accept it, nevertheless. Since such groups have informally agreed to operate on the principle of unanimity, it is easy enough for one country's representatives to block the rest - and for the US, or other G7 states, to 'buy' one or two of these to act as their agents to prevent the group reaching a collective position. Faced with one member's intransigent opposition, the group does not expel that country and move on, but falls into disarray - as happened at Doha.<sup>45</sup>

For Erwin, the Third World's disarray at Doha produced a 'fantastic' result. But no subsequent progress was made in cutting European/US/Japanese/Canadian farm subsidies. Hence in September 2003, the Cancun WTO session broke down in acrimony over subsidies and Singapore issues. That result was, according to Erwin, 'disappointing', in contrast to most of the Third World, which felt deeply empowered, especially as it was the ACP bloc that repeated its Seattle feat of walking out, blocking consensus and halting the proceedings. At the heart of the new G20 grouping alongside Brazil and India, South Africa had wanted to continue negotiating, and was not opposed to negotiating the Singapore issues.<sup>46</sup>

Erwin was subsequently mooted as the leading candidate for WTO director-general when the current occupant, Supachai Panitchpakdi, leaves

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<sup>45</sup> Wade, Robert (2004), 'The Ringmaster of Doha,' *New Left Review*, 25, January-February.

<sup>46</sup> For details, see Bond, *Talk Left, Walk Right*, Chapter Four.

the job on schedule in 2005. However, Erwin's health has been an issue, and in May 2004, he was redeployed to lead Pretoria's Ministry of Public Enterprises. His first major act there was to slow the privatisation of electricity, telecommunications, transport and defence parastatals, although moves to corporatise, downsize and outsource operations continued apace.

As for the WTO, it was reborn in Geneva following a tense July 2004 negotiation which gave renewed momentum to the Doha framework, once the US and EU conceded two points: reduction of export subsidies (though with no timeline and specifics on numbers), and removal of three Singapore issues from the Doha work programme. According to Zoellick, 'After the detour in Cancun, we have put these WTO negotiations back on track.' In reality, wrote *Guardian* journalist Larry Elliott, 'The trade ministers from 147 countries faced up to the possibility that a fresh failure could scupper the round launched in Doha almost three years ago for good. They were prepared to sign up to a framework agreement safe in the knowledge that there will be plenty of chances over the coming weeks, months and probably years to carry on haggling.' Without the stitched-up deal, he continued, 'The WTO's authority as a multilateral institution would have been shattered; the prospect of the global trading system fragmenting into regionalism and bilateralism would have been real.'<sup>47</sup> Columbia University economist Arvind Panagariya explained the alleged breakthrough in *The Financial Times*: 'Barring a few exceptional cases such as cotton, the least developed countries will actually be hurt by this liberalisation. The biggest beneficiaries of the rich country cuts in farm subsidies will be the rich countries themselves, which bear the bulk of the cost of the associated distortions, followed by the Group of 20.'<sup>48</sup>

Agricultural producers expecting to gain most were Brazil, Australia, Thailand, the Philippines and South Africa, according to the SA Institute of International Affairs, while African food importers would be faced with higher priced European and US products. On the other hand, few African sugar producers (especially Southern African) and cotton exporters (Mali, Burkina Faso, and Chad) would temporarily witness higher prices once subsidy cuts were made, until additional competitors were attracted to join the world markets and resume glut-scale production.<sup>49</sup>

Yet abused West African cotton lobbyists also failed to secure a reasonable package, as Third World Network analyst Martin Khor reported: 'Zoellick held a marathon all-night 12-hour meeting with some of the West African countries on the cotton issue. Eventually, the specific proposals for special treatment for cotton, aimed at eliminating cotton subsidies on a fast-track basis, were not included in the text.' Another Third World concession was agreement on much faster and deeper cuts in Third World industrial protection. At stake, says Khor, is 'the very survival of many local firms and industries in developing countries.' In sum, according to Khor, the Geneva deal

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<sup>47</sup> Elliott, Larry (2004), 'What WTO needs is a new Reformation', *Guardian*, 2 August.

<sup>48</sup> Panagariya, Arvind (2004), 'The Tide of Free Trade will not Float all Boats', *Financial Times*, 3 August.

<sup>49</sup>. *Business Day* (2004), 'Can Africa run with the Post-Subsidy Ball?', 3 August.

provided 'a few significant gains for the developing countries, but this is more than offset in other areas where they have also lost ground. Also, the meeting and its outcome again showed up how the WTO's decision-making process is generally controlled by the big countries and how developing countries' positions are generally not properly reflected.'<sup>50</sup> As Mark Weisbrot, co-director of the progressive, Washington-based Center for Economic and Policy Research concluded,

The United States has only agreed in principle to eliminate a small part - perhaps 20% - of its agricultural subsidies. And even here, the language is vague and the loopholes large enough that it is not clear how much these subsidies will actually be cut. But even if the subsidies were altogether eliminated, it would have very little net impact on the developing world... The gains for the developing world if rich countries were to eliminate all of their subsidies, and open all of their markets completely to every export - manufactured as well as agricultural goods - from low and middle-income countries... are an extra 0.6 percent of income: in other words, a country with an income of \$1000 per capita would move up to \$1006. Only a small part of this small gain would come from the elimination of subsidies, and even less would trickle down to the world's poorest. A lot of countries - most of Latin America, for example - would actually suffer a net loss from the elimination of agricultural subsidies.<sup>51</sup>

Most major environmental groups and NGOs complained about the deal, on grounds that further liberalisation would deindustrialise many weaker countries and also hasten ecological crises associated with mining, fisheries and forests. Greenpeace International's Daniel Mittler summarised: 'The deal is not a victory for multilateralism, but a dangerous fudge. The secretive process practiced in Geneva this week once again showed that the WTO is an undemocratic organisation mainly responsive to rich-country interests. The WTO does not seem capable or willing to deliver equitable and sustainable development for all; it only seems to be interested in ensuring its own survival.' According to Friends of the Earth's Alexandra Wandel, 'Corporate lobby groups will be the big winners, the environment and the poor the big losers.'<sup>52</sup>

South Africa's role in fostering liberalised trade was not limited to the WTO. Relations between the US and Southern Africa increasingly centred around the transition from the African Growth and Opportunities Act - overwhelmingly favourable to South Africa in contrast to other countries - to a free trade area encompassing the Southern African Customs Union. The

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<sup>50</sup> Khor, Martin (2004), 'Preliminary Comments on the WTO's July Decision and Process,' Penang, Third World Network, 6 August.

<sup>51</sup> Weisbrot, Mark (2004), 'No Boost for Development in World Trade Negotiations', Knight-Ridder Syndicate, 4 August.

<sup>52</sup> One World (2004), 'International Groups Denounce World Trade Pact,' <http://us.oneworld.net/article/view/91015/1/3319>, 2 August.

European Union and Southern African Development Community (SADC) began negotiating a similar package of 'Economic Partnership Agreements' featuring market access for agriculture and non-agriculture products and fisheries, trade in services (often amounting to privatisation), and the Singapore issues of investment, competition, trade facilitation, government procurement, and data protection. South Africa already has such an agreement.<sup>53</sup> In mid-2004, Pretoria also began bilateral trade liberalisation negotiations with China, which again will have enormous implications for the region's industries, without consultation involving smaller, more vulnerable countries.

In contrast, activists in the Africa Trade Network have rejected the liberalisation agenda, especially the Economic Partnership Agreements, and instead call for trade cooperation that:

- \* is based on a principle of non-reciprocity, as instituted in General System of Preferences and special and differential treatment in the WTO;
- \* protects ACP producers domestic and regional markets;
- \* reverses the pressure for trade and investment liberalisation; and
- \* allows the necessary policy space and supports ACP countries to pursue their own development strategies.<sup>54</sup>

## **Finance**

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

The reform rhetoric continues, to be sure. As Mbeki himself put it at a March 2004 conference dedicated to increasing Africa's 'voice' in the Bretton Woods Institutions, 'Although we agree that there are already processes towards reforming these multilateral institutions, many of us are understandably impatient with the fact that these have largely been at

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<sup>53</sup> <http://www.tralac.org/scripts/content.php?id=2762>

<sup>54</sup> <http://www.mwengo.org/acp/statements/default.htm>; <http://www.stopepa.org/>.

protracted discussion levels. Accordingly, we are faced with a challenge to ensure that the urgent need for radical reform is translated into a concrete and tangible programme underpinned by effective participation, especially by the developing countries.<sup>55</sup> Yet Pretoria did virtually nothing to organise effective African or middle-income country resistance, and indeed attempted to sabotage civil society efforts to change North-South financial power relations.

SubSaharan Africa has only two executive director seats on the 24-member Board of Governors of the IMF and World Bank, while eight rich countries have one seat each. The US enjoys veto power, and has used it to punish its political enemies, a voting arrangement even criticised by Manuel on occasion. In Washington on 15 April 2000, Manuel - then chair (largely symbolic) of the IMF/Bank Board of Governors - told SA Broadcasting Corporation that the US state's 17.8% shareholding in the Bretton Woods Institutions gives the US Treasury veto power over the major multilateral financial agencies, a situation which 'cannot be correct.' At the UN's Financing for Development Conference in Monterrey, Mexico on 19 March 2002, Manuel gave a speech - as one of two special conference envoys to Kofi Annan (the other was Michel Camdessus) - which included this complaint: 'Reform of international financial governance is critical to [ensure] that developing countries benefit from globalisation through participation. The consensus on enhanced partnership, which would entail clearly defined responsibilities for all stakeholders, cannot be met by a reluctance to change the status quo regarding international financial governance.' On 1 June 2003, Manuel chaired a United Nations Economic Commission for Africa meeting in Addis Ababa, where he complained about an IMF proposal to split the continent in half for internal organisational purposes: 'Will it be along colonial lines, or into north and south? We don't know. What we do know is that Europe is not being divided, nor is America.'<sup>56</sup>

In practice, however, Manuel has done little to turn his frustration into results, and his Development Committee provided merely a 'narrow, technocratic' governance strategy - as the *Financial Times* interpreted - which would add merely one additional representative from the Third World to the board. At the 2003 IMF/Bank annual meeting in Dubai, when asked why no progress was made on Bank/IMF democratisation, Manuel answered, 'I don't think that you can ripen this tomato by squeezing it.'<sup>57</sup>

The reluctance to squeeze was again evident in March 2004, when Manuel wrote a sparing two-page letter to fellow Development Committee members, arguing that reforms on 'voting rights' within the IMF and Bank were

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55 Mbeki, Thabo (2004), 'Remarks at the Consultative Meeting of African Governors on Voice and Participation of Developing and Transition Countries in the Bretton Woods Institutions,' Johannesburg, 12 March, p.3.

56 For more, see Bond, *Talk Left, Walk Right*, Chapter Five.

57 World Bank (2003), 'Proceedings of Press Conference,' Dubai, <http://www.worldbank.org>, 22 September.

'likely to be postponed for some time', so in the meantime the committee should address 'those situations where countries' quotas/capital shares were egregiously out of line with their economic strength.' That would have led to the interim empowerment of wealthier countries, especially Japan, which should have greater voting rights, alongside increasing IMF quotas and World Bank capital, so the two institutions would get much more money in the process of strengthening the systemic inequality by which rich countries control these institutions. However, at the April 2004 World Bank/IMF 'spring' meetings in Washington, Manuel made no progress, even on his 'eminent persons group' idea that the Bank/IMF receive a neutral report on board governance within a year. Nor did his letter refer to the highly controversial question of who would run the IMF.<sup>58</sup>

There was, at that time, a revolt - even by some leading IMF/Bank executive directors - against a (figurative) apartheid-style 'Europeans Only' sign on the door to the IMF managing director's office, which was blatantly obvious when Horst Koehler resigned to become president of Germany in early 2004. The finance minister of Spain under the outgoing conservative regime, Rodrigo Rato, got the job thanks to support from British chancellor of the exchequer Gordon Brown. Rato's austerity-oriented role in Spain, according to University of Barcelona professor Vincente Navarro, should have generated a massive protest from Africa and the rest of the Third World:

Rato is of the ultra-right. While in Aznar's cabinet, he supported such policies as making religion a compulsory subject in secondary schools, requiring more hours of schooling in religion than in mathematics, undoing the progressivity in the internal revenue code, funding the Foundation dedicated to the promotion of francoism (i.e., Spanish fascism), never condemning the fascist dictatorship, and so on. In the economic arena, he dramatically reduced public social expenditures as a way of eliminating the public deficit of the Spanish government, and was the person responsible for developing the most austere social budget of all the governments of the European Community. The elimination of the deficit in the Spanish government's budget has had an enormous social cost.<sup>59</sup>

Ironically, notwithstanding four years of lobbying by Manuel, Mbeki and other Third World politicians for Bretton Woods reform, the succession of IMF leadership was less amenable to Africa in 2004 than in 2000. In the earlier struggle over the job of managing director, Africa's finance ministers adopted

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58 Manuel, Trevor (2004), 'Dear Colleague' letter to Members of the Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries, Pretoria, 29 March, pp.1-2.

59 Navarro, Vincente (2004), 'Meet the New Head of the IMF', <http://www.counterpunch.org>, 19 June.

what *Time* magazine described as a 'clever' strategy: nominating Stanley Fischer, the Zambian-born, South African-raised acting managing director of the IMF, to become director. But Fischer's 'fatal flaw', according to *Time*, was his US citizenship, so Kohler got the job instead, in view of the unwritten rule that divides such spoils between the US and Europe.<sup>60</sup> In 2004, there was no such clever attempt, and Africa's finance ministers expressed hope, instead, for merely a few more advisors to Rato and a few more resources for the two African executive directors.<sup>61</sup>

Rather than condemning this evidence of what Mbeki terms 'global apartheid' - namely, worsening global governance inequality, with the US dominating the Bretton Woods Institutions, and a club rule in which a European runs the IMF and a US citizen runs the Bank - Manuel downplayed these problems, as witnessed in the ultradiplomatic tone of the 29 March letter, which did not even refer to the IMF leadership controversy. Instead of breaking the chains of global apartheid - by halting the juggernaut of financial liberalisation and the intensification of structural adjustment (the agenda of the Bretton Woods twins), via refusal to legitimise these institutions until they democratise - Manuel appeared content with polishing the chains, namely promoting very slow and minimalist reforms, such as his proposed eminent persons' committee and the strengthening of powerful economic agents (Japan) inside the Bank and IMF. Yet he was incapable of even winning the chain-polishing reforms, because he chose ineffectual analysis, strategies, tactics and alliances.

On the matter of the World Bank's own minerals and energy sector reforms, Pretoria actively opposed progress, because it would curtail some of the more extreme activities of the large mining houses. Bank loans to huge pipelines in Chad-Cameroon and the Caspian, as well as its subsidisation of global warming through other vast fossil-fuel activities, attracted numerous criticisms from the environmental, human rights and social justice communities. A Bank-sponsored, multi-stakeholder 'Extractive Industries Review' chaired by former environment minister Emil Salim of Indonesia argued in December 2003 that public funds should not be used to facilitate private profits in the terribly destructive minerals and energy sector, and hence the Bank should phase out oil and coal lending by 2008. Bank staff vigorously opposed the recommendations.<sup>62</sup> The South African minister of minerals and energy, Phumzile Mlambo-Ngcuka, gave the staff her support in February 2004, advocating that the Bank ignore the 'green lobbyists'.<sup>63</sup> In August, less than a fortnight after the Bank's 60th anniversary, the institution's board rejected the main Commission recommendations. According to Samuel Nguiffo of Friends of the Earth Cameroon, 'The World

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60 Hillenbrand, Barry (2000), 'Economic Upheaval,' *Time Europe*, 155, 10, March 13.

61 Seria, Nasreen (2004), 'African States call for more Say in IMF,' *Business Day*, March 15.

62 World Bank Press Review, 10 December 2003.

63 [http://www.irinnews.org/report.asp?ReportID=39413&SelectRegion=Southern\\_Africa &SelectCountry=south%20africa](http://www.irinnews.org/report.asp?ReportID=39413&SelectRegion=Southern_Africa &SelectCountry=south%20africa).

Bank's response is a deep insult for those affected by its projects.' A Friends of the Earth staffperson, Janneke Bruil in Amsterdam, added: 'Billions of misspent public dollars and sixty years of outcries by people around the world have not been enough. What more does it take?'<sup>64</sup>

Bank ambivalence about reform of this sort suited Johannesburg mining magnates across Africa. A striking example occurred in mid-2002, when officials from Pretoria, Kinshasa and the IMF arranged what the South African cabinet described as 'a bridge loan to the Democratic Republic of the Congo of Special Drawing Rights (SDR) 75 million (about R760 million). This will help clear the DRC's overdue obligations with the IMF and allow that country to draw resources under the IMF Poverty Reduction and Growth Facility.' What this represented was a shocking display of financial power, with the earlier generation of IMF loans to the dictator Mobutu Sese Seko now codified by South Africa, which under apartheid maintained a strong alliance with the then Zaire. Moreover, IMF staff would be allowed back into Kinshasa with their own new loans, and with neoliberal conditionalities (disguised by 'poverty reduction' rhetoric) again applied to the old victims of Mobutu's fierce rule. In the same statement, the South African Cabinet recorded its payment to the World Bank of R83 million for replenishment of its African loan fund, to 'benefit our private sector, which would be eligible to bid for contracts financed from these resources.'<sup>65</sup> A few months later, the UN Security Council accused a dozen South African companies – including the huge former parastatal Iscor – of illegally 'looting' the DRC during late 1990s turmoil which left an estimated three million dead, a problem that went unpunished by Pretoria.<sup>66</sup> In January 2004, Mbeki's state visit to Kinshasa generated a \$10 billion trade/investment package and the chance for South African firms to participate in \$4 billion worth of World Bank tenders.

Instead of promoting the cancellation of African debt, hence, Pretoria's strategy has been to accommodate past financial support for odious regimes, ranging from Mobutu to Botha, as we consider in more detail below. An alternative approach, still within the realm of establishment reason, was the logic proposed by UN secretary general Kofi Annan's economic adviser Jeffrey Sachs, a reform-minded neoliberal. He told heads of state at a July 2004 African Union meeting in Addis Ababa, 'African countries should refuse to repay their foreign debts' and instead use the funds to invest in health and education.<sup>67</sup> (At the time, the IMF was controversially

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64 Friends of the Earth International (2004), 'Media Advisory: World Bank Misses Historic Opportunity,' Washington, 3 August.

65 South African Government Communications and Information Service (2002), 'Statement on Cabinet Meeting,' Pretoria, 26 June.

66 United Nations Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of the Congo (2002), 'Final Report', New York, October 8.

67 BBC News (2004), <http://www.comminit.com/redirect.cgi?r=http://news.bbc.co.uk/1/hi/business/3869081.stm>, 6 July.

prohibiting expenditure of health funds donated to Africa, especially for HIV/AIDS mitigation, on grounds that civil service pay would rise to above 7% of GDP.) Pretoria maintained its NEPAD stance, namely that Africa's foreign debt should be paid, and that Africa should adhere to Bank and IMF programmes such as the Highly Indebted Poor Countries (HIPC) initiative and Poverty Reduction Strategy Papers. The most critical comment about HIPC's notorious inadequacy made by Manuel was in 2002, when he appealed to a Commonwealth Business Council audience that 'the HIPC Trust Fund be fully funded, and that provision is made for topping-up when exogenous shocks impact on countries' debt sustainability'.<sup>68</sup>

The single instance where Manuel's anger at World Bank behaviour appeared to result in reform was the Lesotho dam corruption problem. The Bank had vacillated for a decade, initially (in 1994) prohibiting the Maseru government from firing the official later convicted of taking \$2 million in bribes, Masupha Sole; then promising support for funding Lesotho's prosecution in 1999 but not delivering; then finding the first company – Canada's Acres International – innocent in a 2001 probe, prior to Maseru's guilty verdict in 2003; and then delaying a reexamination of Acres until 2004, while in the meantime Acres had received three Bank contracts worth \$400,000, in Tanzania, the West Bank and Gaza, and Sri Lanka. Acres meanwhile refused to pay its \$2 million fine to the Lesotho government. At one point, Manuel became sufficiently embarrassed by the Bank's sloth on the Lesotho corruption to remark, 'The World Bank is giving us the runaround.'<sup>69</sup> However, according to the main NGO watchdog group, International Rivers Network, the key variable was a humiliating US Senate Foreign Relations Committee hearing about billions of dollars of Bank project corruption in May 2004. The next month, the Bank 'debarred' Acres for three years. It was the first instance in which a major transnational corporation was held accountable for its malpractice on a World Bank project.

Meanwhile, African resistance movements voiced their own anger against international finance. The most striking single indication of African popular anger was probably the February 2004 march called by the Zambia Congress of Trade Unions, in which half a million workers descended upon parliament in Lusaka to reject a civil service wage freeze promoted by the IMF, demanding instead a minimum wage and other budgetary concessions.<sup>70</sup> In June 2004, a Cape Town meeting of Jubilee South Africa members from Angola, Cameroon, Cote d'Ivoire, the DRC, Kenya, Mozambique, South Africa, Swaziland, Zambia, Tanzania and Zimbabwe, and partners from Brazil, Argentina and the Philippines working on a comprehensive Illegitimate Debt Audit 'expressed deep concern with South Africa's subimperialist role and its use of NEPAD to promote the neoliberal

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68. Manuel, Trevor (2002), 'Mobilizing International Investment Flows: The New Global Outlook,' Speech to the Commonwealth Business Council, Johannesburg, 24 September.

69 Agence France Press (2004), 'Big Business urges Quick Action on African Peer Review,' 4 June.

70 SouthScan (2004), 'Massive Strike Against Austerity Plan,' 24 February.

paradigm to further dominate the rest of the African continent politically, economically, culturally and militarily, serving the interests of transnational corporations.' The groups demanded:

- \* Full unconditional cancellation of Africa's total debt;
- \* Reparations for damage caused by debt devastation;
- \* Immediate halt to HIPC and PRSPs and the disguised structural adjustment program through NEPAD and any other agreements that do not address the fundamental interests of the impoverished majority and the building of a sustainable and sovereign Africa; and
- \* a comprehensive audit to determine the full extent and real nature of Africa's illegitimate debt, the total payments made to date and the amount owed to Africa.<sup>71</sup>

As discussed below, Pretoria continued to discount the Jubilee movement, and to support US corporations in the New York courts where Jubilee and its allies had filed reparations lawsuits.

## **Investment**

The most important ways that South African investments in the region foster subimperial relations are through retail trade, mining, agricultural technology and the NEPAD private infrastructure investment strategy.<sup>72</sup> The terrain is terribly uneven, with NEPAD in particular failing to attract privatisation resources, but an emblem of subimperialism is the highly visible manner in which South African retailers are deindustrialising many African countries by sourcing their goods from Johannesburg instead of local producers, so as to take advantage of economies of scale. As noted above, South African mining firms became an embarrassment in part because of the DRC looting allegations, and in part because of the role the DeBeers diamond conglomerate and its Botswana government and World Bank allies played in the displacement of the Basarwa/San bushmen in 2003-04.

It may well be, however, that the longer-term implications of South African subimperialism can best be observed in the agricultural sector. While the governments of Zimbabwe, Zambia and Angola all attempted to resist genetically modified organisms in food crops, in part because that would shut down their European export potentials, South Africa became the gateway to infecting African agriculture. 'Despite comprehensive objections raised by the African Centre for Biosafety and Biowatch South Africa,' according to the *Mail and Guardian* in July 2004, Pretoria 'approved a United States funded project

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<sup>71</sup> <http://www.aidc.org.za>

<sup>72</sup> Miller, D. (2004), 'South African Multinational Corporations, NEPAD and Competing Claims on Post-Apartheid Southern Africa,' Institute for Global Dialogue Occasional Paper 40, Johannesburg and Miller, D. (2003), 'SA Multinational Corporations in Africa: Whose African Renaissance?,' International Labour Research and Information Group Occasional Paper, Cape Town.

that will soon see genetically engineered potatoes sprouting in six secret locations in African soil. Similar potatoes were first grown in the United States but were withdrawn from the market due to consumer resistance.' Biowatch South Africa requested a delay in the decision until a High Court ruling on the secret proliferation of genetically engineered organisms, but was initially unsuccessful<sup>73</sup>

Surprisingly, perhaps the most significant *potential* factor in South African corporate subimperialism, NEPAD, was apparently still-born as an operative investment framework. 'In three years not a single company has invested in plan's 20 high-profile infrastructure development projects [roads, energy, water, telecommunications, ports], according to *Business Day* in mid-2004. 'The private sector's reluctance to get involved threatens to derail NEPAD's ambitions.' In contrast, a 2002 World Economic Forum meeting in Durban provided NEPAD with endorsements from 187 major companies, including Anglo American, BHP Billiton, Absa Bank and Microsoft. According to the programme's chief economist, Mohammed Jahed, 'NEPAD is reliant upon the success of these infrastructure projects, so we need to rethink how we will get the private sector involved, because clearly they have not played the role we expected.'<sup>74</sup>

The highest-profile arena in which South African foreign economic policy appears, at surface level, to challenge the privileges of transnational capital is monopoly drug company patents on anti-retroviral medicines. However, the famous 2001 lawsuit by the Pharmaceuticals Manufacturers Association against the South African government ended with the corporations dropping their objections, once Pretoria pledged that it would only sparingly use generic anti-retroviral medicines. As a result of both 'denialism' about AIDS and the high costs associated with treatment by brand-name medicines, the South African presidency and health ministry perpetually delayed roll-out of AIDS medicines. The Aids Law Project and Treatment Action Campaign (TAC) issued a July 2004 report showing that fewer than 10 000 patients had access to antiretroviral medicines at state hospitals and clinics, in contrast to 53 000 who should have been provided medicine by March 2004, according to the Cabinet's November 2003 plan. According to the report, 'Advertisements regarding antiretroviral treatment have disappeared from television and rumours have it that this was ordered by [health minister] Manto Tshabala-Msimang.' Moreover, overall health system breakdown also threatens the success of the programme: 'At some hospitals in Johannesburg patients have to wait until next year to get an appointment.'<sup>75</sup>

## Reparations

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<sup>73</sup> *Mail and Guardian* (2004), 'SA Biosafety Regulators in Bed with Industry on GM Potatoes?,' 27 July; <http://www.biosafetyafrica.net>; <http://www.biowatch.org.za>.

<sup>74</sup> Rose, Rob (2004), 'Companies "Shirking" their NEPAD Obligations', *Business Day*, 24 May.

<sup>75</sup> Brummer, Willemien (2004), 'TAC Slams Govt on Aids Sloth,' *News-24*, 6 July.

A final example illustrates how inaccurate it is to consider Mbeki's government capable of making the 'Left turn.' The end of June 2004 witnessed a surprising defeat for numerous multinational corporations and the Bush regime, in the United States Supreme Court. In the case of *Sosa v Alvarez*, the corporate plaintiffs requested that foreigners not be permitted to file lawsuits for human rights violations committed elsewhere in the world under the Alien Tort Claims Act. Current cases are pending against companies for repressive operations in Burma, Nigeria, Indonesia and apartheid South Africa. According to Jubilee South Africa and the Khulumani Support Group, representing 32 000 South Africans, 'Today the door is open to a narrow class of international norms'. The option was maintained to sue 23 financing, technology, transportation, oil, and arms corporations for their role in apartheid-era human rights abuses. The companies included IBM, General Motors, Exxon Mobil, JP Morgan Chase, Citigroup, Caltex Petroleum Corporation, Ford Motor Company and the Fluor Corporation.<sup>76</sup> According to the corporations, the danger was that US courts would infringe upon the sovereignty of nations and interfere with the business of free trade. The conservative Supreme Court's ruling was a 'huge blow' to the firms, according to Khulumani and Jubilee South Africa lawyers:

However, the US Supreme Court cautioned that the right to civil relief must be balanced by the domestic policy interests of the foreign nations in which the conduct occurred and the foreign policy concerns of the United States. Regrettably though, in a footnote in the judgment, the US Supreme Court referred to the declaration submitted by the former South African Minister of Justice and Constitutional Development, Dr Penuell Mpapa Maduna, submitted to a district court where the Khulumani and other Apartheid cases are pending as an instance where the caution should be applied. The declaration expressed the South African government's concern that the cases before the court would interfere with the policy embodied in the Truth and Reconciliation Commission. The South African government has specifically asked the court to abstain from adjudicating the victims claims in deference to its paramount national interests.<sup>77</sup>

Yet the Final Report of the Truth and Reconciliation Commission contained a different sentiment, namely that the New York reparations cases pose no conflict with South Africa law or policy: 'Business failed in the hearings to take responsibility for its involvement in state security initiatives specifically designed to sustain Apartheid rule.' The TRC also found, according to Jubilee, that 'It is also possible to argue that banks that gave financial support to the Apartheid state were accomplices to a criminal government that consistently violated international law. The recognition and finding by the international community that Apartheid was a crime against humanity has important

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<sup>76</sup> Engelbrecht, Leon (2004), 'Apartheid Victims turn to US Court,' *Business Report*, 5 July.

<sup>77</sup> Apartheid Debt and Reparations Campaign (2004), 'Support for the Khulumani Lawsuit,' Johannesburg, 13 July.

consequences for the victims of Apartheid. Their right to reparation is acknowledged and can be enforced in terms of international law.'

Against the lawsuits, former South African president Nelson Mandela argued that 'South Africans are competent to deal with issues of reconciliation, reparation and transformation amongst themselves without outside interference, instigation or instruction. We have dealt with our political transition in that manner and we are capable of dealing with other aspects of our transformation in similar ways.' Mandela's comment was made upon launching the Mandela Rhodes Foundation at Rhodes House in Cape Town, the former De Beers corporate headquarters. De Beers is a defendant in the apartheid profits lawsuits, and it was telling that Mandela's speech contained a positive reference to its founder's subimperial role: I am sure that Cecil John Rhodes would have given his approval to this effort to make the South African economy of the early 21st century appropriate and fit for its time.'<sup>78</sup>

## Conclusion

The growing challenge by progressive activists means that again and again, Pretoria is confronted with genuine challenges to its rhetoric, and typically unveils that rhetoric as merely a distraction. The more durable project pursued by the Mbeki government is attaining global-scale status.

