

# South Africa - The Rainbow Nation and Prospects for Consolidating Democracy<sup>1</sup>

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## **Abstract**

*Since the 1994 elections ushered in the Government of National Unity (GNU) led by Nelson Mandela and his African National Congress there have been claims that a stable, multi-racial democratic society has finally triumphed in South Africa. This article refutes such thesis; it examines the prospects for consolidating democracy, and argues that the lack of significant progress regarding social (class and race) and economic (ownership) relations under the GNU is likely to precipitate a political crisis. This could produce an authoritarian response and thereby severely compromise the democratic and socio-economic aspirations which inspired the anti-apartheid struggle.*

Metaphors are often used by political elites as electioneering tools to capture the attention of the public. Their purpose is to appeal to as wide an audience as possible. They are thus often cloaked in an aura of patriotism which makes it difficult for critics to interrogate the metaphor and expose the political assumptions that underlie it. But metaphors are indeed founded on political assumptions. And, often these assumptions are those of political elites advancing a particular political project. This is no more true in South Africa as it is elsewhere in the world. And, it is as true of the metaphor of the Rainbow Nation that has now come into vogue in the political vocabulary of South Africa's new political elites.

After first being coined by Archbishop Desmond Tutu, the metaphor of the Rainbow Nation soon took on a life of its own. It has been adopted by no less political figures than Nelson Mandela and Thabo Mbeki. It has been utilized by big

business to exhort the broader public to buy one or other commodity in the name of patriotism. It has been advocated by a range of organisations within civil society to advance one or other political and socio-economic cause. It has been accepted by both the national and foreign media as the descriptive label of the South African nation. And, it has beguiled the outside world into trumpeting the 'miracle' of the South African transition.

But this widespread acceptance of the rainbow metaphor has occurred without a true appreciation of its underlying political assumptions. The notion of the rainbow nation projects an image of different racial groups coming together and living in harmony. Two separate, but related, elements of this metaphor need to be isolated and interrogated. First, the focus on racial groups assumes that the predominant conflict in South Africa was, and still is, one of racial antagonism. Second, the harmonising appeal implies that the democratisation experiment, whose high-point was the April 1994 elections, is in the process of consolidating itself. Both elements of this metaphor are open to criticism. As has so often been suggested, class variables are just as critical as race for understanding the nature of the South African conflict (No Sizwe 1979; Wolpe 1988; Habib 1995). The rainbow metaphor, by only focusing on race variables, is thus theoretically misleading. Moreover, the omission of class variables in the assumptions underlying the metaphor enables its advocates to remain sanguine about the prospects for consolidating democracy. In their view, the prospects for consolidating democracy should be measured in terms of the efforts of the Government of National Unity [GNU] to promote racial reconciliation. Very little, if any, attention is paid to the socio-economic and other variables that will impact on democratic consolidation in South Africa.<sup>2</sup>

All this suggests an urgent need for a holistic analysis of the prospects for consolidating democracy. Admittedly, this task is complicated by the relative recentness of the South African transition. Data is not easily available to empirically verify one or other conclusion. Moreover, the policies of the Government of National Unity have not had sufficient time to yield results before definite conclusions could be drawn. Nevertheless, to await the results of these policies which may take years, is to invite disaster. For by that time, conditions in the country could have disintegrated to the extent that democracy can no longer be salvaged. Given this, it seems useful, if not necessary, for some tentative analysis to be made of the prospects for consolidating democracy in the country.

### **Prospects for Democratic Consolidation**

A useful way to approach this discussion on the prospects of consolidating democracy in South Africa is to review the vast literature that has emerged on democratic transitions. This rich international literature, with its large number of comparative studies, is a useful starting point since it identifies the features that

were present in cases of successful democratic consolidation, and absent in cases where such attempts at consolidation failed. It should be noted that this discussion does not delve into the important literature on the appropriateness of one or the other constitutional design (Horowitz 1991, 1993; Linz 1993; Stepan & Skach 1993), particularly because this debate has not conclusively proved that the one or other option is more appropriate for the consolidation of democracy. Also a number of states, with differing constitutional designs, have successfully consolidated democracy. It thus seems that the particular constitutional design adopted is less relevant to the issue of consolidating democracy, than it is for facilitating a compromise between the major political players in the negotiation forums.

In any case, four studies are particularly useful to our discussion on the prospects for consolidating democracy in South Africa. The first of these is Dankwart Rustow's "Transitions to Democracy: Towards a Dynamic Model," which suggests that an essential precondition for successful democratic consolidation is the existence of a national identity amongst the vast majority of the citizens. At a later point in this classic study, Rustow suggests that the consolidation of democracy, what he terms "habituation" is also facilitated by the success of the "first grand compromise ... (which should demonstrate) the efficacy of the principle of conciliation and accommodation" (1970: 358).

Although the former point might seem self-evident for any successful consolidation of democracy, it is useful to boldly state it given the controversy that exists in the South African literature on whether people perceive their identities in ethnic, racial, class, or national terms. Moreover, it is absolutely essential that a national political identity be generated that subsumes narrower ethnic and racial identities, so that manipulative political elites are not able to exploit social and economic tensions within society to establish widely supported claims for secession. Failure to generate this national identity will leave the forces of democracy forever vulnerable to such political elites, and to the civil war that will undoubtedly result if any such secession were ever attempted.

