

## **Sounding the retreat!: the left and the macro-economic battle in South Africa.**

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We must not teach them (capitalists), but expropriate them.  
V.I. Lenin<sup>1</sup>.

Any comrade visiting South Africa over the past several months could be forgiven for having the feeling that they were in a bit of a time warp - in a Chile or Malaysia of a few years ago. What with the main political and economic battles centered around the so-called "rights" of employers to lock out striking workers, the "disruptiveness" of "unruly" students and "selfish" workers seeking a modicum of socio-economic transformation, allegations and vehement denials of an unresponsive, clubby new governing elite, arguments over how much the state is going to sell-off to the private sector and the degree to which the government must kiss-up to global capital as a prerequisite for becoming a valued member of the "international community." As the old saying goes, 'the more things change the more they remain the same.'

If there is one element of surprise in the midst of all this recycling of time-worn "battles" in newly independent Third world nations, it is the speed and fervour with which the ANC-led government has idolised the "new gospel" of capitalist globalisation - i.e. first seek ye the kingdom of growth and all else will follow. And yet, what is far more surprising and disturbing, given the history and character of revolutionary struggle in South Africa, is the pathetically weak response and accompanying attitude of capitulation exhibited by the left<sup>2</sup> in general and socialists in particular.

### **Setting down the "rules" of the game**

This state of affairs is not something that has suddenly emerged out of thin air. Indeed, the scene was already being set way back in the early 1990s (if not before) as the ANC adopted the strategic logic of a politics of incorporation and accession. By way of explanation, such a politics meant that the liberation movement (headed by the ANC) had to strategically prioritise an ultimately narrow and elite-managed negotiations process that would deliver a measure of political power and democracy while accepting the limitations of the "objective conditions" under which the process was pursued. In other words, the ANC was telling its mass constituency to be patient - once it possessed a degree of political power it would then be able to deal with the "real" problems associated with ownership of the means of production, redistribution of wealth and the meeting of basic material and social needs.

In deference to the almost religious belief that the ANC's chosen strategic path was part and parcel of the historic realisation of the "national democratic revolution", the main organisations representing the South African left (COSATU & SACP) willingly (if a bit cautiously) accepted the rules of the new game. As insurance, the left initiated the drawing up of a 'Reconstruction and Development' (RDP) document that would ostensibly secure a political and programmatic commitment by the ANC government to meeting the "basic needs" of workers and the poor.

After numerous workshops within COSATU and meetings between Alliance (ANC/SACP/COSATU) leaders and activists, "independent experts", and international solidarity groups (in the process producing at least four different drafts of the "Accord"), the RDP document emerged publicly in early 1994. It was hailed by the Alliance leadership as the new "people's programme" which provided (as the RDP's first paragraph states), "an integrated, coherent and viable socio-economic policy framework, geared to meeting the needs of a new, democratic South Africa and its people." The RDP rapidly achieved the status of an ANC electoral manifesto on which the ANC subsequently rode to victory in April 1994.

The harsh reality of this trade-off that the left embraced - i.e. access to partial political power through the ANC by incorporation into the existing state, in return for an as of yet untested commitment to a general redistribution which would leave well enough alone existing capitalist property and productive relations (as recently enshrined in the new Constitution) - is now baring its teeth. Already relegated to the realms of a nice-sounding but impracticable vision by an ANC government seemingly hell-bent on facilitating the interests of global and domestic capital, the RDP has all but disappeared as the programmatic axle on which the wheels of socio-economic transformation are now turning. As will be discussed later, the newly introduced neo-Thatcherite macro-economic programme of the ANC government not only relegates the RDP to the backwaters of policy guidelines - it represents a strategic spit in the face to the South African left and to the mass of workers and poor who are looking to that left for strategic leadership.