There are exceptions, of course, for not all South African politicians are as pro-corporate as those noted above. In mid-2004, deputy minister of environmental affairs and tourism Rejoice Mabudafhasi commented on Thor Chemicals' slow payment of fines for apartheid-era mercury dumping: 'We are not yet through with the company. If they want me to wave a big stick, I will. All over Africa these companies are undermining us as developing countries.'<sup>79</sup>

However, when the stakes are as high as they remain today in global geopolitics and economics, Mbeki ensures that a pro-business environment continues, and that the US regime is comfortable with its 'point man' in Africa. Under the circumstances, this is no time for intellectual equivocation. Yet many commentators are finding it hard to make up their minds whether South African regional hegemony is good or bad. Part of the problem, it appears, is the tendency of analysts to believe government rhetoric. Without any documentation, University of Pretoria professor Maxi Schoeman recently claimed that the Mbeki government

forcefully articulated critical standpoints on the issue of international debt and on the new round of multilateral trade negotiations in the WTO. In both instances one finds evidence of a seemingly increasingly confident

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<sup>78</sup> South African Press Association (2003), 'Mandela Criticises Apartheid Lawsuits,' 25 August.

<sup>79</sup> Enslin, Samantha (2004), 'Notorious Thor Starts to Clean up its Mess,' *Business Report*, 4 August 2004.

South Africa taking up a leadership position in and on behalf of the global South, but always with particular emphasis on the needs of Africa.<sup>80</sup>

Nothing could be further from the truth: Pretoria has been largely uncritical of the standard Washington Consensus debt strategy, and indeed played a decisive role in undermining African interests in the main 1999-2003 WTO summits at Seattle, Doha and Cancun.<sup>81</sup>

And as for Mbeki's ambiguous Africa strategy, three analysts of subimperial *economic* processes – John Daniel, Varusha Naidoo and Sanusha Naidu of the state Human Sciences Research Council – ignored the neoliberal spectre of NEPAD in their documentation of Johannesburg capital's march up-continent. The vast state support structure required to lubricate subimperial capital accumulation left Daniel et al to fade into apologetics:

A distinction needs to be drawn between the behaviour of South Africa's corporates and its government... it is not possible for Africa's politicians to make the same charge ['they bulldoze their way around', according to a Kenyan MP on Johannesburg business leaders in 2001] against those who represent South Africa's political interests in Africa... Here there has been a sea-change from the past... non-hegemonic co-operation has in fact, been the option embraced by the post-apartheid South African state.<sup>82</sup>

The reality, as even journalists have surmised, is very different. In August 2003, the *Sunday Times* remarked on SADC delegates' sentiments at a Dar es Salaam regional summit: 'Pretoria was "too defensive and protective" in trade negotiations [and] is being accused of offering too much support for domestic production "such as duty rebates on exports" which is killing off other economies in the region.'<sup>83</sup> More generally, the same paper reported from the AU meeting in Maputo the previous month, Mbeki is 'viewed by other African leaders as too powerful, and they privately accuse him of wanting to impose his will on others. In the corridors they call him the George Bush of Africa, leading the most powerful nation in the neighbourhood and using his financial and military muscle to further his own agenda.'<sup>84</sup>

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80 Schoeman, M. (2003), 'South Africa as an Emerging Middle Power, 1994-2003,' in J.Daniel, A.Habib and R.Southall (Eds), *State of the Nation: South Africa 2003-04*, Pretoria, HSRC, p.356.

81 Bond, *Talk Left, Walk Right*, Chapters Four and Five.

82 Daniel, John, Vineesha Naidoo and Sanusha Naidu (2003), 'The South Africans have Arrived: Post-Apartheid Corporate Expansion into Africa,' in John Daniel, Adam Habib and Roger Southall (Eds), *State of the Nation: South Africa 2003-04*, Pretoria, HSRC, pp.388-389. For an update, see Daniel, John, Jessica Lutchman and Sanusha Naidu (2004), 'Post-apartheid South Africa's Corporate Expansion into Africa,' *Review of African Political Economy*, 31, pp.343-348.

83 Munusamy, Ranjeni (2003), 'SADC wants to Raise SA's Trade Tariffs', *Sunday Times*, 24 August.

84 Munusamy, Ranjeni (2003), 'George Dubya of Africa', *Sunday Times*, 13 July.

Daniel et al found only Pretoria's reprehensible post-2000 policy towards Zimbabwe<sup>85</sup> and the September 1998 invasion of Lesotho worthy of criticism. In the latter case, in the wake of a rumoured coup, the South African National Defence Force quickly helicoptered to the main Lesotho dam, Katse, killing dozens of Basotho soldiers (in their sleep). For Daniel et al, 'The operation was widely condemned and criticised at the time and the exercise has not been repeated anywhere else on the continent.'<sup>86</sup> Again, it is worth citing a much more realistic assessment of that incident – not as a once-off mistake but instead as 'policy' – which was reported shortly afterwards in the *Cape Times*: 'The recent military intervention by South Africa and Botswana in Lesotho had demonstrated the Southern African Development Community's commitment to creating a climate conducive to foreign investment, deputy president Thabo Mbeki told a high-powered investment conference in the city yesterday.'<sup>87</sup> In other words, Lesotho dams were worth defending in even the most egregious style, so that Johannesburg capital and rich suburbanites could continue drawing water in an unsustainable manner.

The tendency to overlook structural power relationships of the Pretoria-LHWP type, and all that they imply, is one of the reasons for a long overdue return to South Africa's older political-economic traditions of intellectual engagement. In doing so, the reasons for and implications of dubious geopolitical arrangements, the failed reforms of international trade and multilateral institutions, counterproductive investments and Pretoria's resistance to reparations arguments fit into place. The problem can be summed up in a word: subimperialism.

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85 A critique of that policy is offered in Bond, Patrick and Masimba Manyanya (2003), *Zimbabwe's Plunge: Exhausted Nationalism, Neoliberalism and the Search for Social Justice*, Pietermaritzburg: University of KwaZulu-Natal Press, London: Merlin Press and Harare: Weaver Press; and McKinley, Dale (2004), 'South African Foreign Policy towards Zimbabwe under Mbeki', *Review of African Political Economy*, 100.

86 Daniel, Naidoo and Naidu 'The South Africans have Arrived', p.389.

87 Reported in the *Cape Times*, 2 December; for more, see Bond, Patrick (2002), *Unsustainable South Africa: Environment, Development and Social Protest*, London: Merlin Press and Pietermaritzburg: University of KwaZulu-Natal Press, Chapter Three.

# South Africa tackles Global Apartheid: Is the reform strategy working?

## Introduction

The most intractable problem that contemporary Africa faces, 'global apartheid,' was posed as follows by South African president Thabo Mbeki in his address to the Welcoming Ceremony for the World Summit on Sustainable Development (WSSD) in August 2002: 'We have all converged at the Cradle of Humanity to confront the social behaviour that has pity neither for beautiful nature nor for living human beings. This social behaviour has produced and entrenches a global system of apartheid. The suffering of the billions who are the victims of this system calls for the same response that drew the peoples of the world into the struggle for the defeat of apartheid in this country.'<sup>1</sup>

Fourteen months later, the theme was repeated immediately following Mbeki's return from the Socialist International gathering of social democratic and Third Way parties in Sao Paolo, where he aimed to 'engage all progressive forces in our country, in Africa and rest of the world': 'The critically important task to end the poverty and underdevelopment in which millions of African are trapped, inside and outside our country, cannot be accomplished by the market. If we were to follow the prescriptions of neo-liberal market ideology, we would abandon the masses of our people to permanent poverty and underdevelopment.'<sup>2</sup>

Visiting Malaysia just before the collapse of the Cancun World Trade Organisation summit, Thabo Mbeki surprised his audience by advocating that Third World governments join forces with global social movements: 'They may act in ways you and I may not like - breaking windows in the street and this and that - but the message they communicate relates to us.'<sup>3</sup>

These sorts of comments may give rise to optimism. Can Mbeki become an ally of all those opposed to neoliberalism? Before deciding, consider the broad array of forces operating at present, as captured in Table 1.

How does Pretoria relate to the five core ideologies? Mbeki and his top political aides have adopted strong opposition to the *Rightwing resurgence*, especially the 2003 war against Iraq. Nelson Mandela put it like this shortly before the invasion of Baghdad: 'All Bush wants is Iraqi oil, because Iraq produces 64% of oil and he wants to get hold of it... Their friend Israel has got weapons of mass destruction but because its their ally they won't ask the UN to get rid of it... Bush, who cannot think properly, is now wanting to plunge the world into a holocaust. If there is a country which has committed unspeakable atrocities, it is the United States of America... They don't care for human beings.'<sup>4</sup>

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1. Mbeki, T. (2002), 'Address by President Mbeki at the Welcome Ceremony of the WSSD,' Johannesburg, 25 August.

2. Mbeki, T. (2003), 'Letter from the President,' *ANC Today*, <http://www.anc.org.za>, 31 October.

3. *Straights Times*, 4 September 2003.

4. Independent Online, 30 January 2003.

Yet Pretoria is accused of extreme hypocrisy. Mbeki ignored calls by the Anti-War Coalition (of 300 South African organisations) to withdraw permission for three Iraq-bound warships to dock and refuel in Durban, and to halt sales of sophisticated armaments to the US/UK regimes. The state-owned arms manufacturer Denel often stated its vision of being 'an acknowledged global player.' In the months before the war, it contracted to deliver approximately E30 million in ammunition shell-casing, E180 million in artillery propellants, and 326 hand-held laser range finders to the British army. Denel also sold the US Marines 125 laser-guidance sights.<sup>5</sup>

With regard to the *Washington Consensus*, Pretoria has not hesitated to implement the full range of neoliberal policies at home, and worse, seeks to relegitimise the WashCon across the continent via the New Partnership for Africa's Development. At the same time, Mbeki, Manuel, Erwin and others offer rhetorical support for the *Post-Washington Consensus* - yet, as demonstrated below, can point to no obvious progress when they lead elite processes, including international summits. There is, as well, a residual commitment within the ANC-Alliance to the Third World nationalist tradition of enlightenment and liberation - although as Frantz Fanon anticipated,<sup>6</sup> a degenerate, exhausted nationalism is also often on display in Pretoria. As for the *Global justice movements*, Pretoria exhibits mainly genuine fear and loathing (and periodically labels activists as 'ultraleftist') - and vice versa. Indeed, of enormous interest to international observers is that the particular circumstances of South Africa's recent history pit the Global justice philosophy firmly against Third World nationalism. Many possibilities for unity and cooperation were not merely ignored, but were actively sabotaged throughout the period during which Pretoria most strongly desired domestic harmony.

Indeed, the period immediately prior to and after September 11, 2001 was a time of *conclusive failure* for Pretoria's international reforms of global apartheid, on the one hand, and on the other, the moment at which South Africa's *new left opposition* emerged as a formidable social force.<sup>7</sup> In even

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5. Clarno, A. (2003), 'Denel and the South African Government: Profiting from the War on Iraq,' *Khanya Journal*, 3, March.

6. Fanon, F. (1961), *The Wretched of the Earth*, New York, Grove Press, Chapter Three: Pitfalls of National Consciousness.

7. The argument about domestic politics is treated in more depth in an update of *Elite Transition*. Bond, P. (2004)[2000], *Elite Transition: From Apartheid to Neoliberalism in South Africa*, London, Pluto Press and Pietermaritzburg, University of Natal Press. More importantly, I highly recommend several websites (<http://www.nu.ac.za/ccs>, <http://southafrica.indymedia.org> and <http://www.aidc.org.za>) and numerous books written mainly by independent leftists over the last few years that give a strong flavour of the depth and breadth of the radical critique: Legassick, M. (forthcoming), *Towards Socialist Democracy*, Pietermaritzburg, University of Natal Press; Saul, J. (forthcoming), *The Next Liberation Struggle*, London, Merlin Press, New York, Monthly Review Press and Pietermaritzburg, University of Natal Press; Kimani, S. (Ed)(2003), *The Right to Dissent: Freedom of Expression, Assembly and Demonstration in the New South Africa*, Johannesburg, Freedom of Expression Institute; Alexander, N. (2002), *An Ordinary Country*, Pietermaritzburg, University of Natal Press; Jacobs, S. and R.Calland (Eds)(2002), *Thabo*

just the year following the terrorists' attacks on New York and Washington, Pretoria's strategy came unhinged, and civil society activists - labeled by Mbeki as 'ultraleftists' - rose to take advantage of this failure in a manner that began to shake up the local political scene. It is a new movement whose success, however, ultimately relies upon material grievances - and therein lies one of the many tragedies of South Africa's elite transition.

### **Neoliberalism and class apartheid in South Africa**

South Africa has witnessed the replacement of racial apartheid for what can be accurately described as 'class apartheid'. Consider some of the more obvious manifestations.

A government agency, Statistics South Africa, released a report in October 2002 confirming that in real terms, average black 'African' household income had declined 19% from 1995-2000, while white household income was up 15%. The average black household earned 1/6 as much as the average white household in 2000, down from 1/4 in 1995. Households with less than R670/month income - mainly black African, coloured and of Asian descent - increased from 20% of the population in 1995 to 28% in 2000. Across the racial divides, the poorest half of all South Africans earn just 9.7% of national income, down from 11.4% in 1995. The richest 20% earn 65% of all income.<sup>8</sup> Matters did not improve after 2000, it is fair to assume.

Part of the explanation lies in the fact that the official measure of unemployment rose from 16% in 1995 to 30% in 2002.<sup>9</sup> Adding to that figure frustrated job-seekers brings the percentage of unemployed people to 43%. Youth unemployment is 47%. Moreover, suffering from worsening poverty and from rising water and electricity prices (which together accounted for 30% of the income of those earning less than R500 per month)<sup>10</sup>, ten million people had their water disconnected, according to

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*Mbeki's World*, London, Zed Books and Pietermaritzburg, University of Natal Press; Hart, G. (2002), *Disabling Globalization*, Pietermaritzburg, University of Natal Press and Berkeley, University of California Press; Desai, A. (2002), *We are the Poors*, New York, Monthly Review Press; McDonald, D. (Ed)(2002), *Environmental Justice in South Africa*, Cape Town, University of Cape Town Press; McDonald D. and J.Pape (Eds)(2002), *Cost Recovery and the Crisis of Service Delivery in South Africa*, London, Zed and Pretoria, HSRC Publications; Duncan, J. (2002), *Broadcasting and the National Question*, Johannesburg, Freedom of Expression Institute; Bell, T. and D.Ntsebeza (2001), *Unfinished Business*, Cape Town, RedWorks; Adams, S. (2001), *Comrade Minister*, New York, Nova Science Publishers; Marais, H. (2000), *South Africa Limits to Change*, London, Zed Books and Cape Town, University of Cape Town Press; and Bond, P. (2000), *Cities of Gold, Townships of Coal*, Trenton, Africa World Press.

8. Statistics South Africa (2002), *Earning and Spending in South Africa*, Pretoria; *Business Day*, 22 November 2002.

9. Statistics South Africa (2001), *South Africa in Transition*, Pretoria, for 1995, and Statistics South Africa (2003), *Labour Force Survey, September 2002*, Pretoria, p.iii for 2002.

10. Statistics South Africa (2002), 'Database on Expenditure and Income, 2000.'

national government surveys, and ten million were also victims of electricity disconnections.<sup>11</sup>

In addition to the indicators of growing inequality, Pretoria's neoliberal approach to development and environment despoils the entire ecosystem. The evidence is obvious when it comes to water and electricity, but extends into other spheres as well. South Africa suffers water scarcity, yet continues to generate extreme inequality in its distribution, in the location of natural surface and groundwater (due to apartheid land dispossession), and in consumption norms, with wealthy urban (white) families enjoying swimming pools and English gardens, and rural (black) women queuing at communal taps in the parched ex-'bantustan' areas for hours.

On a per capita basis, South Africa also contributes more to global warming than nearly any economy in the world, if CO<sub>2</sub> emissions are corrected for both income and population. The greenhouse gas emissions are 20 times higher than even the United States by that measure, which has actually been worsening, not improving over the last decade. Notwithstanding good solar, wind and tides potential, renewable energy is desperately underfunded. Instead, vast resources are devoted to nuclear energy R&D (including huge irrational investments in pebble-bed nuclear reactors) and construction of Africa's largest hydropower facilities. These are just two indications of how serious South Africa's environmental problems have become under conditions of neoliberal management, and there are many others.<sup>12</sup>

Certainly, the African National Congress and its Alliance partners - the SA Communist Party and Congress of SA Trade Unions - retained the loyal core of a self-reinforcing hegemonic political bloc (no matter the occasional squabbles). Beyond the immediate core could be found some church leaders, NGO officials and a section of the community/residents movement, not to mention those in the middle class and wealthier communities who gradually realised that ANC policies were broadly favourable to their interests, and who provided tacit support so that the ANC genuinely achieved 'hegemony' over many of South Africa's crucial socio-political-cultural processes.

Meanwhile, South Africa's numerous left civil society forces, often in close contact with international networks, challenged Pretoria's orientation.<sup>13</sup> One crucial terrain of struggle was the Treatment Action Campaign's ongoing attempt to acquire anti-retroviral medicines. Tragically, that

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11. <http://www.queensu.ca/msp>. Although government has disputed the figures, they may actually be understatements.

12. Bond, P. (2002), *Unsustainable South Africa: Development and Social Protest*, London, Merlin and Pietermaritzburg, University of Natal Press; McDonald, D. (Ed)(2002), *Environmental Justice in South Africa*, Columbus, Ohio University Press; Clarke, J. (2002), *Coming Back to Earth: South Africa's Changing Environment*, Johannesburg, Jacana.

13. Bond, P. (2003), 'Labour, Social Movements and South African Foreign Economic Policy,' in P.Nel and J.van der Westhuizen (Eds), *Democratising South African Foreign Policy*, New York, Lexington Books and Cape Town, University of Cape Town Press.

struggle continued after it should have ended, in April 2001. The government and TAC won a symbolic life-saving international fight against pharmaceutical companies in local courts, but then Mbeki and his health and trade ministers failed to substantively change policy, or to override patents for generic production or inexpensive imports. With approximately five million HIV-positive residents, South Africa still suffers because a reluctant government refuses to make available safe anti-retroviral medicinal treatment, although the campaign declared a victory in November 2003 once Pretoria finally conceded it would try to provide more medicines.<sup>14</sup>

The other high-profile challenge from the left, the Social Movements Indaba (SMI), is a network-coalition formed in August 2002 to draw together critics of government from across a variety of philosophies, activities and issue areas. The SMI used the WSSD and subsequent events to link global neoliberalism to a variety of local manifestations, in order to blame and shame Pretoria. Periodically, they united with international critics of neoliberalism to delegitimise the South African, African and international establishments. On 31 August 2002, the ANC-Alliance and SMI narrowly avoided meeting in the streets of Alexandra Township as they both marched up to the Sandton site of the WSSD. The latter broke a banning order to demonstrate against what they termed the 'W\$\$D', while the former marched in favour of stronger UN-mandated actions of the sort Mbeki, finance minister Trevor Manuel and trade minister Alec Erwin had helped initiate. The WSSD's opponents in the SMI gathered at least 20,000 participants. Most observers estimated the pro-WSSD, pro-Pretoria bloc as around 1/10th that size by the time their march began two hours later, notwithstanding advertising that Fidel Castro and Yassir Arafat would attend (neither made it to Johannesburg).<sup>15</sup> This was just one of the reflections of the nascent new left's success in recent years, and there are many others. One of the left's great strengths, as shown at the WSSD, was the ability to contest Pretoria's claims to be fighting global apartheid.

### **Mbeki's frustrated international reforms**

In achieving the deracialisation of South African capitalism, one burden given to ANC leaders was elite management of durable socio-economic problems across the continent Africa. During the 1994-2001 era, South Africa leaders presided over:

- the board of governors of the IMF and World Bank;
- the Non-Aligned Movement;
- the UN Conference on Trade and Development;

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14. See Bond, *Against Global Apartheid*, Chapters Eight and Nine, and *Elite Transition*, second edition.

15. See the film by Michele Citoni, *We are the Poors* (Rome, 2002) as well as the report on WSSD issues by Giovanna Richovera in *Capitalism Nature Socialism*, December 2002.

- the Commonwealth;
- the Organisation of African Unity;
- the Southern African Development Community;
- the 2000 International AIDS conference;
- the World Commission on Dams; and
- many other international and continental bodies.

Pretoria had even greater chances to attack global apartheid during a two year period from September 2001-03, by hosting, leading or playing instrumental roles at the following 13 events:

- 1) the World Conference Against Racism - Durban, 9/01;
- 2) the launch of the New Partnership for Africa's Development (NEPAD) - Abuja, 10/01;
- 3) the WTO Ministerial - Doha, 11/01;
- 4) the UN Financing for Development - Monterrey, 3/02;
- 5) the G8 Summit - Kananaskis, 6/02;
- 6) the African Union launch - Durban, 7/02;
- 7) the World Summit on Sustainable Development - Jo'burg, 9/02;
- 8) the Davos World Economic Forum - 1/03;
- 9) the opportunity for South Africa specialists to help Iraq with Weapons of Mass Destruction 'disarmament' - Baghdad, 3/03;
- 10) the G8 Summit - Evian, 6/03;
- 11) George W. Bush's Africa trip - Pretoria, 7/03;
- 12) the WTO Ministerial Summit - Cancun, 9/03; and
- 13) the WB/IMF Annual Meeting - Dubai, 9/03.

What, however, was actually accomplished through these opportunities?

- 1) at WCAR, Mbeki shot down NGOs and African leaders demanding slavery/colonialism/apartheid reparations;
- 2) NEPAD provided merely a 'homegrown' Washington Consensus;
- 3) at Doha, Erwin split the African delegation so as to prevent consensus-denial by trade ministers (as had transpired at Seattle in December 1999);
- 4) in Monterrey, Manuel was summit co-chair and legitimised ongoing IMF/WB strategies, including debt;
- 5) from Kananaskis, Mbeki departed with nothing - yet, against all evidence to the contrary, declared that the meeting 'signifies the end of the epoch of colonialism and neo-colonialism';
- 6) the African Union supported both NEPAD and the Zimbabwean regime;
- 7) at WSSD, Mbeki undermined UN democratic procedure, facilitated the privatisation of nature, and did nothing to address the plight of the world's poor majority;
- 8) in Davos, global elites ignored Africa;

- 9) from Iraq, Pretoria achieved neither prevention nor even delay of the US/UK war;
- 10) from Evian, Mbeki returned with nothing;
- 11) for hosting a leg of Bush's Africa trip, Mbeki became the US' 'point man' on Zimbabwe and further nurtured Robert Mugabe's tyrannical rule;
- 12) in Cancun, the WTO collapse caused Erwin 'disappointment'; and
- 13) at Dubai, with Manuel leading the Development Committee, there was no Bretton Woods democratisation, new debt relief or Post-Washington policy reform.

But if the frustrations of failure at the global scale must have thrown Mbeki's strategies into question, the contradictions and hypocrisies associated with NEPAD were largely homegrown.

### **Whose NEPAD?**

NEPAD's political-economic orientation is unapologetically neoliberal, but as this is well established, we can consider other more explicitly political quirks that disqualify it as a substantive attack on global apartheid. The problem was stated most forcefully by Erwin just as Mugabe was stealing a presidential election in early 2002: 'The West should not hold the NEPAD hostage because of mistakes in Zimbabwe. If NEPAD is not owned and implemented by Africa it will fail and we cannot be held hostage to the political whims of the G8 or any other groups.'<sup>16</sup> The opposite problem - only seven African presidents showing up at the 2003 Heads of State Implementation Committee meeting - was recorded by Mbeki a few weeks later at the World Economic Forum's Durban meeting: 'We must insist that our fellow heads of state attend the meetings.'<sup>17</sup> The application of the Washington Consensus to Africa in its first phase (1980-2000) - known as 'structural adjustment' - was a multifaceted tragedy; in its second, as NEPAD (2000-), it would become a farce, as conceded even by its own secretariat management.

Erwin's outburst revealed a great deal. Washington and the rest of the West had no problems with NEPAD's neoliberalism. *Institutional Investor* magazine quoted the chief Africa bureaucrat for the world's main rogue regime, Walter Kansteiner: 'NEPAD is philosophically spot-on. The US will focus on those emerging markets doing the right thing in terms of private sector development, economic freedom and liberty.'<sup>18</sup> This was a common reaction from Washington and other imperial power centers. An IMF *Working Paper on the New Partnership for Africa's Development* termed NEPAD 'visionary' and promoted 'the active selling of reforms' through

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16. Cited in Taylor, I. (2002), 'Obstacles to change in Africa: NEPAD, Zimbabwe, and Elites,' *Foreign Policy in Focus* Commentary, <http://www.fpiif.org/outside/commentary/2002/0204nepad.html>.

17. SA Institute of International Affairs (2003), 'NEPAD and WEF,' *eAfrica*, July, p.11.

18. Gopinath, D. (2003), 'Doubt of Africa,' *Institutional Investor Magazine*, May.

national marketing and advice centres such as the African Regional Technical Assistance Centre in Dar es Salaam. African governments should 'use PRSPs to translate NEPAD's framework into operational blueprints.'<sup>19</sup>

Critics on the left therefore alleged that NEPAD was a subimperial project, influenced by the elite team of 'partners' who helped craft it in 2000-01. NEPAD surfaced only after extensive consultations with:

- the European Union president and individual Northern heads of state (2000-01);
- the World Bank president and IMF managing director (November 2000 and February 2001);
- major transnational corporate executives and associated government leaders (at the Davos World Economic Forum in January 2001); and
- G8 rulers (at Tokyo in July 2000 and Genoa in July 2001).

What was civil society's input? In late 2001 and early 2002, virtually every major African civil society organisation, network and progressive personality attacked NEPAD's process, form and content.<sup>20</sup> Until April 2002, *no* trade union, civil society, church, women's, youth, political-party, parliamentary, or other potentially democratic or progressive forces in Africa were formally consulted by the politicians or technocrats involved in constructing NEPAD. Tough critiques of the 67-page base document soon emerged from intellectuals associated with the Council for Development and Social Research in Africa.<sup>21</sup> By the time of the July 2002 Durban launch of the African Union, more than 200 opponents of NEPAD from human rights, debt and trade advocacy groups from the Democratic Republic of

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19. <http://www.brettonwoodsproject.org>, May 2003.

20. See Bond, P. (Ed)(2002), *Fanon's Warning: A Civil Society Reader on the New Partnership for Africa's Development*, Trenton, Africa World Press and Cape Town, AIDC; Bond, P. (2003), 'Can the New Partnership for Africa's Development Work?', in K.Wohlmuth (Ed), *African Development Perspective Yearbook: African Entrepreneurship and Private Sector Development*, Bremen, Institute for World Economics and International Management; and Bond, P. and T.Ngwane (2003), 'African Anti-Capitalism,' in R.Neumann and A.Hsiao (Eds), *Anti-Capitalism: A Field Guide to the Global Justice Movement*, New York, New Press. See also the discussion of 'subimperial partnership' in Bond, *Unsustainable South Africa*, pp.368-375.

21. The most rigorous studies in 2002 were conducted by highly-experienced political economists: Adedeji, A. (2002), 'From the Lagos Plan of Action to the New Partnership for Africa's Development, and from the Final Act of Lagos to the Constitutive Act: Whither Africa?' Keynote Address prepared for the African Forum for Envisioning Africa, Nairobi, 26-29 April; Adesina, J. (2002), 'Development and the Challenge of Poverty: NEPAD, Post-Washington Consensus and Beyond', Paper presented to the Codesria/TWN Conference on Africa and the Challenge of the 21st Century, Accra, 23-26 April; Anyang'Nyong'o, P. et al (Eds)(2002), *NEPAD: A New Path?*, Nairobi, Heinrich Böll Foundation; Nabudere, D. (2002), 'NEPAD: Historical Background and its Prospects,' in P.Anyang'Nyong'o, et al (Eds), *NEPAD: A New Path?* Nairobi, Heinrich Böll Foundation; Olukoshi, A. (2002), 'Governing the African Political Space for Sustainable Development: A Reflection on NEPAD,' Paper prepared for the African Forum for Envisioning Africa, Nairobi, 26-29 April.

Congo, Kenya, South Africa, Tanzania and Zimbabwe were sufficiently organised to hold a militant demonstration at the opening ceremony.<sup>22</sup>

Reacting to the growing pressure from the political left, Mbeki began holding civil society consultations in mid-2002 with the assistance of a nationalist faction of the SA Council of Churches and the Africa Institute, although not without controversy. As Mbeki prepared to present at the Kananaskis G8 meeting, *Business Day's* (pro-NEPAD) reporters Jonathan Katzenellenbogen and Vuyo Mvoko reported that, 'NEPAD is under fire from African experts... The group, which met in Pretoria recently and was addressed by Mbeki, panned several aspects of the blueprint for Africa's economic recovery, referring to Mbeki and members of NEPAD's steering committee as "a small group of political elites" and saying the nature of NEPAD would... "perpetuate and reinforce the subjugation of Africa in the international global system, the enclivity of African economies and the marginalisation of Africa's people."<sup>23</sup>

At the Durban AU summit, trade unions also met with Mbeki. On the one hand they repeated the criticism that NEPAD as a 'paradigm and model does not depart fundamentally from previous programmes designed by the World Bank and the International Monetary Fund.' On the other hand, after resources were offered by Pretoria, the union leaders agreed to establish a corporatist structure that would allow ruling parties 'to hold formal talks with African trade unions and business about NEPAD' which, according to Cosatu's spokesperson, 'could possibly be along the lines of the National Economic Development and Labour Council' of South Africa.<sup>24</sup> Likewise in Nigeria, a corporatist fraction of civil society was organised by an NGO, the Shelter Rights Initiative, in October 2002 to take advantage of NEPAD. The group denounced the lack of activity by Mbeki's main NEPAD co-promoter, Obasanjo: 'There appears to be no high-ranking, middle-level or articulate support staff or bureaucracy to support their work. The situation creates doubt as to whether NEPAD will outlive the present government.'<sup>25</sup>

There was, nevertheless, hope that the good-governance rhetoric in the NEPAD base document might do some good: 'With NEPAD, Africa undertakes to respect the global standards of democracy, which core components include political pluralism, allowing for the existence of several political parties and workers' unions, fair, open, free and democratic elections periodically organised to enable the populace choose their leaders freely.'<sup>26</sup> While South Africa under Mbeki's rule still permits free and fair elections, the other main NEPAD leader, Nigeria's Obasanjo, certainly does not. This was obvious during the April 2003 presidential poll, which resulted in what a United Nations press agency termed 'the threshold of total one-party dominance' by the ruling People's Democratic Party. As one

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22. *Business Day*, 9 July 2002.

