

INTELLECTUALS AND THE SOUTH AFRICAN CONUNDRUM

Sampe Terreblanche

1. THE TASK OF INTELLECTUALS

When one has the task to write about the role of “intellectuals”, it is desirable to ascertain oneself about the specific meaning that is presently attached to the term. According to Hennie Rossouw (2000: 6) the word “intellectual” attained its present meaning with the publication in 1898 of the *Manifest des intellectuels* in Paris. This manifest was published to support Emile Zola’s letter “*J’accuse*” that was published during the Dreyfus affair. Although the word “intellectual” was in circulation earlier, it was only in 1898 that a group of people with a collective orientation and with shared objectives claimed publicly the description of being “intellectuals”.

Before 1898 other words were also used to describe groups of people that are presently described as intellectuals. During the middle of the 19th century a group of educated Russians – that started a protest movement against the authoritarian rule of Tsar Nicolas I – was called the “*intelligentsia*”. This group tried to establish thought processes free from the social and religious prejudices of their time and country. In the second half of the 18th century an “intellectual” group that prepared the ideological atmosphere for the French Revolution was called “*les philosophes*”. This group was responsible for the intellectual movement known as the Enlightenment that was based on the belief that human reason could be used to combat ignorance, superstition and tyranny. The “*philosophes*” protested against the suppression of the lower classes by a hereditary and corrupt aristocracy and authoritarian leaders in the so-called “ancient regime”. The German philosopher, Immanuel Kant, described the intellectual spirit of the Enlightenment as follows: “Be brave to think for yourself” (see Rossouw, 2000: 7-8).

Edward Said alleges that the preparedness of an intellectual to challenge the power constellation of his/her time and to contradict openly and repeatedly those in powerful

positions – irrespective of the consequences it may have for the vested interests and/or career prospects of the intellectual – can be regarded as the salient characteristic of the “organic” intellectual (Said, 1994). An intellectual’s preparedness or ability or his/her braveness “to speak truth to power” depends naturally on the nature of the power constellation with which he/she is confronted. If, for example, the power constellation were as dictatorial and intolerant as was the case during the Stalinist period of the Soviet Union, we should appreciate that the maneuvering space for an intellectual is rather restricted. In an open society, with a strong democratic orientation and with a tradition of tolerance, it will, of course, be much easier for an intellectual to exert criticism against the power constellation in place. It would, however, be a mistake to think that in such a society the need for intellectuals to scrutinize the way in which power is attained, consolidated and exercised, are much less urgent.

One of the fundamental principles of an open and truly democratic society is that every person or institution in a position of power – irrespective of whether it is political, military, economic, organizational or ideological power – must be held accountable for the manner in which the person or institution attains its position of power, consolidating it and exercising it. It is, therefore, not surprising that in an open, democratic and capitalistic society a wide variety of “checks and balances” are built into the societal structures with the purpose to hold those with “power” accountable. There is, of course, no guarantee that the “checks and balances” built into such a society will scrutinize the “powerful” to the necessary degree. Consequently, an important responsibility rests also on the shoulders of a great variety of civil society organizations to play a “watchdog” role vis-à-vis the power configurations.

Experience has taught us that the “checks and balances” and the civil society are often not successful to hold the powerful persons and/or institutions to the necessary degree of accountability. It is against this background that intellectuals have a strategic responsibility “to talk truth to power” and to do it in such a way that they play not only a complementary role to other persons and institutions that have an institutionalized function to hold the “powerful” accountable, but to play this role – so to speak – in last

resort. In playing this role, the intellectual is supposed to play its role with the necessary braveness and from a vantage point that characterizes the intellectual's independence, his/her critical distance and his/her long-term perspective. (See Chomsky, 1969: 256-8).

The task of intellectuals in South Africa – 12 years after the political transition of 1994 – is by no means an easy one. It is often said with justification that colonialism and apartheid have distorted social structures over a period longer than 300 years and that the oppressive and exploitative nature of these systems have brought about such deeply ingrained social injustices and socio-economic inequality, that it would take generations to overcome the ugly socio-economic legacy bequeathed by them. It is for this reason that all observers of the South African situation had the responsibility to be fully aware of the enormity of the “social question” (of poverty and unemployment) that is confronting the democratically elected government. Intellectuals ought, therefore, to be rather careful not to be pedantic about the social question and not to be inclined to pretend that easy solutions are available. An intellectual has also the responsibility to demonstrate all the necessary empathy with the ANC government that is confronted by very complex of socio-economic and ethnic problems that became deeply rooted in South Africa's rather unfortunate and stormy history.

The intellectual must also be aware of the fact that the government cannot only concentrate on measures to solve the social question, because it also has to be involved in the highly needed nation-building including the rebuilding of the capacity of the South African economy. The South African society is characterized by large cultural and ethnic diversities and by huge socio-economic inequalities. During the period of extended colonialism both the ethnic diversities and the socio-economic inequalities were not only perpetuated but also deliberately augmented. The challenge facing the ANC government – and all other concerned individuals and civil society organizations – is how to solve the social question in a just and humane way and how to build a stable, well-integrated and prosperous new nations. But whatever the preference of the government may give to nation-building and economic prosperity, reasonable progress *en route* towards a fair solution of the social question must be regarded as a necessary precondition for building

the nation and building the economy. Without restoring a reasonable level of social justice and maintaining social stability, the continued existence of our political and economic systems can prove to be unsustainable.

It is often said that 12 years are too short a period to judge the progress made in solving the social question that is the legacy of a repressive history of more than 300 years. There is merit in this claim. On the other hand, however, 12 years are a reasonable period to judge whether the new political and economic institutions that have been institutionalized (or perpetuated) since 1994, and whether the policy measures that have been implemented since 1994, are indeed moving the country in the desired direction – i.e. in the direction to solve the social question that also happens to be the main policy aim to which the ANC has committed itself repeatedly.

2. THE “PATH DEPENDENCY” OF THE NEW POWER CONSTELLATION AND MYTH-MAKING

During the past 12 years a new power constellation and a new ideological orientation was consolidated and it became rather clear in what direction this country is going to move in, say, the next 30 years – especially if we concentrate on the “path dependency” that becomes discernable. This direction is, unfortunately, all but promising for those that are concerned with the social question. The main challenge facing intellectuals is to “unpack” the new power constellation and to uncover the direction it is in all probability going to take this country in the foreseeable future. It is about these matters that intellectuals have to talk truth to power, even if it were to happen to the disgruntlement and anger of the powers that be.