It is not then, without a hint of irony, that as South Africa enters its third year of the post-apartheid transition the majority of the left continues to hold up the RDP as the guarantor of the pre-election hopes (ANC promises) for a "radical economic revolution". Indeed, it is the RDP which continues to provide the backdrop to the left's strategic engagement in the South African transition, ranging from generalised notions of a "people-driven development" to an unabashed advocacy of social democracy.<sup>3</sup> If not before in a less obvious way, the left now finds itself in a strategic dilemma which is mostly of its own making. To put it simply, the left is seemingly unable or unwilling to recognise the political and socio-economic implications of the strategic choices made by the ANC government, and to thus mobilise the "weapons" necessary to lead a counter-

offensive to reclaim a fighting spirit and confidence in an alternative socialist vision.

### **Caught in a strategic cul-de-sac**

With the RDP seemingly emerging "victorious" after the elections the dominant position taken up by the South African left has been to tether a socialist project to what is seen as the "radical" content of the RDP. By doing so, the left has pegged its strategic hopes to the institutionalisation of the RDP's textual possibilities through a process of "people-driven implementation". Indeed, the term "people-driven" soon took on the drone of a left mantra to answer any critique that questioned the strategic viability of such an approach and/or its material and class content.

Hoping that the six basic principles of the RDP (an integrated and sustainable programme; a people-driven process; peace and security for all; nation-building; linking of reconstruction and development; and democratisation of South Africa) could form the foundation of a radicalised transformation, the left (with a few exceptions<sup>4</sup>) has coalesced around the position that the main strategic thrust of struggle is to "hegemonise" the RDP so as to drive the process of "implementation" and thereby lead the fight for reconstruction and development generally.<sup>5</sup> As the *Strategic Perspectives* document of the SACP argues, the RDP, in basing itself on the focus on social needs, seeks to prioritise the "logic of social needs over the logic of private profits", thus giving us the "capacity to lay the foundation for a decisive breakthrough towards socialism in our country." Exemplifying this strategic approach, MP and SACP National Chairperson Blade Nzimande energetically argues that,

our main task as communists in this period is to ensure that the progressive content of the RDP is not diluted ... our main strategic objective in this period (must be) the most thorough and democratic implementation of the RDP ... The RDP provides us with the most immediate and concrete connection between democracy, women's emancipation, and socialism in our country (1995, pp.18-19).

Put another way, the basic strategic challenge being mooted is best summed up as follows: the endeavour to engage the existing realities of the South African transition (a compromise-laden, all-inclusive nation building process), through implementation of a RDP which provides the best means of meeting the material and social needs of the majority, contesting the unwanted compromises and providing the most viable and immediate path to a further transition to socialism.

By embracing the RDP as the vehicle through which socialists can strategically intervene in socio-economic policy formulation and "delivery" of

basic material needs, the left has placed its hopes in a social compact process that relies heavily on 'cooperation' from capital (international and domestic) and the ANC government. This is also the case with the 'social democracy' arguments put forward by Eddie Webster who argues for a "negotiated engagement with globalisation", practicalised within a social accord between labour and a "labour-backed government". Webster even goes so far as to use the 'social accord' politics practiced under the ousted Australian Labour government as evidence of the 'success' (for the labour movement) of such an approach<sup>6</sup> - as all socialist internationalists are all too aware, the Australian experience has been an unmitigated disaster for workers.

The problem in South Africa is that this 'engagement' over the last two years has (not surprisingly) turned out to be more confrontation than cooperation. Instead of "hegemonising" the RDP as a means to "deliver the goods" to the workers and poor, the left now finds itself desperately trying to defend the RDP from being dumped in the programmatic rubbish bin alongside past ANC commitments such as nationalisation, worker internationalism and collective organisational decision-making.

The conundrum that the left finds itself in is a direct result of the failure to come to grips with two central issues: the analysis of, and strategic insight into the materialist distinction between the "modes" of capitalist production and distribution; and, working class control and use of the state as a necessity for any "reconstruction" of a political economy geared towards socialism. The strategic approach which emerges from such a failure represents a rehashed (and weak) Keynesianism that is, and always has been, doubly contradictory:

- the strategic "search" is itself undergirded by a fundamental theoretical contradiction - i.e. seeking to reconcile the revolutionary social requirements of working class power and control with the exploitative and competitive requirements of capital;
- such a "search" is grounded in an equally fundamental practical contradiction - i.e. attempting to deliver on socialist priorities through hegemonising the economic sphere of capitalist relations of distribution without the necessary existence of a political hegemony as expressed in working class control of the state.

