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LABOUR INFLUENCE IN THE NEW SOUTH AFRICAN GOVERNMENT

By Patrick Bond

South Africa's labour movement has unprecedented access to state power in Pretoria via SA Communist Party ministers and a new ministerial post devoted to economic development held by a labour leader. But this power comes with structural constraints, no matter the courage of leaders. The economic collapse suffered since 2008 is only the latest stage in an unfolding crisis of accumulation which South African capital has only shaken since the 1970s through escaping the country's shores, through financialisation, and through imposition of neoliberal policies on the society. But these have not generated a sustainable growth path, but instead, yet more social tensions. How labour marshals and channels these tensions is the crucial test of the coming period.

Far more than in any other African country, a vibrant, explicitly socialist trade union federation and a (nominally) communist party have formal representation in—and a hard-won informal influence over—the South African government, one re-elected in April with 66% of the vote (down from 70% in 2004). Such representation, however, tempts a well-rehearsed insult, namely that African National Congress (ANC) nationalism will permit the “Alliance” comrades to “talk left” now, in order to disguise the government’s “walk right” later.

The discourse-reality gap is not solely South African. Nor is it merely a legacy of SA’s long drawn-out, Soviet/Swedish-funded, occasionally workerist-influenced, and generally anti-imperialist liberation struggle, three decades of which included an erratic armed struggle, prior to the first democratic non-racial vote in April 1994. It can, more generally, be recognized from Fanon’s “pitfalls of national consciousness” in most of newly post-colonial Africa. Recall how Fanon condemned

the transfer into native hands of those unfair advantages which are a legacy of the colonial period. Since the middle class has neither sufficient material nor intellectual resources (by intellectual resources we mean engineers and technicians) it limits its claims to the taking over of business offices and commercial houses formerly occupied by the settlers . . . 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.¹

1 The SA Communist Party (SACP) and Congress of SA Trade Unions (Cosatu)
2 leadership understand this power dynamic. Former President Thabo Mbeki
3 completely marginalized the Alliance Left, leaving the SACP and Cosatu utterly
4 powerless in Pretoria, merely begging for quite meager reforms and access
5 during the post-apartheid era. But in turn, it was entirely because of this malign
6 neglect that Mbeki and his closest allies were peacefully overthrown—first,
7 vanquished in the ANC internal presidential elections in December 2007 and
8 then booted from state power in September 2008.² Two months later, several
9 leading Mbekites left the ANC to form the Congress of the People (Cope) party
10 on a good governance program, but only got 7.5% of the vote in the April 22
11 election.³ The other centre-right party, the white-led Democratic Alliance,
12 increased its margin by four percent from 2004, to 17% and won the wealthiest
13 province, the Western Cape, while several smaller parties—especially Zulu-
14 nationalist Inkatha—declined precipitously, marking a stage where consolida-
15 tions and more substantive centrist alliance-building will proceed.⁴

16 Nevertheless, the war for hearts and minds in the ANC could not be won
17 simply through rightward evacuations to Cope. Just prior to the April 22 general
18 election, Cosatu general secretary Zwelinzima Vavi confessed the continuing
19 adverse balance of forces, bluntly arguing, “We want to impose our working
20 class hegemony. This is why others hate us like poison in the ANC.” Added
21 Cosatu president Sdumo Dlamini, “There is an anti-communist, anti-workers
22 sentiment we are picking up. We can’t accept that. This ANC was rescued by the
23 workers. This is why I say it is a declaration of war.”⁵ Such hot rhetoric may have
24 played a role in Zuma’s executive appointments the following month, seen as
25 semi-favourable to the Alliance Left. On May 10, the day after his inauguration,
26 the cabinet was expanded (and all Mbeki loyalists finally dropped), although at
27 the same time it fragmented and various irrational appointments were made,
28 contrary to SACP desires for “superministers” to coordinate what will be serious
29 turf battles.

30 SACP general secretary Blade Nzimande and economist Rob Davies are
31 now ministers of higher education and of trade/industry, respectively.⁶ Yet con-
32 tinuity not change lies ahead on the macroeconomic front. Overall economic
33 “planning”—a new ministerial position within the presidency—is headed by the
34 Left’s *bête noire*, Trevor Manuel (with his new job seen as a promotion of sorts
35 from finance). The September 2009 Cosatu Congress featured explicit attacks
36 on Manuel, whom Cosatu president Dlamini labels “the hope for those wounded
37 people who felt that the class project was okay, who rubbed shoulders with
38 Mbeki.” According to Dlamini, Manuel “wants to be seen again as this super-
39 minister and every minister should go to him, bow his head and say, ‘Please, Mr
40 Manuel, can we have this?’ From where we sit right now, we smell that [the
41 planning ministry] is nothing else but an attempt to displace the role of Cabinet
42 ministers and put it squarely under the supervision of Manuel.”⁷ Dlamini argues
43 that in contrast, the “hope of moving away from the 1996 economic policy
44 trajectory” lies with the new economic development minister, Ebrahim Patel,
45 formerly secretary of the clothing/textile workers’ union: “We envisage a

1 situation where micro- and macro-economic policy is guided by the economic
2 development minister and nothing else”, a widespread attitude in Cosatu which
3 led Zuma to warn the union movement not to “abuse the relationship of mutual
4 trust and respect”.⁸

5 And the new finance minister—now much more the bookkeeper than the
6 fabled role Manuel played as neoliberal gatekeeper—is former tax commissioner
7 Pravin Gordhan, a long-time Zuma associate with a left background but purely
8 technocratic post-apartheid record.⁹ At the Reserve Bank, the most important
9 surviving neoliberal after Manuel was governor Tito Mboweni, who trade
10 unionists insisted should take seriously his institution’s mission and vision “to
11 pursue balanced economic development and growth” and to “foster a stable
12 financial environment in which the economy can thrive for the benefit of all”.
13 But Mboweni did not bring interest rates down sufficiently rapidly and refused
14 to adopt the wider mandate, so Dlamini called for his head. In July, Zuma
15 announced that four months later, Gill Marcus—a former Reserve Bank deputy
16 governor, deputy finance minister and chair of the largest commercial bank—
17 would replace Mboweni, a move widely understood as a Cosatu victory, but it
18 was a hire that also pleased international and domestic finance.