23. *Business Day*, 27 June 2002.

24. *Business Day*, 3 July 2002.

25. *Business Day*, 23 October 2002.

26. NEPAD, paragraph 79.

example, according to official records, a near 100% turnout occurred in the southern Rivers State, with 2.1 million of 2.2 million registered voters supporting president Obasanjo. Yet electoral observers reported a low turnout.<sup>27</sup> In the telling case of Obasanjo's home state of Ogun, the president won 1,360,170 votes against his opponent's 680. The number of votes cast in a simultaneous race in the same geographical area was just 747,296. Obasanjo's explanation, by way of denigrating the European Union's electoral observers, was that 'Certain communities in this country make up their minds to act as one in political matters... They probably don't have that kind of culture in most European countries.' International observers found 'serious irregularities throughout the country and fraud in at least 11 (of 36) states.'<sup>28</sup>

A similar degree of respect for democracy was evident in Zimbabwe.<sup>29</sup> Ironically, after opposing NEPAD at the AU meeting in Durban, Mugabe and foreign minister Stan Mudenge were visited by an extremely humble Dlamini-Zuma in October 2002. A few days later, finance minister Herbert Murerwa used his budget speech to parliament to confirm that it is 'critical that Zimbabwe remains part of this (NEPAD) process.'<sup>30</sup> Meanwhile, the increasingly cozy relationship between Pretoria and Harare alienated the democratic (albeit neoliberal-inclined) opposition. Morgan Tsvangirai, at the time framed by Mugabe's henchmen on a ludicrous treason charge, concluded that Mbeki had 'embarked on an international safari to campaign for Mugabe's regime. Pretoria is free to pursue its own agenda. But it must realise that Zimbabweans can never be fooled anymore.'<sup>31</sup>

A February 2003 gambit by Mbeki and Obasanjo to readmit Zimbabwe to the Commonwealth represented, according to Tsvangirai, 'the disreputable end game of a long-term Obasanjo-Mbeki strategy designed to infiltrate and subvert not only the Commonwealth effort but, indeed, all other international efforts intended to rein in Mugabe's violent and illegitimate regime. Through this diabolical act of fellowship and solidarity with a murderous dictatorship, General Obasanjo and Mr Mbeki have now openly joined Mugabe as he continues to wage a relentless war against the people of Zimbabwe. They are now self-confessed fellow travellers on a road littered with violence, destruction and death.'<sup>32</sup> Did Mbeki and Obasanjo

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27. IRIN news service, 12 May 2003.

28. *Mail and Guardian*, 26 April 2003.

29. The story of Pretoria's bizarre relationship with the Zanu-PF regime is told in Bond, P. and M. Manyanya (2003), *Zimbabwe's Plunge: Exhausted Nationalism, Neoliberalism and the Search for Social Justice*, Harare, Weaver Press, Pietermaritzburg, University of Natal Press, London, Merlin Press and Trenton, Africa World Press.

30. Murerwa, H. (2002), 'The 2003 National Budget Statement,' Presented to Parliament, Harare, 14 November.

31. Tsvangirai, M. (2002), 'President of the MDC's Speech to MDC Parliamentarians,' Harare, 18 December.

32. Cited in Manyanya, M. (Ed)(2003), *NEPAD's Zimbabwe Test: Why the New Partnership for Africa's Development is Already Failing*, Harare, Zimbabwe Coalition on Debt and Development, Foreward.

deserve the derision? They termed Zimbabwe's 2002 presidential election 'legitimate,' and repeatedly opposed punishment in the Commonwealth and UN Human Rights Commission. In February 2003, Dlamini-Zuma stated, 'We will never criticise Zimbabwe.' In December 2003, Pretoria helped to sponsor a Commonwealth leadership challenge—widely understood as punishment - by a former Sri Lankan cabinet minister to the secretary-generalship of Don McKinnon, who had taken a relatively hard line on Zimbabwe. The NEPAD secretariat's Dave Malcomson, responsible for international liaison and co-ordination, openly admitted to a reporter, 'Wherever we go, Zimbabwe is thrown at us as the reason why NEPAD's a joke' (*sic*).<sup>33</sup>

Suspicion from democratic, progressive forces across Africa appeared validated again when, in October 2002, political-governance peer review was nearly excised from NEPAD. African elites didn't want such leverage located in Pretoria or anywhere else, naturally, so the March 2002 decision by AU leaders meeting in Abuja to adopt the peer review mechanism was only actioned fourteen months later, when the names of six African peers on a 'Panel of Eminent Persons' were released at another Abuja conference, three days before the Evian G8 meeting. Most revealingly, perhaps, the South African peer was Chris Stals, the former Reserve Bank governor. *Mail and Guardian* columnist Richard Calland commented, 'NEPAD's Declaration on Democracy, Political, Economic and Corporate Governance says precious little about development and poverty, and even less about socio-economic rights. Given that he must now oversee compliance, it is hard to know whether to laugh or cry at the fact that the declaration is full of the language that Stals will understand has very little of that which he would not.'<sup>34</sup> During the 1990s, Stals had been embroiled in several serious governance controversies that should have disqualified him from being a 'peer' to any but the most rancid of African dictators.

As a result of such shenanigans, who could blame the G8 rulers for an increasingly cautious, reserved attitude to their African visitors? When Pretoria's delegation flew to Kananaskis in June 2002, expectations were high, not least because of a front-page *Time* feature on 'Mbeki's mission: He has finally faced up to the AIDS crisis and is now leading the charge for a new African development plan.'<sup>35</sup> In reality, as *Institutional Investor* reported, the G8's 'misleadingly named' Africa Action Plan represented merely 'grudging' support, for the main donor countries 'coughed up only an additional \$1 billion for debt relief, failed altogether to reduce their domestic agricultural subsidies (which hurt African farm exports) and - most disappointing of all to the Africans - neglected to provide any further aid to the continent.'<sup>36</sup> In the same tone, a journalist from South Africa's *Sunday Times* confirmed that 'the leaders of the world's richest nations

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33. *Business Day*, 28 March 2003.

34. *Mail and Guardian*, 27 June 2003.

35. *Time*, 10 June 2002.

36. Gopinath, 'Doubt of Africa.'

refused to play ball.' But Mbeki simply refused to accept reality: 'I think they have addressed adequately all the matters that were put to them.' Kananaskis was 'a defining moment in the process both of the evolution of Africa and the birth of a more equitable system of international relations. In historical terms, it signifies the end of the epoch of colonialism and neocolonialism.'<sup>37</sup>

The epoch of neocolonialism continued unabated, actually. When the World Economic Forum returned to Davos in January 2003, Manuel angrily told journalists, 'Africa didn't really shine here. There is a complete dearth of panels on Africa.' One wire service report revealed, 'Among the many snubs Africa received here was the decision by former US president Bill Clinton to cancel his presence at a press conference on Africa today to discuss NEPAD. Forum officials said Clinton did not give reasons for not attending.'<sup>38</sup> By the time of the 2003 G8 meeting in Evian, France, world elites had become well aware of NEPAD's lack of street credibility, not only because of the repeated Zimbabwe and peer review fiascos. *Institutional Investor* captured the tone: 'Like other far-reaching African initiatives made over the years, this one promptly rolled off the track and into the ditch... Almost two years after NEPAD's launch, it has little to show in aid or investment. Only a handful of projects have fallen within the plan's framework.'<sup>39</sup> Evian provided only a few (inadequate) concessions on the UN Global Fund for health, as well as what the *Financial Times* termed 'year-old pledges to provide an extra \$6 billion a year in aid to Africa,' a tiny fraction of the amount spent on the Iraq war a few weeks earlier.<sup>40</sup> In addition to an estimated 120,000 activists protesting the G8 in the Swiss cities of Geneva and Lausanne, civil society leaders from six African social movements meeting nearby were scathing: 'The outcome of the 2003 Summit of the G8 reveals that the political will of the eight most powerful nations to meet their obligations to Africa has simply dried up... One or two drops of aid out of Evian amounts to a small patch for the haemorrhaging economies of Africa.'<sup>41</sup> As at Kananaskis, Mbeki's response was to distract attention from the drying drops of aid. In 2002, his rebuttal to civil society complaints about the G8's failure to fund African debt cancellation and aid, was that they were 'easy, routine, uninformed and cynical.'<sup>42</sup> In 2003, the tactic for denial of failure was far more humble: 'I think we have bitten off more than we can chew. If we had tried to take a bigger bite... we would not have been able to absorb it. What would happen is that we would produce disappointments. With all these resources committed, [people would ask] what are these Africans doing now? They are not using it.'<sup>43</sup>

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37. *Sunday Times*, 30 June 2002; *Business Day*, 28 June 2002.

38. Interpress Service, 28 January 2003.

39. Gopinath, 'Doubt of Africa.'

40. *Financial Times*, 2 June 2003.

41. African Womens Communication and Development Network et al, 'Joint Statement.'

42. *Cape Times*, 4 July 2002.

43. *Business Day*, 4 June 2003.

Unlike Mbeki, who faked pleasure at the G8 'partnership,'<sup>44</sup> Africa's finance ministers issued a joint statement after Evian expressing 'deep concern that negotiations on the key elements of the Doha development round have achieved little.'<sup>45</sup> Brazilian president Lula da Silva declared that the G8's 'Incoherency between words and acts cannot but breed skepticism and distrust.'<sup>46</sup> Specifically mentioning South Africa, Lula remarked, 'I noted that the presidents of the poorer countries spend their whole time complaining that the United States does not give us that to which we think we have a right... It does not help to keep crying to the European Union for it to reduce the subsidies it pays to its agriculturalists. No one respects a negotiator who cries or who walks around with his head low.'<sup>47</sup> Lacking Lula's self-confidence, Mbeki and his African colleagues were 'apparently intent on selling out the continent under the rubric of a plan crafted by the same technocrats who wrote Pretoria's failed Gear economic programme, under the guidance of Washington and the corporate leaders of Davos,' according to anti-globalisation strategist Dennis Brutus in a mid-2002 *Business Day* article. 'It is past time for us to insist that President Thabo Mbeki rise off his kneepad and assume the dignity of an African leader, or face ridicule.'<sup>48</sup>

### **African and South African anti-capitalisms**

Since we have asked the question of Africa's highest-profile leaders, especially Mbeki - will you polish or abolish global apartheid? - and arrived at an unsatisfactory answer, it is appropriate to look to more radical traditions and more realistic vehicles of social change in Africa, especially South Africa. Africa was and remains, after all, the world's leading example of exploitation. But there have been, too, waves of resistance. The anti-slavery and anti-colonial tribal-based uprisings of the 18th-19th centuries were only suppressed by the Europeans' brutal military superiority, ultimately requiring automatic weaponry. Twentieth century settler-capitalism could only take hold through coercive mechanisms that dragged Africans out of traditional modes of production into the mines, fields and factories. Many rural women had the added burden, then, of subsidising capitalism with an infrastructure that reproduced cheap labour, since schools, medical insurance and pensions for urban families were largely nonexistent.

Against such superexploitation, Africa's interrelated radical traditions grew and intermingled. They included vibrant nationalist liberation insurgencies, political parties that claimed one or another variants of socialism, mass movements (sometimes peasant-based, sometimes

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44. See, e.g., Mbeki's reportback letter to the ANC, 6 June 2003 (<http://www.anc.org.za>).

45. *Business Report*, 8 June 2003.

46. *Le Figaro*, 4 June 2003.

47. Agencia Folha, Alto Araguaia (translation T.Oppermann), 7 June 2003.

48. Brutus, D. (2002), 'Global Agendas are Set by the Usual Suspects,' *Business Day*, 27 June.

emerging from degraded urban ghettos), and powerful unions. Religious protesters, women's groups, students and youths also played catalytic roles that changed history in given locales. What kinds of globalised resistance can be retraced? Anti-slavery was amongst the most important international solidarity movements ever. African nationalist movements exiled in London and Paris established even greater Pan-Africanist visions, as well as solidarity relations with Northern critics of colonialism, apartheid and racism. The combined anti-colonial/imperialist phase, from the 1960s through the liberation of South Africa in 1994, gave leftists and anti-racists (from militants like Malcolm X and Stokely Carmichael to church-basement activists) inspiration - although as Che Guevara found out during a hellish year (1965) organising and occasionally fighting in what was then Mobutu's Zaire, not all peasant societies proved ripe for the struggle.

To update to contemporary times, we must first note the continent's increasingly desperate and militant labour movement.<sup>49</sup> Labour and indeed much of African civil society were, by the turn of the 21st century, civilised, tamed and channeled into serving neoliberalism. In recent years, Egypt, Ghana, Kenya, Mauritius, Nigeria, Senegal, South Africa, Zambia and Zimbabwe have been amongst the most intense recent sites of conflicts between anti-capitalists and ruling parties (some of which played out over differential resistance to the Iraq war). But across the continent, the contradictions between Global justice movements and Third World nationalism are endemic, and the continuation of 'IMF Riots' suggests that the leftist critique of neoliberalism remains intact. African groups began networking more actively in 2002 when NEPAD was introduced by Mbeki and a handful of other African leaders. The main point to make here, is not merely that these and other progressive African movement networks (e.g., labour-related, economic justice practitioners in churches, health equity specialists, numerous types of environmentalists, and so on) are advancing strong, mature, ideological statements about the debt, trade and related economic oppression they face. What is perhaps of greater interest is that instead of working merely through NGO-type circuits, they are increasingly tying their work to militant street action, as was evident at the Durban World Conference Against Racism in August 2001 and the Johannesburg WSSD a year later.

Within South Africa, the independent left's main grassroots campaigns are the struggle for anti-retroviral medicines to combat AIDS, free lifeline water (50 liters/person/day) and electricity (1 kiloWatt hour/person/day), land reform, an end to housing evictions, a Basic Income Grant, debt repudiation and reparations for apartheid-era profits by foreign and domestic capital, and security from domestic violence. Protests are regularly mounted against NEPAD, the World Economic Forum and other high-profile

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49. These are covered well elsewhere, and don't bear repetition: Fisher, J. (2002), 'Africa,' in E. Bircham and J. Charlton (Eds)(2002), *Anti-Capitalism: A Guide to the Movement*, London, Bookmarks; Zeilig, L. (Ed)(2002), *Class Struggle and Resistance in Africa*, Cheltenham, New Clarion.

neoliberal events. The independent left will continue growing. Organisations repeatedly challenging the ANC and capital include social movement and community activist coalitions such as the national Social Movements Indaba, the Johannesburg Anti-Privatisation Forum, the eThikwini (Durban) Social Forum, and the Western Cape Anti-Evictions Committee, as well as a variety of sectorally-specific groups: the Education Rights Project, Environmental Justice Networking Forum, Jubilee SA, Keep-Left, Khulumani (apartheid victims support group), Landless Peoples Movement, Palestine Solidarity Committee, Soweto Electricity Crisis Committee, Treatment Action Campaign, Youth for Work, and sometimes the inconsistent SA NonGovernmental Organizations Coalition. Information about their struggles is regularly found in mainstream news outlets, but the local independent left use media such as Indymedia, the journal and e-network *debate*, and *Khanya Journal*. Other left infrastructure includes think-tanks and training institutes such as Alternative Information and Development Centre, groundWork, the International Labour Research and Information Group, Khanya College, and the University of Natal Centre for Civil Society, most of which have useful websites. There are, as well, some militant sections of Cosatu, especially municipal workers.

However, divisive conflicts have emerged within South African's independent left movements, especially over how to relate to the SACP and trade union movements, with some groups entering selective conjunctural alliances. How far to attack the ANC itself is also highly variable, and carries into debates over whether (and when) to form a left political party, and whether to call for a boycott or a spoiled ballot in the 2004 national elections. In addition, there remain traditional South African problems with sectarianism amongst small political parties and factions. Another major dividing line emerged over how to articulate South African reactions to the Zimbabwe land issue, and, relatedly, to the imperialist-aligned section of the Zimbabwe opposition. Nevertheless, my own sense is that many of these will be resolved in the coming five to ten years, when a regroupment of the broad left under a broad-based workers' party umbrella is inevitable.

### **Anti-capitalist strategies and tactics**

More generally, what kinds of philosophy will motivate activists, and what are some of the more popular strategic themes that are resonating in the intellectual centres of Africa? To take one example, Samir Amin famously argues for a 'delinking' strategy that 'is not synonymous with autarky, but rather with the subordination of external relations to the logic of internal development... permeated with the multiplicity of divergent interests.'<sup>50</sup> In 2002, a restatement of Amin's delinking theme came from Focus on the Global South director Walden Bello, in his book *Deglobalization*: 'I am not talking about withdrawing from the international economy. I am speaking

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50. Amin, S. (1985), *Delinking: Towards a Polycentric World*, London, Zed Books.

about reorienting our economies from production for export to production for the local market.’<sup>51</sup>

There was no question, at this stage, of overthrowing the capitalist mode of production, merely the *scale* at which it operated. The implicit possibility of attracting potential allies amongst a (mainly mythical) ‘national patriotic bourgeoisie’ still exists in some formulations of delinking, which coincides with reformist tendencies amongst the African intelligentsia and some currents of anti-capitalism (especially trade unions). The challenge, as ever, is to establish what kinds of reforms - capital controls, inward-oriented industrial strategies, generous social policies, and the like - are ‘reformist,’ versus those which could potentially be ‘non-reformist reforms’. The latter open the door to a stronger contestation of capitalism itself. A first step towards an effective deglobalisation - and here we obviously do not mean the autarchic experiences of Albania, Burma or North Korea, or the corrupt chaos of contemporary Zimbabwe - is to disempower Washington. The strategic formula which the South African left has broadly adopted (which I have elsewhere termed ‘internationalism plus the nation-state’)<sup>52</sup> could begin by removing the boot of the World Bank from Third World necks, as a key example of what can and must be done. At the same time, if uneven development is amplified by a scale shift from national to global determination of political economy, part of the anti-capitalist project must be to wrest control of the nation-state away from current ruling elites. As Marx advocated, each working class must first settle accounts with their own (national) bourgeoisies. <sup>53</sup>

Of course, even were policies adopted designed to ‘lock capital down,’<sup>54</sup> a series of national capitalist strategies in a society like South Africa would be insufficient to halt and reverse uneven global development in its current form: overaccumulation crisis, displacement via hyperactive financial and trade circuits, increased accumulation by dispossession, intensified destruction of the environment, reduction of the social wage and community, the shift of the burden of failed states especially to women, the rise of dubious NGO activities, and the accompanying geopolitical rearrangements. Foremost amongst the problems that must be addressed, simultaneously, is the rescaling of many political-economic responsibilities. These are now handled by embryonic world-state institutions overly influenced by the gun-toting, neoliberal US administrations. To make any progress, deglobalisation and delinking from the most destructive circuits of global capital will also be necessary.

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51. Bello, W. (2002), *Deglobalization: Ideas for a New World Economy*, London, Zed Books.

52. Bond, *Against Global Apartheid*, Part Four.

53. This goes against the grain of some anti-statist arguments on the Left, especially Hardt, M. and A.Negri (2000), *Empire*, Cambridge, Harvard University Press. However, most of the major social movements in the world are in some sort of struggle relationship to their nation-state, even the Zapatistas at their peak.

54. Bond, *Against Global Apartheid*, Chapter Twelve.

How do the movements go about this, concretely? Lessons are being recalled from the struggle against South African apartheid, which included disinvestment from companies profiting from racism. Cape Town's Anglican Archbishop Njongonkulu Ndungane lays out the deglobalisation threat from the Global justice movement in no uncertain terms: '[If] we must release ourselves from debt peonage - by demanding the repudiation and cancellation of debt - we will campaign to that end. And if the World Bank and IMF continue to stand in the way of social progress, movements like Jubilee South Africa will have no regrets about calling for their abolition. To that end, the World Bank Bonds Boycott movement is gaining even great momentum. Even a money centre city like San Francisco decided to redirect funds away from Bank bonds into other investments, on the moral grounds that taking profits from World Bank operations contributes to poverty, misery and ecological degradation. More and more investors are realising that profiting from poverty through World Bank bonds is not only immoral, but will not make good financial sense as the market shrinks.'<sup>55</sup> In the short term, the World Bank bonds boycott campaign sends a clear signal to the Bank: End anti-social, environmentally-destructive activities, and cancel the debt.<sup>56</sup> When enough investors endorse the campaign, the Bank will suffer a declining bond rating, making it also fiducially irresponsible to invest - a real threat. In turn, some of the organisers hope, this lays the basis for a 'run on the Bank', to defund the institution entirely, initially through a collapsed bond market and then through taxpayer revolt.

The anti-capitalist movement in Africa understands best of all that, like Thabo Mbeki himself, the World Bank and IMF may have changed rhetorics - but not their structural adjustment programmes or the core strategy, *commodification*. It is in their struggles for *decommodification* - in South Africa, for free water, electricity, housing, land, anti-retroviral medicines and health services, education, basic income grant support and other social services - that activists are confronting the very logic of neoliberalism, as well as the financial institutions whose interests underlie the commodification process. This grassroots sensibility should be the basis for a different strategy than is typically generated in the London, Geneva or Washington boardrooms of NGOs, environmental groups, churches, trade union federations and environmentalists who often claim to be in solidarity

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55. Ndungane, N. (2003), *A World with a Human Face: A Voice from Africa*, Cape Town, David Philip, p.31.

56. <http://www.worldbankboycott.org>. The world's largest pension fund, TIAA-CREF, sold its Bank bonds during 2003. Organisations that had endorsed the WBBB by late 2003 included religious orders (the Conference of Major Superiors of Men, Pax Christi USA, the Unitarian Universalist General Assembly, and dozens of others); the most important social responsibility funds (Calvert Group, Global Greengrants Fund, Ben and Jerry's Foundation, and Trillium Assets Management); the University of New Mexico endowment fund; US cities (including San Francisco, Milwaukee, Boulder and Cambridge); and major trade union pension/investment funds (e.g., Teamsters, Postal Workers, Service Employees Int'l, American Federation of Government Employees, Longshoremen, Communication Workers of America, United Electrical Workers).

with Africans. The strategies adopted by mainstream NGO campaigners like European chapters of Jubilee, rockstar Bono's NGO 'DATA', and Oxfam ('Make Trade Fair') are particularly short-sighted, as they aim for elite alliances based on an uncritical reading of market processes and geopolitics. Moreover, like Mbeki, the reformers have very little to show for the investment of substantial resources, not to mention their self-conscious marginalisation of radical social forces. Likewise, the international trade union movement's 'social clause' strategy - i.e., reforming the World Trade Organisation (WTO) and hemispheric trade pacts so as to block exports from countries that violate ILO labour standards - is, to be sure, gaining some support in African unions, but not out of organic campaigning, instead from paternalistic relationships that stress corporatist values.

African and especially South African struggles show us, in contrast, that it is crucial at this stage of global anti-capitalist mobilisation to intensify the delegitimisation of neoliberalism. That option has emerged in the form of social movements which more decisively reject not merely neoliberalism, but its application *through* the African elites, and especially the elites' ongoing alliances with imperialism, as Pretoria/Washington demonstrates. Prior to the point at which a much deeper transformation can be promoted with a genuine social base in Africa, the immediate task remains for yet more powerful tools of resistance - such as the World Bank Bonds Boycott - to be applied against neoliberalism by Africans, alongside those readers of *South Atlantic Quarterly* who would provide solidarity.

**Table 1: Five ideological currents**

<b>Political current:</b>	<b>Global justice movements</b>	<b>Third World nationalism</b>	<b>Post-Wash. Consensus</b>	<b>Washington Consensus</b>	<b>Resurgent right wing</b>
<b>Formal ideology</b>	socialism and anarchism	<i>national</i> capitalism	(lite) social democracy	neo-liberalism	neo-conservatism
<b>Main agenda</b>	'deglobalisation' of <i>capital</i> (not <i>people</i> ) and 'globalisation-from-below'; anti-war; anti-racism; indigenous rights; women's liberation; ecology; 'decommodified' state services; participatory democracy	increased (but fairer) global integration via reform of interstate system, based on debt relief and expanded market access; democratised global governance; regionalism; light anti-imperialism	fix 'imperfect markets'; add 'sustainable development' to existing capitalist framework via global state-building; promote global Keynesianism (maybe); oppose US militarism	Rename neoliberalism (PRSPs, HIPC and PPPs) but with some provisions for 'transparency' and self-regulation; more effective bail-out mechanisms; (hypocritical) financial support for US-led Empire	unilateral petro-military imperialism; protectionism, tariffs, subsidies, bailouts and other crony deals; reverse globalisation of <i>people</i> via racism and xenophobia; religious extremism; social control
<b>Leading institutions</b>	social movements; environmental justice activists; indigenous people's and autonomist groups; radical activist networks; some leftist labour movements; leftwing think-tanks (e.g. Focus on the Global South, FoodFirst, GX, IBASE, IFG, IPS, Nader centres, TNI); leftist media and websites (e.g. Indymedia, Pacifica, www.zmag.org); a few semi-liberated zones (Porto Alegre, Kerala); and sectoral or local coalitions allied to World Social Forum	Non-Aligned Movement, G77 and South Centre; self-selecting regimes (often authoritarian): Argentina, China, Egypt, India, Iraq, Libya, Malaysia, Nigeria, Pakistan, Palestine, Russia, South Africa, Turkey, Zimbabwe with a few – like Brazil, Cuba and Venezuela – that lean left (but others pro-Empire, e.g. East Timor, Ecuador and Eritrea); and supportive NGOs (e.g. Third World Network, Seatini)	some UN agencies (e.g., Unctad, Unicef, Unifem, Unrisd); some int'l NGOs' (e.g., Care, Civicus, IUCN, Oxfam, TI); large enviro. groups (e.g., Sierra and WWF); big labour (e.g., ICFTU and AFL-CIO); liberal foundations (e.g., Carnegie, Ford, MacArthur, Mott, Open Society, Rockefeller); Columbia Univ. economics department; and some Scandinavian governments	US state (Fed, Treasury, USAid); corporate media and big business; World Bank, IMF, WTO; elite clubs (Bilderburgers, Trilateral Commission, World Economic Forum); some UN agencies (UNDP, Global Compact); universities and think-tanks (U. of Chicago economics department, Council on Foreign Relations, Adam Smith Inst., Institute of International Economics, Brookings); and most G8 governments	Republican Party populist and libertarian wings; Project for New American Century; right wing think-tanks (AEI, Cato, CSIS, Heritage, Manhattan); the Christian Right; petro-military complex; Pentagon; rightwing media (Fox, <i>National Interest</i> , <i>Weekly Standard</i> , <i>Washington Times</i> ); and proto-fascist European parties--but also Israel's Likud and perhaps Islamic extremism

<b>Political current:</b>	<b>Global justice movements</b>	<b>Third World nationalism</b>	<b>Post-Wash. Consensus</b>	<b>Wash. Consensus</b>	<b>Resurgent right wing</b>
<b>Internal disputes</b>	role of nation-state; party politics; fix-it v. nix-it strategies for int'l agencies; gender and racial power relations; divergent interests (e.g. Northern labour and environment against Southern sovereignty); and tactics (especially merits of symbolic property destruction)	degree of militancy against North; divergent regional interests; religion; large versus small countries; role of Islam; egos and internecine rivalries	some look leftward (for broader alliances) while others look rightward to Wash. Consensus (in search of resources, legitimacy and deals); which technical fixes might work	differing reactions to US empire due to divergent nationalist-capitalist interests and domestic political dynamics	disputes over extent of US imperial reach and over how to protect national sovereignty, cultural traditions and patriarchy
<b>Exemplary proponents</b>	E.Adamovsky M.Albert T.Ali S.Amin C.Augiton M.Barlow D.Barsamian H.Belafonte W.Bello A.Bendana F.Betto J.Bove J.Brecher R.Brenner D.Brutus N.Bullard A.Buzgalin L.Cagan A.Callinicos L.Cassarini J.Cavanagh C.Chalmers N.Chomsky A.Choudry A.Cockburn T.Clarke K.Danaher A.Escobar E.Galeano S.George D.Glover A.Grubacic M.Hardt D.Harvey D.Henwood J.Holloway B.Kagarlitsky P.Kingsnorth N.Klein M.Lowy Marcos A.Mittal M.Moore E.Morales R.Nader V.Navarro A.Negri T.Ngwane N.Njehu G.Palast M.Patkar M.Pheko J.Pilger A.Roy E.Said J.Sen V.Shiva J.Singh B.Sousa Santos A.Starr J.Stedile T.Teivainen, V.Vargas G.Vidal H.Wainwright L.Wallach M.Weisbrot R.Weissman H.Zinn	Y.Arafat J.Aristide F.Castro H.Chavez L.daSilva M.Gaddafi Hu J. M.Khor N.Kirshner R.Lagos MahathirM. N.Mandela T.Mbeki R.Mugabe O.Obasanjo D.Ortega V.Putin Y.Tandon	Y.Akyuz K.Annan L.Axworthy Bono G.Brundtland S.Byers B.Cassen J.Chretien P.Eigen J.Fischer A.Giddens W.Hutton P.Krugman W.Maathai P.Martin T.Mbeki T.Mkandawire G.Monbiot M.Moody-Stuart K.Naidoo T.Palley J.Persson John Paul II M.Robinson D.Rodrik J.Sachs W.Sachs A.Sen G.Soros J.Stiglitz J.Sweeney G.Verhofstadt E.von Weizaecher K.Watkins	T.Blair G.Brown M.Camdessus J.Chirac B.Clinton A.Erwin V.Fox S.Fischer M.Friedman T.Friedman A.Green-span S.Harbin-son H.Köhler A.Krueger P.Lamy M.Malloch Brown T.Manuel T.Mbeki R.Prodi K.Rogoff R.Rubin G.Schroed-er SupachaiP. J.Snow L.Summers J.Wolfen-sohn E.Zedillo R.Zoellick	E.Abrams J.Aznar S.Berlusconi O.Bin Laden C.Black Z.Brzezinski P.Buchanan G.Bush D.Cheney D.Frum, N.Gingrich J.Haider J.Howard R.Kagan H.Kissinger W.Kristol J.M.le Pen R.Lim-baugh R.Murdoch J.Negro-ponte G.Norquist M.Peretz R.Perle O.Reich C.Rice K.Rove D.Rumsfeld R.Scaif A.Scalia A.Sharon P.Wolfowitz J.Woolsey

# Removing neocolonialism's APRM mask: A critique of the African Peer Review Mechanism

The national middle class discovers its historic mission: that of intermediary... the transmission line between the nation and a capitalism, rampant though camouflaged, which today puts on the mask of neocolonialism.

