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The Political Economy of Identity Politics

The Freedom Charter . . . calls for redistribution, but not nationalisation of land; it provides for nationalisation of mines, banks, and monopoly industry, because big monopolies are owned by one race only, and without such nationalisation racial domination would be perpetuated despite the spread of political power.

—Nelson Mandela, “I Am Prepared to Die,” 1964

Liberal democrats are coded to debate the relationship between “freedom” and “equality.” Valuing both, they forever are arguing about what each means, about how to balance them, and about what it means to speak of political equality when freedom allows the rich to bring more resources to bear on political affairs. Does the influence of wealth in making and enforcing law expose liberal democratic talk of equal opportunity as hollow or is it the necessary outcome of freedom? Can opportunity be equal in societies in which wealth is inherited and can freedom be meaningful in societies in which equality reigns supreme? These theoretical debates and practical conflicts among democratic liberals are real and intense, but they also are conducted within parameters. Liberal democrats of all stripes agree in drawing a principled distinction

between the “public” and the “private”; in regarding the public as the realm in which members are equal and the private as the realm in which inequalities emerge as the inevitable consequence of freedom; and in treating equality in the public realm—in citizenship and under the law—as providing important justification for inequality in other realms, notably the economic. Equality under the law performs the indispensable service for liberal democrats of proving that economic inequality is legitimate, that it is the by-product of freedom and equal opportunity.

Consider, therefore, the problems that awaited the African National Congress (ANC) when, along with some junior parties, it was elected to govern South Africa in 1994. Democratic states are suited to justifying economic inequalities, much better suited than apartheid had been, but South Africa’s economic inequalities are especially difficult to justify. They did not result from the interplay of freedom and equal opportunity or even from the failure to level playing fields for all of the players. Fields never are perfectly level, of course, but that is not the problem facing the ANC government. The problem is that South Africa’s inequalities were made intentionally and systematically, as the *raison d’être* of white supremacy. The standard justification for the higher living standards of some citizens—that they prove merit, that they are just desserts—do not work for whites in South Africa. Economic inequalities are difficult to explain away and difficult to rectify.

Capital holds the same advantages in South Africa that it holds in most developing societies. It is scarce and mobile, whereas labor is plentiful and stationary. Recognizing these as the facts of life, the ANC, after some hesitation, declared itself in favor of capitalist democracy during negotiations on the new constitutional order. Economically, the ANC government has ditched the anticapitalist rhetoric of the anti-apartheid struggle, defends in principle and upholds in practice the institutions of capitalist society, and is implementing orthodox neoliberal economic policies. Politically, the ANC government respects the constitution and observes democratic forms, promotes stability and enforces order, responds to private interests of various sorts, manipulates racial politics, and calculates party and personal advantage. But the most difficult challenge facing the ANC government is neither to accommodate the demands of capital nor to respect the requirements of democracy. It is to mediate between the two of them.

The ANC sees the fate of capital, in the form of mostly white-owned businesses, and democracy, in the form of mostly poor Africans, as linked by a quid pro quo. As the ANC put its part of the bargain, “The demo-

cratic state has to attend to the genuine concerns . . . of private capital if it [is] to ensure industrial stability, sustainable economic growth and a secure political democracy.”¹ In exchange, “private capital must recognise that the democratic state offers the best possible environment for the realisation of the interests of capital. So the partnership between the democratic state and capital is mutually beneficial.”² In other words, capital requires political stability, which can be provided best by democracy, and democracy requires economic investment, which only capital can offer. But business also wants high profits, the poor also want better living conditions, and conflicts between them might become embittered by the past marriage between business and white supremacy and their surviving offspring, inequality in the living standards of whites and blacks. The democratic government, therefore, is in an unenviable position not because it must defend economic inequalities, but because the economic inequalities it must defend stem from white supremacy, because they are illegitimate in terms of liberal democratic values.

The transition to democracy disentangled citizenship from race, opening citizenship to all South Africans irrespective of race, but it did not disentangle class from race. Business still is owned overwhelmingly by whites and still is mostly unreformed. Lest the racial resentments of Africans fuel the economic grievances of the poor, infusing demands for economic redistribution with the passion of racial nationalism, the ANC is endeavoring to break down the associations of prosperity with whiteness and poverty with blackness. In principle, the ANC could divorce class from race by driving down the class status of whites, so that whites would become poor too. But that would be counterproductive economically, and would not help Africans anyway. The ANC prefers to raise African elites, with the effect of detaching class from race but without threatening the essential interests of business and without preventing the ANC from using racial appeals for its own purposes. The ideology of nonracialism comes in handy here.

The ANC’s conception of nonracialism follows the example of liberal treatments of religion; essentially, it privatizes race. Western liberals distinguish between what they call the private sphere, where religion is allowed to flourish, and the public sphere, where religion is to be stripped of official standing. Separating church and state serves several important purposes. It protects religion from the state and the state from religion; it also keeps each in its place. Along the same lines, nonracialism locates race in the private, the unofficial, sphere. Officially, the nonracial state is univer-

sal. It sees blacks and whites as South Africans only, relegating race to the private sphere (save for the important exception of affirmative action). But making race a private matter not only preserves race; it also keeps race available for purposes of political mobilization. The nonracial state is a liberal democratic state and liberal democratic states represent “private” interests in “public” institutions.

South Africa’s government is democratic and nonracial. It protects civil liberties, guarantees free elections, recognizes individual rights, denies official status to race, and does the things expected of democratic governments. For obvious historical reasons, Africans are especially appreciative of the dignity of democracy, of the rights, voice, and experience of political belonging. But Africans also value democracy for instrumental reasons, because they are the majority of the electorate. The catch, of course, is that Africans comprise the electoral majority only on condition that they conceive of themselves racially, only on condition that their peoplehood as Africans is supreme over their other identities. Democracy, therefore, is legitimated by racial nationalism, since it has the obvious and predictable effect of empowering Africans. But it legitimates only if racial nationalism is valued in the first place, only if empowering Africans *as* Africans is taken by Africans as the preeminent political good.

South Africa’s formula for democracy does not stop there. After using racial nationalism to legitimate democracy, democracy is used to legitimate capitalism. Democratic governments in capitalist societies usually accept capitalism in practice and in principle; usually bless it with democratic consent; and usually exclude controversies about its status from the give and take of ordinary politics, routinizing capitalism. Legitimizing capitalism via democracy in South Africa presumes, however, that racial nationalism is legitimating democracy in the first place. If nationalism is to legitimate democracy and democracy is to legitimate capitalism, it behooves both state and capital to give Africans nationalistic reasons for favoring democracy and capitalism, to give them an African bourgeoisie. South Africa’s version of capitalist democracy, as advanced by the ANC under President Thabo Mbeki, uses racial nationalism to undergird democratic government; uses democratic government to ratify capitalism; and completes the circle by using capitalism to materialize the significance of racial nationalism, the predicate for the ANC’s strategy of legitimating democratic capitalism and capitalist inequality.