19 Overall, Zuma’s cabinet seems to offer the Alliance Left sufficient career
20 concessions but, quite frankly, no real prospects for expanding a power base to
21 achieve the “second stage” (from non-racial capitalism to socialism) of the
22 “National Democratic Revolution”. Nzimande’s call to arms in the *Umsebenzi*
23 *Online* edition two days before the inauguration reveals both hubris and a
24 knowing cynicism about SA’s notorious crony-capitalist party-patronage system:

25
26 The electoral victory marks a significant rolling back of the huge ideological
27 offensive waged by sections of the elites against the ANC and its allies. The
28 electoral victory has thus significantly exposed both the bankruptcy and the
29 distance between these elites from the concerns of ordinary workers and
30 the poor of our country. In many ways these election results are an expression
31 of the growing class cleavage in wider society between the haves (including now
32 a small black group of tycoons as represented by Cope) and the have-nots . . .

33 As the SACP we can proudly claim that we have achieved the main objectives
34 of our main pillar in our 2009 Programme of Action, that of working for an
35 ANC’s overwhelming electoral victory. Indeed thousands of communists and all
36 our structures were mobilized in this effort . . . However, we need to remind
37 ourselves of the very clear directives given by our February Central Committee
38 on communists deployed in government. This time around, the CC said, there
39 must be a change in the manner in which communists relate and account to the
40 SACP, much as they are deployed in the first instance as ANC cadres. In
41 particular the SACP will not allow itself to be used as a stepping stone to
42 positions in the ANC and government only to be abandoned by some of those
43 cadres once they occupy such positions . . .

44 We must refuse to be cowed down by neo-liberal ideological blackmail about
45 what is to be done about this crisis. We believe that the only sustainable
46 solutions that can effectively deal with the current capitalist crisis are leftist

1 solutions, not more of the same liberal dogma whose failures are the direct cause
2 of the current crisis. At no stage in the history of our democracy have we needed
3 a developmental state, buttressed by popular power, than at this point in time.¹⁰
4

5 Because such rhetoric pulls the reader leftwards with such confidence, the
6 subsequent drift rightward will be all the more demoralising. To be sure, incre-
7 mental victories are not impossible, e.g. a potentially expensive National Health
8 Insurance promise (which, Manuel and his neoliberal technical staff threaten,
9 could be stalled for at least the next five years). Job losses, rising conflict over
10 transport restructuring, and huge electricity price increases are certain flash-
11 points. Overall though, there is no reason yet to doubt Zuma when he repeatedly
12 reassured financial institutions and Davos audiences, dating to late 2007, that
13 “nothing will change” in terms of pro-business policies, no matter how vulner-
14 able these have made South Africa. Although it may be too early to separate
15 rhetoric from reality, neither the underlying social policy philosophy nor the
16 economy that Zuma takes forward from the Mbeki era can be easily rejigged
17 given the prevailing balance of forces, especially the weaknesses of the indepen-
18 dent left. Assessing that weakness requires reviewing how the ANC attracted
19 mass popular protests and then diverted and diffused them so effectively during
20 the 2000s into a fight against Mbeki, not Mbekism.
21

22 **Contours of A Class-Apartheid Transition**

23
24 Perhaps no South African talked left and walked right with more confidence
25 and eloquence than the mostly unlamented former president, Thabo Mbeki,
26 who ruled not only from 1999–2008, but arguably also from 1994–99 as Nelson
27 Mandela’s deputy.¹¹ He was a star pupil not only of Keynesianism at Sussex
28 during the mid-1960s but subsequently of what SA political writer Raymond
29 Suttner calls “Brezhnevite Marxism” at the Lenin Institute in Moscow. Mbeki
30 served in the SACP politburo until 1990, when the new SA president, FW De
31 Klerk, liberalised politics as the Berlin Wall fell. Mbeki was central in immedi-
32 ately drawing back the World Bank—whose last prior SA loan was 1967—in part
33 thanks to his old friend at Sussex, Geoff Lamb, a former SACP youth activist and
34 then top Bank strategist credited with introducing the idea of homegrown
35 structural adjustment to Africa during the 1980s.

36 The segueway from racial to class apartheid could be read from more than
37 a dozen World Bank “reconnaissance missions” from 1990–94 in all the main
38 sectoral areas, in which the ANC shoe-horned the more radical Mass Demo-
39 cratic Movement allies into cooperation rather than conflict. Intermediary agen-
40 cies like Anglo American Corporation’s Urban Foundation thinktank and the
41 Development Bank of Southern Africa (a World Bank junior partner) were
42 crucial in shaping the transition in hotly contested fields like housing, water,
43 energy, land, healthcare and education. There was not a single aspect of social
44 policy in which the “Knowledge Bank” pilot function of the World Bank and its
45 local consultant corps was not a powerful factor.