These strategic blunders are, above all, grounded in the left's consistent belief that it is through prioritising participation in an ANC government that the seeds of a socialist - RDP oriented agenda (or a 'left social democracy') can be planted. Indeed, over the last two years most of the left's best cadres and intellectuals have been 'deployed' into government (under the ANC banner) ostensibly to push the ANC in a left direction, and in the process to 'implement the progressive promises of the RDP. Unfortunately for the left (and the majority of South Africans), the results have been a double blow to any nascent vision of a South Africa gradually, but confidently, moving in a socialist direction. Not only have the potentially radical textual possibilities of the RDP been fed to the

voracious market fetish, but the majority of 'deployed' cadres themselves have become spokespeople (albeit in some cases unwillingly) for the new 'market democracy'.

Likewise, the prioritisation of labour involvement in corporatist 'forums' aimed at forging a 'consensus' on the relationship between labour, capital and the state has not, as Webster suggests, made the workers' movement stronger. While labour certainly now has an "institutionalised role in determining economic growth policy"<sup>7</sup>, it is a role generally consistent with capital's accumulative and productive agenda and which severely undermines the historic weapon of the organised working class - class struggle. When labour leaders and the left begin to tell the workers that the best (and only) strategic option is to better manage their own exploitation, and hope that somewhere down the road it will lead to socialism, we should rightfully be sceptical.

The left's dogged adherence to such an incorporatist strategic thrust blinded it to the political realities and economic consequences of clearly enunciated choices that were being made by the ANC government. Soon after the elections, it was then - Deputy Minister of Finance and leading SACP member Alec Irwin (now Minister of Trade & Industry) who stated that economic growth as a "basic tenet of the RDP" would be premised on job creation in the private sector - not on public sector led works programmes (one of the real "basic tenets" of the RDP).<sup>8</sup> Similarly, former RDP "Minister" (also former COSATU General Secretary) Jay Naidoo (now Minister of Posts & Telecommunications) told a gathering of the National Economic Development & Labour Council<sup>9</sup> in mid-1995 that South Africa needed R129 billion over ten years to deliver the "basics" of the RDP. As such, Naidoo stated "there is no way the government can provide even the basic services. That is why we have to help local government structures to access capital from the markets at favourable rates."<sup>10</sup>

Despite the continued activity of what is left of the left within government circles, active labour participation in corporatist 'forums' and the occasional "mass action" on the streets and in the factories, all, more or less, designed to pressure the ANC to 'deliver' on RDP promises, the first few months of 1996 have delivered something much different. As Ben Fine noted over two years ago " ... policy making is being made in spite of and outside the context of the RDP... (which) is potentially subject to a process of marginalisation..."<sup>11</sup> Following hot on the heels of a short-lived government discussion document entitled "The National Growth & Development Strategy" (the NGDS which rode roughshod over the basic principles of the RDP), the ANC-led government has produced a macro-economic policy document: "Growth, Employment and Redistribution: A Macroeconomic Strategy" (hereafter referred to as GEAR). This new economic strategy not only represents the effective death knell for any government/labour-led, RDP-inspired radical socio-economic transformation, but confirmation of the strategic cul-de-sac within which the left now finds itself.

## Institutionalising inequality

As if to prepare the workers and poor of South Africa (and the left) for the bitter medicine to come, the ANC -led government's short-lived NGDS explicitly stated that growth would now be the number one priority of socio-economic policy, which will "contribute to development." The document promised that by following the growth god, South Africa would usher in a "New Deal" in which "all" would benefit and "all" would have to sacrifice - failing to mention that the "deal", undertaken within existing (if modified) relations of capitalist production, would necessarily mean that some (i.e. the workers and poor) would sacrifice more than others. Before the left even had time to seriously respond to this frontal assault on its RDP strategic hopes, the government threw a potential knockout punch in the form of GEAR (in June 1996).