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The relationship between the ANC and capital had not been cozy before the preliminary stages of the transition. Without saying so formally, the ANC left the clear impression that capitalism was to blame for apartheid. It trafficked in anticapitalist rhetoric during the anti-apartheid struggle, but, preferring the atmospherics of anticapitalism to explicit calls for socialism, the ANC did not reject capitalism in principle. Its views remained ambiguous.

Consider, on this score, Mandela's interpretation of the Freedom Charter in his "I Am Prepared to Die" speech. Mandela interpreted the Freedom Charter as calling for nationalization of "mines, banks, and monopoly industry." But, read carefully, Mandela called for nationalization as a means to the goal of achieving racial, not economic, equality. Mandela called for nationalization because mines, banks, and monopoly industries were the exclusive property of whites. But Mandela's logic implies an underside. He allowed for the possibility that mines, banks, and monopolies could escape nationalization provided that they shed their racial character, that they ceased to be the preserve of whites. That is, the problem as diagnosed by Mandela could be corrected by nationalization, as he stated directly. But the problem also could be corrected, as he implied, by more modest means, by changing the racial complexion of capital. Mandela was not necessarily demanding an end to capitalism, an end to monopolies, or even an end to white-owned monopolies. He was demanding an end only to the monopoly of whites on monopoly capital. Black-owned monopolies would satisfy the criteria Mandela was setting forth.

Mandela opened the way for a capitalist response to the problem of racial capitalism. He did not explore the opening, being on trial for his life at the time, but during and after the transition some thirty years later he put the prestige of his party and his person squarely behind the capitalist alternative. Upon his release from prison, Mandela invoked the Freedom Charter as calling for nationalization, but he soon retreated in the face of unsettling economic news. Foreign exchange reserves were low and budget deficits were high. But the positions of Mandela, Mbeki, and those who were being groomed to become the ANC's senior economic policy-makers were shifting even before they became privy to important fiscal details. Mandela soon was convinced by business leaders that nationalizing key industries would be imprudent and that adopting neoliberal economic policies would be prudent, that the ANC government would have to respect "the opaque mechan-

ics of financial markets, the profit-maximising migrations of transnational corporations, and the strictures and interventions of transnational institutions such as the International Monetary Fund, World Bank, and World Trade Organisation.”³

Mandela’s and Mbeki’s positions on nationalization and economic policy accorded with the larger project of depoliticizing capitalism. They took private property for granted, courted business, and, eventually, instituted their neoliberal economic regimen without consulting with party or government leaders,⁴ thus providing capital with an indispensable service that only the ANC could provide. The ANC is invincible in national elections, having won 63 percent of the vote in the first election in 1994, 66 percent in 1999, and 70 percent in 2004, and can absorb the political costs of maintaining neoliberal economic policies because it draws on racial solidarities, because it appeals to Africans as Africans.

It might be thought that white liberals, who cannot themselves legitimate capitalism or implement neoliberal policies would regard the manipulation of racialism as the necessary price to pay for extricating capitalism from its compromising past, for gaining a government that has the legitimacy to legitimate capitalism. Not so. Liberal intellectuals—especially those of a culturalist bent⁵—criticize what they see as the original sin of South Africa’s corruption of democracy. They fault the new constitution for conceiving citizens—no irony is intended here—in classically liberal terms, as autonomous, whole, and integral individuals.

South Africa, according to the culturalist critique, is not made up of individuals who act individualistically, who choose allegiances and associations for themselves. It is made up of groups, and culturalists argue that prudence and justice require that groups should comprise the hub of government, that groups, in good Madisonian fashion, should be made to check and balance the power of other groups, formally and institutionally. It is prudent to recognize groups formally because they exist whether or not they are recognized and because small groups must be enfranchised formally if they are to counter the power of large groups politically. It is just to represent groups formally because groups identify people to themselves and affirm who they are. Some culturalists even identify themselves by reference to their group. They are not mere “liberals”; they are *white* “liberals.”⁶

In most societies, liberals proclaim their universality, speak of human rights, and incur criticism for ignoring the particular, for abstracting people

from the specific conditions that locate and define them. Many—although not all—of South Africa’s white liberals, on the other hand, are defiantly particularistic and proudly culturalistic. They take groups as whole and intact before they come to be involved in politics and take the identities of groups as the stuff of politics. It follows, since culturalists have identities developing independently of political activity, that nonracial political institutions do not make South Africans less racial. South Africans, according to the culturalist critique, are racialized by culture, and pretending otherwise merely loads the dice in favor of the largest group. It allows the ANC, as the party of Africans, to win election after election, to consecrate the racial majority of Africans with a democratic halo, and to prevent other groups from offsetting the majority group, which does not even admit its groupness. “Majoritarian” democracies merely tabulate the population of each group. They reduce elections to “ethnic censuses,”⁷ and the party of the largest group wins irrespective of how it governs. As one liberal wrote of the inaugural democratic election in 1994, “The ANC’s enormous victory was founded less on the non-racialism that it preached than on the reverse, with the election constituting to a large extent a mere ‘ethnic census,’ a worrying notion not only because of the persistence of such strong racial cleavages but because of the difficulties it presents for the development of a properly competitive multi-party system.”⁸ Nelson Mandela put a similar point somewhat differently: “It is clear that the majority within [the] national minorities continue to believe that the ANC represents the interests of the African majority.”⁹ The problem, according to the culturalist critique, is that voters vote for the party of “their” group; since voters do not vote for the parties of other groups, parties do not compete for swing voters; since parties do not seek swing voters, they do not broaden their base of support; since they limit their appeal, parties remain legitimate only within their own groups; and, since the party of the majority group marginalizes and ignores losing minorities, the minorities turn to subversion.¹⁰

Liberals rightly appreciate that competitive elections turn the wheel of democracy. Electoral competition makes parties accountable to electorates, causes parties to patch together majorities each election, bridges insiders and outsiders, promotes pragmatic, problem-solving government, and reconciles losing parties to their defeats, since losers reckon on turning the tables the next time around. If, however, elections become mere formalities, the ins always remain in and the outs always remain out, and minorities are consigned to irrelevance. Consequently, culturalists indict democracy

in South Africa as an illusion, pleasing garb disguising the indelible reality of racial domination by the African majority. "It is for this reason," writes Hermann Giliomee, "that we speak of ascriptive voting and . . . of elections that are little more than a census, telling one more about respective sizes of the population groups than about the voters' policy preference. Floating voters form an insignificant part of the electorate, and the result is foreordained by the race and/or ethnic affiliations of the electorate."¹¹