– Frantz Fanon, *The Wretched of the Earth*<sup>1</sup>

## Introduction: Talk Left, Walk Right

Seen from Washington, the New Partnership for Africa's Development (Nepad) can be summed up in a frank description by the Bush Administration's leading State Department official for Africa, Walter Kansteiner: 'philosophically spot-on'.<sup>2</sup> But as the host institution of the African Peer Review Mechanism (APRM), Nepad has faced a crippling problem in assisting Kansteiner and his ilk: the elites responsible for its implementation – and for legitimizing neoliberalism more generally – are not democrats, and do not even seem to be committed to building their nations' economies. Can the APRM help fix this, or is it just a vanity of politicians and middle-class NGOers but in reality a transmission line between Africa and neocolonialism?

Whichever it may be, promoting APRM is very hard work. Charles Manga Fombad and Zein Kebonang point out that starting around 1990, Africa's second wave of democratization (the first being decolonization) witnessed an increase not only in elections (albeit "a majority of the post-1990 elections have been marred by electoral fraud") – but also coups, especially from 1995-2001: "Many of the old dictators are still firmly entrenched, whilst some of the new leaders who have joined the 'club' have in recent years been devising ever more sophisticated ways to perpetuate their rule while using the democracy slogan as a convenient mask to disguise their despotic practices."<sup>3</sup>

Adds Ian Taylor, "With very few exceptions (Botswana, Mauritius, Senegal, South Africa) the majority of the heads of state involved in Nepad are quintessentially leaders of neo-patrimonial regimes and certainly do not regard their rule as 'temporary' nor that institutional law should constrain their pre-eminence or that their rule be transparent and accountable."<sup>4</sup>

One example might be Meles Zenawi, Prime Minister of Ethiopia. Zenawi conspired with George W. Bush to invade Somalia in 2007 with the connivance of Mbeki; this, after the senseless war over a strip of sandy land on the Eritrean border between 1988-2000 killed at least 70 000 combatants and civilians. According to the lobby group Ethiopian Americans for Justice, Zenawi's government

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1 F Fanon, *The Wretched of the Earth*, London, Grove Press, 1961.

2 Cited in D Gopinath, 'Doubt of Africa,' *Institutional Investor*, May 2003.

3 C Fombad and Z. Kebonang, 'AU, NEPAD and the APRM Democratisation Efforts Explored', Uppsala, Nordiska Afrikainsitutet, 2006.

4 I Taylor, 'Can Nepad Succeed Without Prior Political Reform?' Danish Institute for International Studies, Working Paper no. 2005/23, Copenhagen, 2005.

hosted the 'African Guantanamo,' participating in the illegal kidnapping, imprisonment and torture of Africans. In return for its services for the 'war on terror', the Bush Administration rewarded the Zenawi group both financially and diplomatically. Most importantly, the Bush administration looked the other way when Ethiopia's rulers stole elections, tortured and killed many innocent people... Mr. Zenawi stole the 2005 elections, destroyed all opposition, muffled the press, banned advocacy for human rights and made a mockery out of the rule of law. Following the elections, his troops shot and killed 193 people who protested electoral fraud, massacred innocents in Gambella and the Ogaden. They had also bombed civilians in Somalia on many occasions. Mr. Zenawi's government has been one of the worst violators of human rights in Africa.<sup>5</sup>

Still, Zenawi was *unanimously* chosen as Chairperson of Nepad in 2007 and also as Chairperson of the Committee of Heads of State and Government of Countries Participating in the APRM. At the same moment in early 2009 that his parliament was passing the Charities and Societies Proclamation law – 'designed to strictly control and monitor civil society in an atmosphere of intolerance of the work of human rights defenders and civil society organisations', according to Amnesty International<sup>6</sup> – Zenawi was writing in the APRM's *2008 Annual Report* of the mechanism's ability to support "countries in improving their policy-making processes, adopt best practices from other countries, and comply with ratified standards and codes, while involving all stakeholders in the country."<sup>7</sup>

This may be the most extreme case of hypocrisy associated with the APRM, but is not surprising. Writing for a civil society lobby group, Partnership Africa Canada in 2005, Ousmane Dème, recognized – with undue regret – Nepad's morale rot:

It increasingly appears that out-and-out criticism is replacing the strong enthusiasm that prevailed at its inception. In fact, the hopes originally raised by this ambitious programme are now beginning to dissolve. Criticism is emerging from all directions. Nepad's biggest supporters, among them President Abdoulaye Wade, are starting to publicly voice their misgivings and censure.<sup>8</sup>

According to the Senegalese president, in October 2004: "I am disappointed. I have great difficulties explaining what we have achieved when people at home and elsewhere ask me... We're spending a lot of money and, above all, losing time with repetition and conferences that end and you're not quite sure what they've achieved."<sup>9</sup> In June 2007, at the World Economic Forum meeting in Cape Town, Wade acknowledged that Nepad "had done nothing to help the lives of the continent's poor".<sup>10</sup> Later that year, Wade was even more frank: "The redirection of the project has become inevitable, because nobody

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5 Ethiopian Americans for Justice, 'Letter to The Honorable William Jefferson Clinton', New York, 11 February 2009.

6 Amnesty International, 'Ethiopian parliament adopts repressive new NGO law', London, 8 January 2009.

7 M Zenawi, 'Foreword by the Chairperson of the African Peer Review Forum,' in *African Peer Review Mechanism Annual Report 2008*, Midrand, 2009.

8 O Dème, 'Between Hope and Scepticism: Civil Society and the African Peer Review Mechanism', Ottawa, Partnership Africa Canada, 2005.

9 BBC, 'Africa's big plan "disappointing"', London, 22 October 2004.

10 L Ensor, 'South Africa: Get Down to Brass Tacks – Mbeki', *Business Day*, 18 June 2007.

has yet understood anything from Nepad and nobody implemented Nepad.”<sup>11</sup> As Mbeki himself confessed a few weeks after his ouster from power, in December 2008, “I am afraid that we have not made the progress we had hoped for. Indeed, and regrettably, I believe that we have lost some of the momentum which attended the launch and detailed elaboration of the Nepad programmes.”<sup>12</sup>

But this is unsatisfactory, and leads merely to a head-shaking about African implementation incapacity. A further-reaching structural critique is required, based neither on limited African elite agency nor Nepad’s failure to help poor Africans, as if this was a genuine goal in any case. Such were merely symptoms of a deeper problem, which is Africa’s insertion into the world economy in a manner that, as Frantz Fanon warned, would *inherently generate a failed development project*. Masking the neocolonial relationship during the period of the 2000s – in the wake of two decades of rampant structural adjustment that demolished living standards except for newly-empowered political, financial and commercial elites – was a new rhetoric: ‘good governance’.

That phrase is often deployed within an all too easy ‘blame Africa first’ narrative in which the machinations of outside forces simply evaporate. But the alleged corruption that led to SA Police Commissioner (and Interpol president) Jackie Selebi’s leave – and apparent protection from prosecution by Mbeki – was thanks to mafia infiltration. And the alleged corruption that had Mbeki firing Jacob Zuma as deputy president in 2005 was traced to a French arms company, Thint, as part of the vast, bribery-ridden, foreign-sourced arms deal that Mbeki himself pushed into the SA budget over the objections of many inside and outside the government. Or in the wake of Mbeki, his successor Kgalema Motlanthe’s refusal of a visa to the Dalai Lama was almost certainly a result of the pressure the Chinese government – a major contributor to the African National Congress – concedes they put on Pretoria.

How can one disentangle such organic ‘good governance’ shortfalls fewer than 20kms away from Nepad headquarters from the exogenous forces? Can tearing off the APRM mask assist us in such a task?

### **An African governance mask**

To understand the masking of neocolonial relations through the APRM requires reminding ourselves of how much ideological damage has recently been done to neoliberalism, even before its 2008 financial meltdown in the North. Writing for the Institute for Democracy in South Africa, analyst Len Verwey concedes that amongst the sites the Afrobarometer surveyed in 2002, “Mozambique is the only country where more people perceived government economic policies positively than negatively. Nigeria, Uganda, Zambia and Malawi demonstrate a particularly acute [70%+] perception of the negative impact of government economic policies on most people.”<sup>13</sup> If that is the case, and if international financial institutions and the ‘donor’ governments must continue to reproduce a neocolonial system widely understood as damaging to the

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11 *Daily Observer*, ‘Wade: NEPAD has failed,’ 4 October 2007.

12 Sapa, ‘Nepad losing momentum: Mbeki’, 12 December 2008.

13 L Verwey, ‘Nepad and Civil Society: Participation in the APRM,’ Institute for Democracy in South Africa Budget Information Service Africa Budget Project Occasional Paper, Cape Town, 2006.

interests of the masses, then the first requirement is for elites to adopt good governance rhetoric.

Verwey here provides the conventional wisdom:

Nepad differs from previous African development initiatives, and this difference has contributed to its positive reception in the West, due to its adoption of the following pre-conditions for sustainable development:

- A shift from statism to markets and public-private partnerships as the drivers of growth and development;
- Competitive integration into the global economy, which would include export-orientated domestic production, diminishing tariff- and non-tariff barriers to imports, and the soliciting of foreign direct investment;
- The foregrounding of governance issues in securing positive developmental outcomes.<sup>14</sup>

Adds Greg Masterson of the Electoral Institute of South Africa,

APRM lies at the heart of the AU drive for a broad vision of African rejuvenation and renewal that seeks to generate more goodwill from foreign trade partners and donors by proving good political and economic governance and accountability... Arguably the most unique and original aspect of the NEPAD initiative, the APRM is largely responsible for thrusting African development into the international development spotlight at a time of chronic global donor fatigue and a slump in the global economy... The APRM's central philosophy of African states taking responsibility for their own development and compliance has been greeted enthusiastically by the donor community.<sup>15</sup>

In the same spirit Ross Herbert and Steven Gruzd claim that the APRM is "arguably the continent's most innovative and challenging experiment to date"<sup>16</sup> (perhaps forgetting the rise of nationalism, successful anti-colonial and anti-apartheid struggles, debt and climate campaigning and the like). Herbert and Gruzd are representatives of Africa's explicitly pro-capital SA Institute of International Affairs (SAIIA). Gruzd posits that SAIIA and similar 'think tanks' staffed by exceptionally persuasive 'experts' are crucial to APRM: "their reputation for objectivity, integrity and expertise has, in most instances, managed to convince skeptical citizens that the APRM is not just another government project designed to celebrate mediocrity and whitewash inadequacies."<sup>17</sup>

Although, Herbert and Gruzd argue, APRM is "designed to be more palatable and consensus-oriented than conditionalities imposed by debt-relief or aid-driven processes,"<sup>18</sup> the neocolonial direction is essentially the same as that imposed by the IMF, State Department and Brussels. What was apparently required, by the early 2000s,

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<sup>14</sup> *Ibid.*

<sup>15</sup> G Masterson, 'An Analysis of the Implementation of the African Peer Review Mechanism in Ghana, Kenya and Mauritius', Electoral Institute of South Africa Occasional Paper 29, Johannesburg, 2005.

<sup>16</sup> R Herbert and S Gruzd, 'Taking Stock of the African Peer Review Mechanism', *South African Journal of International Affairs*, 14, 1, 2007.

<sup>17</sup> S Gruzd, 'Institutionalising Governance Evidence: Experiences of Think Tanks in the African Peer Review Mechanism', Paper prepared for the United Nations Development Program, Cairo, 2009.

<sup>18</sup> Herbert and Gruzd, *op cit.*

was adoption of a rather more sly approach, one capable of teaching ‘democracy’ talk to tyrants and of adding a certain fraction of *civilised* society (‘think tanks’) to give legitimacy to the standard conditionality menu.

But the results of APRM are not encouraging even seen through these partisans’ eyes. In addition to two typical grievances present in most of the APRM case studies, namely lack of financial resources and an overambitious timeframe, Herbert and Gruzd add some important caveats about the APRM technical process worth noting:

The rules and regulations governing the process are loose. Later documents contradict earlier ones, without revoking or revising them. The wide-ranging flexibility afforded to countries in developing their national APRM structures — particularly their national governing council or national commission and local APRM secretariat — has spawned a variety of different institutional models. This permissive approach has mollified some nations apprehensive about the process but it has also undermined the ability of the system to establish governance norms or bring about genuinely improved dialogue around governance reform. The Panel has been reluctant to publicly challenge governments even when their APRM plans are contrary to the written and verbal guidelines.<sup>19</sup>

Nor would one expect the APRM Panel to break ranks with other elites, and to side with civil society. The South African representative to the APRM Panel, after all, was Chris Stals. His prior job was as Reserve Bank governor, when he initiated extreme monetarist policies that shifted resources to financial instead of productive sector economic activities, from poor to rich.

### **The case of South Africa**

The most revealing APRM case study is surely South Africa’s, given the home-based context. Herbert and Gruzd served on the South African APRM civil society team, which led a long process that eventually persuaded the final Panel on the need for 182 formal recommendations (of varying politico-ideological orientations). But the July 2007 programme of action agreed upon with Peers ignored most of these and diverted from internal APRM procedure, according to Herbert and Gruzd:

The Panel called for action on crime, regulation of political party finances (called for in the UN and African Union anti-corruption codes), action on racism and xenophobia, reconsideration of South Africa’s electoral system, efforts to strengthen parliament, and actions to fight corruption, among other high-profile recommendations. These are addressed [by Pretoria] with varying degrees of clarity, but are in many instances ignored or dealt with superficially. In this, South Africa has demonstrated very real limits to the ability or willingness of the system to press unwilling nations toward particular reforms.<sup>20</sup>

As Paul Graham from Idasa observed, Pretoria’s APRM document “shows substantial alteration from the report discussed in Kliptown (in front of 1700 delegates) and, as a

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<sup>19</sup> *Ibid.*

<sup>20</sup> *Ibid.*

result, a substantial amount of the texture of the debates has been lost”.<sup>21</sup> Another SAIIA report noted that SA’s APRM report “was crafted without significant civil society input and the media were largely ignored.”<sup>22</sup>

What does the power of South Africa over the entire APRM process teach Herbert and Gruzd? “Despite the strong recommendations, the system declined to take action or publicly comment when South Africa ignored a large portion of the recommendations in its action programme. The process highlighted the limits of the Panel’s ability to stand up to a powerful nation that might resist its advice.”<sup>23</sup>

One specific point deserves mention. A well-known feature of Mbeki’s management style, arrogant denialism, was evident, as *Business Day* editorialized in relation to an important APRM Panel finding:

Several months before the recent xenophobic attacks, Mbeki disputed the findings of a report warning of SA’s ‘brutality and detention’ of foreigners from other African countries... He cannot have missed the APRM’s cautionary note. Its SA country report concluded that “xenophobia against other Africans is currently on the rise and must be nipped in the bud”. In his response to the report last year, Mbeki denied that xenophobic tendencies existed in SA, pointing out that the country did not even have refugee camps. To illustrate the friendly environment, Mbeki alluded to a state visit by Congolese President Joseph Kabila when illegal immigrants from that country openly requested the two presidents to regularise their status. In Mbeki’s view, the fact that illegal immigrants were able to address the two leaders showed how comfortable they felt in SA. Yet a few months later, 62 people were killed in anti-foreigner attacks that erupted in Alexandra on May 11.<sup>24</sup>

Simply said, the APRM was not treated seriously in Pretoria. Six months after taking office as Minister of Public Service and Administration, in March 2009, Masenyani Baloyi had not tackled even the much-diluted tasks he inherited from his predecessor Geraldine Fraser-Moleketi: “At a conference to reveal what the government was doing about the problems cited, Baloyi was slammed for convening yet another ‘talk shop’. Johannesburg ANC Woman’s League organiser Bontle Setshogoe said: ‘On the ground, nothing concrete is been done’. Baloyi said that time was needed for ‘reflection’”.<sup>25</sup>

## Other cases

Herbert and Gruzd praise the Ghana, Kenya and Rwanda reviews, but do concede that the reports “also suffer from lack of specificity, measurability and the extreme brevity used to describe commitments, using terms such as ‘monitoring and enforcement’ and ‘improved human resource management’.”<sup>26</sup> Gruzd makes specific claims about APRM progress in other countries (regrettably, not documented), such as that “Rwanda is in the midst of fundamental reforms to its business environment. Kenya points out laws

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21 B Boyle, ‘South Africa criticises itself. Sort of’, *Sunday Times*, 16 July 2006.

22 B Boyle, ‘Making the News: Why the African Peer Review Mechanism didn’t’, SA Institute for International Affairs Occasional Paper Number 12, Johannesburg, September 2008.

23 *Op Cit*

24 *Business Day*, ‘Warning on xenophobia ignored’, 11 July 2008.

25 N Lekotjolo, ‘Government needs time ‘to reflect’’, *The Times*, 27 March 2009.

26 Herbert and Gruzd, *op cit*.

passed, for example on witness protection and public procurement, new funds to foster youth and women's development and a draft national land policy created through consultation. In South Africa, issues flagged in the APRM, such as unregulated private funding to political parties and floor-crossing in parliament, have been slated for reform."<sup>27</sup>

To what extent can the APRM be credited for such changes? We cannot tell from the information provided and in any case there are multiple power vectors at work in any given context. For example, the political party floor-crossing fiasco in South Africa had to come to an end because of the ludicrous way deals were being done, undermining the system from the standpoint of the majority and minority parties; the minor APRM input on floor crossing can hardly be given credit for this. However, it appears that there are no reforms contemplated on private funding of political parties, notwithstanding the extent to which the Chinese financial grip on the ruling party caused acute embarrassment during the recent Dalai Lama visa affair.

And the Rwanda 'reforms' appear neoliberal in orientation, not at all inconsistent with standard Washington Consensus conditionalities. Moreover, the 2005 Rwanda APRM report was excessively 'rosy', according to Eduard Jordaan, and the final document "inadequately addresses a number of serious political problems in Rwanda, such as Rwanda's involvement in the Democratic Republic of Congo, the inadequate separation of powers in the Rwandan political system, tensions in Rwandan society, and the flawed presidential and parliamentary elections of 2003."<sup>28</sup>

Moving to Kenya, prior to the December 2007 ethnicised electoral catastrophe, the APRM process went smoothly, according to Herbert and Gruzd.<sup>29</sup> But consider what the APRM *failed* to do. The report, according to Bronwen Manby (from the London-based AfriMAP project),

does not identify the issues relating to the independence of the Electoral Commission of Kenya that were so critical on election day and in the following period... But the biggest concern is the issue of political will. Was the Kenyan government ready to try to fix what was broken? Were the APRM eminent persons and secretariat willing to hold them to account? And were other African heads of state who had signed up for the APRM process – to whom the APRM eminent persons and secretariat report – ready to urge remedies for poor performance, or would their own glass houses discourage the throwing of stones?<sup>30</sup>

## Conclusions

The arguments made above should suggest a rethink by any community-based organization, social movement, non-governmental organization and other progressive body if they are presently legitimating Nepad policies, Bretton Woods Institution mandates, donor conditionalities and local elites via the APRM. The merits of

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<sup>27</sup> Gruzd, *op cit*.

<sup>28</sup> E Jordaan, 'Inadequately Self-Critical: Rwanda's Self-Assessment for the African Peer Review Mechanism', *African Affairs*, 105, 420, 2006.

<sup>29</sup> Gruzd, *op cit*.

<sup>30</sup> B Manby, 'African Peer Review Mechanism: Lessons from Kenya', Pambazuka news 362, 15 April 2008.

participating are few, and the damage done to progressive politics appears very high in some cases, not merely in terms of institutional frustration.

The main point is to not forget the context, which is neocolonialism's need for a mask. As the Partnership Africa Canada's Dème explains,

The launch of the APRM is not neutral in that it coincides with the first difficulties of Nepad's initiators to persuade the foreign private sector to invest massively in Africa. Africa's poor image in the international community, the result of its reputation for bad governance, is in some minds one of the main obstacles to attracting foreign private investment.<sup>31</sup>

As a result, Dème and others in similar donor agencies and donor-funded liberal 'think tanks' have a huge difficulty in their task of re-legitimising the APRM: "The APRM represents a major challenge for African civil society. It needs to seize this opportunity to parlay its extensive experience into improved governance in African countries."<sup>32</sup>

In contrast, argue Charles Manga Fombad and Zein Kebonang,

Either carefully selected pro-government NGOs and CBOs are involved or those brought in are given so little information that they are unable to play a constructive role in the process. In the final analysis, the NEPAD APRM will remain a closed state-to-state process with no room for non-state, independent critical voices who could contribute constructively to making the process more productive, effective and credible.<sup>33</sup>

Herbert and Gruzd conclude that "the system as a whole is beneficial and opens space for meaningful national dialogue." Yet this is apparently only true for those institutions – like SAIIA – which have impressive clout in their own terms, e.g. elite connections and a high media profile. As for ordinary citizens, they concede, the 'meaningful'ness of the dialogue is open to question:

Civil society members have participated in public meetings during country support missions, but these encounters have only discussed the APRM process in the most general terms, have not provided detailed information on process and governance requirements or lessons on how other countries have managed public consultations, used surveys or managed research institutions. Notably, the memorandums of understanding between the continental authorities and participating governments have not been made public.<sup>34</sup>

Finally, Manby offers quite a sobering reflection on the APRM's distracting capacity, based not only on Kenya but the other cases as well:

Although each country that has undergone the APRM process is supposed to report back to the APR Forum on its progress, there is no serious monitoring exercise of

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31 Dème, *op cit.*

32 *Ibid.*

33 Fombad and Kebonang, *op cit.*

34 Herbert and Gruzd, *op cit.*

how effectively this is done. Nor any sanctions for failure to act. Nor, apparently, is there any real system to ensure that the commitments the government makes address the most important problems highlighted in the APRM review. Certainly, no individual or institution at the African level, least of all the APR Forum, raised the implementation of the APRM commitments as critical issues during the recent Kenyan crisis – or, perhaps more importantly, during the lead up to the election, when such a focus could perhaps have averted the near-catastrophe into which Kenya was drawn.

At national level, meanwhile, the implementation of the APRM programme of action is also left entirely to the executive, with no formalised role for parliamentarians or civil society to hold the government's feet to the fire should it fail to perform. As in other countries, the APRM process has not been well-integrated into other national development planning processes – a problem recognised by the APRM secretariat in South Africa – and it does not appear to have informed other important reform programmes under way at the same time.

Moreover, the systems in place to monitor the implementation of other national policies (however imperfect) are also not mobilised to engage with the implementation of the APRM programme of action. President Kibaki did not report back to parliament on the APR Forum meeting and on the actions he had committed to take, nor was the report tabled for debate. Though there was some coverage in the media of the APR Forum discussion of Kenya, it did not generate a real national debate on the report and programme of action and their implications. The conclusions and recommendations were not widely disseminated throughout the country by the NEPAD-Kenya secretariat or other means. Although a meeting hosted by the NEPAD-Kenya secretariat in mid-February 2008 aimed – encouragingly – to involve civil society in the process of preparing the country's progress report to the next APR Forum, the report of the meeting is surreal in its lack of any suggestion that this review might be relevant to, or affected by, the national political crisis.

Even the continental APRM secretariat failed to engage in any serious way with national institutions, such as the Electoral Commission of Kenya or the Kenya National Human Rights Commission, in order to brief them on the conclusions relevant to them and the follow-up role they might play.

Without this sort of integration into other national planning systems, debates and oversight mechanisms, the APRM process seems doomed to become little more than a cosmetic exercise without effect in the real world of policy and decision making.<sup>35</sup>

To close, recall how Nepad has indisputably failed: the global elites who demanded it as a mask for the continuation of 2000s neoliberalism in a home-grown variant did not, ultimately, want to give Nepad's African elites the resources required to do the job they promised. Not even the likes of Bono, Geldof, Make Poverty History and white-banded Global Call for Action Against Poverty civil societians could compel global capital to be slightly less brutal to Africa, notwithstanding heady promises at Gleneagles. Since 2005, there has been demonstrably less North-South money for aid, and much more military spending. This is not disputed, and hence it would appear that Nepad's functionality to neocolonialism – once considered important – is rather irrelevant.

Does the same pessimism apply to the APRM's functionality to Nepad, as

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35 B Manby, *op cit*.

neocolonialism's governance mask? Yes, it should by now be crystal clear – especially from the South African APRM case but also more generally - that elite APRM processes chock full of civil society 'experts' from 'think tanks' have generated not a fruitful consultation process that helps change society but, on the contrary, disrespect from state actors amidst business-as-usual. Led by the likes of Zenawi, the APRM is not even a very effective *cosmetic* exercise for the sake of neocolonial legitimation.

Alternative strategies entail that Africa's social justice, environment, women's, labour, youth and so many other movements increase and interrelate the work they already do now, and pressure their national states to adopt post-neoliberal public policies.<sup>36</sup> If such activists are distracted into neoliberally-grounded work with the APRM or Nepad or the next generation of IMF PRSPs or the UN MDG bureaucracy<sup>37</sup> or similar elite gimmicks, this probably represents a tragic waste of time, and will delay genuine breakthroughs against injustice.

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36 P Bond, 'African Resistance to Global Finance, Free Trade and Corporate Profit-Taking', forthcoming in R.Westra (Ed), *Confronting Global Neoliberalism: Third World Resistance and Development Strategies*, Atlanta, Clarity Press, 2009.

37 P Bond, 'Global Governance Campaigning and MDGs: From Top-down to Bottom-up Anti-poverty Work', *Third World Quarterly*, 27, 2, 2006.

## South African imperial supremacy

Speaking in early March at a rally in the sea-side city of Durban, the stronghold of president Jacob Zuma, the leader of South Africa's third largest political party was brutally frank. Mosioua Lekota, formerly the ruling African National Congress (ANC) chairperson until the fateful 2007 party conference in Polokwane, accused Zuma of turning the country into "an international laughing stock with some people thinking South Africans were international clowns." The week before, Zuma was ridiculed by the British press during a state visit to London, in part because of his personal sexual foibles but also because he vigorously defended Robert Mugabe, demanding that travel and banking sanctions against Zimbabwe's authoritarian leader and 200 cronies be lifted.

Meanwhile, South Africa trembled with concern that the World Cup matches starting on June 11 would be overshadowed by local political divisions between three cliques surrounding Zuma, apparently aimed at grabbing wealth or power even if that means another decisive ANC fracture: the ethnic loyalists from Durban and KwaZulu-Natal province, the Zuma-aligned black bourgeoisie (who support the rise of aspirant elites in the ANC's controversial Youth League), and the centre-left trade unionists and SA Communist Party cadres who demand rapid shifts away from the inherited neoliberal economic and development policy. In addition, insurgent social protests across the country continued to rage, mainly over lack of 'service delivery' (water, electricity, housing, education, healthcare). Four community groups with severe grievances against municipalities threatened demonstrations against the opening ceremonies.

If the country's rulers are incapable of dealing with this intense domestic strife, it is no wonder that Zuma barely mentioned foreign policy in his State of the Nation speech, in contrast to his predecessor, Thabo Mbeki, who by all accounts spent too much time abroad. The corruption-ridden ANC was shaken out in December 2007 when Lekota – then defense minister - and Mbeki were tossed from party leadership, and within ten months Mbeki was fired as president by the ANC and Lekota had quit with a small rump of deposed politicians.

In the meantime, international issues aside from Zimbabwe have drifted off Pretoria's radar screen. At three 2008-09 G20 meetings – Washington, London and Pittsburgh – South Africa sat quietly (and the same will happen near Toronto in June). Zuma signed the controversial Copenhagen Accord in December 2009 even though it spells disaster for most of his constituents. The wreckage of the world economy and environment is a great opportunity to revive South African idealism, but it will be missed for the same reason Mbeki ultimately fumbled: alliances between Pretoria and big business.

Prior to 2007, the general critique of Mbeki's foreign policy was that it downplayed human rights, dating to trade-offs with East Asian countries in which the ANC raised funds by selling out its principles. The Taiwanese bought some extra years of official recognition in 1994 with a US\$25 million gift to the ANC, while Beijing offered only \$10 million in bribes. Within a few years the calculations had shifted, and China won Taiwan's official ouster from Pretoria. Likewise, the corrupt Indonesian dictator Suharto offered Nelson Mandela \$25 million for the ANC's 1994 election campaign – when he won 65% of the vote in the first democratic election – and in return, Mandela gave him the Cape of Good Hope medal in 1997, a few weeks before Suharto's overthrow in a

popular insurrection. Such stains on Mandela's stated vision of a human rights based foreign policy were not unusual. Mandela recognized the Myanmar military junta as a legitimate government in mid-1994, allowed Lesotho to be invaded in 1998 under the pretext of a coup (but for the sake of protecting Johannesburg water supplies), and engaged in arms sales to repressive regimes.

At the same time, international pressures were bearing down on the post-apartheid government. The transition from racial to class apartheid could be read from more than a dozen World Bank 'reconnaissance missions' from 1990-94 in all the main sectoral areas, in which the ANC shoe-horned its more radical Mass Democratic Movement allies into cooperation rather than conflict. Intermediary agencies like Anglo American Corporation's Urban Foundation thinktank and the Development Bank of Southern Africa (a World Bank junior partner) were crucial in shaping the transition in hotly contested fields like housing, water, energy, land, healthcare and education. There was not a single aspect of social policy in which the 'Knowledge Bank' pilot function of the World Bank and its local consultant corps was not a powerful factor.