1 Even before liberation, an October 1993 agreement to repay the apartheid
2 debt—\$25 billion in foreign loans from commercial banks, and somewhat more
3 domestically—prevented the subsequent ANC government from meeting social
4 spending goals. An interim constitution in November 1993 assured property
5 rights and an “independent” (i.e. banker-biased, democracy-insulated) Reserve
6 Bank. The International Monetary Fund had set the stage for other neoliberal
7 economic policies—e.g. public sector wage and spending cuts—as a condition
8 for a December 1993 \$850 million loan, and the Fund’s manager, Michel
9 Camdessus, even compelled Mandela to reappoint the apartheid-era finance
10 minister and central bank governor when the ANC took state power in May
11 1994. The General Agreement on Tariffs and Trade (soon to be the World Trade
12 Organisation) hit South Africa hard in mid-1994, as fast-declining manufactur-
13 ing protection reversed the anticipated gains of liberation for workers.

14 By early 1995, the dissolution of the dual exchange control system (a “finan-
15 cial rand” used to deter international capital flight during the prior decade) and
16 the encouragement of stock market investment by international finance meant
17 first a huge inflow and then, on five separate occasions in the subsequent fifteen
18 years, dramatic outflows and currency crashes of at least 25%. The first of these
19 runs, in February 1996, followed a rumour (unfounded) that Mandela was ill,
20 and it left the president and his team so psychologically shaken that they ditched
21 their last left vestige, the Reconstruction and Development Programme minist-
22 try, and within four months imposed the hated “Growth, Employment and
23 Redistribution” agenda of neoliberalism.

24 Slowly-deracialising class power had obvious macro manifestations of these
25 types, but exactly the same dynamic was occurring in all the microdevelopmental
26 arenas—one *White Paper* after another crafted by the World Bank and its
27 proxies—as well as in provinces and municipalities. Water, for example, was
28 priced at “full cost recovery” by minister Kader Asmal, a populist social demo-
29 crat, a policy that generated massive disconnections, a cholera epidemic and a
30 steady flow of protest riots and illegal reconnections. Housing policy was con-
31 structed by Joe Slovo—then SACP chair and housing ministry—prior to his
32 1995 death, in a manner wholly consistent with the World Bank and Urban
33 Foundation developer-driven, bank-centred philosophy.

34 The basis for a “government of national unity” which included DeKlerk’s
35 National Party and the Zulu-nationalist Inkatha party during the initial years
36 of liberation was, of course, the reconciliation of several thousand elites in the
37 liberation movement, white politics and white business. Due in part to the
38 political-economic cowardice of Archbishop Desmond Tutu—who remains
39 extremely strong on symbolic political and ethical matters but weak on social
40 justice—the Truth and Reconciliation Commission he chaired ensured that
41 reconciliation would not touch much less penalize the vast majority of whites
42 who were the main economic beneficiaries of apartheid. Successive Reserve
43 Bank governors loosened exchange controls two dozen times from 1995
44 onwards, and finance minister Manuel let the capital flood out when in 1999 he
45 gave permission for the relisting of financial headquarters for most of the largest

1 companies on the London Stock Exchange. The firms that took the gap and
2 permanently moved their historic apartheid loot offshore include Anglo Ameri-
3 can, DeBeers diamonds, Liberty Life insurance, Investec bank, Old Mutual
4 insurance, Didata ICT, SAB Miller breweries (all to London), BHP Billiton
5 metals (to Melbourne) and Mondi paper (to New York).

6 Although back in 1990, Mbeki had hurriedly quit the SACP to take advan-
7 tage of the centering of mainstream SA politics, he never forgot how to deploy
8 leftist rhetoric, as witnessed perhaps most publicly in his popularization of the
9 phrase “global apartheid”, first in mid-2000 when SA narrowly lost the hosting
10 rights to the 2006 Soccer World Cup (to Germany thanks to a racist New
11 Zealander’s vote) and then again just prior to the 2002 United Nations World
12 Summit on Sustainable Development in Johannesburg. That conference’s main
13 impact was the UN’s reification of “public-private partnerships” in areas as
14 diverse as water, climate and environmental management, and represented
15 another example of a potentially transformative analysis denuded by local/global
16 corporatism. However, under neoliberal conditions, none of the global
17 strategies—especially the New Partnership for Africa’s Development, dubbed
18 “philosophically spot-on” by the US State Department—could and can deliver
19 the goods.¹²

20 Degeneration set in within a year of Mbeki’s ascent to the presidency, as
21 witnessed in accusations that the Central Intelligence Agency and the industry
22 known as “Big Pharma” controlled the Treatment Action Campaign (TAC).
23 TAC is a grassroots movement ultimately successful not only in combating
24 AIDS stigma, but in getting anti-retroviral drugs to 750 000 South Africans
25 today, albeit at the cost of 350 000 unnecessary deaths. TAC’s victory was an
26 extraordinary accomplishment given that the price for a year’s supply of medi-
27 cines when it started the campaign exceeded \$15,000.¹³ Other forms of delusion
28 and schizophrenia characterized Mbeki’s grip on power (e.g. a claim that three
29 businessmen embarked on a 2001 conspiracy to unseat him). Mbeki’s paranoid
30 fear of leftists in and outside the Alliance reached a peak following the march of
31 30 000 social movement protesters against the UN environment summit on
32 August 31 2002: “They accuse our movement of having abandoned the working
33 people, saying that we have adopted and are implementing neoliberal policies.”¹⁴