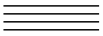
Culturalists make a powerful point, and not only because expanding the electorate has not increased electoral competition. South African political institutions also serve to curb political competition. Elections to the lower house of parliament—the important one—are conducted on the basis of proportional representation, without constituencies. Parties receive seats in proportion to their share of the total vote. A party with 60 percent of the vote gets 60 percent of the delegates in the parliament, with winners being selected from lists ordered by parties. (Originally, seats effectively belonged to parties, but subsequent developments have allowed the members of parliament to switch sides, to the advantage of the ANC.) Whoever controls the assignment of seats—in practice, the party leadership—controls the parliamentary delegation,¹² centralizing power at the top, collapsing legislative power into executive power, and stifling "open debate and dissent."¹³

The tendency toward centralized control is accentuated by the control exercised by the central organs of the ANC—that is, by President Thabo Mbeki—over provincial governments. Leadership of provincial parties has been separated from leadership of provincial governments, preventing provincial figures from concentrating power and allowing the central party to appoint provincial premiers.¹⁴ Meanwhile, Mbeki has strengthened and enlarged the president's office; reorganized the cabinet; and asserted direct control over senior bureaucrats, who contract with the presidency rather than with their own ministers.¹⁵

The centralizing tendencies of the constitution and the state are reinforced by the political culture of the dominant party. The ANC's culture, especially as it developed in exile, responded to the dangers of repression and infiltration by putting a premium on hierarchy, secrecy, and unaccountability. The movements that operated inside South Africa, on the other hand, developed differently. Even though they were more susceptible to penetration and repression, being located inside the apartheid state, they stressed democratic methods of organizing. Following the example of black trade unions, leaders were authorized to act only by democratic man-

dates after exhaustive debate and were held accountable to their mandates. Inevitably, the cultures as well as the ambitions of the internals and externals clashed once the exiles returned in the 1990s to claim their due as leaders of the ANC.

Arrayed behind Thabo Mbeki, the exiles confirmed their control of the party and the party's control over the internal movements. They replaced the culture of debates and mandates—and the unending controversies about who was mandated to represent whom in which debate—with more centralized, less accountable methods of governance. Increasingly, power percolates to the top of the ANC, to the president; the power and independence of parliament shrinks commensurately; leaders with power bases of their own are undercut and removed from influential positions (in several cases to run black empowerment corporations); and power is concentrated in a party that, as culturalists point out, manipulates race to shield itself from electoral competition.



Culturalists rightly point to the significance of racialism to politics, but miss the significance of politics to economics. Politics for them centers around identities, which are to be expressed and represented, not around interests, which compete for power and resources. Culturalists do not register, therefore, that the ANC's economic policies favor economic elites, favor, in other words, whites disproportionately.

Living standards—nice houses with swimming pools, gardens, and security walls; travel abroad; expensive cars—are not what culturalists mean by “culture”; they mean ethnicity, color, blood. But South African whites generally take prosperity to be part and parcel of their way of life, of what they have in mind when they speak of “white” culture. The point is understood by the Democratic Party (DP), the successor in the democratic era to the Progressive Federal Party. Whereas the Progressives embraced culturalist conceptions of politics, the DP stresses conventional liberal individualism, which it deploys, among other things, to attack affirmative action policies.¹⁶ Having made individuals into the bedrock of the social order, the DP recognizes that cultural concerns do not necessarily center around the ethnocultural identities of groups; they also center around the ways of life of members of groups, that economic policies that have the effect of allowing whites to live the lifestyles of “whites” are cultural in impact. Thus the first problem with culturalist treatments, and one recognized by more individualis-

tic and economistic liberals, is that they render culture too narrowly. Culture is reduced to ethnoculture (and ethnoculture is notoriously difficult to define).

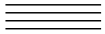
The second problem with the liberal critique of post-apartheid politics, and this point holds for individualistic as well as culturalist liberals, is that it discounts the significance of other forms of power, particularly economic. Capitalist societies vest power in financial markets, corporate boardrooms, and economic discourse. In South Africa, all of these theaters remain under the control of whites. Of course, that does not mean the whites who control them necessarily act *as* whites, that they are concerned with furthering racial objectives. But it does mean that whites have power at their disposal, that their powers are not necessarily limited to economic affairs, and that the government is competing for their confidence; that whites, whatever their electoral prospects, have *political* influence, that they have economic power that can be deployed in defense of their “cultural” identities, that they can check and balance the majority’s power.

Besides, the “cultural” identities of whites are reinforced by consumerist, secularizing, postmodernist globalization. The medium of globalizing culture is, of course, the English language, no small advantage to bilingual whites in general and English-speaking ones in particular. Presenting whites as a vulnerable minority on the grounds that the parties they support fare poorly in elections denies, therefore, the potency of their cultural and economic power. Focusing on the importance of representing ethnocultural identities symbolically, culturalists overlook the conspicuous fact that private power remains the preserve of whites and that liberal democratic institutions represent private—and, therefore, white—power. Yet culturalists have these benefits to whites paling beside the towering fact of the ANC’s electoral success. South Africa’s constitution is illiberal, they argue, because it is undemocratic (and it is undemocratic because it does not recognize whites).

The culturalist critique of South African politics, then, narrows both the ends of politics, making them about expressing identities, and the means to the ends, group empowerment. Having construed influential minorities as vulnerable, they worry that members of disaffected groups will turn against the political system. They expect political instability to follow from conventional liberal representation, regardless of what policies are implemented by the state, on the grounds that representing identities in the state is tantamount to controlling the state and that controlling the state is tantamount

to controlling the society. Ignoring the constraints confronting the ANC and the power remaining with whites, liberals misinterpret the import of their greatest insight.

Racial solidarities *do* influence elections, in spite of formally “nonracial” political institutions, and the ANC does trade on racial identity, representation, and politics. But what white liberals, whether culturalist or individualist, do not see is that the material interests of whites—at least of prosperous ones—benefit from the emphasis on representing African identities, that Africanizing state leadership serves as the condition—the camouflage—for instating the material interests of prosperous South Africans (who are disproportionately white). Emphasizing racial identities allows the party of Africans to represent poor Africans symbolically, while putting them off economically.



According to neoliberal economic analysis, businesses will invest more if their investments are profitable; business will create more jobs if it invests more; and poverty will be curtailed, to the particular benefit of blacks, if more jobs are created. To that end, the IMF dispensed its customary advice for promoting higher rates of domestic savings, discouraging government spending, deficit financing, and tax increases; narrowing budget deficits; liberalizing trade; restraining growth in wages; and rewarding capital.¹⁷ State intervention in the economy—as exemplified by the Reconstruction and Development Programme (RDP), which ostensibly guided the economic policy of the first ANC government—loomed as the problem, and private investment appeared as the solution.