It should also be noted that quite often, newly established democracies are granted a honeymoon period in which the populace waits to see whether the new political system delivers; therefore "the success of the first grand compromise" can, in the final instance, only be determined in the medium term. Thus, even if the grand compromise succeeds in terms of its acceptance by elites, such success may become ephemeral if powerful social forces in civil society, like the unemployed, organized workers, or a combination of these and others, come to the conclusion in the medium term, that the 'first compromise' did not facilitate the delivery of promises made to the wider populace. Such social forces may then embark on widespread extra-institutional action that could, lead elements within the GNU and ANC to adopt an authoritarian, repressive response that would ultimately threaten the fragile foundations of the democratic order.

This then points to a second issue taken up particularly by Adam Przeworski in *Democracy and the Market*, and by Giuseppe Di Palma in *To Craft Democracies: An Essay on Democratic Transitions*. Both scholars suggest that the essential trick involved in any successful consolidation of democracy is the ability to institutionalize conflict. Przeworski argues that this involves the establishment of institutions that offer the relevant political forces "a prospect of eventually advancing their interests that is sufficient to incite them to comply with immediately unfavourable outcomes" (1991: 19). Di Palma emphasizes the need for institutionalizing rules that convince all players that their interests can prevail in a democratic order (1990: 55). Given this, Przeworski underlines the attractiveness of neo-corporatist decision-making arrangements for fledgling democratic governments (1991: 182-185).

But despite their similar prescriptions, both scholars offer remarkably different hopes for the consolidation of current democratic experiments. While Di Palma argues that negotiated transitions can be a promising path to consolidating democracy, Przeworski suggests that such possibilities are slim under conditions requiring major economic reform. In other words, for Przeworski, the institutionalization of conflict is undermined by the poor economic circumstances of many transitional societies.

This then raises a third issue discussed in Samuel Huntington's *The Third Wave: Democratization in the Late Twentieth Century*. Huntington's (1991) argument, very much in a modernisationist vein, suggests that economic development in the form of significant industrialization creates the conditions for the transition to, and the consolidation of, democracy.<sup>3</sup> While the validity of this train of argument is questionable, especially in the light of studies by Cardoso and Faletto (1979), O'Donnell (1979) and Schmitter (1974), who have demonstrated that economic growth is as easily compatible with authoritarian regimes as it is with democratic ones, Huntington's work, nevertheless, has the merit of directing us to the fact that democratic consolidation is facilitated under conditions of an expanding economy.

Economic expansion generates necessary surplus resources that could be used for redistribution, thereby legitimizing the democratic order. The South African transition, like many others, occurs under conditions of heightened expectations. The populace expect the newly established democracy not only to protect their human rights and civil liberties, but also to uplift their material standard of living. Should the GNU and/or ANC fail to do so in any appreciable sense, a substantial demoralization could emerge among them, thereby undermining the support, and ultimately the social foundations of the democratic order. This could then create the context for the aforementioned widespread extra-institutional action, and the attendant possibility of a clamp down by the newly elected regime.

Finally, a related but distinct problem that should be addressed in South Africa if the consolidation of democracy is to be realized is the racial character of the

economic system. Quite often liberal commentators (and many Marxist ones as well) seem to suggest that the prospects for the consolidation of democracy are higher in South Africa than in other societies particularly because “democracy will not have to be accompanied by structural economic transformation to create a viable market order.” All that is required is some degree of redistribution which “should not breed foundational resistance to democratization” (Shapiro 1993: 129).

Such views, however, seem exceptionally naïve. The racial character of the ownership structure of the South African economy will continue to be a stark reminder of apartheid and its inequities. In a country of heightened racial awareness among the populace, the transformation of the racial nature of ownership relations (which would involve a structural transformation) must be regarded as one of the significant goals of the democratic experiment. The failure of the newly established democratic regime to address this problem, then, could make it the rallying cry of the many disaffected elements within the country. The long term consolidation of democracy in South Africa is thus dependent, in part, on the de-racialisation of the economic system.

The model of democratic transitions suggested here, establishes a framework involving five dimensions on which assessment on the prospects of consolidating democracy in the country can be made. These five dimensions are:

- \* *the emergence of a national political consciousness in which the majority of citizens perceive their overall political identity in South African terms;*
- \* *a perception among both elites and the populace of the success of the Government of National Unity (GNU) which represents the ‘first grand compromise’ of South Africa’s transition;*
- \* *the institutionalization of conflict and a belief among the major political and socio-economic actors that institutions are structured so as to offer them an opportunity to advance their interests;*
- \* *an expanding economic system within which resources are made available for redistribution, so as to lead to an appreciable increase in the standard of living of the populace;*
- \* *a perception among the populace and significant social forces within civil society that the new regime is engaging in some attempts to transform the racial character of ownership relations in the South African economy.*

How then has the GNU fared as it approaches the end of its first term in office?

The preliminary evidence indicates that the GNU still faces an enormous challenge in fostering national consciousness. This might seem surprising to many who witness the high profile reconciliation initiatives of Nelson Mandela and the public euphoria that accompanied the successes of South Africa's national teams in the sporting arena. But it should be understood that temporary national pride and celebrations are not an adequate gauge of public attitudes, and need not be incompatible with the lack of a South African identity. Indeed, a recent study conducted by the Human Science Research Council (HSRC) suggests that while there is a substantially developed sense of national identity among some South Africans, racial or ethnic identities tend to dominate the consciousness of large sectors of the populace (Bornman n.d.).<sup>4</sup> Table 1, which summarizes the results of a 1995 survey on which the HSRC report was partly based, suggests that while there is some empirical evidence indicating a developed South African identity among Afrikaner Whites, English Whites, and Indians, ethnic or racial identities tend to predominate within the Coloured and African populations. Moreover, a close analysis of the electoral results in the national and local government elections suggest that the ANC's approach of treating the Indian and Coloured communities as homogenous entities has been wholly inadequate in generating support from these racial groups and has paradoxically fostered a "minority group" vote for the NP (Desai 1996: 87-88). In general then, preliminary research findings suggest that the GNU still has much to do in fostering national consciousness among South Africans.