If all previous government economic roadsigns had pointed in the direction of moving away from a radical redistributive framework, GEAR serves to confirm the government's 'new' growth-first path. Indeed, GEAR pulls few punches - it forthrightly commits the government to a strictly monetarist, 'liberalising' and trickle-down growth framework. Helped along by the use of slick econometric modelling, GEAR assumes that market-oriented policies will yield the desired outcomes of significant job creation, investment, growth, reduced poverty and general inequality - all of which is premised on a combined individualist/corporatist approach to capitalist accumulation and development.<sup>12</sup>

Taking a closer look at GEAR clearly reveals what the South African government has in mind:

- the strategy's fiscal policy, in accepting the existing structures of production and ownership, privileges those in possession of economic resources and therefore necessarily seeks "deficit reduction" through manipulating existing budgetary "constraints" (**Meaning:** tax breaks and holidays for the capitalists and "tightening of the belt" for workers and poor)
- tight monetary policy (maintaining high real interest rates to keep inflation in check) will constrain general domestic investment and allow capital to pass on "secondary" costs to consumers (**Meaning:** private capital can "play" the financial markets to maintain profit margins with no real incentive to "invest" in the needs of the majority)
- the assumption that "liberalisation" of financial and exchange controls will create private sector investment not only narrows the range of instruments available to government but encourages short-term speculative "quickie" investment (**Meaning:** Industrial development becomes contingent on foreign investment which can effectively hold the government to ransom)

- the proposed "regulated flexibility" in the labour market not only deals a severe blow to union demands for a comprehensive, legislated, centralised bargaining, but opens the door to absolute flexibility and increased exploitation (**Meaning:** the working class must accept a social accord which is hinged on lower wages and "flexible" working conditions, while the wages of middle and upper income earners - not to mention capital's profits - increase at disproportionate levels)
- by prioritising an export-led growth strategy, tied to further trade "liberalisation", any new employment will be predominately capital-intensive and domestic industry will be unable to compete with cheap imports, encouraging a process of deindustrialisation and spurring a general crisis of domestic production (**Meaning:** increased unemployment for the workers and poor coupled to an increasing dependency on the agenda of global capital)
- the proposal that the stated SAR173 billion needed for infrastructure come predominately from privatisation revenues, loans from multilateral institutions and the restructuring of fiscal expenditures, makes infrastructural development dependent on the mood of the market and hoped-for trickle down from capitalist investment (**Meaning:** capital gets the people's silverware at bargain prices while the "people" must hope for some of the scraps to fall from the market meal)

It should be clear to all socialists that GEAR represents a specific ideological and strategic choice by the ANC-led government. This choice not only undermines the basis for the radical transformative hopes that the left placed in the RDP but firmly embraces a deracialised and mildly reformed capitalism as the foundation for South Africa's socio-economic development. And yet, such a recognition seems to have escaped much of the left precisely because of the strategic cul-de-sac it has created for itself. Desperately trying to find some kind of "socialist space" within the parameters of GEAR the left appears to be engaged in a process of self-liquidation. How else can one view the press release issued by the Central Committee of the SACP that "welcomes the government's ... macro-economic policy" and states that "... we fully back the objectives of this ... strategy?" Indeed, it is fully indicative of the left's strategic cul-de-sac that the press release goes on to confidently argue that "the (government's) strategy ... firmly and explicitly situates itself as a framework for the RDP."<sup>13</sup>

Similarly, the social democratic preoccupations of Webster which see a corporatist strategy as enhancing the "competitive interplay of political forces" and strengthening democratic institutions, besides mimicking similar failed strategies elsewhere, are little more than repackaged excuses for an unwillingness to think through revolutionary socialist alternatives in difficult times. Indeed, Webster sets up a socialist 'straw strategy' (and thus a cul-de-sac) by undercutting the possibilities of any such alternative by arguing that "orthodox

socialist solutions are unfeasible" and therefore we must seek a new broad-based class alliance that gets away from "a revolutionary agenda."<sup>14</sup> It is no wonder that the left is in on the retreat.