34 35 **The Neoliberal Roll-Out**

36
37 Just as he refused to acknowledge the link between HIV and AIDS or that (in
38 2008) Zimbabwe faced a “crisis”, Mbeki and his ANC Political Education Unit
39 would regularly deny critiques that his government served big business, e.g.:
40 “There are no facts that the anti-neoliberalism can produce to prove its accu-
41 sations. Its statement characterising the policies pursued by the ANC and our
42 government since 1994 as the expressive of a neoliberal agenda are complete
43 falsification of reality” (*sic*).¹⁵ Yet the evidence was so overwhelming that by 2006
44 it formed the core of the Alliance partners critique of Mbekism, although the

1 catalyst for the critique was by all accounts Mbeki's ham-fisted Machiavellian
2 style:

- 3
- 4 • there was an immediate post-apartheid rise in income inequality, which was
5 slightly tempered after 2001 by increased welfare payments, but which
6 meant the Gini coefficient soared from below 0.6 in 1994 to 0.72 by 2006
7 (0.8 if welfare income is excluded),
- 8
- 9 • the official unemployment rate doubled (from 16% in 1994 to around 32%
10 by the early 2000s, falling to 26% by the late 2000s—but by counting those
11 who gave up looking for work, the realistic rate is closer to 40%) as a result
12 of imported East Asian goods in relatively labour-intensive sectors (clothing,
13 textiles, footwear, appliances and electronics) and capital-/intensive produc-
14 tion techniques elsewhere (especially mining and metals),
- 15
- 16 • the provision of housing to several million people was marred by the facts
17 that the units produced are far smaller than apartheid “matchboxes”, are
18 located further away from jobs and community amenities, are constructed
19 with less durable building materials, come with lower-quality municipal
20 services, and are saddled with higher-priced debt if and when credit is
21 available,
- 22
- 23 • while free water and electricity are now provided to many low-income
24 people, the overall price has risen dramatically since 1994, leading to mil-
25 lions of people facing disconnections each year when they cannot afford the
26 second block of water consumption,
- 27
- 28 • the degeneration of the health system, combined with AIDS, has caused a
29 dramatic decline in life expectancy, from 65 at the time of liberation to 52 a
30 decade later,
- 31
- 32 • with respect to macroeconomic stability, the value of the Rand in fact crashed
33 (against a basket of trading currencies) by more than a quarter in 1996, 1998,
34 2001, 2006 and 2008, the worst record of any major economy,
- 35
- 36 • South Africa's economy has become much more oriented to profit-taking
37 from financial markets than production of real products, in part because of
38 extremely high real interest rates (after a recent 3.5% spike during the
39 mid-2000s, consumer and housing credit markets are badly strained by
40 serious arrears and defaults),
- 41
- 42 • the two most successful major sectors from 1994–2004 were communica-
43 tions (12.2% growth per year) and finance (7.6%) while labour-intensive
44 sectors such as textiles, footwear and gold mining shrank by 1–5% per year,
45 and overall, manufacturing as a percentage of GDP also declined,
- 46
- 47 • Government admits that overall employment growth was –0.2%
48 per year from 1994–2004—but –0.2% is a vast underestimate of the
49 problem,

- 1 • overall, the problem of “capital strike”—large-scale firms’ failure to invest—
2 continues, as gross fixed capital formation hovered between 15–17% from
3 1994–2004, hardly enough to cover wear-and-tear on equipment,
4
5 • where corporate profits were reinvested it sought returns from speculative
6 real estate and the Johannesburg Stock Exchange: there was a 50% increase
7 in share prices during the first half of the 2000s, and the property boom
8 which began in 1999 had by 2004 sent house prices up by 200% (US markets
9 rose only by 60% prior to the banking collapse,
10
11 • businesses also invested their South African profits, but not mainly in South
12 Africa: dating from the time of political and economic liberalisation, most of
13 the largest Johannesburg Stock Exchange firms shifted their funding flows
14 and even their primary share listings to overseas stock markets,
15
16 • the outflow of profits and dividends due these firms is one of two crucial
17 reasons South Africa’s “current account deficit” has soared to amongst the
18 highest in the world (in mid-2008 exceeded only by New Zealand) and is
19 hence a major danger in the event of currency instability,
20
21 • the other cause of the current account deficit is the negative trade balance,
22 which can be blamed upon a vast inflow of imports after trade liberalisation,
23 which export growth could not keep up with, and
24
25 • ecological problems have become far worse, according to the government’s
26 own commissioned research in the 2006 “Environmental Outlook” report,
27 which according to the leading state official, “outlined a general decline in
28 the state of the environment”.¹⁶
29

30 Countervailing claims of a “developmental state” under construction hinged
31 upon a series of vast white-elephant projects:

- 32 • the Coega industrial complex aimed at attracting a persistently elusive alu-
33 minium smelter (by early 2008 electricity shortages made this unlikely as it
34 would add 3.5 percent demand to the stressed grid while creating only 800
35 jobs);
36
37 • the Lesotho Highlands Water Project mega-dams which permit hedonistic
38 water consumption in Johannesburg while unaffordably raising prices for
39 Soweto township residents;
40
41 • several bloated soccer stadiums for the 2010 World Soccer Cup;
42
43 • the \$5 billion arms deal;
44
45 • Pebble Bed Nuclear Reactors potentially costing tens of billions of dollars,
46 alongside tens of billions more on coal-fired power plants notwithstanding
47 SA’s world-leading CO2 emissions rate; and
48
49 • a \$2.2 billion fast rail network allowing wealthy travelers easy albeit expen-
50 sive access between Johannesburg, Pretoria and the OR Tambo airport.
51

1 To finance state infrastructure spending and steady tax cuts for corporations
2 (down from a rate of nearly 50% in 1994 to less than 30% today), Manuel
3 engineered a parasitical growth process that looks impressive at surface level—a
4 5 percent GDP increase for much of the 2000s—but isn't when the downside
5 is considered. The GDP growth fails to incorporate the depletion of non-
6 renewable resources, and if such calculation is adjusted, SA would have a net
7 *negative* per person rate of national wealth accumulation, according to even the
8 World Bank.