**Table 1: Nature of Group Identities Among Different Racial Groups, 1995<sup>5</sup>**

	<b>Afrikaans-speaking Whites</b> %	<b>English speaking Whites</b> %	<b>Coloureds</b> %	<b>Indians</b> %	<b>Africans Asians</b> %
South African	47.33	70.05	32.75	45.26	14.41
Ethnic	32.48	10.33	—	—	53.83
Racial	18.43	9.48	46.93	37.64	19.44

**Source:** Adapted from Table 1, E. Bornman (nd) "Patterns of Group Identification in South Africa and their Implications for Reconciliation," Centre for Socio-Political Analysis, HSRC.

With regard to perceptions of the success of the GNU, one can only conclude that the constitutional compromise has broken down. The decision of the NP to

withdraw from the GNU in June 1996 suggests an unraveling of the political settlement fashioned in the Multi-Party Negotiating Forum. Although Inkatha has remained and will participate in the GNU until 1999, the withdrawal of the NP has weakened the consensual framework negotiated in 1993. Moreover, the constituent assembly debates and the adoption of the permanent constitution in 1996 (which established a majoritarian political system) signaled that there is very little support in the ANC for the continuance of the GNU. The success of the GNU was questionable at other levels as well. The gravy train phenomenon, widespread corruption, and an attitude of the senior leadership in the ANC to turn a blind eye on some of these disturbing developments, raise issues of serious concern.<sup>6</sup> Tensions have increased within the ruling party as is evident in what has now become an endless cycle of dismissals from cabinet.<sup>7</sup> These developments do suggest that the 'first grand compromise' of the transition, and the alliances that permitted it, are being undermined as the contradictions of the constitutional settlement become manifest. It could be argued that these phenomena are simply examples of a shift from consensual democracy to the typical conflicts of a majoritarian democratic system. But, the 'grand compromise', which in South Africa's case was fashioned in the Multi-Party Negotiating Forum, that Rustow would regard as necessary for the consolidation of democracy, was not about establishing majoritarian democracy. It was about implementing a consensual democratic arrangement that has now largely been undermined with the departure of the NP.

Nor could the GNU claim success in institutionalizing conflict. Worker days lost in 1994 increased by 1, 369, 883 to 2, 152, 801 (*South African Reserve Bank Quarterly Bulletin* 1997, September: S125).<sup>8</sup> While labor unrest declined in 1995 to 531, 205 worker days lost, it dramatically increased in 1996 with 901 strikes and 1, 230, 392 worker days lost (*South African Reserve Bank Quarterly Bulletin* 1997, September: S125). Corporatist agreements have also been unable to stem the tide. In fact, the spontaneous strike in the Toyota plant in Durban in March 1996 indicates that workers are not prepared to allow national corporatist agreements to constrain them from flexing their muscle in support of workers' plant-level demands (Desai & Habib 1997: 21). Moreover, part of the labor unrest in 1996 and 1997 can be attributed to increased tensions between the government and COSATU over the cabinet's latest macro-economic programme, "Growth, Employment and Redistribution" (GEAR). Conflict in other sectors has similarly been increasing. Almost all universities and technikons have experienced major disturbances in the course of 1995, 1996, 1997. Squatter struggles have also been on the rise since 1994, and in a number of notable cases, many ANC-dominated regional governments were responsible for forcibly evicting squatters. The national picture is one of increasing conflict, despite the ANC's attempts to institutionalize this through corporatist structures and processes.

None of this was unexpected or even exceptional when compared to other transitional societies. Ronaldo Munck, for example, has demonstrated that labor struggles in Brazil and Argentina increased as these societies underwent their political democratization in the 1980's (1989: 142-148). Assessments of the prospect of democratization then, cannot be inferred from simply focusing on the success or failure of the GNU to institutionalize conflict. However, as both Przeworski and Di Palma concede, the institutionalization of conflict is only one crucial variable among many that scholars should consider when they assess the prospects for consolidating democracy.

While the economic performance of the GNU is more promising, its redistributive programme does not inspire much confidence. Real gross domestic product rose to 2.7 per cent in 1994, 3.3 per cent in 1995, and 3 per cent in 1996 (Department of Finance 1996: 1; *South African Reserve Bank Quarterly Bulletin* 1997, September 3).<sup>9</sup> Nevertheless, this growth has not translated into significant levels of redistribution so as to lead one to conclude that progress is being made with regard to uplifting the material standards of the black population. The economic growth over the last three years has essentially been a 'jobless one' with less than 50 000 new jobs being added to the job market during 1995 (Stalls 1995: 3). Given a growth rate in the labour force of about 2.6 per cent, overall rates of unemployment have increased since April 1994. Indeed, figures released by the Central Statistical Service in November 1997 confirm this and show that employment has shrunk by 1.5 per cent since June 1996. These figures also indicate that the number of jobs in the economy (excluding agriculture) fell by 25 072 or 0.5 per cent between the first and second quarters of 1997 (*Business Day* 1997, November 5).<sup>10</sup> Moreover, given an annual population growth of about 2.4 per cent, real per capita output is lower than its 1991 level, and is estimated to be 17.3 per cent below its 1981 peak (NEDLAC 1996: 37).