The South African economy was in a particularly bad shape in 1994 after two decades of stagflation, sanctions and disinvestments. The public debt increased from R37 billion in 1985 to R230 billion in 1994. After decades of exploitation and repression, and after two decades of creeping poverty and rising unemployment, the poorer half of the population

(almost exclusively black) was living in abject poverty and destitution, while a large part of the whites was also considerable poorer than 20 years earlier. It was in 1994 indeed an enormous task to get the South African economy going again, to restore its international standing and to synchronize the distributional conflicts that were unleashed by the transformation from the apartheid regime towards a democratic dispensation. What the ANC government has accomplished over the past 12 years is – especially from a narrow economic growth perspective – quite remarkable. Unfortunately, the annual economic growth rate of $\pm 3\%$ annually was almost exclusively restricted to the First World capitalist enclave (or to the First Economy in the two-economies divide of the South African economy). While the real per capita income of the inhabitants of the First Economy ($\pm 50\%$ of the population) has increased since 1994 by more than 2% annually, the per capita income of the inhabitants of the Second Economy (also $\pm 50\%$ of the population and almost exclusively black) remains more or less unchanged for some, while it has declined for others.

According to the South African Human Development Report of the United Nations (SAHDP), 2003, (Table 2.20) the percentage of the population that is living under the poverty line, decreased from $51,1\%$ in 1995 to $48,5\%$ in 2002.¹ However, given that the population has grown during the same period, the total number of poor increased from 20,2 million in 1995 to 21,9 million in 2002. According to the same report, poverty became deeper (i.e. more severe) and the human development index (HDI) declined from 0,730 in 1995 to 0,635 in 2002². In 1995 the GINI coefficient for South Africa was 0,596; it rose to 0,635 in 2001, suggesting that income *inequality* was worsening. It also

¹ Great controversy exists on poverty statistics. Some economist claims that the percentage of the population that is living under the poverty line is not as high as indicated by the SAHDR (2003). They claim that less than 40% is living under the poverty line and that the poor has not become poorer over the past 10 years. New estimates on poverty by the Human Research Council (HSRC) (2004) show that the proportion of people living in poverty in South Africa has not changed significantly between 1996 and 2001. According to the HSRC 57% of the population is living in poverty. The HSRC study has shown that the poverty gap has become "deeper" from 1996 to 2001. While R56 billion was necessary to close the poverty gap in 1996, no less than R81 billion was necessary in 2001, indicating that the poor households have sunk deeper into poverty over this period.

² The HDI was estimated for the total population. If the HDI was estimated for only the poor half of the population, the decline from 1995 to 2002 would have been dramatic.

continued to perpetuate South Africa's place in the ranks of the most unequal societies in the world. (See SAHDR, 2003; 40-50).

South Africa's per capita of GDP, corrected for purchasing power parity (PPP), was \$11,250 per annum in 2001, making it one of the 50 wealthiest countries in the world. However, the strikingly poor social indicators resulted in a ranking of 111 out of 175 countries in terms of the Human Development Index (HDI) in 2001 and 120 out of 177 countries in 2005³, a decline from 93 in 1992. South Africa is one of a few countries with such "skewed" – and increasingly more "skewed" – relations between per capita income and the HDI and with a declining of its HDI since 1995 (DBSA, 2005: 40). This trend represents a very unfortunate state of affairs.

The worsening in the socio-economic position of the poor alarming if we take into account that social spending (on welfare services, health, education and housing) has increased from 51% of non-interest spending in 1992 to 58,3% in 2004/5⁴. Social grants for the elderly, the disabled and children (up to 14 years of age) have increased. Basic services, like water, electricity and sewerage systems have been supplied to many more households, but these services are still inadequate from a quantitative and qualitative point of view. As a result the social wage of the poor has increased in a meaningful way. But in spite of the higher social wage and the increased social grants the human development index of the poor has declined while there are strong indications that the poorest 50% - or at least the poorest 40% - are living in greater poverty and destitution than in 1994.

What we are experiencing is that rather strong factors - endogenous to the situation of poverty and destitution - are not only perpetuating poverty, but are augmenting it. It seems as if the government is underestimating the strength of the dynamic force responsible for pauperisation process. One reason for this is that the government is

³ South Africa's 120th position on the HDI out of 120 countries is lower than the Occupied Palestinian Territories.

⁴ The government spent in the financial year of 2004/5 R76 billion on education, R60 billion on social society and welfare services, R42.6 billion on health services and R18 billion on housing and social development (Budget, 2004).

apparently too eager to demonstrate progress in poverty alleviation and therefore, is unprepared (or even unable) to make a proper investigation to the root causes of the true nature of the pauperisation process.

Several factors are responsible for the pauperisation process. Unemployment has increased sharply over the past 12 years in spite of a GDP growth rate of $\pm 3\%$ per annum. It is estimated that unemployment increased from 4,2 million in 1995 and to ± 8 million in 2003 – or from 30% to 40% (according to the broad definition). (See Gelb, 2003 and SAHDR, Table 2.7). It must be taken into account that the African population has increased quite sharply since 1970 – it increased from 16 million in 1970 to ± 36 million presently. Due to the continuation of the trend towards growing capital intensity in the modern sector (or in the capitalist enclave) the job-creating capacity of the economy has become rather weak. On top of this, the too quick re-engagement of the South African economy into global capitalism also proved to be job destroying.

It is against this background that President Mbeki compared the South African economy with a two-storey building with the First Economy on the upper storey and the Second Economy on the bottom one. He acknowledged in 2003 “the things that [the government] does with regard to the upper storey economy, because there is no connection staircase, won’t impact on the other economy” (speech before the Black Management Forum, Cape Town, 9th October 2005). With this statement Mbeki has in effect acknowledged that there is no “trickle-down” effect from the First Economy to the Second Economy⁵. The fact that a high economic growth rate in the First Economy does not have a “trickle-down” effect towards the Second Economy is undoubtedly one of the most important characteristics of the South African economy since the 1970s, but also one of the most alarming characteristics⁶.

⁵ In his ANC Today-letter (22-28 August 2003), he acknowledges it rather categorically: “It is sometimes argued that higher rates of economic growth, of 6 percent and above, would on their own, lead to the reduction of the levels of unemployment in our country. This is part of a proposition about an automatic so-called trickle-down effect that would allegedly impact on the “third world economy” as a result of a stronger “first world economy” ... [But] none of this is true”.

⁶ Joseph Stiglitz says the following about the Washington Consensus and trickle-down economies in the developing world: “The Washington Consensus policies paid little attention to issues of distribution and

The deep and growing chasm between the First and Second Economies in our two-economies divide, must be regarded as the most important reason for the ongoing pauperisation process. As long as the government remains powerless and/or incapable to “bridge” the deepening chasm by a pro-poor policy agenda the pauperisation process is destined to continue unabated.

Other factors responsible for the on-going process of pauperisation are related to the health, safety and societal conditions in the ranks of the poor. Chronic diseases like HIV/AIDS and tuberculosis, and the grossly inadequate medical services to the disposal of the poor, are causing havoc in their ranks. The high level of crime, violence and lawlessness have a huge disruptive effect on the poor especially due to the fact that they are too uneducated and too poor to protect themselves against these disruptive effects. A sub-culture of poverty (or a mentality of chronic community poverty) has also become institutionalised in large parts of the impoverished society as a result of the continuous disruptive effect of colonialism, apartheid and the struggle. Those that are “enslaved” in this sub-culture of poverty are inclined to anti-social behaviour patterns are perpetuated spontaneously from one generation to the other.