9 Going into the Zuma era, South Africa has amongst the world's highest
10 current account deficits and is the most economically vulnerable emerging
11 market, according to *The Economist*.¹⁷ After the ANC's huge victory on April 22,
12 SA is not politically "unstable" in the classical sense of potential government
13 overthrow. But it is a society that is profoundly unstable in the Polanyian sense,
14 i.e., with a powerful double movement operating, because experience has shown
15 that anti-neoliberal resistance can make a genuine difference. The police mea-
16 sured more than 30,000 "gatherings" (15 or more people in some form of
17 protest, for which permission is typically applied for a week ahead of time) from
18 2004–07. Of these, 10 percent generated "unrest". But many tens of thousands
19 more spontaneous protests were not recorded, according to a recent survey by
20 Johannesburg's two leading progressive research institutes.¹⁸

21 Still, the late 2000s are probably going to be remembered as the good old
22 days (like Zimbabwe's 1980s), in comparison to the economic devastation
23 awaiting SA in coming months. Pincer pressures on Zuma will descend from
24 above but also percolate up from below. The impending top-down austerity
25 regime will not be surprising; it was projected in the International Monetary
26 Fund's October 2008 Article IV Consultation and will strengthen the "1996
27 class project" (as the SACP term Mbekism, in honor of the year that home-
28 grown structural adjustment was imposed as Mbeki declared, "Just call me a
29 Thatcherite"). That project consists of ongoing technocratic neoliberalism and
30 patronage-influenced resource flows associated with the state's numerous
31 white elephant projects and Black Economic Empowerment. It is a project
32 whose second wind appears imminent, notwithstanding the Alliance left's
33 current overconfidence. Manuel warned in the *Financial Times* late last year,
34 "We need to disabuse people of the notion that we will have a mighty
35 powerful developmental state capable of planning and creating all manner of
36 employment."¹⁹ In April 2009, rejecting requests for bailouts in specific
37 sectors, he announced to a Johannesburg business audience, "Expectations
38 that government will socialise the costs of irrational exuberance cannot
39 be entertained."²⁰ But in reality, in spite of shifting from a small budget
40 surplus to a substantial 3.8% deficit/GDP rate for 2009–10, that's precisely
41 what Manuel achieved since the mid-1990s by closely tracking SA economic
42 policy onto the financial-speculative trajectory in the United States and
43 Britain.

44 The IMF suggested that Manuel adopt five Washington Consensus auster-
45 ity strategies last October, just three weeks before the institution's managing

1 director, Dominique Strauss-Kahn, proclaimed that the IMF now supported a
2 2% budget stimulus “everywhere where it’s possible. Everywhere where you have
3 some room concerning debt sustainability. Everywhere where inflation is low
4 enough not to risk having some kind of return of inflation, this effort has to be
5 made”.²¹ Pretoria should have qualified for such a Keynesian seal of approval,
6 but no, according to IMF staff, Manuel should instead:

- 7 • run a budget surplus, i.e., “an increase in public saving so as to bring the
8 structural public sector borrowing requirement to zero over the next few
9 years”, but bearing in mind that “cuts in the corporate income tax could
10 boost growth”;
- 11 • adopt privatisation for “infrastructure and social needs”, including electricity
12 and transport by “relying more widely on public-private partnerships”
- 13 • maintain existing inflation-targeting (i.e. in the 3–6% target range, although
14 inflation was more than 12% in 2008) and “raise interest rates further if
15 supply shocks resume or domestic demand pressures do not dampen”;
- 16 • “open the economy to greater international competition” by removing pro-
17 tectations against international economic volatility, especially “further liberal-
18 ization and simplification of the trade regime”; and
- 19 • remove worker rights in labour markets, including “backward-looking wage
20 indexation” to protect against inflation.²²

21 To be sure, Manuel did not follow this advice immediately; the Alliance
22 left is powerful enough to prevent it if he tried any one of the five, especially
23 right before a national election. But he is playing a complicated game to
24 remain in genuine power in Pretoria while also apparently hankering for
25 more than his present token role in multilateral financial maneuvers. The
26 week before the April 2 G20 meeting in London, Manuel—as chair
27 of the “Committee of Eminent Persons on IMF Governance Reform”—
28 released a report aimed at putting the IMF at “the centre of the world
29 economy”. This would entail a newly empowered ministerial-level Council (a
30 politburo) with strategic decision-making capacity over “system stability, early
31 warning/diagnosis, new lending facilities and the selection of the Managing
32 Director”, who no longer necessarily will be a European citizen.²³ Manuel,
33 who chaired the IMF and World Bank board of governors in 2000
34 and the Development Committee after that, had long sought conditions
35 for Bretton Woods Institution (BWI) relegitimation and recapitalization. In
36 2003, for example, he blithely confessed that BWI governance democratiza-
37 tion was off the table: “I don’t think that you can ripen this tomato by squeez-
38 ing it.” In 2005, when Paul Wolfowitz was named Bank president, Manuel
39 pronounced him a “wonderful individual . . . perfectly capable”. When
40 Robert Zoellick and Strauss-Kahn were chosen as Bank and IMF leaders
41 in 2007–08, Manuel grumbled to colleagues in SA but did not rock the
42 Washington boat.