On the positive side, the black population's share of personal income has been increasing since the 1970's, and this trend is likely to continue. A study conducted by the Centre for Development and Enterprise (CDE) estimates that while the white population's proportion of personal income declined from 54 per cent to 51.7 per cent between 1990 and 1995, the share for the black population increased from 32.5 per cent to 34.1 per cent (McCarthy & Bernstein 1995: 16). But a more important gauge of the effect of redistribution is the distribution of this increased income within the black population itself. Two views currently prevail on this issue. Whiteford and McGrath, basing their analysis on the 1991 Population Census, suggest that the trend since the 1970's has been for this increased income to be concentrated within the most affluent section of the black population. They suggest that in this period the bottom 40 per cent of households experienced a drop in their average real incomes by over 40 per cent (Whiteford & McGrath n.d.). These conclusions have been contested in a study by the Centre for Development



and Enterprise which suggests that the gains the black population has made in its share of personal income have been more widely diffused (McCarthy & Bernstein 1995: 17). Given the lack of statistics for the post-1994 period, it is difficult to make a definite assessment as to which trend is evident since the GNU took office, but there is a real possibility that the bulk of the black population's increased share of personal income has gone into the pockets of the most affluent sector within that community.

The dissatisfaction with the GNU's redistribution programme can also be underscored by the fact that very few of the Reconstruction and Development Program's (RDP) targets have been met. For instance, the RDP committed the GNU to providing one million houses in five years. In the first 18 months of the GNU's existence, a mere 10 600 state funded houses were built; a figure far below even that of Slovo's target of 125,000 (*Financial Times* 1995, November 21). While adequate data is not yet available for other areas such as electrification, health delivery, agrarian reform, access to water and sanitation, and the extension in telecommunications infrastructure, there is widespread agreement that progress in these sectors is lagging far behind the targets identified in the RDP. It is thus difficult to contest the view that the RDP has failed in achieving what its architects hoped it would. As Anton Harber, the editor of the *Mail & Guardian*, maintains, "... South Africa's political leaders ... have become defensive because if you measure the success of the Government of National Unity in purely numerical terms - the number of houses built, the number of people who have access to free health care or potable water - then it scores disturbingly low" (*Mail & Guardian* 1995, April 21). This poor redistributive record makes it difficult for anyone to argue that the GNU has succeeded in facilitating an appreciable increase in the standard of living of the poorest sectors of the black population.

Finally, progress with regard to changing the racial character of ownership relations in the South African economy has also been slow. To date, changes in this direction have revolved around a few high profile individuals and companies. A case in point is Nthato Motlana's New Africa Investments Ltd. (NAIL) whose total assets by 1995 enabled it to be ranked among the 100 largest companies in South Africa (*The Finance Week* 200 1995, March 28). NAIL has subsequently improved its ranking by acquiring Johnnic, an Anglo-American company with R4 billion in assets. Similarly, there have been a few other highly publicized acquisitions by black companies, most often in partnership with more established domestic and foreign companies. But this approach is hardly likely to make a dent in the racial character of ownership relations in South Africa. Part of the reason for this is the domination of the South African economy by a few large conglomerates. And while the GNU has made some pronouncements about breaking up conglomerates like Anglo-American, very few practical initiatives have been forthcoming in this regard. It thus seems as if ownership relations will only change marginally, unless

more radical initiatives are undertaken by the GNU to change the racial character of the South African economy.

### **Constrained Choices versus Minimum Expectations**

How can one explain these doubtful prospects for consolidating democracy in South Africa? Why is it that the euphoria of 1994 has so quickly evaporated? At the root of any explanation must lie the conflict that exists in South Africa between the moderate policies facilitated by the relations of power and the minimum expectations of the black population. Elsewhere, I have argued that these relations of power facilitated a political settlement in which the ANC committed itself to a Government of National Unity with a conservative economic agenda (Habib 1997).<sup>11</sup> The GNU, reflecting and reinforcing this wider distribution of capabilities, enabled the NP to serve as a moderating influence on the ANC (MacDonald 1995), especially in the first two years in which the post-apartheid regime established the policy parameters of its rule.

It is true that the NP did not have any veto powers in cabinet, but its mere presence and the wider relations of power it epitomised inhibited the adoption of more radical policies. No where is this more apparent than in the economic arena. The triumph of neo-liberal economic policy in the last few years, coupled with administrative inefficiencies, inertia and non-compliance on the part of state bureaucrats,<sup>12</sup> compromised the implementation of the RDP (Adelzadeh & Padayachee 1994). Most of the significant targets of the RDP have not been met by the GNU. In fact, as has been demonstrated earlier, the indications are that in areas like housing, the GNU is even less effective than the apartheid regime in addressing the material concerns of the poor. David Ginsburg, in a review of the GNU's performance, has suggested that its taxation policy, rather than being used as an instrument for redistributing income, actually protects and enhances the incomes of corporations and the very rich. It is thus difficult to deny his conclusion that the poor and "comparatively less well-off South Africans are paying to remedy the sins of apartheid, while those that were enriched largely by that same system are, in a relative sense, getting away scot free" (Ginsberg 1996: 13).

This fact and the widely held public perception that the new government was failing to deliver on even the minimum expectations of the black population generated a large degree of uncertainty and unhappiness in the ranks of the ANC and Congress Alliance. Confronted by these criticisms, the leadership diverted attention from its own shortcomings by blaming its failures on the existence of the GNU and non-compliant state bureaucrats. The formation of the GNU is therefore a blessing for the ANC leadership. It provides them with a credible excuse to explain away their own failures. In any case, as a result of this, considerable opposition emerged within the ANC against extending the GNU in the final constitution that is to come into effect after 1999.<sup>13</sup> The abandonment of the GNU

was facilitated by the change in the relations of power at the political level after 1994. The NP no longer had a veto over the negotiating process because it was no longer the dominant party in government. Moreover, it no longer held monopoly over the organs of state repression.<sup>14</sup> The ANC could thus jettison consensus democracy in favour of majoritarianism without immediately threatening the democratic transition.