In practice, the ANC’s commitment to the RDP was tepid from the beginning, amounting to only 2 to 3 percent of state budgets even before the government in 1996 adopted the IMF’s advice in the form of neoliberal economic strategy called “Growth, Employment and Redistribution,” GEAR for short. GEAR reflected the supply-side, monetarist, “Washington Consensus” policies advocated by the IMF. The proposal paid lip service to some of the RDP’s objectives, such as developing infrastructure and investment in labor-intensive projects, but the thrust of GEAR shadows the IMF’s assessment of South Africa’s economy. It endorses “supply-side industrial measures,” “wage moderation,” “greater flexibility in the labour market regulatory framework,” and promises that “deficit reduction releases the pressure . . . on the capital market, . . . facilitates the accelerated flow of domestic

resources into industrial investment and contributes to the overall financial stability of the economy.”¹⁸

GEAR was supposed to do all kinds of things. By the year 2000, for example, the fiscal deficit was to be 3 percent of the GDP, average real wage growth in the private sector was to be 1.4 percent, real bank rates were to be 3.7 percent, real private investment growth was to be 7.1 percent, GDP growth 3.3 percent, employment growth 1.3 percent, and gross private saving was to be 20.6 percent of the GDP; none of these goals was approached. Annual growth rates, for example, have ranged between 0.69 percent and 3 percent. Of course, disappointing growth rates might be caused by factors, domestic or global, beyond the control of government economic policies. But neoliberalism has a spotty and controversial record in general, and carries additional risks in South Africa of rent-seeking, of businesses pocketing the incentives offered to them without doing what is expected of them.

Critics challenge the IMF's policies for increasing deprivation, dampening growth, and failing to narrow income disparities.¹⁹ Neoliberals counter that supply-side policies, by turning to the private sector, promote markets, that markets motivate business, and that business, taking advantage of market opportunities, generates employment as firms compete with each other. Whatever the validity of the IMF's logic, it is predicated on one central premise. Market competition is what makes business create jobs in pursuit of profit, a point so obvious that it often passes unsaid. But rather than being market-sensitive, consumer-satisfying, and demand-meeting entrepreneurs, the conglomerates are cross-owned, rent-seeking, competition-evading oligopolies. They recoil from market competition.

South African business originated in the mining industry. From the outset, “groups, as they were called, came to establish common central organisations and to implement common measures in order to eliminate competition between the mining companies for factors of production, especially labour, and to rationalise the process of production.”²⁰ Their profits having been inflated by collusion and coerced labor, mining houses established and bought companies throughout the economy.²¹ As of the year 2000, the five largest conglomerates controlled—not to say owned—61 percent of market capitalization on the Johannesburg Stock Exchange (down from 83 percent a decade earlier).²²

The conglomerates compound their influence through holding companies, subsidiaries, pyramided business structures, and pervasive cross-own-

ership.²³ To note one example, De Beers, the well-known diamond-based cartel, owns 28.7 percent of the shares of Anglo American, the dominant conglomerate, and Anglo American owns 32.2 percent of De Beers.²⁴ As each owns a big chunk of the other, Anglo American and De Beers are cross-owning oligopical partners, whose watchword is market *collusion*, not competitors, with fundamental implications for neoliberal economic policies. The IMF champions supply-side policies because, it says, they generate jobs. But collusive capitalism neutralizes market competition; market competition is what forces firms to increase production; increasing production is what increases the number of jobs; and increasing the number of jobs is what cures poverty. Take away the competition and, liberal economics says, companies will generate profits but not jobs.

So why was GEAR adopted? Austerity packages usually are forced onto governments that are sinking in debt and are running out of options. Needing hard currency for imports, governments look to borrow money abroad, where they find that banks are loathe to throw good money after bad. The IMF then steps in, offering to give its open sesame to credit markets on condition that governments make certain structural adjustments. They must shrink budget deficits, adopt monetarist policies, and open trade, but mostly they must shift the locus of economic decision making from themselves to markets (just as the ANC does through GEAR). In exchange for surrendering much of their authority over economic policy, governments get the loans they need. But they also get unwanted political problems. Their hands are tied by the IMF, just at the time when governments are forced to cope with a public angered by the loss of jobs, subsidies, and social spending. Which is what makes the ANC's choice to adopt neoliberalism so striking. It volunteered willingly for the kind of policies that usually are imposed on unwilling governments.

In 1985 international creditors, recoiling from the combination of economic stagnation and political crisis, quit rolling over loans to the apartheid state. As a result, the foreign debt that greeted the incoming democratic government in 1994 was comparatively low by the standards of developing economies and the IMF's help was not needed. But if the IMF was not in position to dictate economic policy to the democratic government; if neoliberal policies benefit capital, which is mostly white, and inflict immediate pain on the poor and working classes, which are core ANC constituencies; if the medium and long-term consequences of structural adjustments on economic growth, which are supposed to make the pain worthwhile, are

suspect; if economic growth, even in the event it occurs, turns out to benefit mostly the affluent minority of the population; and if collusive, cross-owned businesses make jobless growth a likely outcome, why did the ANC choose the kinds of policies urged by the IMF, which took the form of GEAR, over the RDP?

The ANC's leadership, especially Mandela, Mbeki, and their senior economic ministers, adopted GEAR mostly for economic reasons. They accepted the principles of neoliberal economics, that poverty is solved by growth and growth results from giving capital incentives to invest, and that the country was better off instituting neoliberal policies at the time and in a manner of its own choosing. The leadership also appreciated that the anti-apartheid movement had given capital reason for alarm, that the new government was on probation as far as much of world business was concerned, that the ANC's denunciation of capitalism and a string of failed economies in Africa raised doubts about the ANC's reliability, and that adopting GEAR, even if it did not work as promised, allayed doubts about the ANC's orientation toward business. Plus, the ANC appreciated the value of having international institutions—the IMF, the World Bank—available as scapegoats for disappointed expectations. International markets and world financial institutions could be blamed for the slow pace of change. Besides, the ANC had not implemented the RDP fully in the first place. It spoke the language of radical Keynesianism, but even as it was speaking of growth through redistribution, it was assimilating neoliberal orthodoxies into its economic thinking.²⁵

The ANC's embrace of neoliberal economics in the early 1990s repudiated the positions it had staked out during the struggle against apartheid. While its positions had been ambiguous, they certainly had not been neoliberal. The ANC had called for the nationalization of key industries, had sided with the Soviet bloc in Cold War conflicts, and had denounced American power faithfully (and not unreasonably, in view of international alliance structures in southern Africa), and most of its senior leaders during the underground period from the 1960s into the early 1990s also were communist. But communist leaders and militant sensibilities had not made for a socialist program. As Thabo Mbeki had noted in 1984, when he was a rising star in the SACP as well as the ANC, "The ANC is not a socialist party. It has never pretended to be one, it has never said it was, and it is not trying to be."²⁶ The ANC's tone, in other words, was more radical than was its program. Not only were Mandela and Tambo, the ANC's most prominent

leaders, democratic nationalists; the SACP also had compelling reasons of its own for preferring that the ANC not declare itself a socialist organization.