Conclusion: The Alliance-Left's Partial Radicalisation

The recession—and potentially depression—will bring the contradictions of neoliberalism back to South Africa with a vengeance this year and next. In late May, government data showed a 6.4% quarterly GDP decline for early 2009, the worst since 1984. Even in late 2008 it was apparent that labour would suffer vast retrenchments, with a 67% reduction in average work hours per factory worker, the worst decline since 1970. The economy is likely to shed a half-million jobs in 2009, especially in manufacturing and mining. January 2009 alone witnessed a 36% crash in new car sales and 50% production cut, the worst ever recorded, according to the National Association of Auto Manufacturers. The anticipated rise in port activity has also reversed, with a 29% annualized fall in early 2009.

Repossessed houses increased by 52% in early 2009 from a year earlier.

As if anticipating the crash of Manuel's project, and cognizant of the neo-liberal era's inequality and rising social tension, the SACP had already in 2006 begun to talk much more radically than it had for many years. Their *Bua Communisi!* statement that year eloquently identified the neoliberal class project as resting upon three foundations: an uncritical "globalisation made me do it" mentality (to borrow John Saul's phrase) that welcomed foreign trade and finance no matter the damage; an all-powerful presidency; and a modernizing centrist political party. The SACP saw this latter process as "a deliberate strategy to marginalise the SACP and Cosatu and perhaps (in the pre-2002 years) even to provoke a walk-out from the alliance."²⁴ Contrary to hopes on the independent left, there was never a chance of a walk-out, and the extraordinarily hard work done by trade unionists and communists to revive Zuma paid off inside the ANC, setting back any talk of a Workers' Party by, probably, a decade.

However, while the independent left as an organized network force is in retreat today more so than at any other time since 1994, the local level eruptions of protests have sometimes been far more effective, though to label these as manifestations of "left" activism would be an exaggeration. The high-profile "no go zone" of Khutsong, not far from Johannesburg, was a telling example. The community there struggled since the early 2000s, when an insensitive demarcation exercise placed Khutsong in the relatively poor Northwest Province, instead of a few kilometers away in Gauteng, the province housing Johannesburg and Pretoria. The extent to which extremely militant community activism—channeled impressively by SACP local leadership—generated dual power during the late 2000s surprised the country, and finally in 2008 the switch to Gauteng province was made. By the time of the 2009 election, the ANC was allowed back, welcomed by a mass rally. The working-class and poor of Khutsong, however, will face the problems of Orange Farm, Soweto, Alexandra, Tembisa, Vosloorus, Ivory Park and so many other sites in Gauteng where protests have regularly shaken the municipalities.

Aside from the anti-retroviral medicines, there were a few major national social movement victories recorded since the early 2000s, such as a Clean Air Act pushed by environmentalists like groundWork, or the Free Basic Services (6000

1 liters of water, 50 kiloWatt hours of electricity per family each month) promised
2 by the state in 2000 though only grudgingly delivered. The latter was boosted in
3 September 2009 when the Constitutional Court heard the case of several Sowet-
4 ans who demanded a doubling of the free water allotment to 50 liters per person
5 per day along with a prohibition of pre-payment meters (by which water is
6 self-disconnected). They had won in the High Court in April 2008 but suffered
7 a setback in the Supreme Court of Appeals in February. In local settings there
8 are also occasional victories associated with insurgent protests from below,
9 mainly in defending land invasions, or driving a mining company off indigenou-
10 s-controlled territory (as happens periodically in titanium and platinum zones),
11 or maintaining illegal water/electricity connections. However, these rare wins
12 for independent-left forces pale in comparison to the social change that is
13 conceivably possible if Alliance-left strategies prove successful.

14 The period immediately ahead will severely test the opportunities for
15 genuine social democratic reforms, largely because the spike in the 2009 budget
16 deficit—probably above 7% of national income (not the planned 3.8%) given
17 how much worse the recession is than predicted—will set the stage for austere
18 budgets in future. This is an especially dangerous time given the vulnerabilities
19 to a run on the currency, what with the prevailing current account deficit and
20 shorter supply of foreign capital sloshing around the world. Power relations are
21 fluid in this context. Late May was revealing, for in the same week as a bus
22 drivers' strike that nearly shut down Johannesburg once solidarity strikes were
23 threatened, plus a national one-day public-sector doctors' stay-away, 2000 met-
24 alworkers protested at the SA Reserve Bank to demand a 2% cut in interest rates
25 (the Bank lowered by only 1%).

26 The latter was notable not only because it reflected the hunger and confi-
27 dence of angry workers to move beyond the point of production to defend jobs,
28 and the arrogance of the central bank officials who refused to accept the met-
29 alworkers' memo of grievances. Union president Irvin Jim reacted: "Anyone
30 who rejects peaceful demonstrations and refuses to accept petitions from the
31 South African working class, who are experiencing extreme economic and social
32 difficulties not of their own making, is inviting big trouble. You are warned." But
33 the protest also attracted the first backlash by the ruling party—specifically,
34 ANC general secretary Gwede Mantashe, formerly the mineworkers' leader—
35 who argued the metalworkers were "counterproductive" and potentially dam-
36 aging their own cause, because after all, the "door is open" to the Alliance
37 partners. Replied Young Communist League president David Masondo, "Yes,
38 the door is open but the opening is very small for the working class to make an
39 impact. Business has its own way of putting pressure on government, including
40 the threat of withdrawing investment. Workers must go public and strike."