## **Where to now?**

The aim of large scale corporate interest groups was to define South Africa's prevailing inequalities as welfare problem (sic) that could be addressed through redistribution of social surplus rather than as a problem linked with the logic of capitalist reproduction itself.<sup>15</sup>

It is not particularly enjoyable for any active socialist (whether as an individual or as part of a collective) to admit failure. However, admitting failure and moving forward is far preferable to engaging in a futile exercise of trying to find a life-raft of false unity in a sea of contradictions. There are at least two centrally important steps that the left in South Africa must now take to begin a process of reclaiming a viable and dynamic socialist strategy that intersects with, and provides leadership to, the basic material and social struggles of the majority.

The first step is essentially a theoretical one. The left must self-critically revisit some key strategic questions that have informed its engagement in the South African transition. These questions would include:

- what is the present class character of the leading elements within the national democratic revolution and how does this then intersect strategically with the role and character of the left within a broad-based Alliance?
- how does a commitment to a fundamental restructuring of production (i.e. the issue of ownership and control of the means of production) begin to be realised if the question of property<sup>16</sup>, as addressed by a macro-economic strategy that further institutionalises overall capitalist ownership, is accepted?
- through what means can the 'people' (the workers and the poor) be 'owners' of the South African state, and thus of policy formulation emanating from that state, while the accepted political and socio-economic framework serves to recreate the very conditions of people's social life (i.e. their exploitation and alienation)?
- how are left cadres 'deployed' in government and corporatist 'forums' going to raise the necessary questions and positions to mobilise and organise the working and poor people in a socialist direction when they are being forced, as representatives (or partners) of a political organisation, to perform the function of managers of capitalist social and economic relations?

The second step, informed by the first, is a strategic return to the practical 'basics' of a socialist movement operating within a domestic and global terrain dominated by capitalist social and productive relations. In simple terms this includes:



- rebuilding the political capacity of severely weakened basic organisational units - the 'grassroots' branches - of a party dedicated to socialism (at present this would predominately apply to the SACP) through a systematic political education programme
- initiating and leading a series of political and economic campaigns, led by the workers' movement, that speak directly to the ongoing material and social struggles of the workers and poor which are independent of the dominant 'concensus politics' of the ANC leadership
- prioritising collective organisational links, intellectual exchanges and joint campaigns with political parties, labour organisations and social movements internationally that are themselves engaged in active socialist struggle

The South African left needs to stop acting as though their main role is to act as the custodian cover for mitigating the contradictions of capitalism on the workers and poor. No matter how unfair and unequal the times may seem, the struggle for socialism must not devolve into attempts to co-manage capitalist production and the redirection of its social surplus to the people in a search for some utopian middle ground. A reformed capitalism (a.k.a. social democracy) is simply not feasible nor sustainable (for the workers and the poor) in South Africa - it is something that many on the left still have not grasped. Are socialists going to "mimick the motivating fear of Keynes which sought to ameliorate capitalist crises less " the labouring classes may no longer be willing to forego so largely ... and thus precipitate the hour of ... confiscation (of the capitalist classes)"?<sup>17</sup>

While none of the steps outlined above will, in themselves, guarantee that the socialist vision will emerge victorious - they will however, go a long way to ensuring that the left does not marginalise itself. For far too long the left has accepted, at face value, the charge that an explicitly socialist programme and praxis under present conditions can only lead to that self-same marginalisation. It is time to burst that fictional bubble. The dialectical relationship between the objective balance of forces and the activity of those seeking to liberate themselves and fundamentally alter that balance is part of a historically fluid process in which there are no absolutes nor impenetrable barriers. In other words, the South African left must turn the next revolutionary corner and begin to believe in a renewed socialist vision and in those it professes to struggle for, and with. The sounds of the retreat can echo a different beat.