The SACP distinguished between what it considered to be the national democratic and the socialist revolutions, after the fashion of the Soviet understanding of the Russian Revolution. The SACP assigned the ANC the task of accomplishing the first revolution, of creating a unified republic that abolishes racial distinctions, promulgates equal citizenship, unifies the nation, and lays "the basis for the transition to socialism,"²⁷ and reserved for itself the responsibility of actually achieving socialism. If the ANC had become socialist, it would have intruded into the domain of and undermined the purpose of the SACP. The very alliance that ostensibly demonstrated the ANC's socialism, in other words, really confused the matter.

South African business paid little heed to the dialectics of Communist ideology, of course, but it did recognize opportunities when it saw them. Having been compromised by its association with white supremacy, business needed to quell the rambunctious organs of civil society, to depoliticize the political economy, particularizing and institutionalizing the grievances that white supremacy had generalized into indictments of the capitalist order as a whole, and to detach wealth from its association with whiteness. Inasmuch as only the ANC was in position to sell what business was buying, yet inasmuch as the ANC's intentions were clouded by its alliance with the SACP and its traditional suspicions of business, the politics of the negotiation favored the ANC. But the economics favored business. The economy, on the verge of becoming the ANC's responsibility, desperately required an infusion of capital investment; currency reserves covered only three weeks of imports.²⁸ Consequently, the ANC had strong incentives for reaching a rapprochement with capital and even for adopting GEAR. But given that neoliberal economic policies were informing the ANC even during the RDP period, that in practice the RDP accepted and worked within the framework of neoliberal economic principles, it is not clear why the RDP had to be ditched unceremoniously, why it was not allowed to coexist with GEAR, subordinated.

Neoliberal economic policies were pressed most effectively by Thabo Mbeki. Mbeki, son of a senior figure in the ANC and SACP, had risen through the ranks of the ANC in Zambia, ultimately becoming Oliver Tambo's deputy. When the ANC returned to South Africa in 1990, Mbeki emerged as one of the most influential advocates of the returning exiles, who had sustained party organizations from the time of the ANC's ban-

ning in 1960 until its unbanning in 1990. Yet the very prospect of the ANC's victory had the paradoxical effect of exposing the weakness of the exiles' position. They had become dispensable, in part because the exiles already had served their historical function of preserving the ANC in the dark years and in part because they did not control what had become the critical levers of power, the organs of civil society that had forced the state and capital to abandon apartheid. Nevertheless, the exiles prevailed. Having retained Mandela's loyalty and having mastered the arts of political survival and bureaucratic infighting in Zambia, they remained entrenched in the ANC's central apparatuses. It was from there a short step to enter the highest echelons of the state, the cabinet, the bureaucracies, and so forth once the ANC was elected to govern the country.

The exiles had compelling *political* reasons for seeking alternatives to the RDP, therefore. The RDP, in calling for the participation of trade unions, community associations, women's and religious groups, and civic associations, for civil society, was seeking to empower the very organizations that the exiles had eclipsed in establishing control over the party and state. As the point was put in the government white paper on the RDP,

With respect to mass-based organisations of civil society—especially the labour movement and the civics—their role in the establishment of political democracy was central. They have also won very substantial improvements in the social and economic lives of their constituents. A vibrant and independent civil society is essential to the democratisation of our society which is envisaged by the RDP. Mass-based organisations will exercise essential checks and balances on the power of the Government to ensure that Government does not act unilaterally, without transparency, corruptly, or inefficiently. . . . The Government must therefore provide resources in an open and transparent manner, and in compliance with clear and explicit criteria to mass organisations to ensure that they are able to develop or maintain the ability to participate effectively as negotiating partners of the Government. The social partnership envisaged by the RDP does not, however, imply that mass organisations do not retain the right to their own interpretation of and their own goals for the RDP. It does imply that there is agreement to find solutions to constraints to government efforts to reach housing targets, the relevant organisations and institutions will be encouraged to reach consensus on solutions to address the specific bottlenecks or shortages that are identified. Thus a series of agreements or accords

will be negotiated to facilitate the full participation of civil society, together with the Government, in order to find ways to take down the barriers which emerge during the course of the RDP.²⁹

States, even those headed by returning exiles, crave order, routine, and autonomy; the RDP was committed to undermining all these things. The RDP talked of partnership between the mass organizations of civil society and the state, which had the effect of curbing the prerogatives of office; then compounded the offense by inviting the mass organizations to develop and pursue their own agendas; and then committed the state to pay for the independence of civil society. The RDP, in checking the autonomy of the state, making the state accountable to civil society, and enhancing the very activists whom the exiles were in the process of displacing, threatened the interests of the state and exiles.

GEAR, on the other hand, serves the interests of the exiles, and not only in shifting the initiative from COSATU and civil society. Precisely because GEAR was suspected to be anathema to core ANC constituencies, it had to be imposed summarily and preemptorily, as Mandela and Mbeki had done. And because it could not be sustained consensually and democratically, it accentuated the style of politics practiced by the exiles. Civil society had to be kept at bay, and unresponsive party apparatuses had to be maintained. Paradoxically, popular dissatisfaction with GEAR favors more centralization and less accountability.



The black middle classes originated without state patronage, as shown by their growth in the early 1990s. Talent was allowed to flourish as apartheid disintegrated, to the advantage of qualified blacks. That does not mean they do not benefit from help furnished by the state; black middle classes, unlike black bourgeoisie, developed more or less independently of it. To promote the bourgeoisie, on the other hand, the ANC government enacts laws, pressures companies to promote blacks to senior positions, rewards affirmative action with state contracts, reminds business of the value of political connections, encourages white-owned conglomerates to sell units to Africans, and mandates that specified percentages of shares in mining companies be owned by consortia of black investors. These policies, which pass under the banner of “black economic empowerment” (BEE), pressure conglomerates to sell some of their holdings to the nascent black — and especially African — bourgeoisie, but they benefit business too. Africanizing economic elites dis-

sociates business from the legacy of white supremacy; accommodates African nationalism to economic inequality, since some Africans are coming to partake of its benefits; and alters the political import of racial nationalism.