The deepening of the divide between the First and Second Economies in South Africa two-economies divide over the past 12 years is a rather problematic aspect of this period. But what is really alarming is that the worsening of the socio-economic position of the inhabitants of the Second Economy is to a large degree the inevitable effect of the economic systems and/or policies of neo-liberalism, market fundamentalism and globalism that have been applied by the ANC government in the First Economy on request of local and global corporations. During the last 20 years of the apartheid period, the economy was already transformed from an economic system of racial and colonial capitalism (with labour intensive production methods in especially the agricultural and mining sectors) into a more modern and capitalist intensive economy with structural characteristics of a First World. Although these policies enable the First Economy to

‘fairness’ ... They believed in trickle-down economies ... [But] trickle-down economics was never more than just a belief, an article of faith” (Globalisation and its Discontents, 2002:78).

attain a relative high growth rates, it brought about growing unemployment and growing poverty for the inhabitants of the Second Economy.

Another rather alarming aspect of the past 12 years is the ANC government's unwillingness to acknowledge that its interventions in the First Economy have been an important reason for the deterioration of living standards in the Second Economy. Amidst the deepening of the chasm between the two-economies divide, the government has become a propagandistic orientated government *per excellence*. Instead of acknowledging that it has not made progress in solving the social question, it tries to "solve" it rhetorically by claiming - especially during the Election campaign of 2004 - that it is succeeding to create "a better life for all" and that the "frontiers of poverty are shifted back". The ANC's myth making has become extraordinary conflicting, confusing and hyperbolic in nature. In doing this, the situation is to such a degree obfuscated by the ANC's double talk - especially by promising one thing but doing another - that the South African situation has become a conundrum. One cannot really blame concerned observers - confronted by all the obscurities and contradictions in the "new" South Africa - that they are inclined to throw their hands in agony into the air asking: "What is really going on in South Africa?" It is against this background that intellectuals' work is cut out for them.

In an attempt to unravel the conundrum, I am going to concentrate on four rather major shifts in the ANC's general policy approach over the past 12 years: First the shift from promising a people-centred society towards complacency, denialism, and boundless optimism; secondly, the shift from experiencing a vibrant civil society during the struggle period towards the restructuring of new state-society relations; thirdly, the shift from promising participatory democracy towards democratic centralism and vanguardism; fourthly, the shift from emphasizing social transformation and the restoration of social justice towards the postponement and even the abandonment of the social question; and last, the shift from promising a truly developmental state towards a structural inability to institutionalise such a state.

3. FROM PROMISING A PEOPLE-CENTRED SOCIETY TOWARDS DENIALISM AND BOUNDLESS OPTIMISM

On 24 May 1994, during his first speech in the new representative parliament, the then president Nelson Mandela declared that the restoration of the poor and the destitute would be the centre piece of the new government's social policy. He said, *inter alia*, that "his government's commitment to create a people-centred society of liberty binds us to the pursuit of the goals of freedom from want, freedom from hunger, freedom from deprivation, freedom from ignorance, freedom from suppression and freedom from fear". These words of Mandela were not only beautiful and encouraging, but also inspired us with optimism about the future of the new South Africa.

On the 6th February 2004, president Mbeki committed his government in his State of the Nation Address – before the 2004 Election – unconditionally to the same policy programme announced by president Mandela 10 years earlier. He did it, however, in completely different circumstances. It was then already clear that no headway, whatsoever, had been made in the previous 10 years towards creating a people-centred society. Mbeki put it as follows:

"The government I have the honour to lead and I dare say the masses who elected us to serve in this role, are inspired by the *single vision to creating a people-centred society*. Accordingly, the purpose that will drive this government shall be the expansion of the frontiers of human fulfilment, the continuous extension of the frontiers of freedom. The acid test of the legitimacy of the programmes we elaborate, the government institutions we create, the legislation we adopt, must be whether they serve these objectives".

For the poorer half of the population, these lofty promises (of 1994 and 2004) are (in 2006) nothing but vain and empty promises. After 12 years South Africa is everything *but* a people-centred society, the frontiers of human fulfilment and freedom have *not* been expanded for the poor and the government institutions that were created do *not* serve the

impoverished. But in spite of this, President Mbeki has claimed in that same address of 2004, that “we already have the policies and programmes that will enable us to translate all the strategic objectives ... into a material factor in achieving the goals of the expansion of the frontiers of human fulfilment, and the continuous extension of the frontiers of the freedom, of which Nelson Mandela spoke a decade ago”.

When we compared the hard socio-economic reality in South Africa after 12 years since the ANC took power, with these hyperbolic promises of 2004, together with the complacent attitude of the ANC - that all the institutions and policies necessary to attain these promises are already in place - then we (as concerned observers) have every reason to feel despondent. It is difficult to imagine a situation where the contrast can be greater than what was promised and claimed by President Mbeki on 6 February 2004 on the one hand, and the worsening socio-economic situation of the inhabitants of the Second Economy on the other hand. The question arrives inevitably why did President Mbeki seek refuge in this kind of myth making? Was it to pacify (or to deceive) the electorate – of which many were inhabitants of the impoverished Second Economy – in the months before the Elections? Was it a deliberate attempt to withdraw the attention of the poor from the worsening socio-economic situation and to take them on tow with struggle rhetoric to which they had become accustomed?

What is also alarming is the inclination of ANC spokespersons to “solve” problems by denying its existence or its seriousness. The tendency towards denialism became apparent when the seriousness of the HIV/AIDS problem and the Zimbabwe problem were not acknowledged and/or addressed with the earnestness they deserved. In February 2005 Trevor Manuel expressed doubt about the correctness of Statistics South Africa figures that the unemployment rate (according to the broad definition) is 40%. He said that if 40% were unemployed and without income there would be a revolution. The minister ought to be very careful not to talk so easily about a revolution. The fact that the socio-economic situation is still relatively stable in spite of the ongoing pauperisation process, can *inter alia*, be attributed to the role extended families are playing – in especially black communities – to make poverty – at least for now – bearable for unemployed members of

these families. A few months later President Mbeki claims that the unemployment problem cannot be 26% (according to the narrow definition) because if it were to be the case, we would see the unemployed in the streets. In fact, millions of them are roving the streets looking in vain for job opportunities.

In a speech before the Black Management Forum on 18th June 2004, Tito Mboweni claims “Prof Sampie Terreblanche is totally wrong” to claim [in his 2002 book] that in 1993 the corporate sector and some ANC leaders reached a hugely important elite compromise before the TEC signed the loan agreement with the IMF⁷. Mboweni alleges that “there was no secret meeting of corporate sector and the core leaders of the ANC ... [and that] it was a TEC matter handled through the sub-council of finance”. He granted, however, the important qualifying point, “naturally, the delegates to the sub-council [of the TEC] consulted their principals”.