Confronted with the ANC's decision to abandon the GNU after 1999, the NP began to reconsider its role and political options. Since 1994 critics within its own ranks had maintained that the NP's participation in the GNU prevented it from adopting a more adversarial stance to the ANC (*Mail & Guardian* 1995, July 7-14).<sup>15</sup> Moreover, the NP's role as 'guarantor of capitalist interests' in the GNU increasingly became irrelevant as the ANC committed itself to, and implemented, conservative economic policies. Hence a few days after the adoption of the final constitution in the Constituent Assembly, the NP announced its decision to withdraw from the GNU as from June 30, 1996. With this decision, the NP also effectively jettisoned the consensual framework that had formed the basis of the constitutional settlement of 1994.

The shift to majoritarianism did not herald the advent of more radical economic policies. While a change in the distribution of power had permitted some shifts at the political level, they still constrained the ANC's room for manoeuvre at the economic level. This was not lost on capital which began to raise the stakes in early 1996. In February, the South Africa Foundation, an organisation representing the country's largest corporations, released a report that criticised government for adopting a piecemeal approach to market reforms. Arguing that much of the economic recovery since 1994 was the result of post-election dividends and cyclical economic forces, the report suggested that this would peter out unless drastic and fundamental reforms were undertaken by the government. Five such reforms were proposed. First, government was to take a tougher stance on crime by strengthening the police force and adopting a firmer approach against rent and service boycotts. Second, government was to streamline expenditure and reduce its deficit to two per cent of GDP through cuts in social spending and the retrenchment of 150 000 civil servants over five years. Company and individual tax rates were also to be brought down and the tax system was to be simplified. Third, a three phase privatisation programme was proposed which involved the sale of all of the government's major commercial holdings and the privatisation of its pension fund. Fourth, a number of recommendations were suggested in order to create a flexible, two-tier labour market with extremely low labour standards and no minimum wage regulations. Finally, and in conjunction with the above, the report proposed lower tariffs and a devaluation of the rand as a means to expand the export of manufactured goods (South Africa Foundation 1996: v-viii).

This neo-liberal economic program did not go unchallenged. In April 1996,

COSATU, NACTU and FEDSAL released their own report which accused business of undermining the national consensus on economic development, and consolidating economic apartheid which might generate social and political instability in the country. Taking as its aim the achievement of social equity and job creation, labour's report located itself within the developmentalist philosophy of the RDP. In line with the RDP's programme to reduce the vast inequalities in the society, it proposed policies that would facilitate the redistribution of wealth, the eradication of poverty, the promotion of worker rights, increased employment, human resource development, and the provision of basic infrastructure and services to all citizens (COSATU, NACTU & FEDSAL 1996). Such initiatives, it was believed, would advance the RDP and ensure, in the words of an editorial in *The African Communist*, "... that the feelings, concerns and fears of the great majority of working people ... impact on economic policy-making" (1996: 3).

The government's long awaited response to this economic debate emerged in June 1996 with the publication of its report entitled "Growth, Employment and Redistribution: A Macroeconomic Strategy." Predictably, its approach was largely consistent with earlier interventions and with the main thrust of the South Africa Foundation report. Establishing targets of a 6.1 per cent growth rate and the creation of 409 000 jobs per annum by the year 2000, it proposed an accelerated programme of privatisation, deregulation, and fiscal restraint. Foreign exchange was to be liberalised even further by increasing the proportion of assets that could be swapped by local financial institutions, merging holiday and business allowances to R60 000 per annum, and lifting the borrowing capacity of foreign investors from 50 to 100 per cent of shareholders' equity (Department of Finance 1996: 12). A number of new tax allowances were announced to attract foreign investment. Government also recommitted itself to the sale of state assets, although it provided no concrete timetable in this regard. Fiscal restraint and a deficit target of 3 per cent by 1999 is to be realised through the rationalisation of the public sector, the elimination and scaling down of some social services, budgetary reform, overhaul of the tax structure, and the establishment of more efficient mechanisms for revenue collection (Department of Finance 1996: 9-10). But perhaps the government's most controversial proposals pertained to the labour market, where it envisaged a national social agreement to contain wage and price increases as a means to facilitate accelerated investment and job creation. Moreover, it suggested that a minimum wage will not be established across the whole economy, but will rather be determined on a sector and area basis (Department of Finance 1996: 17-21). Finally, it should be noted that the government's labour market reforms are bound to create two parallel labour markets with differential labour standards and wage levels.

Of course, the new macro-economic strategy report professes a commitment to the goals of the RDP (Department of Finance 1996: 1). But as it stands at present,

there is a fundamental contradiction between those goals and the policies enunciated in the report. Rationalisation of the public sector and cuts in social spending is bound to increase unemployment and poverty. Privatisation of state assets will most certainly result in layoffs. Liberalisation of trade is bound to increase pressure on domestic firms, leading to wage cuts and retrenchments as companies struggle to survive and maintain their profit levels. Dual labour markets will be used by business as a means to increase pressure on organized workers to reduce their wage demands. Moreover, a dual labour market will increase the attractiveness of outsourcing for major firms, resulting in further retrenchments in the primary sector of the economy. The result in the short term is thus a likely increase in unemployment and poverty within the country - results which are contrary to the immediate goals of the RDP.