Even before liberation, an October 1993 agreement to repay the apartheid debt - \$25 billion in foreign loans from commercial banks, and somewhat more domestically - prevented the subsequent ANC government from meeting social spending goals. An interim constitution in November 1993 assured property rights and an 'independent' (i.e. banker-biased, democracy-insulated) Reserve Bank. The International Monetary Fund had set the stage for other neoliberal economic policies - e.g. public sector wage and spending cuts - as a condition for a December 1993 \$850 million loan, and the Fund's manager, Michel Camdessus, even compelled Mandela to reappoint the apartheid-era finance minister and central bank governor when the ANC took state power in May 1994. The General Agreement on Tariffs and Trade (soon to be the World Trade Organisation) hit South Africa hard in mid-1994, as fast-declining manufacturing protection reversed the anticipated gains of liberation for workers.

By early 1995, the dissolution of the dual exchange control system (a 'financial rand' used to deter international capital flight during the prior decade) and the encouragement of stock market investment by international finance meant first a huge inflow and then, on five separate occasions in the subsequent fifteen years, dramatic outflows and currency crashes of at least 25%. The first of these runs, in February 1996, followed a rumour (unfounded) that Mandela was ill, and it left the president and his team so psychologically shaken that they ditched their last left vestige, the Reconstruction and Development Programme ministry, and within four months imposed the hated 'Growth, Employment and Redistribution' agenda of neoliberalism. Looking abroad in the same spirit, finance minister Trevor Manuel and trade minister Alec Erwin regularly attempted high-profile - yet ultimately futile, minor - reforms to multilateral institutions.

Foreign policy merely accommodated economic policy, leaving human rights as a distant and rhetorical consideration. Mbeki was asked to leave the Cote d'Ivoire peace negotiations because of bias towards the government and South African capital. For similar reasons, attempts to secure peace in the eastern Democratic Republic of the Congo (DRC) failed, leading to dramatic refugee inflows. After a weak performance by foreign minister Alfred Nzo, Zuma's ex-wife Nkosazana Dlamini-Zuma held the position from 1999-2009. She was replaced by Maite Nkoana-Mashabane - whose new title is International Relations and Cooperation Minister - whose uninspired approach is

matched by a very low profile. According to Tim Hughes, representing the South African Institute of International Affairs (the country's leading mainstream thinktank), Zuma's rule will see "a retrenchment of South Africa's global diplomatic ambition and reach." Hughes argues that in spite of "overseeing the almost terminal collapse of Zimbabwe on his watch, Mbeki the technocratic foreign policy president par excellence achieved greater policy and institutional reform on the African continent than any leader in history. Mbeki bequeathed to us the gleaming institutional architecture of the African Union (AU), but how enduring will that legacy be now that he and a cohort of reformist African leadership such as Olusegun Obasanjo (Nigeria), John Kufuor (Ghana) and Benjamin Mkapa (Tanzania) have left the continental stage?"

Sceptics, however, view the AU as fatally flawed, not only in the wake of Muammar Gaddafi's recent role in the chair, but because it is a "trade union of dictators", to quote a frustrated Zimbabwean democrat, Tendai Biti (now finance minister in a shaky coalition government). The AU also hosts the New Partnership for Africa's Development (Nepad), often considered as Mbeki's personal gatekeeping strategy to channel foreign aid and investment to allies, shared with Obasanjo, Algeria's Abdelaziz Bouteflika and for a time, Senegalese president Abdoulaye Wade. At the 2007 World Economic Forum meeting in Cape Town, Wade acknowledged that Nepad "had done nothing to help the lives of the continent's poor".

Was it designed to, though? Seen from Washington, Nepad was summed up in a frank description by the Bush Administration's leading State Department official for Africa, Walter Kansteiner: 'philosophically spot-on'. As the host institution of the African Peer Review Mechanism, Nepad faced a crippling problem when assisting Kansteiner and his ilk: the elites responsible for its implementation - and for legitimizing neoliberalism more generally - are not democrats, and do not even seem to be committed to building their nations' economies.

Nordic Africa Institute researchers Charles Manga Fombad and Zein Kebonang point out that starting around 1990, Africa's second wave of democratization (the first being decolonization) witnessed an increase not only in elections (albeit "a majority of the post-1990 elections have been marred by electoral fraud") - but also coups, especially from 1995-2001: "Many of the old dictators are still firmly entrenched, whilst some of the new leaders who have joined the 'club' have in recent years been devising ever more sophisticated ways to perpetuate their rule while using the democracy slogan as a convenient mask to disguise their despotic practices."

A favourite of Washington, Brussels and especially Paris is Ethiopian prime minister Meles Zenawi, Nepad's chair until it was downgraded and reconstituted within the AU in early 2010. He conspired with Bush to invade Somalia in 2007 with the connivance of Mbeki, following a senseless war over a strip of sandy land on the Eritrean border which between 1988-2000 killed at least 70 000 combatants and civilians. He also has hosted an 'African Guantanamo' and repressed his own citizenry. And he 'sold out' Africa, according to the Pan African Climate Justice Alliance, just prior to the Copenhagen climate summit in 2009, when Nicolas Sarkozy requested that Zenawi cut back demands for climate debt to be paid by the industrialized world to Africans.

In this environment, South Africa's own standing is not inspiring, in part because of widespread leadership flaws. The alleged corruption that led Mbeki to fire Zuma as

deputy president in 2005 was traced to a French arms company, Thint, as part of a vast, bribery-ridden, foreign-sourced arms deal that Mbeki himself pushed into the SA budget over the objections of many inside and outside the government. At the same time, Mbeki protected SA Police Commissioner (and Interpol president) Jackie Selebi who was on the verge of being prosecuted for his ties to the South African and international mafia. And if continuities in Zimbabwe did not sufficiently confirm the dismissal of Pretoria's human rights considerations, the 2009 refusal of a visa to the Dalai Lama was almost certainly a result of the pressure that the Chinese government – a major contributor to the African National Congress – concedes it put on Mbeki's successors.

But the worst post-apartheid manifestation of foreign policy shortcomings must be in its domestic form: xenophobia. Pretoria's failure to assess the threat to immigrants from angry poor and working-class people is stunning. When xenophobic tendencies in the society were formally drawn to Mbeki's attention in the South African Peer Review Mechanism report – “xenophobia against other Africans is currently on the rise and must be nipped in the bud” - in December 2007, Mbeki replied that this observation was “simply not true”. The upsurge of xenophobic violence began just five months later, in May 2008, displacing hundreds of thousands of immigrants and leaving more than 60 people dead.

If Zuma faces a new wave of xenophobic violence following the World Cup in July 2010, as is anticipated, will he be equipped to address the root causes, including socio-economic stress? A 'FutureFact' survey asked South Africans if they agreed with this statement: “Most of the problems in South Africa are caused by illegal immigrants or foreigners.” In 2006, “67% percent agreed, a substantial increase on a few years ago, when the figure was 47%. And it is reflected among all population sectors of the country. FutureFact also put this statement to respondents: ‘Immigrants are a threat to jobs for South Africans and should not be allowed into South Africa’ - with which 69% agreed.”

Zuma is unwilling to address the structural problems in the regional and world economies which create the conditions for xenophobia, including the increase in desperate migrant workers from Zimbabwe, Malawi, Mozambique and Zambia. These countries were partially deindustrialised by South African business expansion up-continent, in part through the retail networks (especially Shoprite chain) which bring products of South Africa's relatively huge manufacturing sector – even tomatoes and chickens – instead of buying from local sources. The 'boomerang' effect is severe, because that flood of workers undermines the proletarianized, well-organized South African working class. In one frank admission of self-interest regarding these workers, just as the xenophobia broke out, First National Bank chief economist Cees Bruggemann told *Business Report*, “They keep the cost of labour down... Their income gets spent here because they do not send the money back to their countries.” If many immigrants don't send back remittances (because their wages are low and the cost of living has soared), that in turn reminds us of how apartheid drew cheap labour from Bantustans and the broader region: for many years women were coerced into supplying unpaid services - child-rearing, healthcare and eldercare for retirees - so as to reproduce fit male workers for the mines, factories and plantations.

These flows of people represent a source of crucial ties linking Southern Africa. More powerful, however, is the flow of profit from the region, via the multinational mining,

retail, tourism and construction corporations based in Johannesburg, to their financial headquarters even further afield. In the old days it was white South African men who took the spoils of apartheid; but they have since taken most of their wealth to London and Melbourne, and are joined by the 'black diamond' elite: a handful of mining tycoons with struggle credentials. The misery and destruction in sites like Zimbabwe and the DRC's eastern border zone – where around five million are suspected to have perished in resource-motivated civil war over the past decade – correlate to accumulation by firms which draw out the spoils from these areas. These include the new diamond finds in eastern Zimbabwe, via Mugabe's generals, and DRC coltan and gold. The latter site was seductive enough to ensure Anglo American Corporation's notorious cooperation with murderous warlords. South African foreign policy has mainly been oriented to keeping these relations intact - by failing to support those forces, such as DRC refugees and Zimbabwean democrats, who demand that the enormous power Pretoria can wield, be done so responsibly, for a change.

Unfortunately, as the trade unions, Communist Party and independent-left critics observe regularly, Zuma's role has been to maintain these practices of South African domination, no matter the cost to society and long-term economic balance. In this sense, Zuma's foreign policy represents the same subimperialist tendency of Mbeki's: establishing the conditions by which corporations prosper from a South African base. In addition to resurgent xenophobia and intensified revolt by his own working class, the biggest contradiction Zuma will face is the outflow of profits by those same corporations to their overseas headquarters. By early 2009, the current account deficit was so high that *The Economist* rated South Africa the world's riskiest emerging market. It is in facing such economic and political disruptions that the South African government will suffer extreme stress in coming months, leaving foreign policy to the winds.

## **South Africa's dangerously unsafe financial intercourse**

Just before last weekend's meetings of the World Bank and International Monetary Fund (IMF) board in Washington, South Africa's finance minister dropped us an obscure news item: "*Gordhan concerned about rand volatility*" (Reuters, April 16).

Hidden away in the business pages, it was nevertheless an important confession. Pretoria can no longer remain in denial about South Africa's glaring economic HIV+ status, what with our regular breakouts of full-blown financial AIDS, in a world featuring the collapse of so many sickly economies. Indeed, the rampaging plague will infect many more countries now that the IMF has an additional \$430 billion to jet around the world with, thanks to careless finance ministers like our Pravin Gordhan.

Three years ago, his predecessor Trevor Manuel was responsible for lobbying the world to grant the IMF a \$500 billion capital boost, aimed at firming up world finance after the 2008 melt. Now the banksters' pimps are back for more, and even the BRICS bloc – Brazil, Russia, India, China and South Africa – got seduced into forking out another \$100 billion. Gordhan is on record supporting the bailout, even though the other BRICS haven't yet paid a cent.

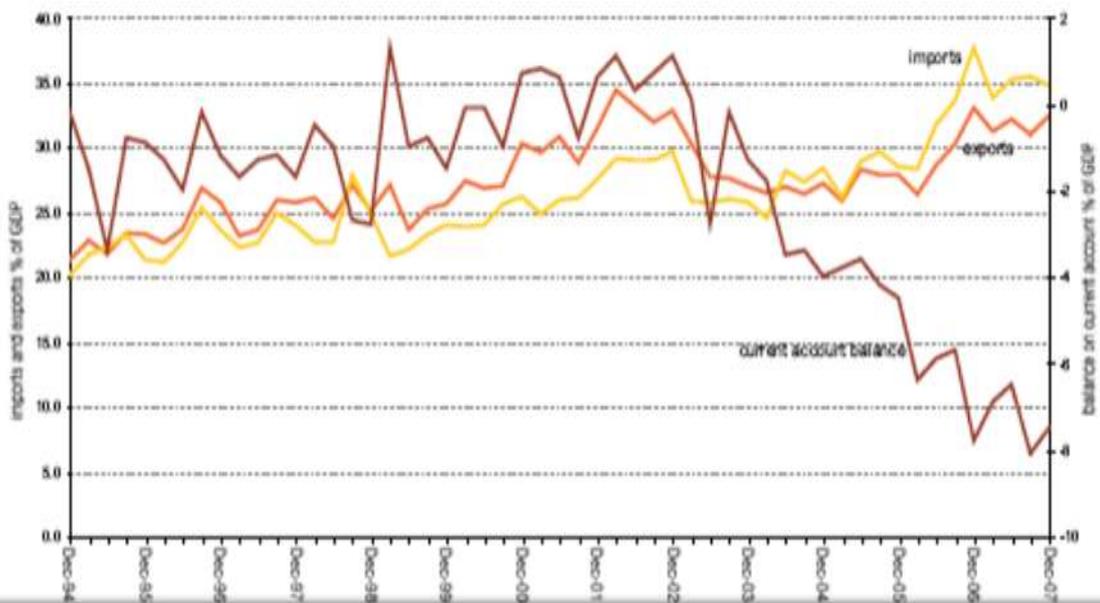
For once in his life, Australian media baron Rupert Murdoch spoke for the world's masses when on Monday he tweeted about Britain's contribution: "Govt sending IMF another £10bn to the euro. Must be mad. Not even US or China chipping in."

Stodgy men like Murdoch may not like the ways of the wilder Europeans. And it's true that the IMF remains full of unrehabilitated financial libertines, whose advice is inevitably to remove protections against monetary malfeasance, especially exchange controls. To paraphrase their advice with a sickening local anti-condom joke, "You can't enjoy the sweet if the wrapper is still on."

Even Nelson Mandela, who mistakenly approved a \$750 million IMF loan a few months before our 1994 liberation from political apartheid, adopted the same suicidal philosophy – call it economic apartheid. So as Gordhan is correct to finally now lament, the South African currency, the rand, became intensely 'volatile' – i.e., crashing dramatically, akin to a heart attack. Face it, that's what happens when you play the field bare and unprotected, prone to picking up vile contagions from the world's diseased financial industry, in an intellectual milieu of rampant economic-AIDS denialism.

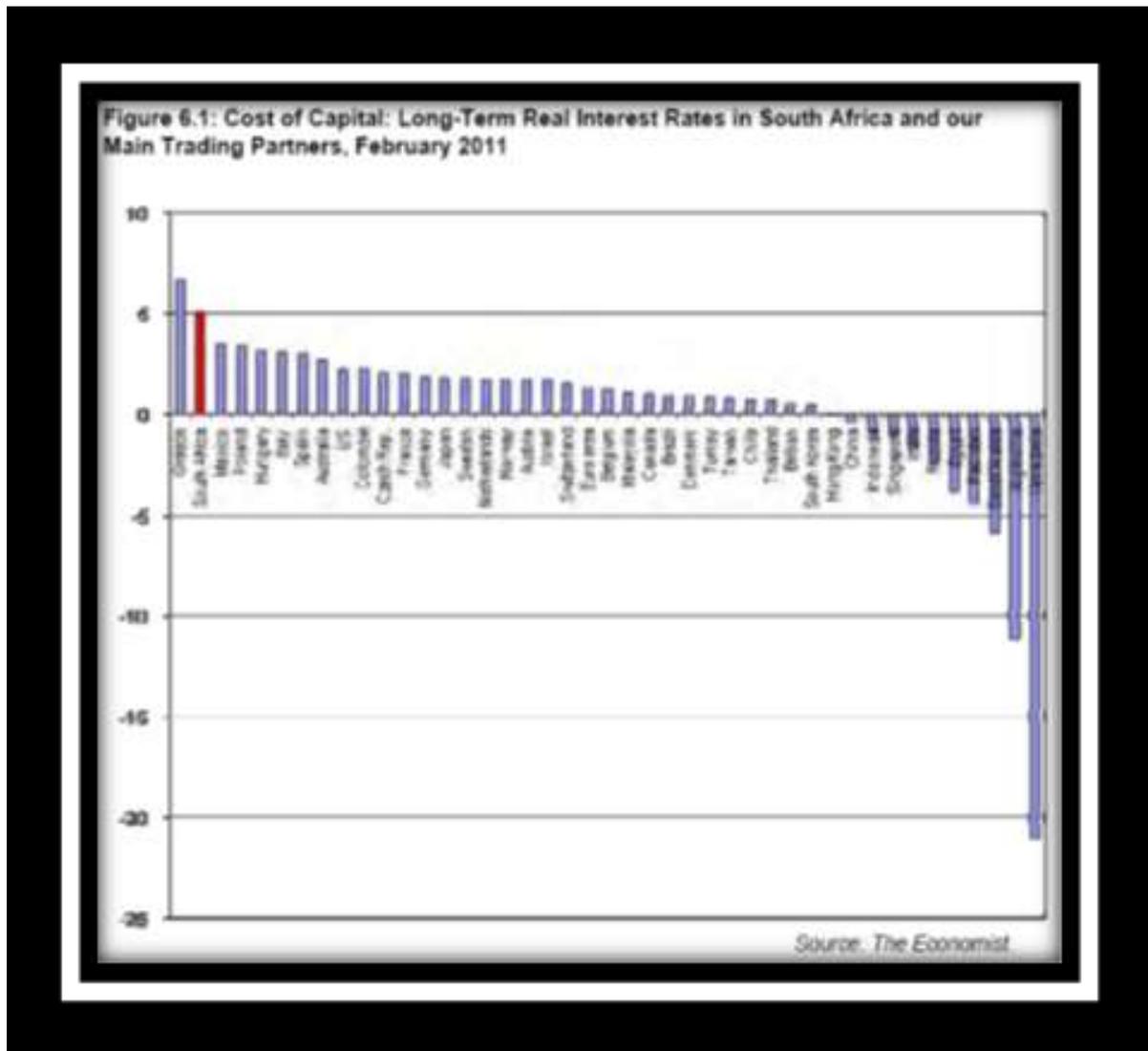
Other opportunistic infections are all too obvious: a persistent current account deficit that by early 2009 had given us the reputation of the world's riskiest of 17 emerging markets, according to *Economist* gossip. Last year, that status forced up our prime interest rate – the equivalent of a cheap perfume to attract sleazy one-night-stand banksters – to the world's second-highest level, after Greece.

### FOREIGN TRADE AND PAYMENTS



Country	Current-account as % of GDP*	Short-term debt as % of reserves*	Banks' loan/ deposit ratio	Overall risk ranking†
South Africa	-10.4	81	1.09	17
Hungary	-4.3	79	1.30	16
Poland	-8.0	38	1.03	14 =
South Korea	1.3	102	1.30	14 =
Mexico	-2.5	39	0.93	12 =
Pakistan	-7.8	27	0.99	12 =
Brazil	-1.5	22	1.36	10 =
Turkey	-2.3	70	0.83	10 =
Russia	1.5	28	1.51	9
Argentina	0.2	63	0.74	8
Venezuela	0.8	58	0.75	7
Indonesia	1.2	88	0.62	6
Thailand	0.3	17	0.88	5
India	-2.4	9	0.74	4
Taiwan	7.9	26	0.87	3
Malaysia	11.3	15	0.72	2
China	5.2	7	0.68	1

Sources: HSBC; Economist Intelligence Unit \*2009 forecast †Higher score implies higher risk



Why have we been so unhygienic in our international economic relations? There were those notoriously bad influences on Mandela at the World Economic Forum in 1992 and then two years later, IMF Managing Director Michel Camdessus reportedly told him he had to reappoint apartheid's two main economic managers – both dirty old men with racist, big business swagger – when he took office in May 1994. Perhaps giddy with all the attention he was receiving then, Mandela stupidly agreed.

So it was SA Reserve Bank governor Chris Stals who, in March 1995, gave us a really bad dose of the virus just at the time the rest of the world was becoming aware of the emerging markets epidemic, a few weeks after Mexico caught economic Slim's Disease and its currency crashed by two thirds. Stals cut a gaping hole in the only condom we had on at the time, the Finrand ('Financial rand'), our decade-old system of discouraging capital flight. Within a year, in February 1996, the result was a crash of a third of the rand's value, ironically catalyzed by a rumour that Mandela was ill.

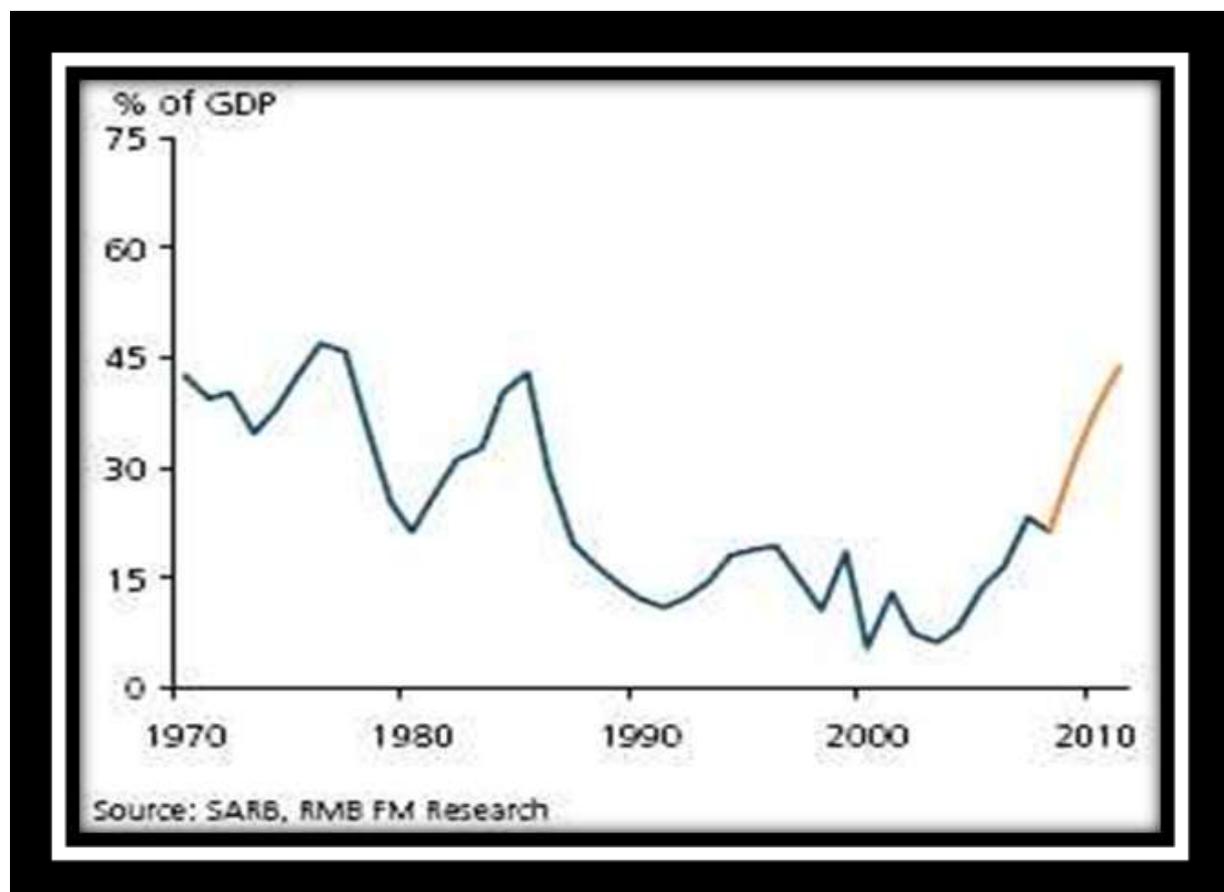
Since then, like blood-letting in the 18th century, those promiscuous Pretoria players – the latter-day Lotharios Stals (1989-99), Tito Mboweni (1999-2009) and now Gill Marcus at the SA Reserve Bank and Chris Liebenberg (1994-95), Manuel (1995-2009) and Gordhan at Treasury – have tried to kill the patient by steadily rolling back that

condom, loosening exchange controls more than 30 times. It must have felt relaxing to them and their Sandton financial district buddies, but with potentially fatal risk for the rest of us.

The worst period was 1999-2001 when the largest Johannesburg Stock Exchange-listed firms – Anglo, DeBeers, Old Mutual, SA Breweries, Mondi, Investec, Didata and others – were given permission by Manuel to take their party to London, switching financial headquarters and primary stock market listings away from Johannesburg.

The blood then hemorrhaged: corporate dividends, rich white people's apartheid-era loot and 'Black Economic Empowerment' tycoons' tenderpreneurship takings (e.g. Mzi Khumalo's illegal R1 billion+ of capital flight) spurted out of SA at record rates. In 2007, according to economists from Wits University, the capital outflow amounted to more than a fifth of the country's GDP that year.

Worse yet, our children will be adversely affected by this generation's irresponsibility. For in order to pay off the capital-flight financiers, Manuel and Gordhan contracted foreign debt that is now \$100 billion higher than the \$25 billion Nelson Mandela inherited in 1994 – putting us in danger of reaching mid-1980s levels when South Africa defaulted.

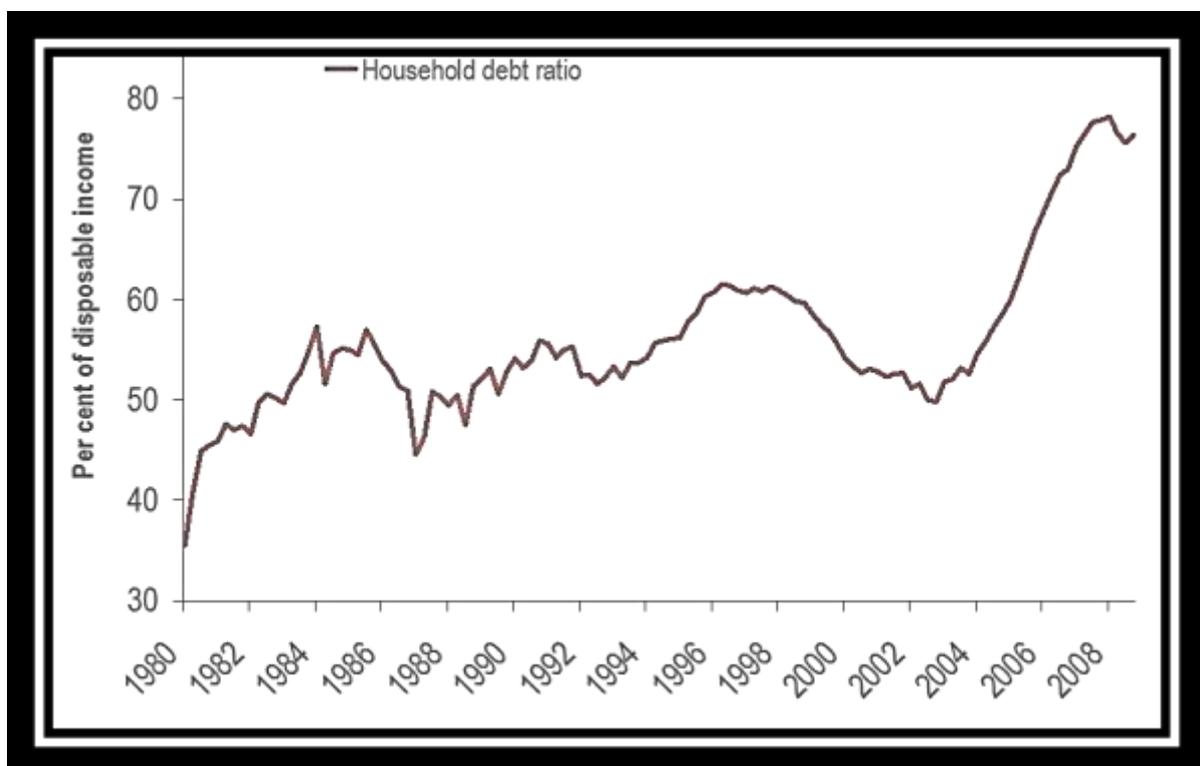


Each time there is a flare-up of the sickness, instead of staying home and recovering through tightened exchange controls, our financial fanatics cock their hips, raise the Reserve Bank's repo rate to appear more attractive, and go out for more wild-and-crazy unsafe international monetary intercourse in the multiply-afflicted global capital

markets. No wonder, as Gordhan has just complained, there's extreme volatility in the temperature of the economy (the rand's value). SA's currency has crashed by more than 15 percent on six separate occasions: 1996, 1998, 2001, 2006, 2008 and 2011.

That's the worst ongoing currency malady in the world, aside from that fatal case across the Limpopo River, the wretched patient known as Zimdollar who died in January 2009 after Reserve Bank of Zimbabwe Governor Gideon Gono gave the country monetary gonorrhoea: an inflation rate of trillions of percent. In that sauna-like climate, you can't just go take a shower to protect yourself from infection, even South African president Jacob Zuma might acknowledge.

Also revealed last week was the secret behind our local 'growth': consumer credit binging, which is just another symptom of the underlying disease. The Standard & Poor's rating agency – usually not so well regarded for timely recognition of financial f\*!-ups – indiscreetly remarked on rising unsecured personal loans for cars, home improvements, overdrafts and credit cards: "There are signs a bubble is forming... there's no place in the world where unsecured credit has grown at this pace and there hasn't been a problem with it."



Our current finance minister, a trained chemist, surely understands these terrible infections. Yet for Gordhan, the cure is simply more globalization, with the vain hope that his intimate partners on Wall Street and the City of London will somehow discover a cure – though all evidence is certainly to the contrary, with Iceland, Ireland, Greece and now Spain keeling over. The Euro itself could be next in the morgue.

This past weekend's parties in Washington offered more evidence of politicians' pathological love of the international financial high life. Not even an AIDS specialist like Dr Jim Yong Kim – the just-named World Bank president who while at the World Health

Organisation helped get cheap Anti-Retrovirals to millions of HIV+ Africans – has the skills to end this ideological plague, also known as the Washington Consensus.

We thought Dr Kim could at least try, after reading a brilliant book he co-edited a decade ago, *Dying for Growth*, but he's since been consorting with Washington quacks, trying as hard as he can to deny his earlier diagnoses by claiming the World Bank is now 'pro-poor'. Ah, the lies that the terminally ill tell themselves – but no one else is fooled.