Mboweni tries to create the impression that no negotiations, whatsoever, had taken place between the leader core of the ANC and the corporate sector before the meeting of the TEC of November 1993. By denying the comprehensive negotiations that took place – at least since 1990 – between a leader core of the ANC and local and global corporatism as well as the many elite compromises that were agreed upon, Tito Mboweni is placing his credibility as Governor of the South African Reserve Bank at stake. This is unbecoming for a person in his position. President Mbeki, Trevor Manuel, Tito Mboweni and others would do the country a huge favour to inform us in detail what really transpired in the negotiations during the early 1990s and to spell out the details of the “elite pact” that was agreed upon. With the knowledge of hindsight, we have reason to conclude that the “elite pact” was not only about a “growth model” to stimulate economic growth in the First Economy, but that it was also about the formation of a “distributional coalition” on behalf of the inhabitants of the First Economy and to the detriment of the inhabitants of the Second Economy. Whether the ANC leader core was aware of the fact that they agreed

⁷ I emphasise the signing of the agreement with the IMF because it was the first formal manifestation of the “elite pact” that was agreed upon by the ANC and local and global corporatism. Those interested in the shifts of the ANC’s economic policy approach in the early 1990s can read Chapter 4 of “Was the ANC Trumped on the Economy?” in William Gumede’s book (2005).

on new “distributional coalition”, or whether it was trumped on them, is a matter for debate. (See Gumede, 2005: Chapter 4). But the responsibility to inform the public about the terms of the “elite pact” rest strongly on the shoulders of the ANC.

It is also illuminating to compare the content of the ANC *National Democratic Revolution (NDR)* with the ANC policy approach over the past 12 years. In the *ANC Strategy and Tactics*-document (1997) the strategic object of the NDR is described as follows:

“The strategic object of the NDR is the creation of a united, non-racial, non-sexist and democratic society ... April 1994 constitutes a platform from which to launch this programme of *social transformation*. What this revolution still has to accomplish, is to overcome the legacy of a social system that was based on the oppression of the black majority. Political freedom constitutes an important part of this mandate. However, without *social justice*, such freedom will remain hollow, the pastime of these who can make ends meet” (p 10).

The ANC disposes since April 1994 over a political platform to launch its programme of social transformation, to address the legacy of apartheid and to restore social justice. But as we indicated above, the ANC has not used its state power over the past 12 years to bring about the necessary social transformation and to restore social justice. The ANC is not even prepared to acknowledge the deteriorating socio-economic position of the poorer half of the population.

ANC does, however, often concede that poverty, unemployment and inequality remain very serious socio-economic problems and emphasize its determination to find solutions for these problems. At the same time the ANC remains naïve optimistic that it can solve these problems in the foreseeable future. It promised the electorate in its Election Manifesto (for the 2004 Election) that it would reduce the levels of poverty and unemployment by half in 2014. The Deputy President Phumzile Mlambe-Ngcuka has repeated this commitment regularly, since her appointment in June 2005.

It is, unfortunately, not clear whether the ANC realizes what cutting unemployment by half exactly means⁸. Charles Meth estimated that by “average” conditions an additional 8,4 million job opportunities would have to be created from 2004 until 2014 to halve the rate of unemployment according to the expanded definition. He estimated that under the most optimistic conditions 5,8 million jobs would have to be created between 2004 and 2014, while under pessimistic assumptions 11 million would have to be created. The enormity of the employment-creating task becomes clear when we take into account that at present \pm 12 million job opportunities exist in South Africa. It is even less clear what cutting poverty by half in ten years’ time means. This task is even more daunting if we take the dynamic character of the pauperization process into account.

In spite of the apparent “insolvability” of the problems of poverty, unemployment and inequality the ANC remains quite content that the macroeconomic and other economic and social policies are the correct ones and that no new policy initiatives are necessary. In his speech in Parliament on 11 February 2005 President Thabo Mbeki expressed almost boundless optimism about the government’s policy programmes and about the future of South Africa. According to him:

“... our country, as a united nation, has never in its entire history enjoyed such a confluence of encouraging possibilities. On behalf of our government, we commend our programme to the country, confident that its implementation will help to place us on the high road towards ensuring that we become a winning nation and that we play our role towards the renewal of Africa and the creation of a better world. Acting together, we do have the capacity to realize these objectives. And sparing neither effort nor strength, we can and shall build a South Africa that truly belongs to all who live in it, united in our diversity!”

This kind of boundless optimism is indeed not justifiable. It can be regarded as a pretext for the postponement and even the abandonment of the social question.

⁸ The halving of the unemployment rate would depend, according to Charles Meth, on the behaviour of three variables: the rate of growth of the potential labour force, the rate of change of the participation rate and the rate of economic growth and employment creation. See the article of Charles Meth, *A pig with wings? The ANC's employment halving goal*, School of Developmental Studies, KwaZulu Natal University, December 2004.

4. FROM A VIBRANT CIVIL SOCIETY TOWARDS A STRICTLY STRUCTURED STATE-SOCIETY RELATIONSHIP

Over the past 15 years the ANC has restructured state-society relations to consolidate its authority over a large part of the (mainly) black civil society. In this process the “rules” of state-society relations were redefined in a manner that degraded (the mainly black) civil society to a subservient position. This degrading has had decisive implications for the democratic and capitalist system institutionalised (or perpetuated) by the ANC. According to Krista Johnson, Thabo Mbeki played a key role in the restructuring of state-society relations.

“The restructuring of state-society relations has emerged as a primary goal of the ANC government led by Thabo Mbeki... [His] ascent to power ... has prompted considerable speculation on how state power is being internally reorganised, how the state agenda is being redefined, and how the relationship between civil society and the state is being recast... His approach to building new social partnerships with civil society is premised on hierarchical and elitist understanding of the relationship between rulers and ruled. ... [The] ruling party is given a commanding role in relation to all autonomous social forces, which is denied leading roles in processes of change, instead serving mainly as reservoirs of popular support for the centralised and corporate project of transformation” (Johnson, 2002: 221 and 229).

The degrading of civil society to a subservient position stands in sharp contrast with the spontaneous and strategic role it played during the struggle. During the 1970s and 1980s the anti-apartheid struggle was driven by the imperatives of spontaneous mass action, characterised by the Durban strike (1973), the Soweto unrest (1976) and activities of the UDF in the 1980s. After the formation of UDF (1983) and COSATU (in 1985), a number of strategic bridgeheads were established which enable the working class and the oppressed to partake in the struggle in a well-organised and focussed manner. The highly politicised (mainly black) civil society acted as a huge anti-hegemonic movement to get rid of the apartheid regime. Its role in the defeat of the apartheid regime cannot easily be over emphasized. This broad movement was driven by an angry consciousness and by a growing awareness of its potential power. It was led by an able and well-discipline

leader core and was reasonably well funded by mainly foreign donors (Johnson, 2002, 2003).