It is no longer true that all of the rich are white and that almost all Africans are poor.³⁰ But it is true that the correlation between class and race remains strong, that most of the upper classes are white and that most Africans are poor, and that, therefore, both government and business have reason for worrying that the overlap of economic cleavages with racial cleavages is combustible. As long as capital remains overwhelmingly white, the political economy is prone to polarize between white haves and black have-nots and is susceptible to racial resentments being mobilized on behalf of economic grievances. Which is where BEE comes in politically and ideologically. BEE reorganizes the relationship between race and class, stratifying Africans without threatening the property rights of capital, and obstructs economic populists from mobilizing racial resentments against capitalism.

Unlike the RDP, which focused on economic interests to the exclusion of racial identities, BEE uses them to buttress each other. By logic, capitalism is legitimated because blacks—or, more specifically, Africans—are becoming capitalists and Africanness is materialized because it eases upward mobility. Economic elites, therefore, become *multiracial*, not merely in the sense that they are composed of people of different racial backgrounds, but in the sense that differences in the racial backgrounds of particular fractions of capital serve to legitimate the capitalist order.

The function of BEE is to legitimate South Africa's political economy, but it also provides business, the ANC, and leading tendencies within the ANC with ancillary benefits. For business, BEE first and foremost acquits race of responsibility for ongoing economic inequality. Since some Africans are becoming rich, economic inequality is deemed not to be a racial problem, an immense advantage to the established bourgeoisie. Previously, "racial domination had the unintended consequence of consolidating and legitimating subordinated racial identity into a potential basis for resistance."³¹ Now racial solidarities, the established mode of political identification and mobilization, are made to buttress economic inequality. And the price business pays for political stability is moderate, since conglomerates are not giving their assets away. They are selling them, sometimes at a discount, and in the bargain business is also reinforcing constituencies in the ANC that support not only business, but their particular kinds of business.

"Black-empowerment deals," as noted by *The Economist*, "have done little

to establish genuine businesses.”³² The deals differ in details, but those who arrange the deals and control the new firms usually lack the money to buy businesses outright. The conglomerates help with financing, often through banks that they own or influence because the buyers bring political connections to the transaction. Through the sale, black consortia attain formal control of a few subsidiaries of the conglomerates. But banks retain influence over the new owners, and the new black empowerment enterprises may remain integrated into their former conglomerates. Senior management changes, but nothing prevents the conglomerates from supplying or marketing the products of their erstwhile subsidiaries and from picking up politically connected friends who share important interests with them in the bargain.

Competition threatens collusive businesses generally but threatens fledgling—that is, African-owned—businesses, particularly, inviting competition to be opposed in the name of racial empowerment. Of course the conglomerates pay a price for the influence, often by selling shares to consortia of black investors at a discount. But they do not give the assets away, and the sales often are financed through banks associated with them, giving the conglomerates ample opportunities to turn profits through selling, financing, and, in one landmark case, buying back what they had sold earlier.

The cooperation of business in building the black bourgeoisie is exemplified by legislation passed in 2002 that required 15 percent of mining assets to be owned by blacks within five years and 26 percent within ten years. Controversy was stirred by some details of the legislation, but the Chamber of Mines, the organ of the mining houses, insisted from the beginning of consultations that it objected only to the bill’s defects, not to its objectives.³³ In the event, the mining houses endorsed the legislation because, as the point was put by the president of the Chamber of Mines, “We don’t want to happen here what happened in Zimbabwe. We need urgently to develop a more inclusive economy in South Africa.”³⁴ “More people in this country have to feel that they are part of the system, that they are benefiting from the system, that the system is working with them and for them, and not excluding them. I don’t think there’s any doubt that government and industry are in total agreement on that issue.”³⁵

While conglomerates regard the construction of the African bourgeoisie as good business, as a useful means to the end of secure profits, the ANC is following the time-honored custom of building a bourgeoisie for the good of the people. Some of the means the NP used to build the Afrikaner bour-

geoisie were notorious, of course, but in addition to blatant racism, also boosted Afrikaner-owned businesses through state contracts, subsidies, jawboning, and pressure on English-speaking capital to sell subsidiaries to Afrikaners.³⁶ By similar means, for similar reasons, the ANC is building an African bourgeoisie.

The ANC mobilizes the nationalist claim — that the “who” determines the value and meaning of the “what” — to insinuate that the African bourgeoisie behaves differently and better than the white bourgeoisie. Its interests “coincide” with the “immediate interests of [the African] majority,”³⁷ and not only because the African bourgeoisie and the African majority oppose white racism. The African bourgeoisie also is committed to “job creation, the fostering of skills development, the empowerment of women, the strengthening of the popular organs of civil society, and active involvement in the fight to end poverty.”³⁸ By the logic of nationalism, the interests of the African people prosper because some Africans are becoming rich. To quote Mbeki, “As part of the realisation of the aim to eradicate racism in our country, we must strive to create and strengthen a black capitalist class. . . . I would like to urge, very strongly, that we abandon our embarrassment about the possibility of the emergence of successful and therefore prosperous black owners of productive property and think and act in a manner consistent with a realistic response to the real world. As part of our continuing struggle to wipe out the legacy of racism, we must work to ensure that there emerges a black bourgeoisie, whose presence within our economy and society will be part of the process of the deracialisation of the economy and society.”³⁹ The African people, including the poor, are obligated by racial national solidarities to identify with the black bourgeoisie.

But what is good for the goose is not good for the gander. The logic of racist legitimation has the African poor sublimating their particular interests as poor people to the general interests of the African people, as it is coming to be embodied in the African bourgeoisie. Racist legitimation does not, however, have African elites sublimating their class interests. They affirm their people by affirming themselves, by becoming prosperous, which counts as a decisive victory over racism. In their economic capacity, African-owned businesses follow economic incentives, acting to maximize their profits; in their political capacity, they appeal to racial solidarities to convince the poor to go along with policies helpful to them, as owners of businesses.

The ANC benefits too from the development of the African bourgeoi-

sie, directly and indirectly. Conceiving of itself as the political expression of the African nation, the ANC believes that what strengthens the nation strengthens it. The new African bourgeoisie puts more resources at the disposal of Africans and puts the Africans with the resources in debt to the ANC for directing state contracts its way, legislating affirmative action requirements, and pressuring white capital. As the African bourgeoisie honors its debt, the ANC's power is augmented. As Pallo Jordan, a prominent figure on the *left*-wing of the ANC, boasted, "Whereas in the past there were no captains of industry in the leading organs of the ANC; today an NEC [National Executive Committee] member heads one of the largest conglomerates trading on the Johannesburg Stock Exchange. This corporation, moreover, employs thousands of other ANC members as well as ANC supporters!"⁴⁰

African embourgeoisement is particularly helpful to some tendencies in the ANC. The RDP, remember, had declared poverty and economic inequality as the economic problems and redistribution and development as the solutions, and black embourgeoisement does not help solve either problem. Narrowing economic inequality for the RDP was a good thing, preserving or widening it were bad things, and it did not matter much whether the beneficiaries of inequality were white or black. The problems of economic inequality were independent of the racial complexion of the winners and losers. Racial nationalists disagree, and congregate around a politics of racial nationalist empowerment. Where the RDP implied skepticism toward business, BEE implied cooperation; where the RDP pursued economic equality as its objective, BEE valued racial empowerment; and where the RDP took economic interests as axes of organization, BEE used racial identities to stabilize capitalism. By the logic of BEE, the bourgeoisie legitimated itself as a class through its African faction, a valuable contribution to tendencies in the ANC that celebrate capitalism.