Business and government would of course argue that the neo-liberal economic programme with its focus on exchange rate reform, conservative macro-economic policy, liberalisation of trade, and fiscal restraint, would increase economic growth, attract foreign investment, enhance levels of domestic investment, and facilitate job creation. In this scenario, current programmes to retrain retrenched and unemployed workers would equip those affected with new skills so that they could easily be absorbed into the new jobs to be created. But this argument is based on a number of problematic assumptions. First, no clear relationship has been demonstrated between these policies and a decrease in unemployment levels. At best, international experience is mixed in this regard. Neo-liberal economic policies followed in the United States and Britain in the course of the 1980's did not significantly reduce unemployment in these countries. Rather it had the effect of aggravating levels of inequalities and increasing social immiseration (Bluestone & Harrison 1988; Glyn & Rowthorn 1988; Glyn 1992). So far, the experience of neo-liberal economic programmes in South Africa suggests that there is no necessary correlation between this set of policies and high levels of employment. As has been shown earlier, even the current economic up-turn has not translated into employment creation on a scale that addresses prior retrenchments and new entries into the labour market.

Second, even if one accepts the assumption that the government's current economic policies will lead to greater investments and increased employment, what is probable is that there will be a significant time-lag before the increase in unemployment is compensated for through training in new skills and the availability of new jobs. And, time is precisely what South Africa does not have. South Africa has a highly politicised population complemented with strong social movements forged in the struggle against apartheid. This population is not likely to idly sit by as their already poor material circumstances deteriorate even further. No explanation of future gain is likely to pacify them. The probable result in the short term is massive extra-institutional protests which could generate political

instability and undermine the desired goal of the government's policies to attract foreign investment. Recent surveys indicate that one of the primary concerns of foreign investors is a stable political climate (*Mail & Guardian* 1996, April 4-11). Extra-institutional protests resulting from existing economic policy will undermine the prospects for establishing this political stability.

But material immiseration and political instability will not be the only product of neo-liberal economic policies. A narrow focus on the market will also reproduce social inequalities along racial lines, aggravating racial tensions within the country. South Africa's apartheid history has ensured that the distribution of wealth and skill levels would assume a racial form. Policies fostering a dual labour market will therefore lead to a situation where the majority of those who reside in the secondary economy will be of African descent. Increases in unemployment will also adversely affect the black population since it is likely to be directed against those located at the lower levels of the labour hierarchy. None of this should be interpreted to mean that all sectors of the black population will equally suffer as a result of these policies. Indeed, it is already evident that some more privileged sectors within the black population are benefiting from the government's current economic policies. Loan concessions and preferential access to credit for black investors, and government requirements that black businessmen be included in foreign investment projects, might succeed in establishing an extremely rich urban black bourgeoisie. Moreover, black professionals are also likely to benefit in the short term as companies scramble to fulfill affirmative action quotas. But these benefits are likely to be the preserve of a relatively small sector of the black population. For the majority of the black population, the government's current economic policies forebode disaster. In this environment of material immiseration, racial and ethnic tensions can easily be manipulated by some political elites to advance their own narrow interests.

All of this does not augur well for the prospects of consolidating democracy in South Africa. Yet many of the left-leaning activists in the ANC, SACP, and COSATU seem oblivious of this. To date, they have defended the trajectory of the transition on the grounds that the emergence of corporatist ideology, which facilitates their inclusion in state-level decision-making structures, represents a challenge to neo-liberalism, and creates the institutional space for realising, what Eddie Webster terms, "an equity-led growth" in line with the RDP" (Webster 1996; Adler & Webster 1994; Gelb 1996, Gelb & Webster 1996).<sup>16</sup> In support of their argument, they point to the emergence of NEDLAC and the workplace forums mandated by the LRA. These corporatist structures, it is suggested, reflect the government's commitment to granting the labour movement a say in the decisions that will impact on the lives of their constituency and on the broader section of the society. Some among the left even harbour the hope that these structures would serve as the building blocks for the establishment of a social democratic regime in

South Africa (Webster 1996).

But there is a serious problem with this analysis. At the heart of this understanding lies considerable ignorance of power relations in South Africa. This enables some left-wing activists and scholars to believe that corporatism is a challenge to neo-liberalism, and to suggest that it might be one step in a broader political project towards establishing a social democratic society. But the assumption underlying this view is flawed and a-historical.<sup>17</sup> It is drawn from the experience of social democratic societies in Western Europe where corporatist structures emerged within the framework of Keynesian macro-economic theory. As is well-known, this occurred in a national and global conjuncture quite different from that of today. Capital in that period was much more confined to the national level, while the labour movements in these countries were on the ascendancy. At the global level there was the cold war which facilitated the benevolence of the United States as reflected in the Marshall Aid plan and a range of trade concessions during the 1960's and 1970's for West European and some Far Eastern countries. All of this was of course done in the interest of maintaining an anti-communist bloc on a global level.

Currently, however, a very different set of global and national power relations exists. At the national level, the relations of power are not structured to convince political elites that labour poses a real threat to the status quo. On a global level, capital is more mobile than it has ever been. The cold war has ended and there is no longer any political and ideological pressure on the United States to maintain an anti-communist alliance. Corporatism has not been abandoned in the current conjuncture. Rather, it has been strengthened to legitimise and contain pressures against neo-liberal economic strategies through the cooption of social movements. In a sense, this is one of the conclusions of Adam Przeworski's book, *Democracy and the Market*, where he demonstrates the logic for political elites in transitional societies to couple their neo-liberal economic reforms with corporatist structures and processes (1991: 183-184).