It is important to remember that the strength of the anti-apartheid movement was based on a multitude of genuine local concerns of the Community Based Organisations (CBO's) that became affiliated with the UDF. These local concerns were about bread-and-butter issues and about human rights violations. Although the overarching goal (i.e. the dismantling of the apartheid regime) was attained in 1994, the genuine local concerns that fuelled the struggle were not solved but became more severe for the poorer half of the population over the past 12 years.

Early in the 1990s great expectations existed that the post-apartheid government would see to it that the basic human needs of the poor would be met as part of comprehensive redistribution and development processes. Unfortunately, the expected – and highly needed – redistribution and development processes did not materialise. What did happen was a considerable demobilisation and depolitization of civil society organisations in the mainly black community (Greenstein, 2004: 27-29).

Historians will regard the 1990s as an important formative period in our country's history. During this decade, the ANC leadership was pressurised from two opposite sides. On the one side local and foreign business pressurised it to liberalise the economy, and to re-engage it as quickly as possible into global capitalism. On the other side the broad-based social movement pressurised it to implement an agenda for economic democratisation, socio-economic development and poverty alleviation. Given the balance of forces in South Africa and in the world – after the implosion of the Soviet Union and the consolidation of Global Capitalisation – the leader core of the ANC concluded in the 1990s an “elite compromise” or a “social contract” with local and foreign business. This contract determined the “rules” according to which the economic “game” was going to be played in the new South Africa. According to these “rules”, corporatism – both locally and globally – was put in a dominant position and the new government in a subservient position. As soon as *corporate dominance* was institutionalised the manoeuvring space of the new government was closed to such an extent that it could not enter into a similar

“social contract” with the social movement. It, therefore, became imperative for the (new) government to establish new “rules” to regulate state-society relations. The institutionalisation of these rules happened in different stages. In the first stage – mainly during the first half of the 1990s – civil society was demobilised and deprived from the highly politicised role it played during the struggle period. In the second stage – mainly during the second half of the 1990s – a large part of civil society (and mainly the larger NGOs) was co-opted as “social partners” in the delivery of services and the consolidation of state power (see Johnson, 2002: 226-229).

Several events during the first half of the 1990s facilitated the leader core of the ANC in its endeavour to demobilise civil society. The euphoria about the victory that was attained over the overarching enemy (i.e. the apartheid regime) led to the suspension of local struggles. The “big” victory was so spectacular that local concern about the “small” but serious grievances - that continue to exist in every corner of the country to this day - was easily forgotten. What was highly needed in the early 1990s was a new conceptualisation of the task of an independent civil society in articulating and in solving the serious developmental problems. It was necessary to “retool” civil society under new leadership structures and to supply it with new financial resources to meet the “old” local concerns that were (temporarily) put aside during the struggle. This reconceptualisation and the reorganisation of civil society were not accomplished. On the contrary, civil society found itself in an organisational vacuum. The local concerns that fuelled the struggle were either forgotten or put on hold to be address at an unspecified latter stage (see Greenberg, 2004).

We can identify at least three other factors that had a paralysing effect on civil society. Firstly, the foreign donor funds (that played such an indispensable role during the struggle) were either suspended or redirected by the ANC. This created a survival crisis for many GNOs that made it easy for the new government to co-opt these organisations in its own organisational structures. Secondly, a significant number of senior leaders of civil society during the struggle period migrated “upwards” to occupy senior political, bureaucratic or private sector positions. The upward migration of struggle leaders was strongly motivated by a spirit of careerism that replaced the community spirit

characteristic of the pre-1994 anti-apartheid CSOs. This large scale “bleeding” of civil society created a huge leadership vacuum in its ranks. (See Kotze, 2004, 12-14).

Thirdly, after the defeat of apartheid many civil society organisations slumped into an existential crisis doubting its own purpose and direction. The struggle against the apartheid regime was clear and it coordinated a plethora of CBOs into a well-disciplined army – literally and figuratively spoken. After 1994 the new “enemy” adopted many faces: poverty, unemployment, landlessness, crime, violence, Aids, etc. etc. To mobilise the people against an enemy with so many faces proved to be an almost impossible task. When the GEAR strategy was announced in 1996 it was suddenly confronted with an ideological battle against neo-liberalism, market fundamentalism and globalisation. (See Barchiesi, 2004: 16-19).

During the second half of the 1990s a large part of civil society was “remoulded” from the “top” (by the new government) as a tool in the delivery of services and in the consolidation of state power. When the ANC took over the coercive apparatus of state in 1994, it signalled a shift in the relationship between civil society and the (new) state. While civil society was previously a strong anti-hegemonic force, a large part of it was after 1994 co-opted as a “social partner” and deprived of its highly needed role as a “critical watchdog” vis-à-vis the state (Johnson, 2002, 231). Hein Marais described the new state society relationship as follows in 2001: “Conceptionally civil society had virtually collapsed into the post-apartheid state” (Marais, 2001: 284). Many society organisations were for all practical purposes “co-opted” as junior partners by the government and entrusted with function that “transformed” then into an extension of the bureaucracy.

This trend is captured in a quote made by Welfare Minister Zola Skweyiya at the end of 2003: “[the NGOs] do not understand their role. They think it is to theorise about democracy, like before 1994. They should be helping in strengthening democracy and helping with service delivery to the poor”. As far as the minister is concerned, civil

society no longer has the task to question and to challenge the government, but only the task to be a subservient servant of the (new) state⁹.

As the government remains a “captive” of corporative dominance and as the larger NGOs are increasingly involved in service delivery, there are signs of a civil society revival in the ranks of smaller community based organisations. These organisations are responding to the basic needs’ grievances of the poor in the worsening poverty situation. Thousands of new organisations have been launched as protest movements against the privatisation of basic services, against the commodisation of public goods and against poor and corrupt service delivery. Some of them are small survivalist and self-help networks and represent desperate responses to the hardship their members are experiencing among conditions of abject poverty, chronic illness and amidst crime and violence. Many of these community-based organisations are driven by an angry consciousness about the injustices that remain unattended in the post-apartheid period. Many of the new community-based organisations still lack the experience and the capacity to built linkages with other CBOs that are experiencing similar grievances. It is for this reason unlikely that the growing number of small CBOs will become effectively organised as part of a new anti-hegemonic movement in the near future. It would, however, be a serious mistake by the ANC if it were to underestimate the hostility that lurks in the ranks of the large number of new community-based organisations (see Kotze, 2004: 16-24; and Greenstein, 2004). The launching of a (new) UDF in August 2005 to act as an umbrella organisation in the fight against unemployment and poverty, can in due course play a decisive anti-hegemonic role.