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<sup>1</sup> V.I. Lenin (1977), "'Left Wing' Childishness and the Petty Bourgeois Mentality," in *Collected Works*, vol.27: p.333.

<sup>2</sup>Even though there is a minority of those on the left (both within and outside the Alliance) who fundamentally disagree with the strategic path chosen, I will use the term "left" throughout the paper since the majority of activists and intellectuals on the left follow this path.

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<sup>3</sup>The most vocal proponent of the social democratic approach has been Eddie Webster - a long-time lefty academic involved primarily in labour issues. Webster recently made a public call for all 'social democrats' to come together (and out of the closet) and has followed this up by engaging in a published debate with Oupa Lehulere in *LINKS* (No.7, 1996) - also published in the new South African left journal *Debate* (No.1, 1996).

<sup>4</sup>See for example two papers written before the 1994 elections: Roger Etkind and Sue Harvey (1993), "The Workers cease fire," *South African Labour Bulletin*, vol. ?, no.?:pp.?.; and John Appolis and Susan Tilley (1993), "Discussion article on the Reconstruction Accord" (unpublished paper). See also Keith Griffier (1994), "Is the RDP a Workers Programme" (unpublished paper); Workers' List Party (1994), "The Red Paper on the RDP," (pamphlet); and Neville Alexander (1995), "Class Struggle in the New South Africa," *Workers' Voice*, no.4 (March):pp.2-12.

<sup>5</sup>Some of the main examples include: Patrick Bond (1994), "The RDP - A Site for Socialist Struggle," *The African Communist*, no. 137 (2nd Quarter): pp.14-23; SACP (1994), "Defending and deepening a clear left strategic perspective on the RDP," in *The African Communist*, no.138 (3rd Quarter): pp.29-37; Blade Nzimande (1995), "The Character of our Party: Building the SACP in the Present Period," in *The African Communist*, no.'s 139/140 (1st Quarter): pp.17-23; and SACP (1995), *Strategic Perspectives*, Document from the 9th Congress, 6-8th April, Johannesburg.

<sup>6</sup>Eddie Webster, "Rethinking Class Compromise; A Response to Oupa Lehulere", *Debate* (No.1, 1996): pp. 55-56.

<sup>7</sup>Webster (1996), p.59

<sup>8</sup>See *Business Day*, 5 September 1994.

<sup>9</sup>NEDLAC is the leading "social compact" body established by the government to bring together representatives of the state, business and labour in order to thrash out concensus on major economic issues and policy.

<sup>10</sup>See *The Sowetan*, 16 August 1995.

<sup>11</sup>See Ben Fine, "'Politics and Economics in ANC Economic Policy' - An Alternative Assessment" in *Transformation*, No.25 1994, p.30.

<sup>12</sup>These and several other points that follow are taken from a discussion document produced by myself, Langa Zita and Vishwas Satgar of the National Political Education Secretariat of the SACP entitled "Critique of Government's Macroeconomic Strategy: Growth Emploment and Redistribution" (June 1995).

<sup>13</sup>It should be noted here that there has been heated debate within the SACP since the issuing of the press release, with many comrades expressing opposition to the "acceptance" of the strategic parameters of the GMS. Needless to say, this debate continues.

<sup>14</sup>Webster (1996), p.58-61.

<sup>15</sup>In Martin Murray, *Revolution Deferred: The Painful Birth of Post-Apartheid South Africa* (London: Verso, 1994), p.16.

<sup>16</sup>For a incisive argument concerning the absolute need for the "property question" to encompass a state-led "threat of property losses" on the elites see Boris Kagarlitsky, "Letter to South Africa" in *LINKS* No.4 (January-March, 1995).

<sup>17</sup>In J.M. Keynes, *The Economic Consequences of the Peace* (New York, 1929), p.146 as quoted in Paul Mattick, *Marx and Keynes: The Limits of the Mixed Economy* (London: Merlin Press, 1971), p.2.