None of these fast-lane financiers learnt a lesson in humility from the 2007 firing of World Bank president Paul Wolfowitz due to nepotism (high-salaried favours for a girlfriend), nor from the tragically sex-addicted Dominique Strauss-Kahn, formerly IMF managing director, whose Viagra-fuelled orgies left him in a professionally-vegetated state of decay last May. Strauss-Kahn resigned in disgrace but his influence lingers, as the fast-thinning IMF desperately sought the new capital injection, so that his successor Christine Lagarde (herself still under investigation for politico-financial corruption in Paris) can in turn lend more to the European 1% elites to screw their 99%.

This is no harmless Mary Poppins, though Lagarde calls her \$430 billion benefaction an 'umbrella', to disguise its real role: a sharp stick to jab at ordinary people's bellies.

Gordhan is paying a high price for the company he keeps, if the BRICS go along with Lagarde's request to add to the bank-bailout kitty. Gordhan was asked by Moneyweb's Alec Hogg about the \$100 million Pretoria is expected to contribute to the IMF: "Many African countries went through hell in the 70s and 80s because of conditionality according to these loans. Are you going to try and insist that there is similar conditionality now that the boot is on the other foot, as it were?"

"Absolutely," replied hell-raiser Gordhan, "The IMF must be as proactive in developed countries as it is in developing countries. The days of this unequal treatment and the nasty treatment, if you like, for developing countries and politeness for developed countries must pass."

Such a 'proactive' reversion to 'nasty' financial intercourse will be a pain in the ass for workers and poor people in Southern Europe, already victims of those men who, during Strauss-Kahn's reign, earned the informal nickname International Maid Fornicators.

In this daredevil milieu, we can only expect Washington's virus to spread. So it's long overdue for those svelte swingers Gordhan and Marcus to take some time off to detox and get some overdue sex education. While well-intentioned but inept Keynesian doctors like Joseph Stiglitz, Paul Krugman and Jeffrey Sachs still search plaintively for an AIDS cure – an unending process that mainly allows the authorities to continue merrily along in their hedonistic ways – it's time now to start practicing the ABCs: Abstain; Be faithful; and Condomise.

That requires:

- abstaining from further financial liberalization and from paying IMF pimps;
- being faithful to poor and working people at home, instead of partying with the ever-unfaithful Goldman Sachs mafia (the ones who hired Mboweni after his 2009 firing); and

- condomizing by putting our exchange control system back on as tight as we can.

Others have done so since the pandemic hit emerging markets in the late 1990s. As a result, after an initial shock exposure which weakened their immune system, several countries condomized and even defaulted on Odious Debts, and grew stronger and more self-reliant: Argentina, Venezuela, Ecuador and Malaysia. Moreover, China and India never removed their exchange-control condom, and are now healthier, bigger and bolder than ever.

I'm optimistic that South Africans – or at least all those outside the Union Building, the Treasury and Reserve Bank (oh, and Parliament, which appears a lost cause) – can learn these lessons. After all, a caring populace moved, over the past decade, from widespread stigmatization of such afflictions to successful activism in search of affordable treatment, even facing down Big Pharma, the Thabo Mbeki and George W. Bush regimes, and the World Trade Organisation's Intellectual Property fetish.

If a Financial Treatment Action Campaign arose here in 2012, as did Occupy Wall Street in the belly of the New York beast last September, it would surely do much more than teach the ABCs. Like those in the first TAC, the activists would force Pretoria to first reverse its Washington-Consensus denialism and immediately provide genuine Anti-FinancialViral therapies at clinics, factories, fields, homes and even shopping centres across the country. It's South Africa's turn for a new moral regeneration campaign, but this time one that takes seriously the challenge of *economic liberation*, instead of the current crew's fascination with unending *financial liberalization*.

# Financialization, corporate power and South African subimperialism

## Introduction

Has South Africa adopted a mini-me political economy with all the worst characteristics of United States financialized capitalism, but within an intermediate global power relation that generates only geopolitical frustrations internationally, and amplified domestic crisis? Cox (2012, this volume) locates 'financialization within the long-term structural shifts in US and global capitalism that have taken place from the 1970s to the present' so as to explain 'specific transition points in US foreign policy' that facilitated financialization. From the 1980s, 'the US state, backed by the most mobile sectors of US capital, promoted policies that extended the financialization of production from the US domestic market to the global market,' in part because 'structural economic crises facing the top 500 industrial corporations intensified during the 1970s and early 1980s.' This contrasted with 'previous strategies of US-based firms during the 1960s to solve the long-term accumulation crises by acquiring unrelated businesses in an attempt to counter the beginning stages of declining rates of profit.' As a result, Cox posits, 'corporations increased their levels of political mobilization in an effort to shift US state policy in a more conservative direction.' The results included 'liberalization of capital investment opportunities for US financial and non-financial firms in the developing world' and the rise of 'transnational corporate political networks as vehicles for the restructuring of capital markets in developing countries,' which in turn 'received additional political and economic support from an emerging transnational class within the developing world that was increasingly linked to global finance.'

South Africa illustrates this same process very explicitly, especially if we take as US corporate political philosophy 'neoliberalism' and consider the internal contradictions within the logic of that system. The logic is reflected not only in the upheavals in 2008-09 and their aftershocks in 2011 with no end in sight, but also in the tensions that began rising forty years earlier. The South African state and large corporate blocs are both victims and perpetrators of the process, because although profit rates recovered after the DeKlerk and Mandela governments' turn to neoliberal macroeconomic policy, the unsustainability of this kind of accumulation was obvious in two processes. First, extraordinarily high levels of social protest followed *rising* post-apartheid inequality and neoliberal public policy. Second, the structural economic contradictions perpetually worsened, with symptoms including a high current account deficit, rapidly-rising foreign debt and domestic household debt repayment problems during deflation of the world's highest speculative property bubble.

As for the accompanying political process, US foreign policy had supported corporate profit seeking during apartheid but by the end of the first Bush government, in 1991-92, the State Department and its allies in the Bretton Woods Institutions and international finance more generally had begun to shift discernably towards endorsement of a low-intensity democracy strategy for South Africa. By 1993, the Clinton Administration's neoliberal agenda included a more aggressive ideological role for US AID in South Africa, pressure by Commerce Secretary Ron Brown on South African negotiators to conclude the pre-democracy ascension to the General Agreement on Tariffs and Trade on disadvantageous terms in 1993, promotion of a 1993 International Monetary Fund loan

which locked in the Mandela government, and support for a variety of World Bank policy advisory missions.

These were early indications of pressure on Nelson Mandela's presidency (1994-99) to adopt a much broader, deeper set of neoliberal policies, many of which did not immediately serve US state or corporate interests – but which are better understood as reflections of ideological commitment. That commitment, in turn, followed the demise of Social Democratic, Labour and Keynesian state policies that especially in Europe were won by working-class movements over the course of a half-century and that also responded to the perceived threat of socialist influences prior to the 1980s. Even newly-liberated African states were given some latitude in post-independence social and economic policy formulation. But this changed during the 1980s in Africa as the Cold War wound down and Bretton Woods Institution neoliberalism was imposed. Because of the isolationist approach of PW Botha's South African government, Pretoria's conversion to neoliberalism lagged a few years. On the one hand, Washington's security and minerals establishment was partially linked to Pretoria during the Reagan Administration's 'constructive engagement' era but on the other, US activists put sharp pressure on white South African business through sanctions campaigning, the underlying factors that had begun in the 1970s world economic restructuring did not escape South Africa.

It is useful to first revisit the main trends so as to locate the context into which Pretoria politicians from both white nationalism and black nationalism inserted the South African economy and society in the 1980s-90s. The organic process of financialization can then be traced and extreme features in South Africa highlighted, such as real estate bubbling and household debt, the current account deficit and foreign debt, and financialization's reach into the regional hinterland. These closely track trends in the US economy. But structure must be accompanied by agency, hence a brief profile of the leading official responsible for growing financialization and corporate power over the post-apartheid period, Trevor Manuel. His recent role in climate finance politics has been decisive, although in mid-2011 he was better known as the second-leading Third World candidate to replace Dominique Strauss-Kahn at the International Monetary Fund (IMF). To conclude we will consider the relatively futile resistance to date, but the potentials for linking anti-neoliberal movements to challenge the core dynamics.

### **Structural forces behind the international rise and retention of neoliberalism**

Several key moments marked the rise of neo-liberal policy influences across the world, many traceable to the crisis and financialization processes described by Cox (2012). In 1973 the Bretton Woods agreement disintegrated when the US unilaterally ended its payment obligations, representing a default of approximately \$80 billion. The agreement on Western countries' fixed exchange rates – by which one ounce of gold was valued at US\$35 between 1944 and 1971 – had served to anchor other major currencies. As a result of the US move the price of gold rose to \$850 per ounce within a decade.

Also in 1973, several Arab countries led the formation of the Oil Producing Exporting Countries cartel, which raised the price of petroleum dramatically and in the process transferred and centralized inflows from world oil consumers to their New York bank accounts. From 1973, *los Chicago Boys* of Milton Friedman who became leading Chilean bureaucrats, began to reshape Chile in the wake of Augusto Pinochet's coup against the

democratically elected Salvador Allende, representing the birth pangs of neo-liberalism.

In 1976 the International Monetary Fund (IMF) signaled its growing power by forcing austerity on Britain at a point where the ruling Labour Party was desperate for a loan, even prior to Margaret Thatcher's ascent to power in 1979. Later that year, the US Federal Reserve addressed the dollar's decline and US inflation by dramatically raising interest rates. In turn this catalyzed a severe recession and the Third World debt crisis, especially in Mexico and Poland in 1982, Argentina in 1984, South Africa in 1985 and Brazil in 1987 (in the latter case leading to a default that lasted only six months due to intense pressure on the Sarney government to repay). At the same time, the World Bank shifted from project funding to the imposition of structural adjustment and sectoral adjustment (supported by the IMF and the Paris Club cartel of donors), in order to assure surpluses would be drawn for the purpose of debt repayment, and in the name of making countries more competitive and efficient.

The overvaluation of the US dollar associated with the US Federal Reserve's high real interest rates was addressed by formal agreements between five leading governments that devalued the dollar in 1985 (the Louvre Accord). However, with a 51 per cent fall against the yen, this required a revaluation in 1987 (the Plaza Accord). Once the Japanese economy overheated during the late 1980s, a stock market crash of 40 per cent and a serious real estate downturn followed from 1990. Indeed not even negative real interest rates could shake Japan from a long-term series of recessions.

During the late 1980s and early 1990s Washington adopted a series of financial crisis-management techniques – such as the US Treasury's Baker and Brady Plans – so as to write off (with tax breaks) part of the \$1.3 trillion in potentially dangerous Third World debt due to New York, London, Frankfurt, Zurich and Tokyo banks which were exposed in Latin America, Asia, Africa and Eastern Europe. Notwithstanding the socialization of the banks' losses, debt relief was denied the borrowers.

In late 1987 crashes on the New York and Chicago financial markets (unprecedented since 1929) were immediately averted with a promise of unlimited liquidity by Federal Reserve Chairman Alan Greenspan. The promise was based on a philosophy which in turn allowed the bailout of the savings and loan industry and various large commercial banks (including Citibank) in the late 1980s notwithstanding a recession and serious real estate crash during the early 1990s. Likewise in 1998, when a New York hedge fund, Long Term Capital Management (founded by Nobel Prize-winning financial economists), was losing billions in bad investments in Russia, the New York Federal Reserve Bank arranged a bailout, on grounds the world's financial system was potentially at high risk.

Starting with Mexico in late 1994, the US Treasury's management of the 'emerging markets' crises of the mid- and late 1990s again imposed austerity on the Third World. It also offered further bailouts for investment bankers exposed in various regions and countries – Eastern Europe (1996), Thailand (1997), Indonesia (1997), Malaysia (1997), Korea (1998), Russia (1998), South Africa (1998, 2001), Brazil (1999), Turkey (2001) and Argentina (2001) – whose hard currency reserves were suddenly emptied by runs.

In addition to a vastly over-inflated US economy whose various excesses have occasionally unravelled – as with the bursting of dot.com stock market (2000-01) and real estate (2007-10) bubbles, which even unprecedented US government bailouts could not cure –

China and India picked up the slack in global materials and consumer demand during the 2000s. However, this is not without extreme stresses and contradictions that in coming years will threaten world finances, geopolitical arrangements and environmental sustainability.

For example, at the time of the April 2009 G20 meeting called to generate a systematic elite response to the crisis, rhetorical gestures aimed at fusing markets and regulation were far less important than the economic *realpolitik* of unending Wall Street bailouts. The official communique issued at the close of the G20 (2009) London Summit, the 'Global plan for recovery and reform', maintained the fiction that elites can simultaneously construct 'strong global institutions' within 'an open world economy':

We face the greatest challenge to the world economy in modern times; a crisis which has deepened since we last met, which affects the lives of women, men, and children in every country, and which all countries must join together to resolve. A global crisis requires a global solution... We believe that the only sure foundation for sustainable globalization and rising prosperity for all is an open world economy based on market principles, effective regulation, and strong global institutions.

The contradictions between expansive rhetoric and harsh neoliberal reality could be found in the North-South divide, as well. At the November 2008 G20 press conference, IMF managing director Strauss-Kahn

called for nations to approve a fiscal stimulus equal to 2 per cent of gross domestic product. Such a move, he said, would result in a 2 per cent increase in growth. When asked where fiscal stimulus was needed, he said, 'everywhere, everywhere where it is possible' (Grice and Foley, 2008).

But for Strauss-Kahn, such Keynesian noises were easily uttered at times when the Bretton Woods institutions had to be seen to be acting. In reality, according to Robert Weissman (2009), Strauss-Kahn's

IMF is forcing countries in financial distress to pursue contractionary policies – exactly the opposite of the stimulative policies carried out by the rich countries (and supported by the IMF, for the rich countries)... The Fund's loans since September 2008 to countries rocked by the financial crisis almost uniformly require budget cuts, wage freezes, and interest rate hikes. These are exactly the opposite of the policies that make sense in recessionary conditions. They are exactly the opposite of the huge stimulus measures taken in the United States and other rich countries. They are the opposite of the interest rate reductions in the United States (now effectively at zero) and other rich countries. In Ukraine, Georgia, Hungary, Iceland, Latvia, Pakistan, Serbia, Belarus and El Salvador, the IMF has told countries to cut government spending, an analysis by the Third World Network shows. This means less money for health, education and other vital priorities.

Hence the \$500 billion in new capital for the IMF would not necessarily change matters, since the Fund was not short of resources; by the 2008 IMF/Bank meetings there was only one major borrower, Turkey. The G20's failure to specify the need for the IMF to

move into post-neoliberal ideological territory was another indication of the durability of the global elite's perspective. Many intellectual critics of neoliberalism concluded that the G20 represented nothing new. Remarked Walden Bello (2009), 'It's all show. What the show masks is a very deep worry and fear among the global elite that it really doesn't know the direction in which the world economy is heading and the measures needed to stabilize it.' According to David Harvey (2009), the G20 asked, simply,

how can we actually reconstitute the same sort of capitalism we had and have had over the last thirty years in a slightly more regulated, benevolent form, but don't challenge the fundamentals? ... The fundamentals have to do with the incredible increase in consolidation, if you like, of class power. I mean, since the 1970s, we've seen a tremendous increase in inequality, not just simply in this country, but worldwide. And in effect, the assets of the world have been accumulated more and more and more in few hands. And I think when you look at the nature of the bailout programs, the stimulus programs and all the rest of it, what it really does is to, in effect, try to keep those assets intact while making the rest of us pay... If you look backwards, you will see that this is not the first financial crisis we've had. We've had many of them over the last thirty years, and they all have the same character. We had our own savings and loan crisis back in the 1980s. There was a Mexican debt crisis back in 1982, when, in effect, Mexico was going to go bankrupt. And if they had gone bankrupt, then the New York investment banks would have gone under. So what did they do? They bailed out Mexico, therefore bailing out the New York investment bankers, and then they made the Mexican people pay.

We can summarise, then, from this list of major events and processes reflecting tensions and occasional eruptions: there is displacement but never *genuine resolution* to the growing overall problems of volatility that have wracked world politics and economics. A more decisive *resolution* to a previous round of crises, in contrast, was the 1929-45 devalorisation of overaccumulated capital first in an enormous crash of fictitious capital from 1929-32 and then in the degeneration of underlying productive capitals during the Great Depression and World War II. Since then, we have seen a pattern emerge: the more stable, predictable, prosperous and evenly distributed set of political-economic relations during the immediate post-War quarter-century (1945-70) was followed by a sense of chaos in global political economy and geopolitics. It is this global structural context that is terribly important to understanding why South Africa shifted from racial to class apartheid after 1994.

### **South Africa's reinsertion into global circuits of capital**

Nelson Mandela's experience with neoliberalism during the late 1990s was similar to many other middle-income countries, entailing standard 'Washington Consensus' or 'structural adjustment' policies:

- government budget cuts, increases in users fees for public services and privatization of state enterprises;
- the lifting of price controls, subsidies and any other distortions of market forces;
- liberalization of currency controls along with regular currency devaluation;

- higher interest rates and deregulation of local finance;
- removal of import barriers (trade tariffs and quotas); and
- an emphasis on promotion of exports, above all other economic priorities.

In South Africa as elsewhere, the effects of these policies have been quite consistent. Budget cuts depressed most economies' effective demand, leading to declining growth rates compared to the prior Keynesian or statist era. Often the alleged 'crowding out' of productive investment by government spending that justified the Washington Consensus was not, in fact, the reason for low investment levels; hence the budget cuts were not compensated for by private sector growth. Privatization processes typically did not distinguish which state enterprises may have been strategic in nature; were too often accompanied by corruption; and often suffered from foreign takeover of domestic industry with scant regard for maintaining local employment or production levels (the buyers' incentive was sometimes simply gaining access to markets). Moreover, the World Bank and IMF economists who most forcefully promoted privatization never bothered to determine how state agencies could supply services that enhanced 'public goods' (and merit goods). For example, the positive effects of water supply on public health, environmental protection, local economic activity and gender equality were never calculated. Thus all state services were reduced to mere commodities, requiring of their recipients full cost recovery through elimination of subsidies.

This in turn led South Africa's poor and working-class people to begin protesting at amongst the highest rates per person in the world. The police conservatively measure an average of more than 8000 'Gatherings Act' incidents per year since 2005 (Freedom of Expression Institute and Centre for Sociological Research 2009). In part this reflects the distorted character of 'growth' that South Africa witnessed after adopting neoliberal macroeconomic and microdevelopment policies, and the logical 'double-movement' (Polanyi 1957) for and against commodification of life playing out in the country's slums. As just one reflection of extreme uneven development during the era of financialization, South Africa's cities hosted the world's most speculative residential real estate bubble, with an inflation-adjusted price rise of 389% from 1997-2008, more than double the second biggest bubble, Ireland's at 193%, according to *The Economist* (20 March 2009), with Spain, France and Britain also above 150%. (The US Case-Shiller national index was only 66% over the same period.) Although there were many more houses built annually with state subsidies in the post-apartheid period for lower-income people, compared to the last decade of apartheid, World Bank advice in 1994 meant that these were typically half as large, and constructed with flimsier materials than during apartheid; located even further from jobs and community amenities; characterised by disconnections of water and electricity; with lower-grade state services including rare rubbish collection, inhumane sanitation, dirt roads and inadequate storm-water drainage (Bond 2005).

In most provinces, the majority of the Gatherings Act incidents were 'service delivery protests' over low-quality provision and the rising cost of water, sanitation and electricity (Freedom of Expression Institute 2009). Even after 'Free Basic Services' – 6000 liters per household per month of water and 50 kWh of electricity (with small increases anticipated in 2010) – were provided, the convex nature of water/electricity tariffs meant the rise in the second block of consumption had the impact of raising the

entire amount, resulting in higher non-payment rates, higher disconnection levels (1.5 million/year for water, according to the state) and lower consumption levels by poor people (Bond and Dugard 2008).

How did this happen, in a society that boasted one of the world's greatest urban social movements during the 1980s (Mayekiso 1996), which in turn generated a powerful urban reform project in the early 1990s, culminating in an African National Congress (ANC) 1994 campaign platform – the 'Reconstruction and Development Programme' – which had insisted upon various forms of decommodified real estate, especially housing finance? These promises were another case of 'talk left, walk right', as goes the local slogan, because notwithstanding a housing minister – Joe Slovo – who was also chair of the SA Communist Party at the time (just prior to his death due to cancer in early 1995), the December 1994 *Housing White Paper* set as a main task restoring 'the fundamental pre-condition for attracting [private] investment, which is that housing must be provided within a normalized market'. In practice this entailed huge concessions to banks, alongside a drive to commercialize municipal utilities (Bond 2000). This was not merely the fault of a dying Slovo and his director-general, Billy Cobbett (subsequently director of the World Bank's Cities Alliance), for the dye was cast when neoliberalism was adopted in the early 1990s by the late apartheid regime. The period was marked by several policy shifts away from 1980s-era sanctions-induced dirigisme carried out by 'verligte' (enlightened) Afrikaner 'econocrats' in Pretoria, once the influence of 'securocrats' faded and the power of white English-speaking business rose during the 1990-94 negotiations. That period included South Africa's longest depression (1989-93) and required Mandela's ANC to periodically demobilize protest, until in late 1993 the final touches were put on the 'elite transition' to democracy (Bond 2005).

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

The basis for sustaining the subsequent property and financial bubble came from two sources: residual exchange controls which limit institutional investors to 15% offshore investments and which still restrict offshore wealth transfers by local elites; and a false sense of confidence in macroeconomic management. The oft-repeated notion is that under Finance Minister Trevor Manuel, 'macroeconomic stability' was achieved since apartheid ended in 1994. Yet no emerging market had as many currency crashes (15% in nominal terms) over that period: SA's were in early 1996, mid-1998, late 2001, late 2006 and late 2008. By early 2009, *The Economist* (25 February 2009) ranked South Africa as the most 'risky' of 17 emerging markets, in large part because corporate/white power had generated an enormous balance of payments deficit thanks to outflows of profits/dividends to London/Melbourne financial headquarters.

To cover the current account deficit, a vast new borrowing spree began, with foreign debt rising from \$25 billion in 1994 to \$80 billion by late 2010 and more than \$100 billion by mid-2011. Moreover, consumer credit had drawn in East Asian imports at a rate greater than SA exports even during the 2002-08 commodity price bubble. If there was a factor most responsible for the 5% GDP growth recorded during most of the 2000s, by all accounts, it was consumer credit expansion, with household debt to disposable income ratios soaring from 50% to 80% from 2005-08, while at the same time overall bank lending rose from 100% to 135% of GDP. But this overexposure began to become an albatross, with non-performing loans rising from 2007 by 80% on credit cards and 100% on mortgages compared to the year before, and full credit defaults as a percentage of bank net interest income rising from 30% at the outset of 2008 to 55% by year's end (SARB 2009).

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

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

- with respect to stability, the value of the rand in fact crashed (against a basket of trading currencies) five times, the worst record of any major economy, which in turn reflects how vulnerable SA became to international financial markets thanks to steady exchange control liberalization (26 separate loosening of currency controls) starting in 1995;
- SA witnessed GDP growth during the 2000s, but this does not take into account the depletion of non-renewable resources – if this factor plus pollution were considered, SA would have a net negative per person rate of national wealth accumulation (of at least US\$ 2 per year), according to even the World Bank (2006, 66);
- SA's economy became much more oriented to profit-taking from financial markets than production of real products, in part because of extremely high real interest rates;
- the two most successful major sectors from 1994-2004 were communications (12.2 per cent growth per year) and finance (7.6 per cent) while labour-intensive sectors such as textiles, footwear and gold mining shrunk by 1-5 per cent per year, and overall, manufacturing as a percentage of GDP also declined;
- the Gini coefficient measuring inequality rose during the post-apartheid period, with the Institute for Democracy in South Africa (2009 citing Statistics South Africa) measuring the increase from 0.56 in 1995 to 0.73 in 2006, while Borat, van der Westhuizen and Jacobs (2009, 80) calculated a rise from 0.64 to 0.69, and the SA Presidency (2008, 96) conceded an increase from 0.67 to 0.70 over

- nearly the same period;
- black households lost 1.8% of their income from 1995-2005, while white households gained 40.5% (Bhorat et al 2009, 8);
  - unemployment doubled to a rate of around 40% at peak (if those who have given up looking for work are counted, around 25% otherwise) – but state figures underestimate the problem, given that the official definition of employment includes such work as ‘begging’ and ‘hunting wild animals for food’ and ‘growing own food’;
  - overall, the problem of ‘capital strike’ – large-scale firms’ failure to invest – continues, as gross fixed capital formation hovered around 15-17 per cent from 1994-2004, hardly enough to cover wear-and-tear on equipment;
  - businesses did invest their SA profits, but not mainly in SA: dating from the time of political and economic liberalization, most of the largest Johannesburg Stock Exchange firms – Anglo American, DeBeers, Old Mutual, Investec, SA Breweries, Liberty Life, Gencor (now the core of BHP Billiton), Didata, Mondi and others – shifted their funding flows and even their primary share listings to overseas stock markets mainly in 2000-01;
  - the outflow of profits and dividends due these firms is one of two crucial reasons SA’s current account deficit has soared to amongst the highest in the world (in mid-2008 exceeded only by New Zealand) and is hence a major danger in the event of currency instability, as was Thailand’s (around 5 per cent) in mid-1997;
  - the other cause of the current account deficit is the negative trade balance during most of the recent period, which can be blamed upon a vast inflow of imports after trade liberalization, which export growth could not keep up with;
  - another reason for capital strike is SA’s sustained overproduction problem in existing (highly-monopolised) industry, as manufacturing capacity utilization fell substantially from the 1970s to the early 2000s; and
  - fast-rising corporate profits avoided reinvestment in plant, equipment and factories, and instead sought returns from speculative real estate and the Johannesburg Stock Exchange: there was a 50 per cent increase in share prices during the first half of the 2000s, and the property boom was unprecedented (Bond 2005, 2010).

As for the South African financial role in Africa, mid-2002 witnessed Finance Minister Manuel promising the Commonwealth Business Council he would ‘fast-track financial market integration through the establishment of an internationally competitive legislative and regulatory framework’ for the continent. But, without any Africa-wide progress to report two years later, Manuel’s director-general Lesetja Kganyago (2004) announced a new ‘Financial Centre for Africa’ project to amplify the financialization tendencies already evident in Johannesburg’s exclusive new Sandton central business district: ‘Over the five years to 2002, the financial sector grew at a real rate of 7.7% per year, more than twice as fast as the economy as a whole’. Responsible for a full quarter of post-apartheid South African GDP growth, the sector required further room to expand. According to Kganyago (2004):

What is needed is a financial hub especially focused on the needs and circumstances of the region, much in the same way that Singapore and Hong Kong cater for the capital needs of the Asian continent. . . . International financial centres tend to have a foundation in common. Elements include political stability, free markets, and what is best described as the rule of commercial law.

Pretoria's specific aims included 'opening South Africa's markets to African and global issuers; global lowest trading costs and trading risk; global leadership in investor protection; and a global hub for financial business process outsourcing'. Concluded Kganyago, 'Africa's economies cannot wait the slow maturing of national financial markets to provide the necessary channel for large-scale foreign capital flows for development. Only a regional financial centre will be in a position to provide these services in the foreseeable future.'

A telling incident in mid-2002 illustrated the responsibility that the South African government has taken on, via the New Partnership for Africa's Development, to police the financial mechanisms of imperialism. A Cabinet meeting in Pretoria concluded with this statement: 'The meeting noted the provision by South Africa of a bridge loan to the Democratic Republic of the Congo of Special Drawing Rights (SDR) 75 million. This will help clear the DRC's overdue obligations with the IMF and allow that country to draw resources under the IMF Poverty Reduction and Growth Facility' (Republic of South Africa Government Communications and Information Service 2002). Consistent with imperialism's need to renew accumulation by dispossession, Pretoria thus codified the earlier generation of IMF loans made to Mobutu Sese Seko, riven with corruption and capital flight to European banks. Continuities with an earlier sub-imperial project were obvious, for the people of the DRC were previously victims of South Africa's apartheid-era allegiance with Mobutu, an arrangement that especially suited the ecology-destroying mineral extraction corporations headquartered in Johannesburg. The people's struggle against oppression had initially spawned another ruler in 1996, Laurent Kabila, who unfortunately refused democracy and later fell to an assassin's bullet. Thanks to his unelected son Joseph's connections in Pretoria's Union Buildings and finance ministry, the old 'odious' Mobutu loans would not be repudiated but instead be honoured, and serviced with the new credits. In addition, IMF staff would be allowed back into Kinshasa with their own new loans, and with neoliberal conditionalities again applied to the old victims of Mobutu's fierce rule. These elite linkages, the protective Washington gear and Mbeki's capacity for reproducing neoliberalism in such hostile conditions were, together, at least temporarily effective.

To accomplish the diverse agenda laid out above required exceptionally powerful political cover for corporate and especially financial interests, and by the mid-1990s such a force appeared in Pretoria. Whereas Nelson Mandela was an extremely useful moderate figure in demobilizing rightwing Afrikaner reactionaries as well as left-wing revolutionaries, an operational figure to promote neoliberalism was also terribly important.

### **The case of Trevor Manuel**

Individuals are sometimes important to examine as vectors of change in their own right, but mostly as personifications of broader class interests. The transition from militant anti-apartheid (and often anti-business) politics of the 1970s-80s to the compromises of the 1990s was best reflected in the trajectory of South Africa's most vocal neoliberal politician, Manuel, who served as Finance Minister from 1996-2009 and subsequently as Planning Minister. Manuel chaired the World Bank/IMF Board of Governors in 2000, as well as the Bank's Development Committee from 2001-05. He was one of two United Nations Special Envoys to the 2002 Monterrey Financing for Development summit, a

member of Tony Blair's 2004-05 Commission for Africa, and chair of the 2007 G-20 summit. Manuel was appointed UN Special Envoy for Development Finance in 2008, headed a 2009 IMF committee that successfully advocated a \$750 billion capital increase, served on the UN's High Level Advisory Group on Climate Change Finance in 2010, and in March 2011 was elected co-chair of the design committee for the Green Climate Fund. Within the latter process, he suggested that up to half the anticipated \$100 billion/year fund be sourced from controversial private-sector emissions trading, not aid budgets. Manuel's name was often mentioned as a logical successor to Dominique Strauss-Kahn as IMF Managing Director in May-June 2011.