⁹ Greenberg puts it as follows: “(T)he role of civil society is reduced to assisting the state to deliver services, within the given framework of developmental discourse, rather than to organise a class-based counter-hegemonic project, as one might expect a revolutionary party to argue (Greenberg, 2004: 23-24).

5. FROM PARTICIPATORY DEMOCRACY TOWARDS DEMOCRATIC CENTRALISM AND VANGUADISM

The restructuring of state-society relations by the ANC – as described in the previous section – and the degrading of civil society to a subservient position, not only redefined the rules relating state-society relations, but also have decisive implications for participatory democracy and people driven development. The rhetoric of the ANC – before and after 1994 – is very explicit about its commitment towards participatory democracy and a people driven democracy. In an ANC discussion document – inspired by Thabo Mbeki – *The State and Social Transformation* (1996), popular participation in governance is promised in the following terms:

“The empowerment of the people to participate in the process of governance, expressed in the concept of a people-centered society and people driven processes of transformation, indicates the centrality of the concept of popular and participatory democracy to the democratic movement’s understanding of the function of a democratic state. It shows the commitment of this movement to the proclamation in the Freedom Charter that ‘The People Shall Govern!’ It is the process of the people becoming their own governors” (paragraph 4.11.1.1).

It suits the ANC to bring the members of its support base under the impression (or illusion) that political and decision-making power is vested in their hands and that these members are prepared – at least until now – to swallow the propaganda about its alleged power and influence. Democracy, however, is not only about elections every five years. It is to an important degree also about a vibrant and independent civil society that is organized in such a manner that it can held the government in an orderly way accountable for its decision-making and its policy initiatives.

Krista Johnson put forward a strong argument that the ANC rhetoric commitment to participatory democracy has in reality been replaced by a strong tendency towards democratic centralism and towards a vanguardist approach to decision-making. According to her, this attitude already crystallized during the struggle:

“As a liberation movement largely in exile [during the 1980s], and faced with enormous military pressures and dangers of infiltration by the apartheid regime, the ANC’s commitment to a vanguard Leninist strategy of democratic centralism was successful in co-coordinating, disciplining and directing the anti-apartheid struggle. Ironically, this same strategy also suits the need perceived by many in government to build autonomous state agencies directed from above and capable of carrying out complex and political controversial reforms ... A related tendency within the ANC leadership is to view the process of mass action or popular participation [by civil society] as a process of tearing down rather than building up ... This all calls [by the ANC] for mass action or participation [to be] characterized as destructive, regardless of the legitimacy of the demands ... The result of this vanguardist approach that privileges coordinated and centralized leadership over decentralized mass action is a governing strategy that – despite the continued official rhetoric of participatory democracy and people-driven development – systematically limits the public space for people to participate outside the highly regulated and institutionalized settings defined by the state” (Johnson, 2002: 231-233).

Over the past 12 years the governance style of the ANC became indeed much more centralized technocratic and intolerant. Decision-making is increasingly concentrated in the hands of the President and in the bureaucratic office of the presidency. The President has extraordinary power in the appointment of people in strategic positions. He appoints, *inter alia*, all the premiers, all the ministers and all the director-generals. He controls – directly and indirectly – a vast network of patronage. Members of parliament are elected on a proportional basis. This practice places huge party political power in the hands of the leader core of the ANC. The National Executive Council (NEC) of the ANC is elected at ANC conferences that are convened every five years. The ANC members that attend these conferences are largely (if not exclusively) middle class people with typical middle class ideological orientations and materialistic middle class values. It is, therefore, not surprising that the ANC conferences and the NEC have regularly condoned the neo-liberal, free market and global orientated economic approach of the leader core in spite of the growing unemployment and the perpetuation of abject poverty. The new black elite and the new black middle class (bourgeoisie) have clearly attained a vested interest in neo-liberalism, in black economy empowerment (BEE) and in affirmative action (AA).¹⁰

¹⁰ It is not surprising that through the BEE and AA more resources and opportunities were transferred – over the past 12 years - from whites to the black middle class (8 to 10 million) than to the 22 million that are living below the poverty line. It is often alleged that many whites are critically orientated towards BEE and AA. But if one consider the high priority given to the promotion of the economic interests of the black

We have indeed reasons to be concerned about the effectiveness of the checks and balances built into our new democratic system. In any democratically orientated country in which the governing party attained more than two-thirds of the popular vote, society at large cannot be vigilant enough as a countervailing force against the concentration of power in the hands of the government. It is against this background that a heavy responsibility rests on the shoulders of the intellectuals to hold the government accountable for the way it concentrates and exercises its power.

It is true that the majority of the poor have voted in large numbers for the ANC in three successive elections. Although the ANC attained almost 70% of the vote in the 2004 election, the participation of the electorate was markedly lower than in the two previous elections. Only 75% of the potential electorate took the trouble to register for the election, while only 76% of the registered voters cast their vote. Consequently only 38% of the potential electorate of 27,5 million voted for the ANC. The ANC cannot regard this percentage as high enough to claim a "contract with the people". As indicated in the previous section, it would be a serious mistake by the ANC's power elite to underestimate the potential hostility that lurks in parts of civil society about poverty, unemployment, inequality and poor service delivery.

According to Adam Habib the first clear manifestation of democratic centralism became apparent when GEAR was announced in 1996.

"The notable feature of GEAR was not its neo-liberal character. Rather, it is the fact that it was tabled in the cabinet and thereafter implemented. Neither the structures of the party ... nor the social dialogue institutions were consulted in ... its development ... The passage of GEAR had two consequences. First, it established a centralized dynamic, strengthened a technocratic approach, and enabled a bunch of technocrats at the centre to direct and manage this transition. Second, GEAR divided the ruling party and opened a political struggle that

middle class through BEE and AA, then it is the (mainly) black poor that have justifiable reasons to complain about the manner in which black middle class is pampered by the ANC-government to the detriment of the poor.

continues to this day and which colours the succession [of the President] in important ways.”

According to Stephan Greenberg the real problem with the strong trends towards democratic centralism is that the small (mainly black) governing elite has entered into an alliance with the old (mainly white) ruling class to re-establish the (old) ruling class’ hegemony:

“[It] is apparent that there has not been a transfer of power from one class to another in South Africa. Rather, given the organic crises of the 1980s, the [old white] ruling class has succeeded in adapting its alliances and making the necessary compromises to re-establish its hegemony. This involves the creation of a new balance of political forces ... the reshaping of state institutions as well as the formations of new ideologies ... The re-establishment of hegemony by the [old] ruling class has resulted in a new historic block, comprising large-scale export orientated capital together with African nationalist political leadership ... The interests of the [new] hegemonic class are again presented as the universal interests of the citizenry as a whole” (Greenberg, 2004: 4-5).