41 Strike they did, again and again in the months after Zuma's election: cloth-
42 ing workers, doctors, municipal workers, miners, even the army (1500 of whose
43 troops were nearly fired in the course of a battle over working conditions and
44 rights to unionise), and many others. Nearly all got wage settlements above
45 10%. If Mantashe's Sophistic attempts at persuasion continue to fail, the next

1 stage of the backlash would be intensified repression; Zuma was, after all,
2 foremost an ANC military leader during most of his career in exile. In Septem-
3 ber 2009, Zuma appointed the notoriously brutal KwaZulu-Natal police minis-
4 ter Bheki Cele as the national police commissioner and gave a “shoot to kill”
5 order (against criminals) by relaxing slightly restraining legislation. The police
6 have already wracked up a great deal of hits on left and community activists,
7 including apparent involvement in an ethnically-tinged attack on the Durban
8 shackdwellers’ movement Abahlali base Mjondolo in September, and the shoot-
9 ing of a protester in a high-profile Mpumalanga township uprising a few months
10 earlier.

11 The Alliance left’s radicalization might then finally follow the script that
12 independent leftists always wrote: the contradictions of operating within a
13 neoliberal nationalist political project would ultimately drive out the trade
14 unions and serious communists, to start a new party that might contest seriously
15 for state power in ten or fifteen years’ time. In the meantime, the decommodi-
16 fication battles won in the initial stages of democracy by AIDS activists and
17 community movements will probably be the kinds of experiences to build upon
18 for both defensive and offensive purposes, as the economic crisis continues to
19 take its toll. Hoh

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22 Natal Centre for Civil Society in Durban: <http://www.ukzn.ac.za/ccs>

24 Notes

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- 26 1. Frantz Fanon, *The Wretched of the Earth*, New York 1967 [1961], p. 122.
 - 27 2. At that point, a large group of loyalists departed the inner circuit of power, including the neoliberal trade
28 and public enterprises minister Alec Erwin (who in 2003 was touted as a potential WTO head); the
29 brothers Essop and Aziz Pahad who had traveled the exile circuits as Mbeki’s closest confidants and
30 hatchet men; the rambunctious intelligence minister, Ronnie Kasrils (extremely progressive on Palestine,
31 but not on many other issues); the technocratic ministers of local government, Sidney Mufamadi, and of
32 the civil service, Geraldine Fraser-Moleketi; and the latter’s husband, deputy finance minister Jabu
33 Moleketi.
 - 34 3. Cope is led former ANC party chairperson and defense minister, Terror Lekota; former Cosatu general
35 secretary Mbhazima Shilowa, who in the process of committing class suicide, upwards, was Mbeki’s
36 provincial premier in wealthy Gauteng (in which are located Pretoria and Johannesburg); Smuts Ngon-
37 yama who had served Mbeki as chief of the ANC presidency; former anti-apartheid church leader Alan
38 Boesak; former head of the New Partnership for Africa’s Development Wiseman Nkhulu; the vocal former
39 SACP treasurer, Philip Dexter; and Madisha. Cope also recruited a few other ANC leaders before the
40 April election, including Mbeki’s relatively inactive deputy president, Phumzile Mlambo-Ngcuka (whose
41 BEE tycoon husband was Zuma’s first tormentor as national prosecutor, a point remarked upon when she
42 snared Zuma’s job in 2005). Mbeki, however, kept a safe distance and formally retired from politics.
 - 43 4. In another reflection of ANC big-tent hegemony, the far-right’s Freedom Front leader Piet Mulder was
44 offered a deputy ministry of agriculture, and accepted it, the only opposition member of Zuma’s new
45 team—Mbeki had previously disempowered the black consciousness party Azapo with the same tactic. The
46 former National Party leader Martinus van Schalkwyk was kept on as tourism minister, but lost the
47 environment portfolio to the relief of many SA green campaigners given his rising international profile as
48 an advocate of carbon trading.
 - 49 5. *Sunday Tribune*, “Cosatu warns if unions sidelined, it will be war”, April 19, 2009.