No one from the Third World has such experience, nor has anyone in these circuits such a formidable anti-colonial political pedigree, including several 1980s police detentions as one of Cape Town's most important anti-apartheid activists. Yet despite occasional rhetorical attacks on 'Washington Consensus' economic policies (part of SA's 'talk left walk right' tradition), since the mid-1990s Manuel has been loyal to the pro-corporate cause. Even before taking power in 1994, he was considered a World Economic Forum 'Global Leader for Tomorrow', and in 1997 and 2007 *Euromoney* magazine named him African Finance Minister of the Year. No wonder, as in late 1993 he had agreed to repay apartheid-era commercial bank debt against all logic, and negotiated an \$850 million IMF loan that straightjacketed Nelson Mandela (Bond 2003, 2005).

With Manuel as trade minister from 1994-96, liberalization demolished the clothing, textile, footwear, appliance, electronics and other vulnerable manufacturing sectors, as he drove tariffs below what even the World Trade Organization demanded. After moving to the finance ministry in 1996, Manuel imposed the 'non-negotiable' *Growth, Employment and Redistribution* policy (co-authored by World Bank staff), which by the time of its 2001 demise had not achieved a single target aside from inflation. Manuel also cut the primary corporate tax rate from 48 percent in 1994 to 30 percent five years later, and then allowed the country's biggest corporations to move their financial headquarters to London, which ballooned the current account deficit. That in turn required Manuel to arrange such vast financing inflows that the foreign debt soared from the \$25 billion inherited at apartheid's close to \$80 billion by 2009, when he became Planning Minister (SA Reserve Bank, 2009).

At that stage, with the world economy teetering, *The Economist* magazine (25 February 2009) named South Africa the most risky of the 17 main emerging markets, and the SA government released data conceding that the country was much more economically divided than in 1994, overtaking Brazil as the world's most unequal major country. 'We are not in recession,' Manuel quickly declared in February 2009. 'Although it sometimes feels in people's minds that the economy is in recession, as of now we are looking at positive growth' (Moneyweb 2009). At that very moment, in fact, the SA economy was shrinking by 6.4 percent (annualized), and had actually been in recession for several months prior. More than 1.2 million jobs were lost in the subsequent year, as unemployment soared to around 40 percent (including those who gave up looking). But in October 2008, just as Strauss-Kahn told the rest of the world to try quick-fix state deficit spending, Manuel sent the opposite message to his impoverished constituents: 'We need to disabuse people of the notion that we will have a mighty powerful developmental state capable of planning and creating all manner of employment' (Lapper and Burgis, 2008). This echoed his 2001 statement to a local Sunday newspaper: 'I want someone to tell me how the government is going to create jobs. It's a

terrible admission, but governments around the world are impotent when it comes to creating jobs' (cited in Marais 2001, 208).

Governments under the neoliberal thumb are also impotent when it comes to service delivery, and thanks partly to his fiscal conservatism, municipal state failure characterizes all of South Africa, resulting in more protests per capita against local government in Manuel's latter years as finance minister than nearly anywhere in the world (the police count at peak was more than 10,000/year). Ironically, said Manuel in his miserly 2004 budget speech, 'The privilege we have in a democratic South Africa is that the poor are unbelievably tolerant' (*Mail&Guardian* 2004). In 2008, when an opposition politician begged that food vouchers be made available, Manuel replied that there was no way to ensure 'vouchers will be distributed and used for food only, and not to buy alcohol or other things' (cited in de Lange 2008). The attitude extended to AIDS medicines, which in December 2001 aligned Manuel with his AIDS-denialist president Thabo Mbeki in refusing access: 'The little I know about anti-retrovirals is that unless you maintain a very strict regime ... they can pump you full of anti-retrovirals, sadly, all that you're going to do, because you are erratic, is to develop a series of drug-resistant diseases inside your body' (South African Broadcasting Corporation 2001).

Instead of delivering sufficient medicines, money and post-neoliberal policy to the health system, schools and municipalities, Manuel (2002) promoted privatization, even at the Monterrey global finance summit: 'Public-private partnerships are important win-win tools for governments and the private sector, as they provide an innovative way of delivering public services in a cost-effective manner.' He not only supported privatization in principle, as finance minister Manuel put enormous pressure (equivalent to IMF conditionality) on municipalities – especially Johannesburg in 1999 – to impose commodification on the citizenry. In one of the world's most important early 21st century water wars, residents of Soweto rebelled and the French firm Suez was eventually evicted from managing Johannesburg's water in 2006 (Bond 2006). Water privatization was Washington Consensus advice, and as Manuel once put it, 'Our relationship with the World Bank is generally structured around the reservoir of knowledge in the Bank' – with South Africa a guinea pig for the late-1990s 'Knowledge Bank' strategy (Bond 2003, 142). Virtually without exception, Bank missions and neoliberal policy support in fields such as water, land reform, housing, public works, healthcare, and macroeconomics failed to deliver (Bond 2005).

In spite of neoliberal ideology's disgrace, president Jacob Zuma retained Manuel and his policies in 2009. In September that year, Congress of SA Trade Unions president Sdumo Dlamini called Manuel the 'shop steward of business' because of his 'outrageous' plea to the World Economic Forum's Cape Town summit that business fight harder against workers (K.Brown 2009). The mineworkers union termed Manuel's challenge 'bile, totally irresponsible... To say that business crumbles too easily is to reinforce business arrogance.' Manuel also disappointed feminists for his persistent failure to keep budgeting promises, even transparency. 'How do you measure government's commitment to gender equality if you don't know where the money's going?', asked the Institute for Democracy in South Africa's Penny Parenzee (Scott 2005). Former ruling-party politician Pregs Govender helped developed gender-budgeting in 1994 but within a decade complained that Manuel reduced it to a 'public relations exercise' (Govender 2002). As for a commitment to internationalism, in early 2009 when Pretoria revoked a visitor's visa for the Dalai Lama on Beijing's orders, Manuel defended the ban on the exiled Tibetan leader: 'To say anything against the Dalai Lama is, in some quarters,

equivalent to trying to shoot Bambi' (South African Press Association 2009).

At the same moment Manuel was sabotaging Zimbabwe's recovery strategy, chosen by the new government of national unity, by insisting that Harare first repay \$1 billion in arrears to the World Bank and IMF, otherwise 'there was no way the plan could work.' Zimbabwean economist Eddie Cross (2009) complained, 'In fact the IMF specifically told us to put the issue of debt management on the back burner... The South Africans on the other hand have reversed that proposal – I do not know on whose authority, but they are not being helpful at all.'

Often suggested as a candidate for the top job at the Bank or IMF (only pulling out of the June 2011 race for IMF managing director on the last day of eligibility), Manuel has expressed anger at the way local South African politics evolved after Zuma evicted Thabo Mbeki from the SA presidency in September 2008. Manuel (2011) told the Zuma government's main spokesperson, 'your behaviour is of the worst-order racist' after a (year-old) incident in which Manyi, then lead labour department official, claimed there were too many coloured workers in the Western Cape in relation to other parts of SA. Manyi had earlier offered an apology, but suffered no punishment. Manuel's disillusionment apparently began in December 2007, just prior to Mbeki's defeat in the African National Congress (ANC) leadership election.

It is easy to sympathize with Manuel's frustrating struggle against ethnicism and cronyism, especially after his opponents' apparent victories. However, former ANC member of parliament Andrew Feinstein records that the finance minister knew of arms-deal bribes solicited by the late defense minister Joe Modise. In court, Feinstein testified (without challenge) that in late 2000, Manuel surreptitiously advised him over lunch, 'It's possible there was some shit in the deal. But if there was, no one will ever uncover it. They're not that stupid. Just let it lie' (Pressly 2009).

Nevertheless, the myth of Manuel's financial wizardry and integrity continues, in part thanks to a 600-page biography, *Choice not Fate* (Penguin, 2008) by his former spokesperson Pippa Green (subsidized by BHP Billiton, Anglo American, Total oil and Rand Merchant Bank). And after all, recent politico-moral and economic scandals by World Bank presidents Robert Zoellick and Paul Wolfowitz (whom in 2005 Manuel welcomed to the job as 'a wonderful individual . . . perfectly capable') (Bretton Woods Project 2005) confirm that global elites are already scraping the bottom of the financial leadership barrel. Yet it is still tragic that as host to 2011's world climate summit, South Africa leads (non-petroleum countries) in carbon emissions/GDP/capita, twenty times higher than even the US. Manuel's final budget countenanced more than \$100 billion for additional coal-fired and nuclear power plants in coming years.

Given this background, Manuel's leadership of Green Climate Fund design in 2011 added a new quantum of global-scale risk. His long history of collaboration with Washington-London raised prospects for 'default' by the industrialized North on payment of climate debt to the impoverished South. Indeed, as Pretoria's main man link to the Bretton Woods Institutions, Manuel's role as co-chair of the Fund gave the Bank much more influence, and at a Tokyo planning committee meeting in July 2011, he prevented a conflict-of-interest charge made by the Nicaraguan negotiator from being tabled.

The most important African negotiator – and largest CO2 emitter (responsible for more than 40% of the continent's CO2) – is South Africa. Aside from ostensibly preventing climate change that could have an especially devastating impact in South Africa, Pretoria's climate negotiators have two conflicting agendas: increasing Northern payments to Africa (a longstanding objective of the New Partnership for Africa's Development, which unsuccessfully requested \$64 billion per annum in aid and investment concessions during the early 2000s); and increasing South Africa's own rates of CO2 outputs through around 2030-35, when the Long-Term Mitigation Scenario – South Africa's official (albeit non-binding) climate strategy – would come into effect. Only then are absolute emissions declines offered as a scenario. In the meantime, Pretoria has earmarked more than \$100 billion for emissions-intensive coal and nuclear fired electricity generation plants due to be constructed during 2010-15, which would amplify Africa's climate crisis, requiring more resources from the North for adaptation. Thus far, South Africa does not, officially, see itself as a climate creditor, in spite of strong climate debt advocacy by the new Climate Justice Now! South Africa movement, especially in February-April 2010 when the World Bank considered and then granted a \$3.75 billion loan to Eskom primarily for the construction of the world's fourth-largest coal-fired power plant (Bond 2011).

### **Conclusion: Against financialization**

The trajectory outlined above merely reiterates some core processes of political economy and political ecology associated with South African financialization, crisis and uneven development. A deeper statement of geopolitical positioning (Bond 2006) and of domestic politics (Bond 2005a) would confirm that territorial and social-control agendas were consistent with the accumulation processes observed above, especially as South Africa lined up as a sub-imperialist power, a deputy sheriff to global neoliberal institutions responsible for Africa (Bond 2005b). Moreover, South Africa was also crucial for advancing the financialization and commodification agenda in outlets including the World Trade Organisation's General Agreement on Trade in Services, the World Bank and the IMF.

Given that this trajectory left a vast number of South Africans with widening income inequality and rising unemployment, with roughly half the country under what trade unions consider to be the poverty line, it was not surprising that very serious protests have regularly broken out against the concrete forms of neoliberalism in impoverished townships, sometimes numbering over 10,000 annually, according to police records (Bond 2010). The protests were serious, yet they had a so-called 'popcorn' character insofar as they popped up and then died back down quickly. While up, depending upon which way the wind was blowing, they could push or be pulled to the left or right (for example, often becoming xenophobic). But although cadreship from the most advanced community struggles began to join a Democratic Left Front (DLF) in 2011 and exhibited a desire for ideological coherence and a national linkage with likeminded activists, a big barrier was the inability of trade unions to devote their resources to developing the linkages. This was not only because the DLF was viewed as a potential competitor to the SA Communist Party but because the sectional structural interests of union members often conflicted with the precariat's even though they were all bound up in a broad working-class. The labour market was sufficiently flexible that in 2008-11, more than 1.3 million jobs were lost with no apparent recovery from the recession in terms of employment. Yet ironically, the best-organised sections of the labour movement

regularly won wage concessions consistently above the inflation rate. These never transcended the particular firm-level agreement, however, except for the sole labour policy victory of winning a state commitment to National Health Insurance in 2009 which was gradually elaborated into a Green Paper in 2011.

Do what extent can the militancy at the base be turned into more generalized critique of the power of financial capital? Three examples are illustrative: township housing in the early 1990s, the Jubilee movement against international financial relations in the 2000s, and labour against high interest rates after 2008. In the first, the community activists in the SA National Civic Organisation (Sanco) turned their activism to bank 'bond boycotts' in the early 1990s, as the real interest rate increase from -6 to +7 over eighteen months meant that out of 200,000 borrowers, 40,000 fell into arrears. Bond (home mortgage) boycotts occurred in dozens of townships when communities collectively refused repay banks. The Sanco activists won minor concessions, but it was with a dramatic decline in housing prices in the prior Kuznets Cycle downturn and the economic upturn from 1993 that the financial pressure gradually eased and Sanco turned its attention to corporatist deals (Bond 2000).

The Jubilee South Africa campaigns against the residual apartheid debt, against foreign companies that profited from apartheid, as well as against further relations with the World Bank and IMF were generally unsuccessful, though in 2001 the World Conference Against Racism allowed a widespread reparations mobilization that had to be put down within the conference by Mbeki and UN Human Rights Commissioner Mary Robinson. In the mid- and late 2000s, Jubilee South Africa won some ground in US courts to pursue banks that had made apartheid loans, using the Alien Tort Claims Act. By 2011, however, the momentum for a major case was lost (Bond and Sharife 2010), and by then there internal divisions that left the organization in a dysfunctional state.

Finally the most hopeful sign of counterpower was the National Union of Metalworkers of South Africa campaign against extremely high real interest rates starting in 2008. By mid-2009, they were instrumental in the eviction of the Reserve Bank Governor, who in any case was too closely identified with Mbeki to be a comfortable ally of the new president, Zuma. The replacement was no better from labour's point of view, nor was Manuel's replacement at finance. The union continued to complain about high interest rates and capital flight, and were borne out by international events, but a more sustained shift in power to the left would be required before the parameters of neoliberal macroeconomic policy could be affected.

These examples suggest a need for a different and more integrated approach to fighting such extreme uneven and combined development. It is too early to say what kind of alliances might develop in future, assuming Zuma continues to alienate his labour constituents and communities continue rebelling. Their fusion in some form of workers' party would be an important step, but even before that inevitable development, the main work being done by critics of financialization and subimperialism is to prepare the ground with sound analysis that stretches as far as does the problem – i.e., far beyond Johannesburg bank headquarters, to the core dynamic of world capitalism.

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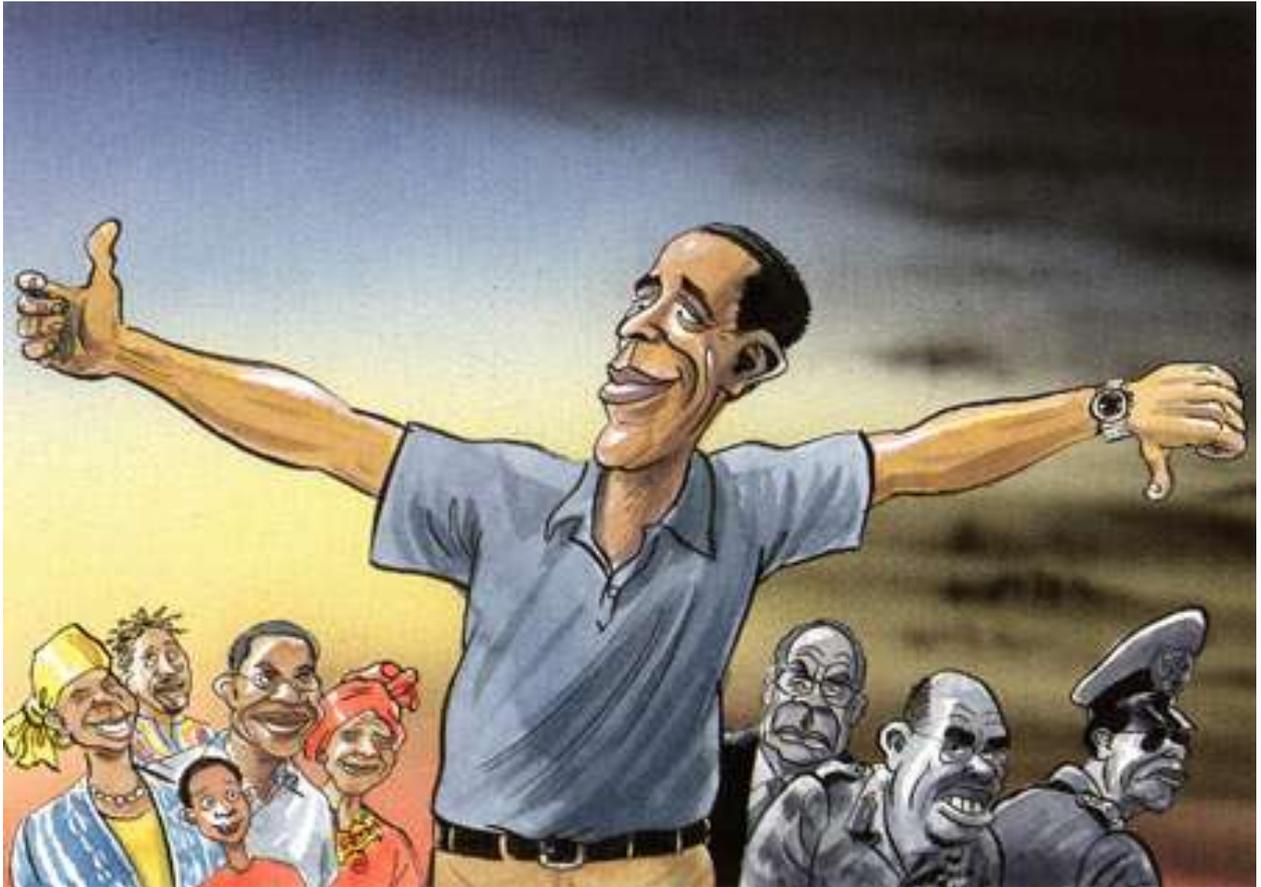
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## Which Africans will Washington 'whack' next?<sup>1</sup>



*The Economist*

*At a time when popular revolutions are sweeping the globe, the United States should be strengthening, not weakening, basic rules of law and principles of justice enumerated in the Universal Declaration of Human Rights. But instead of making the world safer, America's violation of international human rights abets our enemies and alienates our friends. – Former US president Jimmy Carter, 25 June 2012, The New York Times*

*US actions since 9/11 represent the final stage in the US's century-long effort to complete the project of making US-led globalization a concrete reality across the world through three historical moments: 1) the attempted creation of a global Monroe doctrine between 1898 and 1919; 2) the Roosevelt administration's creation of the Bretton Woods Institutions – the World Bank and IMF – and the UN; and 3) globalization – the US-led effort to establish a new global regime based on free trade, deregulation, and privatization. – Neil Smith, *The Endgame of Globalization*, 2005*

The US Assistant Secretary of State for Africa and former three-time ambassador, Johnnie Carson, was feted by Brooks Spector recently at *Daily Maverick*, in an article entitled "America's Mr Africa". While it is always fitting to honour African-Americans who persevere to the top despite that country's deep internal racism, Spector makes contentious political and economic claims about the 'new' US Africa policy. "For some

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<sup>1</sup> Address to the Muslim Youth Movement 40th Anniversary Conference, University of KwaZulu-Natal, Durban, 30 September 2012.

observers at least,” he says, “Barack Obama’s new partnership with Africa was announced in his speech in Accra [11 July 2009], when he declared the era of the authoritarian African big man to be over – kaput!”<sup>2</sup> As described below, however, Washington has maintained extremely cozy relationships with a variety of African dictators.

Spector then endorses Carson’s claims that “US interests in the continent fundamentally stem from its interest in strengthening trade to help African states grow their economies and meet development needs,” and that “the US wants to work with African nations to strengthen democratic institutions, good governance and efforts to stamp out corruption [and] to spur economic growth through market-driven, free trade principles.” Sorry, but we recall Washington’s deregulatory support for Wall Street’s market-driven binge, which in 2008-09 contributed to the worst global economic crash in 80 years, resulting in around a million South African job losses. We know that only the wealthy recovered so far, and that in the US, the top 1 percent received 93 percent of all new income since 2009, because the system wasn’t fixed. And who can forget White House hypocrisy when it comes to vast and often illegal US agro-corporate subsidies which continue to thwart African production? And is there any capital city whose political system is more corrupted by corporate (especially banking) campaign contributions than Washington, resulting in such extreme malgovernance that Obama cannot even make an effort to convict a single banker for world-historic economic misdeeds?

Spector’s most flawed assumption is that by increasing trade with (and vulnerability to) the world economy, “Africa” grows. Although a few elites have certainly grown rich from extraction, the opposite is more true, if we make a simple, rational adjustment to GDP: incorporating the wasting of Africa’s “natural capital” (a silly phrase but one used increasingly by powerbrokers eyeing the ‘Green Economy’). Measuring this loss is something that 10 African leaders agreed to start doing so in May, in the Gabarone

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2 The standard list of African tyrants Obama has had to relate to, in order of longevity, includes:

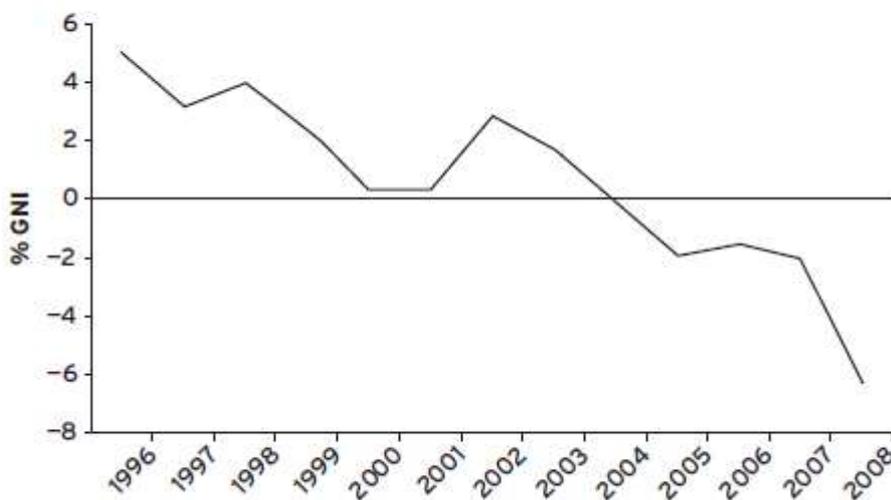
- Moummar Gaddafi, Libya – 1969-2011
- *Teodoro Obiang Nguema* Mbasago, Equatorial Guinea – 1979-present
- Jose Eduardo dos Santos, Angola – 1979-present
- Robert Mugabe, Zimbabwe – 1980-present
- Hosni Mubarak, Egypt – 1981-2011
- Paul Biya, Cameroon – 1982-present
- Yoweri Museveni, Uganda – 1986-present
- King Mswati III, Swaziland – 1986-present
- Blaise *Compaoré*, Burkina Fasso – 1987-present
- Zine El Abidine Ben Ali, Tunisia – 1987-2011
- Omar al-Bashir, Sudan – 1989-present
- Idriss Deby, Chad – 1990-present
- Isaias Afewerki, Eritrea – 1993-present
- Yahya Jammeh, Gambia – 1994-present
- Paul Kagame, Rwanda – 1994-present
- Meles Zenawi, Ethiopia – 1995-2012.

Three US-backed dictators above were overthrown (one, Gaddafi, through Obama’s direct intervention once he became less helpful than potential successors), and one, Zenawi died.

Declaration initiated by Botswana president Ian Khama and the NGO Conservation International. The adjustment entails counting the outflow of natural capital (especially non-renewable mineral/petroleum resources) not only as a short-term *credit* to GDP (via “output of goods” measuring the resources extracted and sold), but also as a long-term *debit* to the natural capital stocks, as non-renewable resources no longer become available to future generations. Number-crunch the resource depletion, and net wealth declines in Africa as well as the Middle East.

Even the World Bank is taking seriously the need to adjust GDP, e.g. in its 2011 book *The Changing Wealth of Nations*, which concludes that instead of *growing rapidly*, as often advertised by naive commentators, *Africa is shrinking even faster*. Conservatively estimated for the year 2007-08 (the last available measurements), SubSaharan Africa’s decline in Adjusted Net Savings exceeded 6 percent of national income (and that does not even include diamond and uranium outflows, too hard for the Bank to calculate).

**Adjusted Net Saving in Sub-Saharan Africa as a Percentage of Gross National Income**



Source: Authors' calculations based on World Bank data.

The continent-wide Resource Curse makes the Marikana massacre look like a picnic, and allows us to dismiss Spector’s article as the kind of idle spin-doctoring fluff one gets from the State Department’s US Information Service (his former employer). But that is not a particularly satisfying place to leave matters, for the broader assumptions about the US in Africa also need a rethink, in part because South Africa is hosting the BRICS summit in Durban next March, and we’re being subjected to rhetoric from Pretoria about a “new dynamic” in the emerging market power bloc, supposedly challenging the sole-superpower system of global governance. So it is timely to consider whether the two words US and Imperialism still fit snugly, and then (on another occasion in the near future) whether Resource-Cursed South Africa also deserves the description “sub-imperialist” because of its persistent collaboration as an economic deputy-sheriff to Washington. When a decade ago, Thabo Mbeki introduced

the New Partnership for Africa's Development, it was termed "philosophically spot on" by Carson's predecessor in the Bush regime, Walter Kansteiner. With both presidents gone for nearly four years, what's new and different?

### **The US versus African democracy**

Has Washington, as Carson claims, helped Africa democratise? The quaint US State Department notion is based on Washington's "talking left" about democracy. On closer examination, Obama and Carson are "walking right," along the same neo-conservative track George W. Bush prepared across Africa's military, geopolitical and extractive-economic terrain. Thanks to White House patronage, murderous African dictators still retain power until too late, most obviously Egypt's Hosni Mubarak, who is personally worth at least \$40 billion (according to an ABC News report) and who was recipient of many billions of dollars in US military aid in the 18 months following Obama's speech. As Carson's boss Hillary Clinton remarked in 2009, "I really consider President and Mrs. Mubarak to be friends of my family," and offered this gaffe a few days before the corrupt tyrant was overthrown in February 2011: "Our assessment is that the Egyptian government is stable." As a result of her affection for one of the worst African big men, Egypt's democratic movement's core activists turned a cold shoulder to Clinton again and again.

Washington's coddling of other dictators was signaled just weeks after Obama's Ghana speech, when his UN Ambassador Susan Rice announced a New York luncheon with 25 African heads of state (40 had been invited): "We are looking to have a dialogue with responsible leaders about the future of Africa's economic and social development." Obama dined with numerous tyrants that day, as only a few governments (Eritrea, Guinea, Kenya, Madagascar, Niger, Sudan and Zimbabwe) were specifically "left off the guest list because of disputes over their governance or an antagonistic relationship with Washington," according to Kenya's Nation newspaper. Amongst the 40 were Cameroonian dictator Paul Biya, and as his office reported, "At the end of the two and a half hours that they spent together, most of the African leaders left the dining hall visibly satisfied." Democracy and human rights were apparently left off on the agenda, according to a briefing by the main White House Africa security official, Michelle Gavin.





Another attendee was Gambian president Yahya Jammeh, a colonel who after overthrowing a democrat in 1994 and later claiming to have found an AIDS cure, last month came under renewed criticism from international human rights advocates after carrying out the first 9 out of a potential 40 mass death-row executions (those threatened include an elderly 84-year-old, eight prisoners with mental health issues and eight foreign nationals). As one local citizens' network put it, "Given that the Gambia government uses the death penalty and other harsh sentences as a tool to silence political dissent and opposition, Civil Society Associations Gambia believes that any execution is a further indicator of the brutality with which President Jammeh's regime is bent on crushing political dissent." Yet when asked whether, like the European Union, the US State Department would "also have some sort of response should they not heed these warnings not to proceed?," the official answer was chilling: "I think we haven't telegraphed any response at this point."

One reason not to annoy Jammeh was the US Central Intelligence Agency's reliance upon a Banjul airport as a secret destination and refueling site for "rendition" victims, i.e. the illegal transfer of suspected terrorists to countries carrying out torture on behalf of Washington. According to former US air force veteran and *Miami Herald* journalist Sherwood Ross, amongst 28 countries "that held prisoners in behalf of the US based on published data" are a dozen from Africa: Algeria, Djibouti, Egypt, Ethiopia, Gambia, Kenya, Libya, Mauritania, Morocco, Somalia, South Africa and Zambia.

With the possible exceptions of Kenya and Zambia, all these regimes remain close Pentagon allies, and hence difficult for genuine democrats. Last March, as the Arab Spring wave moved east from Tunisia, Obama backed the Djibouti regime of Ismail Omar Guelleh against pro-democracy protesters, apparently because of the tiny dictatorship's hosting of several thousand US soldiers at Washington's only solely-owned base on the continent.