Greenberg’s argument is that in the new hegemonic order the vanguardism of the ANC has become an instrument in the hands of the (old) hegemonic class. When we consider this powerful position of the corporate sector in the new power constellation, we are in a position to understand why the “elite pact” was not only about a “growth model” on behalf of the First Economy, but also a “distributional coalition” in favour of the inhabitants of the First Economy and to the detriment of the inhabitants of the Second Economy. The important difference between the apartheid and the post-apartheid period is that the (old) hegemonic class legitimacy was questioned during the apartheid period, while this is no longer the case in spite of the systemic neglect of the social question.

6. FROM PROMISING A DEVELOPMENTAL APPROACH TOWARDS A STRUCTURAL INABILITY TO INSTITUTIONALISE SUCH A STATE

President Mbeki declared in a speech in parliament (May 2004) that the government’s fight against poverty and underdevelopment rest on three pillars:

- “(i) encouraging the growth and development of the First Economy, increasing its possibility to create jobs;
- (ii) implementing our programme to address the challenges of the Second Economy; and
- (iii) building a social security net to meet the objectives of poverty alleviation”.

The government has attained reasonable, albeit rather skewed, results with two of its three policy pillars. Its intervention in the First Economy played a constructive role in the attainment of price and exchange rate stability and in creating macro-economic conditions conducive for attaining an annual growth rate of $\pm 3\%$ over the past 12 years. The government's assumption that a high growth rate in the First Economy (or in the capitalist enclave) will increase its possibility to create jobs has been very disappointing. The total number of employed workers increased from 9,6 million in 1995 to only 11 million in 2002 (DBSA, 2005: 45).

The government's policy initiative to build a social security net to meet the objectives of poverty alleviation has been less successful. Between 1992/3 and 2004/5, the share of the non-interest government budget occupied by social grants rose from 10% to almost 18% (DBSA, 2005: 33). This is in itself no mean accomplishment. Unfortunately, the social grants system does not constitute an effective “poverty net”. Millions of people with very little (if any) income – who ought to receive social grants – do not receive such grants. This is, *inter alia*, the case with able-bodied men and women between 14 and 60 to 65 years of age who are unemployed, inadequately employed or unemployable.

The real problem with the ANC “three-pillar” policy approach is that its initiatives to address the daunting challenges of the Second Economy failed rather dismally with the result that the “social question” became more severe.

In its Development Report 2005, the DBSA comes to the conclusion that although the “government has taken concrete steps to launch a number of [developmental] interventions [in the Second Economy] ... a sober examination of government’s efforts leads to the conclusion that, despite some successes and useful experiences, it has merely dabbled thus far, especially if the increased number of the poor is considered”. The Report blames this failure to “the apparent absence of a coherent, scale-appropriate strategy for the Second Economy [while] a fundamental shortcoming of current efforts is a tendency to design assistance in a way that does not suit the ordinary poor person” (DBSA, 2005: 98-99).

The conclusion of the Development Report 2005 of the DBSA is valuable, but it clearly does not penetrate to the real reasons why the government has not been successful in institutionalising a developmental state on behalf of the poor. The real reason is locked up in the government’s structural inability to institutionalise a developmental state. To overcome the two-economies divide with a developmental approach, the ANC will have to surmount at least four stumbling blocks, which are – given the ANC’s present policy approach – clearly insurmountable.

The first stumbling block is the lack of capacity in the public sector. An efficient and well-disciplined public sector is a *sine qua non* for a developmental approach. We need public servants dedicated towards their public task and with the ability to think strategically. Unfortunately, the public sector in South Africa cannot live up to the developmental challenge. Several factors can be blamed for this sorry state of affairs. When the corporate sector convinced the ANC in the early 1990s to accept market fundamentalism, the slogan of the day was that the private sector will deliver and that the bureaucratic state is anyway rolled back worldwide. To worsen matters, the public sector was “Africanised” too quickly over the past 12 years as part and parcel of the government’s affirmative action and black economic empowerment policies. Due to the lack of adequate education and experience in black circles – as part of the ugly remnant of apartheid – the public sector is not only highly inefficient, but also ineffective. Instead of displaying a culture of service, the public sector has become renowned for careerism,

nepotism and even corruption, while many of its senior officials are guilty of conspicuous consumption.

If the ANC were serious about a developmental approach, it must prioritise the building of an efficient and corruption-free public sector vigorously over the next five years. It is something that should have been prioritised from scratch in 1994. It is going to be a formidable task – especially when we take the endemic nature of corruption into account and the government's inability to combat it effectively.

The second stumbling block is the business culture of materialism, individualism and the obsession with the “bottom line” that was cultivated in South Africa during the periods of racial capitalism and globalisation. Pres. Mandela declared – during his first speech in parliament (on 24 May 1994) – that the ANC is committed to create a “people-centred society in South Africa to restore the dignity of each and every individual”. It is regrettable that very little of this “people-centred society” has been created in either the public or the private sector over the past 12 years. But what is really disconcerting is the sharp contrast between the reductionist individualism and the blatant materialism in the First Economy (as displayed by both the white and black elite) and the need for a “people-centred society” on behalf of the people living in the Second Economy. It will be very difficult to cultivate a “people-centred society” in a country in which a blatant capitalist mentality reigns supreme in the modern sector (or in the capitalist enclave).

The third stumbling block is the huge bargaining power wielded by organised business in the First Economy vis-à-vis the pathetic powerlessness of the rather unorganised people in the Second Economy. The huge bargaining power of organised business is based on the “elite pact” that was negotiated during the first half of the 1990s between a leader core of the ANC and local and global corporatism. Over the past 12 years this “elite pact” was not only strengthened through strategic concessions to the corporate sector, but it was also assiduously maintained and with it also the policy approach of neo-liberalism market fundamentalism and globalisation. The terms of this “elite pact” seriously restrict the sovereignty of the ANC government – in spite of its huge elective majorities. It also

deprived the ANC of the power to act effectively on behalf of the poor. Another development that has hugely augmented the bargaining power of the private sector is the quick rise of a new black elite and the new black middle class. The influence exerted on the policy making process by the old white business elite and the new black business elite cannot easily be overemphasized.

The pathetic powerlessness of the inhabitants of the Second Economy is in its turn the result of the new state-society relations structured by the ANC since the early 1990s (see Section 4 above). As long as the “skewed” power relations remain intact – i.e. as long as the “rules” that respectively regulate state-society and state-economy relations remain institutionalised – it will almost be impossible for the ANC government to shift its policy approach from prioritising the Second Economy instead of the First Economy.

When President Mbeki talks about the three pillars on which the fight against apartheid rest, he creates the impression that interventions in the First and Second Economies are independent from each other. This is a serious misconception. To think that it is possible to intervene successfully in the Second Economy while the neo-liberal and globalisation approach in the First Economy remain intact, is totally unrealistic. To introduce a developmental approach that will be successful in the fight against poverty, the developmental approach will have to be introduced in the South African economy *at large* – i.e. in both the First and the Second Economies *simultaneously*. Or, to put it differently, the project to introduce a successful developmental approach cannot only be a governmental or public sector project, but it has to be a project of the private sector at the same time. The powerful corporations in the private sector will have to give their full cooperation in turning around the strong – far too strong – tendency towards capitalist enclavity, towards growing capital intensity, and towards even greater global engagement of the First Economy, to “create” a South African economy that will be pro-development and a growth path that will be pro-poor.