This conclusion is also evident in the South African case where corporatism has emerged simultaneously with the ascendancy of the neo-liberal economic strategy. Furthermore, the last few years have demonstrated that corporatist structures and processes, including NEDLAC, have not been able to stem the rightward shift in the government's economic policy. This is because these structures have either been marginalised from the process of economic policy-making, and/or their deliberations are constrained by the broader relations of power within South African society. Corporatism is entirely compatible with neo-liberal economic growth policies. Therefore its practice in South Africa can neither be used as evidence of a challenge to neo-liberalism, nor of the government's commitment to establish a social democratic society.

## **Speculations about the Future**

Democratic consolidation in South Africa is dependent on a review and fundamental shift in the trajectory of the transition. It requires a reversal of the government's existing neo-liberal policies and an orientation towards a more people-centred development of the country. This, however, is unlikely in the foreseeable future. It thus seems useful to engage in some reflection on the possible forms of South Africa's political evolution.

Three scenarios present themselves in the event that the transition to democracy in South Africa is stalled. First, the government's current policies could easily provoke sufficient discontent to rapidly politicise civil society. Such social and political forces could then mobilise against the state to force its restructuring; or overthrow it and establish some sort of post-capitalist order. But this seems an unlikely scenario. The ANC government still enjoys considerable popular support and legitimacy. Moreover, most of the powerful social movements in the country are currently partners in a strategic alliance with it. They have accepted corporatist structures as legitimate institutional mechanisms to advance their interests. Their leadership is either drawn from the ranks of the ANC, or is at least supportive of it. Finally, the relations of power in both the national and global setting is not conducive for a radical challenge to the post-apartheid regime headed by the ANC. An insurrectionary political project is thus not feasible in the short term.

Second, the government's failure to address the material interests of the black population could generate widespread apathy within this segment of South African society. This could be coupled with high levels of crime and violence as a result of unemployment and the political and socio-economic marginalisation of a large part of the population. Corporatist structures and processes could facilitate the bureaucratization and institutionalization of civil society associations, and in particular, the trade union movement. Their leadership could become alienated from their constituency resulting in the loss of a large chunk of their membership, and further accelerating their bureaucratization. Given the delegitimation of social movements, mobilisation would most often take a spontaneous, sporadic form involving small and separate sections of the populace. Divisions and tensions could emerge within the activist and leadership community of the ANC, which could spill over into the National Assembly. Political elites, confronted with these pressures, would most probably centralise power in the cabinet or Presidency. This would be compatible with what Guillermo O' Donnell, with reference to Argentina and other Latin American states, recently termed 'delegative democracy'. Essentially, this describes a hybrid political system characterised by both the existence of formal representative structures and the concentration of power in the executive (O' Donnell 1994). Elections in such systems merely serve the role of plebiscites, where power is delegated to either the political leader and/or leadership of the country.<sup>18</sup>



Finally, the conditions outlined under scenario two, could generate enough momentum to threaten the fragile transitional order. The ANC leadership, feeling beleaguered, and sensing the possible derailing of their economic programme as a result of political instability, might find an authoritarian option extremely attractive. Multi-party democracy could then be suspended by the political leadership on the grounds of threats to the political order, and civil society associations suppressed. Of course, all of this would be justified on the grounds that it is a temporary measure until order and stability are restored. But as has occurred so often in the world, such an authoritarian solution could take on a life of its own and become a permanent fixture on South Africa's political scene.

If the consolidation of democracy in South Africa should be blocked, the second scenario would seem the most probable in the short to medium term. Already indications are that a process of centralising power is underway within the state. Decision-making is being centralised in the office of Deputy President Thabo Mbeki, heir apparent to Nelson Mandela, and the future leader of the ANC and government. Senior cabinet ministers like Trevor Manuel are now voicing a reluctance to have to continuously negotiate government policy with their partners in the Congress Alliance (*Sunday Times* 1996, June 16). Moreover, although the ANC's parliamentary caucus has formally won the right to veto policy decisions in cabinet, Mandela's successful intervention in the legislature to force ANC MP's not to vigorously investigate cabinet ministers like Nkosazana Zuma (*Mail & Guardian* 1996, March 1-7), seems to suggest that the de facto situation is one in which cabinet is prepared to and can run roughshod over parliament. Finally, the response of senior leaders in government to sporadic protest has been to invoke images of anarchy, attempts to destabilize the new political order - a reaction which is typical of senior NP leaders when they were confronted with popular struggles in the 1980's (*Business Day* 1995, March 20). Delegative democracy thus seems to be on the horizon. But it is unlikely to successfully contain social pressures that have the potential to escalate. The authoritarian solution of scenario three is thus likely in the medium to long term.

Irrespective of whichever scenario plays itself out, what is certain is that the democratic and socio-economic goals that inspired the long struggle against apartheid is likely to be severely compromised. Indeed, even the consolidation of a minimalist form of representative democracy might be unlikely in South Africa. This was probably not what Archbishop Desmond Tutu had in mind when he coined the metaphor of the rainbow nation. But in politics, outcomes are very rarely what they are expected to be. The politics of the rainbow nation is unlikely to realise the consolidation of democracy. That it would do so is perhaps one of the biggest myths of the South African transition. For, the true heir to the politics of the rainbow nation is the authoritarianism, in whatever guise, that is inherent in the dynamics of the country's current politics.