Such hypocritical relations are not new, and even though he served less than a term in the US Senate, Obama developed ties to some of the continent's most venal elites. Promoting US interests in the form of petro-military complex profits, an ever-expanding "War on Terror" and an anti-Chinese political block, are the common denominators behind Washington's African alliances. Some examples are illustrative:

- In 2006, before becoming president, he visited Chad's dictator Idriss Deby in part to press the case for Chevron Texaco, which Deby had just expelled for failing to pay sufficient taxes.
- Obama infamously extended red-carpet treatment to oil-rich Gabon's world-class kleptocrat tyrant Ali Bongo 15 months ago in spite of nearly unprecedented controversy.
- This was followed by a similar invitation a few months ago to Ethiopia's then prime minister Meles Zenawi, in spite of objections from Human Rights Watch and Amnesty International leaders who complained, "The United States, the World Bank, and other states and institutions have shown little or no attention to Ethiopia's worsening human rights record. By inviting Meles to the G-8 summit, the US government is sending a message that at best shows a lack of concern about the human rights situation in Ethiopia, and at worst, will be perceived as a US endorsement of the Ethiopian government's policies." After Meles died in August, the New York Times acknowledged that "he was notoriously repressive, undermining Obama's maxim that Africa doesn't need strongmen, it needs strong institutions." The article quoted former US National Security Council official John Prendergast's concern about "a vexing policy quandary" in Washington's relations with Ethiopia, Rwanda, Uganda and South Sudan: "All of them have served American interests or have a strong US constituency, but all have deeply troubling human rights records." (Whether this is a "vexing quandary" or instead best described as a time-honoured tradition is up to the reader to decide.)
- Obama's support for Rwandan strongman Paul Kagame, including \$800 million a year in aid and in June 2012, protection against possible UN censure for supporting genocide in the Congo, attracted complaints by respected social justice groups (including the Hotel Rwanda Rusesabagina Foundation). Maurice Carney of Friends of the Congo explains, "Since Rwanda invaded Congo in 1996, millions of Congolese have perished, hundreds of thousands of women have been systematically raped and Congo's wealth has been looted. So the impact of Rwanda's role in destabilizing the Congo has been tragic for the people of the region and especially the Congolese people. And this is really the sad part about the whole situation, because it's within the means of the United States to hold its ally accountable, but it has not done so to date." Washington subsequently chided Kagame, apparently as a result of his turn to new Chinese patrons, according to analyst Eddie Haywood: "US State Department cables released by Wikileaks show that Washington has been keeping a close watch on Rwanda-China economic ties. Referring to meetings by Rwandan officials with a Chinese delegation, the cables took note of Rwanda's economic agreements with China and loans from Beijing for the construction of buildings to house the Office of Foreign Affairs and to finance a railway project. China also agreed to consider funding the construction of a new stadium, a women's center, and a Confucius Institute. Rwanda requested the delegation for duty-free access to Chinese markets, and Rwandan rice cultivation and road projects were discussed. As Rwanda is a transportation gateway for the Congo's vast resources to the global market, it goes without saying that China's

‘control by investment’ of a railway project traversing Rwanda through to a port in on the East coast of Tanzania would raise concerns in Washington.”

- Last year, citing US national security interests, Obama issued a waiver so as to send more than \$200 million in military aid to US-allied regimes in Somalia, the Democratic Republic of the Congo, Libya, South Sudan and Yemen in spite of a 2008 US law prohibiting such funding because of their armies’ recruitment of child soldiers. According to Human Rights Watch’s Jo Becker, “The Obama administration has been unwilling to make even small cuts to military assistance to governments exploiting children as soldiers. Children are paying the price for its poor leadership.”

Although Northwestern University professor Richard Joseph does give Washington credit for its roles in facilitating democracy (albeit in US interests) in Côte d’Ivoire, Guinea, Niger, Nigeria, Senegal and Malawi, the overall message is one of extreme hypocrisy: Obama is only opposed to African dictatorships which are anti-US (or allied to China), but if you are a sub-regional power, help hunt Al Qaeda or have substantial oil reserves, you may commit horrendous crimes and still get the prized White House photo op.

### **In WikiLeaks we trust**

We partly know this thanks to the NGO WikiLeaks, which in late 2010 published more than 250 000 US State Department cables. These repeatedly demonstrate how Clinton, Bush and Obama promoted, retained or imposed undemocratic regimes where these coincide with US interests. (Tellingly, Spector does not even mention this treasure trove as a source when reviewing Carson’s *bona fides*.) Because of WikiLeaks, we know that just a month after Carson took office, Hillary Clinton asked eleven of Washington’s embassies in Africa to collect fingerprints, DNA, iris scans, email passwords, credit card account numbers, frequent flyer account numbers and work schedules of local political, military, business and religious leaders, including United Nations officials. “To spy on the UN does take it a bit far,” remarks African politics researcher Liesl Louw-Vaudran of the Institute for Security Studies in Pretoria. Thanks to WikiLeaks’ revelations of “meddling chitchat” by Carson and his colleagues, says Louw-Vaudran, “I think many Africans are a little bit disgusted, a little bit shocked... once again forcing Africans to question the US’s role [and] voice serious doubts about the US.”



One simple reason, she says, is “that if the US cannot protect its secrets, how on earth will they be able to protect people from terrorist attacks, for example?” Along with increased access to oil, imposition of market-driven (i.e. pro-corporate) economic policy, and hostility to China, Washington’s attempt to gain African cooperation in the “War on Terror” appears the most important factor in foreign policy. That role leaves the Pentagon’s Africa Command (AfriCom) very busy from its main bases in Frankfurt and Djibouti. “Rather than the simple and cheap rhetoric of bringing stability to the continent in the name of the ‘war against terror’,” according to veteran analyst [Daniel Volheim](#), “AfriCom is involved in almost 38 African countries [including] Chad, Kenya, Mali, Mauritania, Niger, Nigeria, Tanzania, and Sierra Leone.”

In the watchdog website *Foreign Policy in Focus*, [Conn Hallinan](#) reports, “So far, AfriCom’s track record has been one disaster after another. It supported Ethiopia’s intervention in the Somalia civil war, and helped to overthrow the moderate Islamic Courts Union. It is now fighting a desperate rear-guard action against a far more extremist grouping, the al-Shabaab. AfriCom also helped coordinate a Ugandan Army attack on the Lord’s Resistance Army in the Democratic Republic of the Congo – Operation Lightning Thunder – that ended up killing thousands of civilians.” Add to that the failure to gain a satisfactory transition in Libya, after Washington and European powers misled the South African government about NATO’s bombing intentions, in the wake of the African Union’s failed efforts to settle the civil war peacefully.

But the problems are just beginning, observes US investigative journalist [Nick Turse](#): “Today, the U.S. is drawing down in Afghanistan and has largely left Iraq. Africa, however, remains a growth opportunity for the Pentagon.” Since 2009, Turse continues, “operations in Africa have accelerated far beyond the more limited interventions of the Bush years: last year’s war in Libya; a regional drone campaign with missions run out of airports and bases in Djibouti, Ethiopia, and the Indian Ocean archipelago nation of Seychelles; a flotilla of 30 ships in that ocean supporting regional operations; a multi-pronged military and CIA campaign against militants in Somalia, including intelligence operations, training for Somali agents, a secret prison, helicopter attacks, and U.S. commando raids; a massive influx of cash for counterterrorism operations across East Africa; a possible old-fashioned air war, carried out on the sly in the region using manned aircraft; tens of millions of dollars in arms for allied mercenaries and African troops; and a special ops expeditionary force (bolstered by State Department experts) dispatched to help capture or kill Lord’s Resistance Army leader Joseph Kony and his senior commanders.”

Adds University of Pittsburgh international affairs professor Michael Brenner, the AfriCom expansion “is self-perpetuating since there will be a steady supply of murderers and extortionists and Islamic radicals in this tormented environment which we never will be able to suppress. Our efforts, moreover, will generate the inevitable anti-Americanism and retaliation such ventures spawn – as in Afghanistan, Pakistan and Iraq. So why launch this latest enterprise of dubious value? Well, when you have

created an AfriCom, when you have staffed it with a few thousand personnel, when you have a Special Forces corps numbering 60,000, when you have a vastly expanded CIA Operations Division, and when American strategic thinking is still locked in the auto-pilot mode set in September 2001 – when all these forces are at work, there will be action.”

Of course, corpses of US troops on African soil are to be avoided at all costs, as Bill Clinton’s disastrous 1994 Somalia mission taught the Pentagon. AfriCom’s head General Carter Ham explained last year that Washington “would eventually need an AfriCom that could undertake more traditional military operations, and he moved his command in that direction” although “not conducting operations – that’s for the Africans to do.” Writing more frankly about the anticipated division of labour in the U.S. Air University’s *Strategic Studies Quarterly* in 2010, Maj Shawn T. Cochran quotes a US military advisor to the African Union, “We don’t want to see our guys going in and getting whacked... We want Africans to go in.”

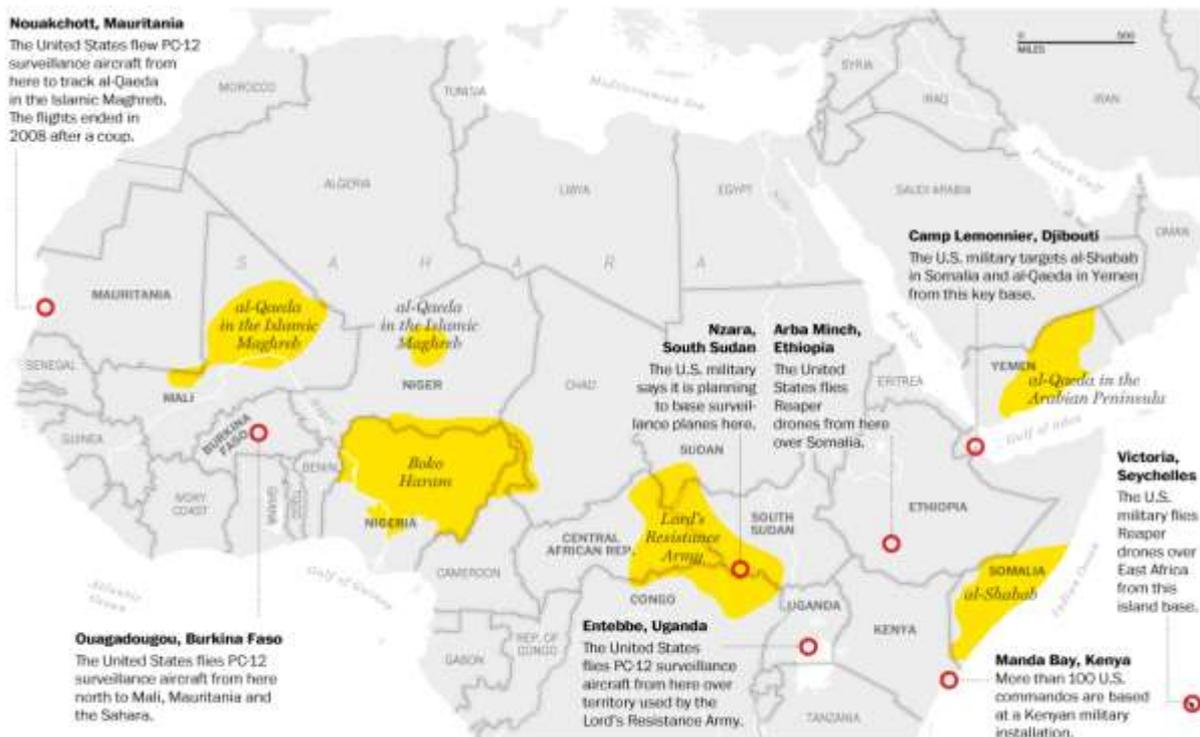
### **Terror blowback**

However, even with military ventriloquism, blowback damage results from Washington’s aggression, Volman argues. “The 2006 invasion of Somalia by the Ethiopian forces was clearly a proxy war, with AfriCom providing the logistics-allowing a criminal organization like al-Shabab to claim a legitimate reason for its war and brutal terror against the very people both sides claim to be freeing: the poor ordinary Somalis.” The next stage of the proxy war was in 2010 when the US gave aid to the Somali Transitional Federal Government (TFG), but when the *New York Times* reported the growing AfriCom role, Carson said its reporter’s allegations of Washington “military advisors assisting and aiding the TFG... [and] helping to coordinate the strategic offensive that is apparently underway now, or may be underway now, in Mogadishu, and that we were, in effect, guiding the hand and the operations of the TFG military... are incorrect.” Yet it turned out, within a few months, that the Central Intelligence Agency was extremely active in Somalia and that mercenaries (such as Bancroft Global Development) were Washington’s hired guns, as Carson admitted to the *New York Times*, “We do not want an American footprint or boot on the ground.” Hence, according to *The Times*, drones were used against the Shabab (Al-Qaeda’s allies in Somalia).



The contradictions grow, because as *The Times* reported in mid-2010, Washington would need to spend “\$45 million in arms shipments to African troops fighting in Somalia. But this is a piecemeal approach that many American officials believe will not be enough to suppress the Shabab over the long run. In interviews, more than a dozen current and former United States officials and experts described an overall American strategy in Somalia that has been troubled by a lack of focus and internal battles over the past decade.” Most worrisome, Washington aimed to get African armies addicted to mercenary trainers: “The governments of Uganda and Burundi pay Bancroft millions of dollars to train their soldiers for counterinsurgency missions in Somalia under an African Union banner, money that the State Department then reimburses to the two African nations.”

Obama’s repeated drone-war executions of innocent civilians is another manifestation of cowardly attacks from far above which then exacerbate hatred and revenge sentiments, creating the conditions for the counterproductive, violent mob attacks by Islamic extremists witnessed recently. Most blowback from US military extremism is felt within Africa, reports Turse: “Last year’s US-supported war in Libya resulted in masses of well-armed Tuareg mercenaries, who had been fighting for Libyan autocrat Muammar Qaddafi, heading back to Mali where they helped destabilize that country. So far, the result has been a military coup by an American-trained officer; a takeover of some areas by Tuareg fighters of the National Movement for the Liberation of Azawad, who had previously raided Libyan arms depots; and other parts of the country being seized by the irregulars of Ansar Dine, the latest al-Qaeda ‘affiliate’ on the American radar.”



### Washington Post

In the *Washington Post* in early October, Greg Miller and Craig Whitlock report that “al-Qaeda’s African affiliate has become more dangerous since gaining control of large pockets of territory in Mali and acquiring weapons from post-revolution Libya,” leading the White House counterterrorism office, the CIA, State Department and AfriCom to recruit Mauritania, Algeria, Niger, Senegal, Burkina Faso, Guinea and Gambia to carry out war games (with French help), and in coming months to undertake probable proxy duties, not to mention drone attacks. According to their report, “the emphasis is on replicating aspects of the counterterrorism formula in Somalia. The United States has conducted intelligence operations there, as well as strikes, but has mainly relied on African troops to battle an al-Qaeda-linked militant group.” However, they acknowledge, “Some counterterrorism experts voiced concern that the administration is inflating the threat posed by al-Qaeda in North Africa”, which is considered “the most underperforming affiliate of al-Qaeda.”

Of course, the very idea of ‘terror’ is suspect when it comes to Washington vocabulary. On two occasions (1994 and 1996) I worked in the office of a man officially labeled a “terrorist”, a South African targeted by the CIA in the early 1960s and only taken off the US State Department’s no-entry “terror watch-list” in July 2008 (!) thanks to a formal Congressional intervention. We learn lots about Washington’s whimsy not only from Nelson Mandela’s experience, but also from the Pentagon’s embrace of – and arms-supply to – Saddam Hussein for so long, and from US Vice President Joe Biden labeling WikiLeaks founder Julian Assange a “hi-tech terrorist” two years ago, since hounding him to the point he today cowers in a tiny Ecuadoran embassy room in London.



### The Exception

#### **Petro-military complex, Chinese competition and climate polluters**

As WikiLeaks demonstrated, Washington is choc full of pathological hypocrites. For example, “China is a very aggressive and pernicious economic competitor with no morals. China is not in Africa for altruistic reasons,” Carson argued in early 2010 to a cozy Lagos mansion meeting with his most important constituencies: executives from Shell, Chevron, Exxon, Schlumberger oil and the American Business Council.

“It’s a common observation, to the point of triteness, that we tend to hate those traits in others that we’re prone to ourselves,” replied political economist Kevin Carson. For has China “maintained a ‘defense’ budget almost as large as those of the rest of the world put together? Deployed a navy with a dozen carrier groups capable of raining death from the skies on any country that defied their will? Formulated a national security doctrine which explicitly calls for China to remain the world’s sole superpower forever and ever, and to prevent any other power from ever arising to challenge its hegemony?” The “trip wires” that Carson informed the oil executives will make Washington “start worrying” about the Chinese are: “Have they signed military base agreements? Are they training armies? Have they developed intelligence operations?”

Explaining why this attitude could revive Africa’s status as a Cold War battleground, one of Carson’s predecessors, Ryan Henry, revealed in April 2007 that Washington’s rationales “for establishing AfriCom included fighting terrorists in Africa, countering Chinese diplomacy on the continent, and gaining access to Africa’s natural resources, especially oil.” Added AfriCom’s second-in-command, Vice-Admiral Robert Moeller, “the free flow of natural resources from Africa to the global market” was a guiding principle,” along with preventing “oil disruption,” “terrorism,” and China’s “growing influence.”

Another source of oil disruption in Nigeria of concern to Washington was a civil society case against Shell Oil in May 2012 in which Shell argued it should have no human rights

liabilities because of its corporate status, a position that the US rejected when it came to US citizens' rights to sue. "But when the Supreme Court ordered a rehearing in the case, and asked whether human rights lawsuits could be brought when the abuses happened outside the US," according to EarthRights International's Marco Simons, Washington actually sided with Shell. "Obama is saying that if a foreign government abuses human rights, we can bomb them, like we did with Libya. But we can't hold anyone accountable in court, because *that* would threaten international relations."

This essentially pro-corporate predatory perspective has informed Washington's '3D' strategy. "The concept of cooperation among diplomacy (State Department), development (US Agency for International Development) and defense in order to dry up support for extremists and terrorists has been adopted by the US government," explains US Air War College researcher Stephen Burgess. "The criticism from think tank experts and others is that the military dominates because of the preponderance of resources and the large D of the military swamping the much smaller D of diplomacy and development. The critics believe that AfriCom will dominate the diplomatic and development instruments of power in Africa."

AfriCom was initially rejected by every African country that then Pentagon chief Donald Rumsfeld desired as host country, says Burgess. "Only the reversal of the directive to place the command on the continent brought grudging acceptance, along with US offers of training exercises and other forms of security assistance." For in this "American way of diplomacy, the military leads the way with well-resourced and powerful and regionally focused combatant commands. Congress is willing to fund the military and not the State Department and the US Agency for International Development."

Confirms a leading US Africanist scholar, Michigan State University sociologist David Wiley, "The continuing US budget for the Egyptian military is more than the entire US aid budget for HIV, food emergencies, and other programs for the entire continent. Carson also needs to be tweaked for his participation in folding together the US military, intelligence, State Department, USAID, and other agencies into the new 'whole of government' philosophy that results in the military being the face of US policy and programs in Africa." In the words of Carson's State Department colleagues, "Civilian power is as fundamental to our national security as military power and the two must work ever more closely together."

That means wherever there is socio-ecological, religious and economic pressure, such as Uganda and Somalia, Washington's instinct is the iron fist, followed by denialism and 'goo-goo' good-governance rhetoric. "From Carson's presentations two years in a row at the annual African Studies Association meetings, most of us felt we heard the same speeches we heard in the Bush Administration," says Wiley.

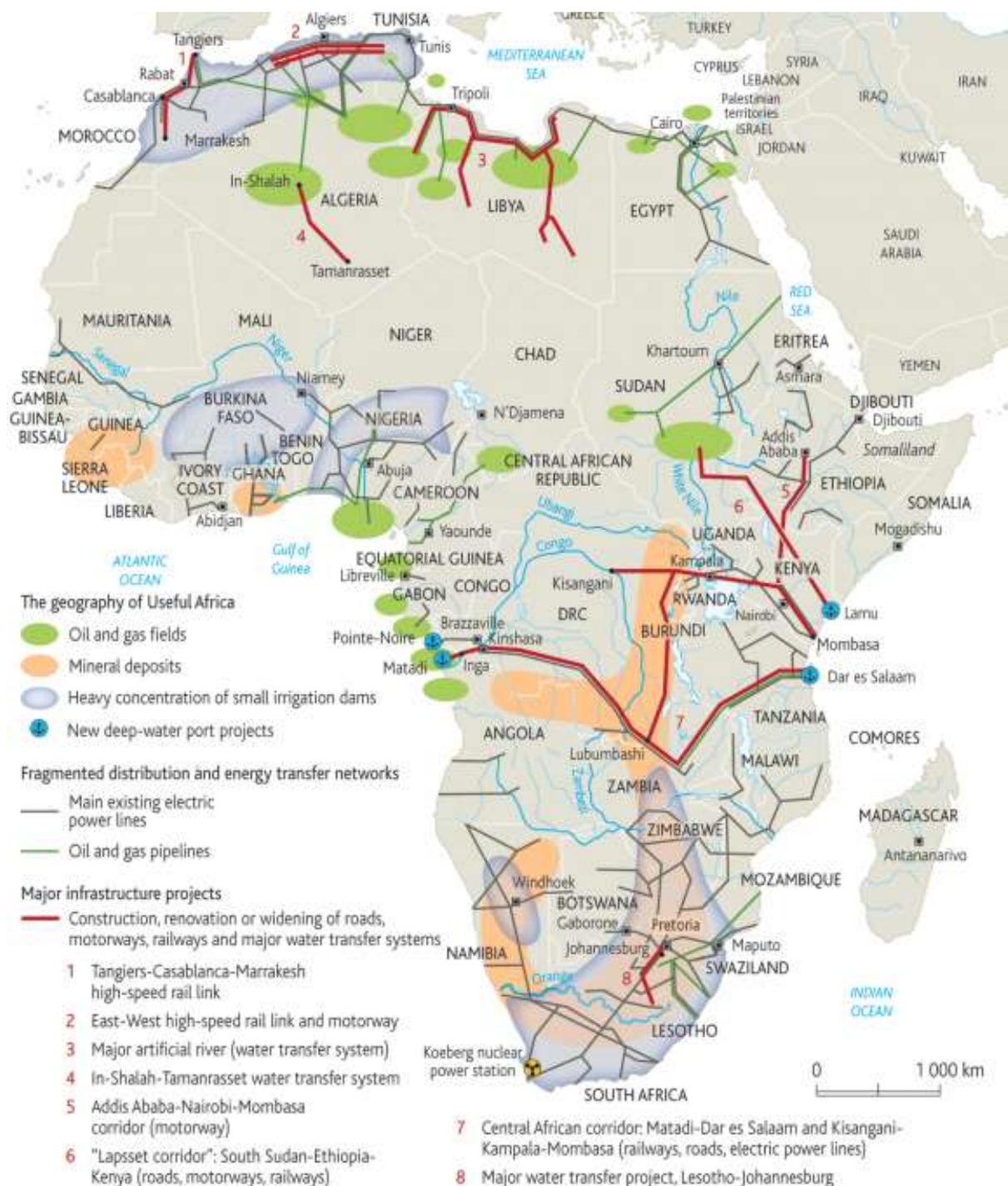
Add Mauritian rights activists Rams Seegobin and Lindsey Collen, "It is clear that the Obama administration is following essentially the same policy that has guided U.S. military policy toward Africa for more than a decade. Indeed, the Obama

administration is seeking to expand U.S. military activities on the continent even further.” For as they point out, while hesitant to put its own people in harms’ way in Africa, Obama has budgeted for weapons deals to assist regimes with human rights violations in Morocco, Kenya, Nigeria, Algeria, Ethiopia, Uganda, Rwanda and the DRC amongst others.

In Kampala, the authoritarian rule of Yoweri Museveni has lasted three decades, and in 2005, Carson – no longer working for the State Department – explained in the *Boston Globe* that his longevity was “motivated by a desire to protect those around him, including his son and half-brother, from charges of corruption for alleged involvement in illegal activities.” Complained Uganda *Daily Monitor* journalist Tabu Butagira, “It is such a paradox that Mr Carson, as chief of Barack Obama administration’s diplomatic engagement with the continent, flies to Kampala regularly to confer with Museveni on wide-ranging issues, including regional security operations and democracy. When this newspaper asked him if he felt Museveni of 2011 was a worse dictator than that of 2005, Mr Carson said the US considers him a ‘duly elected President of Uganda’.”

Apparently because Uganda has vast, newly-discovered oil reserves at Lake Albert, the Museveni of 2011 qualified that year for \$45 million in US military equipment, 100 US troops, four drone planes to hunt Shabab and an impressive network of Western oil companies fused with mercenaries, as the London NGO Platform recently revealed. The “Kony 2012” viral video may be a useful surface-level distraction to justify US intervention, but as Steve Horn of *Alternet* argues: “If there is one thing that is nearly for certain, it is that the Lord’s Resistance Army and Joseph Kony, as awful as they are, likely have nothing to do with this most recent US military engagement in Uganda. In the end, it all comes back to oil.” Horn’s evidence is not only that Kony has not been seen for years in Uganda, but that Obama also “quietly waived restrictions on military aid to Chad, Yemen, Sudan, and the Democratic Republic of Congo” even though their armies all have recent documented records of recruiting child soldiers.

Horn warns, “Throughout all of this, it is vital to bear in mind the bigger picture, which is that the United States and China have been competing against one another in the new ‘Scramble’ for Africa’s valuable oil resources.” Horn is pessimistic, “knowing the players involved, and seeing the geopolitical and resources maneuvering taking place in the Lake Albert region.” He predicts a conflict between Western firms backed by US army and mercenary firepower on the one hand, and the Chinese National Offshore Oil Company on the other: “If the United States and its well-connected guns-for-hire have any say, Tullow Oil, Heritage Oil, ExxonMobil will take home all the royalties, and CNOOC will be sent home packing.” In Museveni’s most recent meeting with Carson, a few weeks ago in Addis Ababa, the Ugandan dictator remarked, “A lot of time has been wasted on clichés such as Africa needs good governance”. According to a Xinua report, he “dismissed the linkage between economic growth and good governance saying that many African countries that have not had political instability are as backward as those that have gone through instability.”



*Le Monde Diplomatique*

Indeed, it is appropriate to ask why backwardness prevails in countries that are only 'useful' insofar as they have resources. Of course, oil and minerals are not Washington's only economic objective. As WikiLeaks revealed after a February 2010 meeting with Ethiopian dictator Meles Zenawi, "Carson encouraged Meles to hasten steps to liberalize the telecommunications and banking industries in Ethiopia,"

according to the secret State Department cable. An additional economic objective, also revealed at that meeting, was the destruction of the Kyoto Protocol's binding cap on greenhouse gas emissions, a project that Obama and the heads of Brazil, China, India and South Africa agreed to in Copenhagen at a UN climate summit in December 2009. As [WikiLeaks](#) demonstrated, much diplomacy in subsequent weeks was aimed at achieving buy-in even if that entailed bribery and coercion.



The same approach – refusing to make substantive greenhouse gas cuts even if it results in the unnecessary death of 185 million Africans this century, according to [Christian Aid](#) –

was taken to extremes in Durban at the United Nations climate summit last December. According to the *New York Times*, at the recent World Economic Forum in Switzerland, a top aide to chief US State Department negotiator Todd Stern remarked that “the Durban platform was promising because of what it did not say.” After all, revealed Trevor Houser, “There is no mention of historic responsibility or per capita emissions. There is no mention of economic development as the priority for developing countries. There is no mention of a difference between developed and developing country action.”

These are the kinds of policy perspectives that make sense from the standpoint of Washington's self-interest, and that in the process will loot and fry the African continent. But with Obama half-Kenyan by ancestry (a factor regularly raised by right-wing commentators who even make ridiculous claims as to the land of his birth), this treatment should not be considered as specifically *anti-African*; instead, it is best described as *pro-corporate*. For Washington's whacking of Africa is not so different than the whacks its rulers give everywhere.



## Obama's traditions

The dozen worst acts of political treason that Obama has committed against US progressives who worked hard to elect him were, according to Moravian College political scientist Gary Olsen,

- recycling discredited economic advisors like Robert Rubin and Tim Geithner,
- rescuing ruthless Wall Street speculators,
- extending the Bush-era tax cuts for the super-rich,
- abandoning his healthcare 'public option' and quickly selling out to private insurers,
- going back on his pledge to close the Guantanamo Bay prison,
- maintaining 50,000 troops in Iraq while substituting mercenaries for others,
- a pitifully inadequate stimulus package,
- doing virtually nothing about the real unemployment rate of 18 percent and shrinking paychecks,
- a record-setting Pentagon budget,
- pushing anti-labor trade deals,
- renegeing on his campaign promise to reform management-friendly labor laws and reducing payments to social security, and finally,
- in Obama's Vietnam, the disastrous and immoral Afghanistan War which costs taxpayers \$2 billion per month, 98,000 US troops remain on the ground.

Subsequently, further information has become available about former constitutional law professor Obama's personal role in civilian-killing drone warfare (including US citizen victims), cyberterrorism, warrantless eavesdropping, suppression of civil liberties, lack of transparency and other apparent contradictions. However, do these contradictions represent, as Prendergast put it, a vexing quandary – or instead, a *tradition*?

Arguing the latter case, consider a prediction made 16 years ago by then Yale professor Adolph Reed, Jr.: “In Chicago...we’ve gotten a foretaste of the new breed of foundation-hatched black communitarian voices: one of them, a smooth Harvard lawyer with impeccable credentials and vacuous-to-repressive neoliberal politics, has won a state senate seat on a base mainly in the liberal foundation and development worlds. His fundamentally bootstrap line was softened by a patina of the rhetoric of authentic community, talk about meeting in kitchens, small-scale solutions to social problems, and the predictable elevation of process over program – the point where identity politics converges with old-fashioned middle class reform in favoring form over substances. I suspect that his ilk is the wave of the future in US black politics here, as in Haiti and wherever the International Monetary Fund has sway.”

For South Africans, there’s another whack to suffer: Obama’s 8 percent funding cut to the AIDS programmes that help people here in Durban get life-saving AntiRetroViral (ARV) medicines. Hilary Thulare of the AIDS Healthcare Foundation helped arrange a protest to complain about “lack of access to HIV testing, treatment and prevention, wavering political commitment to funding the global AIDS response, and the excessive AIDS drug pricing by pharmaceutical companies so that treatment is available for more patients,” and observed that Obama “already pulled out funding for ARVs from Saint Mary’s Hospital, McCords Hospital and Ithembalabantu Clinic in Umlazi.” (I personally know people adversely affected.) The cut-backs are consistent with Obama’s overall favouring of big corporations which want to sell AIDS drugs for massive profits, as opposed to universal access that necessarily relies upon generic medicines, as demonstrated during his 2009 India visit. As a result, according to American University professor Sean Flynn, Obama “endorsed a set of policy proposals in its trade negotiations with developing countries that is much worse for access to medicine concerns than those of any other past administration.”

Africa and so many other examples show how the Obama Administration has become a rotten fusion of the worst instincts within neoliberalism and neoconservatism. I hope that on November 6, he soundly defeats Mitt Romney, who is worse on all counts except the ability to huckster people in Africa that Washington acts in their interests.