It is important for the government to make a clear distinction between a dual economy (that was in place during colonialism and apartheid) and the two-economies divide that

emerged from the 1970s. In the dual economy the modern sector in the core preyed on the black people in the periphery by employing them as unskilled labour at exploitative wages. As the economy in the core experienced high economic growth rates, more unskilled labour on the periphery was employed at exploitative wages. With increased employment the remittance sent back to the families on the peripheries increased. From the middle of the 1970s the South African economy became more capital intensive and all kinds of modernisation took place. The result was that unskilled workers were declared in increasing numbers redundant by the modern sector and growing unemployment emerged as a very serious side effect. As the modern sector became more and more like a First World capitalist enclave (or a First Economy) that detached itself from the employment of unskilled black labour, the number of employed workers with wage income to send remittance to their families on the periphery (or in the Second Economy) declined sharply. The private corporations in the capital intensive First Economy employed presently a much smaller percentage of the potential labour force than what was the case when a dual economy was still in place. The corporate sector's contribution to the income of the people in the Second Economy in our two-economies divide is much smaller than its contribution to the people on the periphery in the dual economy. The main interest of the private sector in people in the Second Economy is to sell primitive consumer goods to them. The income of the people in the Second Economy is mainly from social grants paid to them by the government. The idea that higher economic growth rates in the private sector of the First Economy will stimulate development in the Second Economy, is built on the misconception that the nature of the two-economies divide is somehow similar to the nature of the dual economy. It is against this background that the "trickle-down" effect is nothing but a "myth".

The fourth – and perhaps the most insurmountable – stumbling block is South Africa's large involvement in global capitalism and the consequential stranglehold of global institutions on the policy making process of the government. The key institutions (World Bank, IMF, WTO, credit rating agencies, etc.) and the transnational corporations do not promote "development" as they claim, but instead seek to incorporate the ruling elites in developing countries into the global system of rewards and penalties. To what extent will

South Africa be penalised if a comprehensive developmental state is introduced? In what way can South Africa change the rules of the “global game” to ensure that the benefits of global capitalism will also benefit the poor. (See Kirkbridge, : 33-34).

Pres. Mbeki has aptly described the unequal power relations between the Rich North and the Poor South as a system of Global Apartheid. As long as this system remains in place, it is almost inevitable that the poorer half of the population will remain systemically excluded from meaningful “development”, as is the case with the poorer half of the population in most of the countries in the Poor South and especially in Africa.

The ANC’s inability to institutionalize a developmental state was demonstrated rather poignantly by ANC meetings during June/July 2005. Early in 2005 a discussion document was circulated for discussion at the National General Council (NGC) that was held from 29 June to 3 July. The discussion document on “Development and Underdevelopment” states unequivocally that to address the challenge of unemployment, low growth, continued mass poverty and deep inequalities, “will require that we make a choice in favour of a broadly accepted developmental approach”. The success of such an approach rests, according to the document, on the “ability of the government to act as a ‘developmental’ state”. To attain this ability it will be necessary to create “capacity at every level of the state to mobilize and direct social, economic and political resources where they are needed most”.

The document for the NGC rejected the “Washington Consensus” approach because it “was designed not primarily with the needs of the less developed countries in mind ... [but as] a response to the interests and needs of the developed countries ... [It] constitutes a development model based on the ideology of “market fundamentalism”. It has obliged the developing countries to depend on “the market” for the investment and other interventions that would enable them to achieve their take-off point”. This criticism of the “Washington Consensus” in the document was rather surprising due to the fact that the ANC has committed itself in the GEAR strategy to neo-liberalism and globalisation and by implication also to the ideology of the “Washington Consensus”.

After the NGC no formal announcement was made whether decisions were taken concerning the document on "Development and Underdevelopment". We have reason to believe that it was rejected. But at an Expanded Lekgotla in July 2005, the government decided to set up a joint national-provincial Task team, chaired by Deputy President Phumzile Mlambo-Ngcuka, to make recommendations focused on getting the economy into a sustained higher level of growth of at least 6% annually. The Lekgotla was convinced that South Africa could attain this higher level of growth. Accordingly, the brief of the Task team "is to recommend the steps that should be taken to realise this goal, and not to waste time answering whether South African can attain it". In the "ANC Today" 12 August 2005, it is stated categorically that this higher growth rate is needed to attain "the central task facing our nation ... the eradication of poverty and underdevelopment".

Whether it will be possible to attain a 6% annual growth rate on a sustainable level is highly unlikely if we consider the low level of savings, the shortage of skilled labour, the low productivity of the labour force, the lack of capacity in the public sector and the small influx of foreign direct investment since 1994. But what is more important, is that even if South Africa were to attain a 6% growth rate, it is unlikely that the additional 8,4 million jobs that will have to be created to cut unemployment by half in 2014, will indeed be created. We have therefore no other choice but to conclude that the hyperbolic optimism displayed at the July Expanded Lekgotla was yet again an excuse not to create a developmental state, but to "escape" into the "fairy tale world" in which the "trickle-down" myth – on which the neo-liberal GEAR strategy is based – would bring about the necessary job creation, social transformation and social justice.

I have every reason to suspect that the ANC's renewed preference for the high growth scenario instead of a developmental state scenario, is based on the fact that the ANC is thoroughly convinced of its *structural inability* to institutionalise a truly developmental state, but is at the same time not prepared to admit it. If it were to admit this structural inability, the ANC would in effect acknowledge that it has painted itself into several

inescapable corners when it agreed to the "elite pact" with corporatism, when it restructured state-society relations and when it institutionalised democratic centralism and vanguardism. As a result of these corners into which it has painted itself, the ANC cannot solve the social question and cannot be ensured of the long-term support of the (mainly black) civil society.

The successful introduction of a developmental state will necessitate a new power constellation, i.e. a power constellation that would really be sensitive to the developmental needs of the poor and would take the NDR strategic objects of social transformation and restoration of social justice seriously. But if the successful introduction of a developmental state will necessitate a new power constellation – and also a new state society and a new state economy "rules"- how will this be attained? The answer to this critical question is rather obvious: The ANC will have to revise not only its strictly structured state-society relations, but it will also have to renegotiate the terms of the "elite pact" to regain its original commitments to state sovereignty and participatory democracy. But are these "powershifts" *überhaupt* possible? Probably not. We have, therefore, reason to fear that the social question will remain unresolved and that the inhabitants of the Second Economy will remain trapped in poverty and destitution.

Janine T. O.
emerita professor at
the Univ. of S.