- 1 6. Nzimande worried progressives with utterances in the SACP e-journal which seemed to misread the
2 growing left critique of university commercialization and repression as merely a "strident voice on
3 asserting of academic freedom in institutions of higher education, but silent on the need to transform the
4 colonial type production and reproduction of knowledge in those institutions." Blade Nzimande, "Defend
5 and deepen the April 22 electoral victory: The tasks of the SACP and the working class after the elections",
6 *Umsebenzi Online*, Volume 8, No. 8, 7 May 2009.
- 7 7. Mauma Letsoalo and Mmanaledi Mataboge, "Manuel caught in Cosatu's crosshairs", *Mail&Guardian*, 18
8 September 2009.
- 9 8. Moletsane Malefane. "Battle for control of SA economy". *Sunday Times*. 4 October 2009.
- 10 9. Other SACP notables migrating from long parliamentary careers to deputy ministries are the chief
11 ideologue, Jeremy Cronin (transport), and Yunus Carrim (local government). Three obvious omissions,
12 though, are the two Mbeki-era left-leaning ministers, Pallo Jordan (communications) and Zola Skweyiya
13 (social welfare), and the former deputy health minister, Nozizwe Madlala-Routledge, fired by Mbeki for
14 opposing AIDS-denialist policies in 2007, enthusiastically defended by the SACP and health activists, but
15 subsequently dropped from Zuma's list. There were many other omissions at provincial level, including
16 ready communists and trade unionists overlooked for high-ranking positions.
- 17 10. Nzimande, *op cit*.
- 18 11. The two leading studies of Mbeki are Mark Gevisser, *The Dream Deferred*, Johannesburg, 2008, and
19 William Gumede, *Thabo Mbeki and the Struggle for the Soul of the ANC*, Johannesburg, 2006.
- 20 12. Deepak Gopinath, "Doubt of Africa," *Institutional Investor*, May 2003. Others that occurred in the same
21 spirit to the same ends, were the high rhetoric and low performance at the World Conference Against
22 Racism in Durban (2001); the stunted New Partnership for Africa's Development (2001) and especially its
23 disarming African Peer Review Mechanism (2002) strategy to canvas societies on how to fix problems
24 caused largely by crony-capitalist ruling parties; the World Trade Organisation's Doha Agenda (2001);
25 shakedown of the G8 in exchange for photo opportunities, culminating in expansive (yet thoroughly
26 broken) promises at Gleneagles (2005); the "democratisation" of the International Monetary Fund and
27 World Bank (2000-present); "reform" of the United Nations including its Security Council (2006-08); and
28 the Kyoto Protocol process with its carbon trade financing strategy (2006-present). These efforts have all
29 come to naught, aside from positioning Manuel for a potentially much greater personal role in the G20's
30 IMF-centred efforts at stabilising world capitalism in 2009. The more recent radical-nationalist critique of
31 North-South power relations was often of a symbolic but relatively meaningless nature, e.g. SA's siding
32 with the Myanmar junta and the Sudanese regime in Security Council votes and International Criminal
33 Court proceedings respectively, or the post-Mbeki government's refusal in March 2009 to issue a visa to
34 the Dalai Lama at the request of the Chinese government (a major ANC donor). For Zimbabweans,
35 however, enormous damage was done by Mbeki's repeated inter-imperialist rivalries with the Brits, EU,
36 Commonwealth and US. His objective seems to have been two-fold: forestall the dislodging of the
37 liberation movement by a labour-led opposition party, and retain regional dominance for the sake of SA
38 firms' penetration of Zimbabwe's potentially substantial resource base and consumer markets.
- 39 13. Kerry Cullinan and Anso Thom, *The Virus, Vitamins and Vegetables*, Johannesburg, 2009.
- 40 14. Thabo Mbeki, "Statement of the President of the African National Congress, Thabo Mbeki, at the ANC
41 Policy Conference," Kempton Park, 27 September 2002.
- 42 15. African National Congress Political Education Unit, "Contribution to the NEC/NWC Response to the
43 'Cronin Interviews' on the Issue of Neoliberalism," Johannesburg, September 2002; posted on the debate
44 listserve, 25 September 2002. An edited version was published in the *Mail&Guardian*, 11 October 2002:
45 <http://archive.mg.co.za/nxt/gateway.dll/PrintEdition/MGP2002/3lv00362/4lv00454/5lv00485.htm>
- 46 16. Full details are in Patrick Bond, "South Africa's "Developmental State" Distraction", *Mediations: Journal*
47 *of the Marxist Literary Group*, 24, 1, 2009, http://www.mediationsjournal.org/toc/24_1
- 48 17. *The Economist*, 26 Feb 2009. The order of riskiness is as follows: SA, Hungary, Poland, South Korea,
49 Mexico, Pakistan, Brazil, Turkey, Russia, Argentina, Venezuela, Indonesia, Thailand, India, Taiwan,
50 Malaysia and China.
- 51 18. Freedom of Expression Institute and University of Johannesburg Centre for Sociological Research,
52 "National Trends around Protest Action", February 2009, Johannesburg, p. 13.
- 53 19. Robert Lapper and Tom Burgis, "S Africans urged to beware left turn", *Financial Times*, 27 October 2008.

- 1 20. Terence Creamer, "SA's fiscal response to crisis has been comparatively large, Manuel insists", *Creamer*
- 2 *Media's Engineering News*, 6 April 2009.
- 3 21. Dominique Strauss-Kahn, "Transcript of a Press Briefing by the IMF Managing Director," Washington,
- 4 17 November 2008, <http://www.imf.org>.
- 5 22. International Monetary Fund, "IMF Executive Board Concludes Article IV Consultation with South
- 6 Africa", Public Information Notice (PIN) No. 08/137, 22 October, 2008, [http://www.imf.org/external/](http://www.imf.org/external/country/ZAF/rr/)
- 7 [country/ZAF/rr/](http://www.imf.org/external/country/ZAF/rr/)
- 8 23. Trevor Manuel, "Report of the Committee of Eminent Persons on IMF Governance Reform", letter to
- 9 Dominique Strauss-Kahn, Pretoria, 29 March 2009. Three days earlier, Manuel made a rare unforced
- 10 error. He defended Pretoria's denial of a visitor's visa (for a conference organized by Nelson Mandela, no
- 11 less) to the Dalai Lama, which occurred at the behest of the Chinese government, a donor to the ANC:
- 12 "To say anything against the Dalai Lama is, in some quarters, equivalent to trying to shoot Bambi."
- 13 24. SACP, *Bua Komanisi!* 5, 1, May 2006.