African economic elites serve a number of purposes for the ANC, therefore. They cement the partnership with business; prove the reality of social transformation; benefit the African people; fortify some ideological tendencies in the ANC at the expense of others; "wipe out the legacy of racism";⁴¹ enhance the power of its representative, the ANC; and, in affirming racial empowerment as a value, shift attention from the economic record of GEAR.

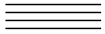
GEAR has not delivered the growth that was promised; the growth that has occurred has not produced more jobs and interest rates have increased.

Of course, it does not follow that GEAR necessarily caused these problems—the GEAR years coincide with rapid flows of capital into and out of emerging markets throughout the world—or, even if growth did diminish and unemployment did rise in response to GEAR, that these are not merely temporary dips on the way to sustained growth in the medium and long terms. But whatever the cause and whatever the eventual outcome of neoliberal policies, the political logic of black economic empowerment collides with the *economic* logic of neoliberalism.

In 1994, no black-owned companies were listed on the Johannesburg Stock Exchange (JSE); in 1998, black empowerment consortia owned about 7 percent of the value on the JSE, although some of the companies they bought may have served as fronts for white interests. By 2002, tellingly, the market capitalization of black economic empowerment consortia had shriveled to 2.2 percent.⁴² Mismanagement, overbidding for shares in the early wave of BEE, and sinking stock prices, especially in the mining industry, typically are blamed for most failures in the first wave of BEEs. But these explanations neglect the obvious contradiction in the ANC's strategy of combining racial embourgeoisement with neoliberal economic policies. The mining houses sold, and black consortia bought, assets. But the incipient bourgeoisie, being made up mostly of politically connected Africans, could not finance the purchases themselves. They had to borrow funds.

The ANC conceives of black empowerment and neoliberalism as mutually dependent politically; the one sustains the political support that the other tests. But BEE and GEAR can be in contradiction economically. Black empowerment consortia buy subsidiaries with borrowed money, but GEAR, in standard neoliberal fashion, is committed to cutting inflation by raising interest rates. Real interest rates have ranged from 5.87 percent to 11.24 percent since GEAR was instituted. Hence the contradiction: high interest rates, especially in the early years of GEAR, make it difficult for the black empowerment firms to sustain debt loads, causing failures, and moreover, the failure of BEE consortia can benefit the established conglomerates. For example, one of the most prominent BEE consortia, JCI, bought two gold mines from Anglo American. When the price of its shares dropped, JCI sold the mines back to Anglo American. Anglo American "made a handsome profit on a sale it had originally declared would be a magnanimous gesture towards wealth-sharing."⁴³ With white conglomerates and managers of the black consortia taking care of themselves under BEE but with the black consortia themselves failing, losses are shifted to lenders, share-

holders, and the economy as a whole.⁴⁴ Banks have less money to lend, black middle-class shareholders have less to invest, and jobs do not emerge. Capital and government, therefore, become more dependent on racialism to compensate for the costs of neoliberal economic policies. The costs of collusive, illiberal capitalism reinforce the racialism of South African politics.



Mbeki's ANC is responding to extensive economic inequality, collusive business structures, and a secure electoral base with a program that centers around implementing neoliberal economic policies and constructing African elites. By Africanizing elites, the ANC plays to racialism, broadens the racial coalition that benefits from collusive business organization, and depoliticizes economic inequality. The new African bourgeoisie, because it shares racial identities with the bulk of the poor and class interests with white economic elites, is in position to mediate the gap between rich and poor and black and white by creating cross-cutting cleavages. Cutting in the African bourgeoisie without providing for the African poor changes the racial character of economic inequality, but it does not narrow it much; it enlists new elites in collusive businesses, but it does not expose them to much new competition; and it rewards racist political strategies of legitimation and stabilization, but it does not allow the African poor effective institutional recourse. It changes the beneficiaries of and justifications for the political economy, but not its logic.

It is frequently remarked that divisions based on race have been replaced by divisions based on economics and class.⁴⁵ In the new South Africa, "insiders"—the 30 to 60 percent, depending on the estimate, of the population that is doing reasonably well in the formal economy—have access to schools and health care and participate in the benefits of South Africa's prosperity. "Outsiders"—the 40 to 70 percent or so of the population that is poor, unemployed, and is disproportionately rural, young, and female—suffer crushing poverty and disease and do not share in the national wealth. The ANC, by this account, has made important strides for the "outs" by building housing, delivering water and electricity, and shifting spending to the poor in "social grants" (pensions, disability payments, and so forth), but it has failed in its overriding objectives of increasing growth, generating jobs, and narrowing economic inequality.

Those who are being left behind have little recourse in the ANC, due to centralization, or through elections, due to racial voting. Some of them are

availing themselves of the right to organize politically, continuing the traditions of "civil society." Civil society had been instrumental in forcing the apartheid state to negotiate with the ANC, whose attraction to conservatives in the state and business in the twilight of apartheid was that it could govern legitimate institutions, that it could provide institutional alternatives to the direct action of civil society. Legitimate political institutions, in establishing alternatives to the direct action of civil society, drained civic society of much of the support that it developed under apartheid. Where civil society had been the voice of the disenfranchised, staking out plausible claims to the loyalties of a majority of South Africans, its appeal is greatest for those who lack influence with the government, the poor and the sick mostly.