## Notes

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- 1 An earlier version of this article was published as a working paper in *African Security Review*, Vol. 5, No. 6, 1996.
- 2 For other criticisms of the metaphor of the rainbow nation, see Desai (1996).
- 3 Huntington argues that economic development promotes democracy because it facilitates tolerance and education, increases trade thereby creating private wealth: alters the value structure of society by opening it up to democratic ideas prevalent in the industrialized world; and makes economic resources available for distribution (1991: 59-72).
- 4 It needs to be noted that Bornman's analysis and conclusions tend to be problematic. For instance, she ascribes the national consciousness of the English-speaking white population to their opposition to apartheid. But she does not explain why a similar national consciousness did not emerge in the African population which demonstrated an even greater opposition to apartheid. Finally, her conclusion that political leaders need to take cognizance of ethnicity and manage South Africa on this basis smacks of consociationalism. There is no logical relationship between the recognition of ethnic identity and managing South Africa on ethnic terms.
- 5 The sample on which this study was based comprised 1445 Africans, 236 Coloureds, 142 Indians, and 415 Whites. The results tabulated in the table are based on the responses received to an open-ended questionnaire which asked respondents "Who are you?"
- 6 Note, for instance, the ex-Free State Premier, Patrick Lekota's struggle with national and regional ANC structures over his attempts to root out corruption in the province (*Mail & Guardian* 1996, August 2-7). Other cases of corruption and flagrant disregard for official tender procedures are the Sarafina 2 and Motheo Construction debacles which implicated the Minister of Health, Nkosazana Zuma, and the Minister of Housing, Sankie Mthembi-Mahanyele, respectively (*Mail & Guardian* 1997, October 24-30). In both cases the senior leadership of the ANC defended the two Ministers even though there was overwhelming evidence of improper behaviour. Another perceptive analysis focusing on the widespread disillusionment in the country is provided in the cover story of *Finance Week* 1996, September 5-11.
- 7 Both Winnie Mandela and Bantu Holomisa have been fired from the cabinet. So was Pallo Jordan, but he was subsequently re-appointed Minister of Environmental Affairs when the NP decided to withdraw from the GNU. Bantu Holomisa was subsequently expelled from the ANC. He, in alliance

with Roelf Meyer, has launched a new political party called the New Movement Process.

- 8 These figures are based on data released by the Department of Labour and Central Statistical Service. Note that labour consultants, Andrew Levy and Associates (1995) estimate that the number of worker days lost in 1994 is much higher: 3.9 million.
- 9 The economy contracted by 1 per cent in the first quarter of 1997, while the second quarter registered a 2.5 per cent growth (*South African Reserve Bank Quarterly Bulletin* 1997, September 3).
- 10 This is contested by Professor Lawrence Schlemmer whose study of unemployment for the Institute of Race Relations questions the official figures released by the Central Statistical Service (*Business Day* 1997: November 6).
- 11 The analysis here is critical of the methodology of transition theory which focuses on elite decisions and behaviour to explain democratic transitions. By contrast, I have utilised a structural approach which focuses on the distribution of capabilities (or balance of power) between political parties, social movements, classes, international financial agencies and foreign investors, to explain the emergence, substantive content, and subsequent evolution of the transition in South Africa. For a fuller discussion of this approach, see Habib (1995).
- 12 ANC cabinet ministers have constantly accused civil servants of sabotaging the implementation of policy. For just one example, see the comments of Minister Zola Skewiya in the *New York Times* 1995, January 20.
- 13 To be fair, the ANC had advocated a majoritarian form of democracy in its initial proposals to CODESA, and there was always considerable opposition within its ranks for any concessions in this regard. However, the fact that most supporters of the ANC blamed the GNU for its inability to realise the targets of the RDP meant that the leadership could not even countenance an extension of consensus on democratic principles in the permanent constitution.
- 14 It is worth noting that since 1994 there have been a number of individuals associated with the ANC and PAC who have been appointed to senior positions in the military and police. Moreover, now ANC ministers are political heads of both sectors of the security apparatus and they have developed a surprisingly close relationship with their previous captors as was evidenced in their support for the Generals' demands for new naval equipment (*Mail and Guardian* 1995, April 7-14). Also, note that both the police and military had, in the course of negotiations, disavowed their links with the NP, and insisted on their commitment to serve an elected civilian government [Shaw (1994); Friedman (1994): 10].
- 15 Criticisms of the power-sharing arrangement have also emerged from mainstream academics. Steven Friedman (1994) argues that the GNU is not

a necessary political mechanism for the democratic order to achieve stability. Courtney Jung and Ian Shapiro (1994) suggest that transitions through negotiations between government reformers and opposition moderates often inhibit the emergence of robust opposition institutions that are necessary for realizing democracy.

- 16 It needs to be noted that Gelb is more circumspect in his description of the success of the GNU's economic programme. He suggests that the government has been able to "... achieve the objectives of neo-liberal orthodoxy, and of the 'growth with redistribution' approach, while not paying the political price which has generally been exacted of governments pursuing this path" (1996: 10).
- 17 I have voiced these criticisms at a Centre for Policy Studies Conference on the role of civil society held in Johannesburg on 19-20 September 1995, the proceedings of which have been published in Humphries & Reitzes (1995). For other criticisms of this perspective, see Bond & Mayekiso (1996); and Callinicos (1996).
- 18 Gelb will of course disagree with my suggestion that the ANC is likely to retreat into some form of delegative democracy. He is of the view that the ANC is unlikely to find itself in confrontation with the populace because of its commitment to redistribution and the fact that "no effective political challenge is on the horizon" (1996: 13). The problem with this view is that it sees delegative democracy as a product of formal political opposition. But, as I have suggested earlier, it is likely to be a product of the ANC's desire to contain tensions within itself, and the sporadic and spontaneous revolts that create the perception of political instability.

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