The eclipse of civil society by democratic government under the auspices of the ANC and the persistence of civil society in organizing those injured by neoliberal economic policy attest to the terms of the democratic transition. The transition to democracy was meant to routinize government and secure order, to institutionalize and marginalize civil society, and the ANC is upholding its end of the bargain while it pursues its own interests. As the governing party, the ANC is interested in maintaining the prerogatives of government in the face of the demands of civil society, as demonstrated by the demise of the RDP. Under white supremacy, protests were unified by the general demand for the franchise, which brought together interests that otherwise would have been divergent. By contrast, democratic government particularizes the grievances of civil society, unbundling them. Under democracy, therefore, the organs of civil society became the site of resistance, challenging "the South African government and the dominant global economic ideology."⁴⁶ As is typical of civil society, it makes specific and practical demands. But the demands also are informed by ideological critics of the ANC, who locate the particular grievances of civil society in what Patrick Bond calls the ANC's "moral surrender" to the neoliberal consensus.⁴⁷

Trying to radicalize civil society by connecting particular grievances to the ANC's acquiescence in globalization, civil society exposes the underside of a society divided between the "ins" and the "outs." But it encounters two problems, one general to developing societies and one particular to South Africa. The general problem is that of organizing the poor. The poor, precisely because they and their leaders are caught in the daily struggle for survival, are especially susceptible to the patronage at the disposal of the ANC. The ANC can offer jobs (in the legislative and executive branches of

government at the municipal, provincial, and national levels) and talented leaders, lacking resources and economic alternatives, can be lured into the ANC. Civil society, therefore, is a source of challenge to the government; but it is also a field for identifying and developing political talent for the ANC.⁴⁸ The ANC has the means and the interest to contain civil society.

The ANC counters civil society by using race as well as patronage. Civil society can press demands and win particular victories, but its advocates want more. They want to challenge “global apartheid,”⁴⁹ neoliberalism, and global capitalism in South Africa. Civil society must overcome, therefore, the combined power of capitalism and racial nationalism. The ideologists focus on capitalism, but the mobilization of voters and the demobilization of opponents on the basis of race are what allow the ANC to win elections even as it deemphasizes the demands of the poor. Racism complicates and demobilizes, depriving civil society of the use of race as an idiom of organizing resistance. Under apartheid, racial nationalism mobilized opposition; under democracy, racial nationalism suffocates it.

Notes

- 1 ANC, “The State and Social Transformation,” ANC Discussion Document (November 1996), section 5.20, www.anc.org.za/ancdocs/policy/s&st.html (accessed April 13, 2004).
- 2 ANC, “The State and Social Transformation,” section 5.24.
- 3 Hein Marais, “The Logic of Expediency: Post-Apartheid Shifts in Macroeconomic Policy,” in Sean Jacobs and Richard Calland, eds., *Thabo Mbeki’s World: The Politics and Ideology of the South African President* (London: Zed Books, 2002), 92.
- 4 Hein Marais, *South Africa: Limits to Change: The Political Economy of Transition* (London: Zed Books, 1998), 160.
- 5 White liberals are not a monolithic tradition. Culturalists, who set much of the tone for liberals under apartheid and who advance a distinct interpretation of South African society, stress groups. Individualists, who have become more prominent among liberals since the advent of democracy, resemble European liberals, emphasizing individualism and property rights.
- 6 See David Welsh, “Introduction: The Liberal Inheritance,” and R. W. Johnson, “The Best of Enemies? Black Intellectuals and White Liberals,” in R. W. Johnson and David Welsh, eds., *Ironic Victory: Liberalism in Post-Liberation South Africa* (Oxford: Oxford University Press, 1998), 1–21; 307–20.
- 7 Donald L. Horowitz, *Ethnic Groups in Conflict* (Berkeley: University of California Press, 1985), 86.
- 8 R. W. Johnson, “The 1994 Election: Outcome and Analysis,” in R. W. Johnson and Lawrence Schlemmer, eds., *Launching Democracy in South Africa: The First Open Election, April 1994* (New Haven: Yale University Press, 1996), 319. The racial census hypothesis is highly controversial and has been subject to some telling objections. See, for example,

- Robert Mattes, Helen Taylor, and Cherrel Africa, "Public Opinion and Voter Preferences, 1994–1999," and Andrew Reynolds, "The Results," in Andrew Reynolds, ed., *Election '99: South Africa from Mandela to Mbeki* (New York: St. Martin's Press, 1999), 58–62; 176–82. Reynolds also sees one "minor" threat to "the ANC's electoral dominance" (181–82), which is the relevant point for the purposes of this discussion.
- 9 Nelson Mandela, "Report by the President of the ANC to the 50th National Conference of the African National Congress," 1997, 5.
 - 10 Donald L. Horowitz, *A Democratic South Africa? Constitutional Engineering in a Divided Society* (Berkeley: University of California, Press, 1991), 91–100.
 - 11 Hermann Giliomee, "Liberal and Populist Democracy in South Africa: Challenges, New Threats to Liberalism," presidential address to the South African Institute of Race Relations, printed in *Liberal and Populist Democracy in South Africa: Challenges, New Threats to Liberalism* (Braamfontein: South African Institute of Race Relations, 1996), 15–17.
 - 12 Heribert Adam, Frederick van Zyl Slabbert, and Kogila Moodley, *Comrades in Business: Post-Liberation Politics in South Africa* (Cape Town: Tafelberg, 1997), 87.
 - 13 Robert Mattes, "South Africa: Democracy without the People?" *Journal of Democracy* 13.1 (2002): 26.
 - 14 Tom Lodge, *South African Politics since 1994* (Cape Town: David Philip, 1999), 15–24.
 - 15 Farouk Chothia and Sean Jacobs, "Remaking the Presidency: The Tension between Co-Ordination and Centralisation," in Sean Jacobs and Richard Calland, *Thabo Mbeki's World: The Politics and Ideology of the South African President* (London: Zed Books, 2002), 151.
 - 16 According to Allister Sparks, the DP accused the Mandela government of requiring "employers to draft a plan showing how they intended to advance blacks in their work force and then submit annual progress reports to the government. In a crude bit of overstatement the DP claimed this effectively reintroduced a system of race classification and criminalized 'colour-blindness,' and warned that 'racial legislation is a very slippery slope; apartheid, American segregation and Nazi Germany all had small beginnings'" (Allister Sparks, *Beyond the Mirage: Inside the New South Africa* [Johannesburg: Jonathan Ball, 2003], 12).
 - 17 Desmond Lachman and Kenneth Bercuson, "Economic Policies for a New South Africa," Occasional Paper 91 (Washington, DC: International Monetary Fund, 1992), 1, 2, and 13.
 - 18 For more on GEAR, see "Growth, Employment and Redistribution: A Macroeconomic Strategy," www.gov.za/reports/1996/macro.htm (section 2.3).
 - 19 Joseph Stiglitz, *Globalization and Its Discontents* (New York: W. W. Norton, 2002).
 - 20 Fredrick A. Johnstone, *Class, Race and Gold: A Study of Class Relations and Racial Discrimination in South Africa* (London: Routledge and Kegan Paul, 1976), 14.
 - 21 Avril Joffe, David Kaplan, Raphael Kaplinsky, and David Lewis, *Improving Manufacturing Performance in South Africa: The Report of the Industrial Strategy Project* (Cape Town: International Development Research Centre, University of Cape Town Press, 1995), 149.
 - 22 McGregor's *Who Owns Whom in South Africa*, 21st ed. (South Africa: Westgate, 2001), xix. The difference in the ten years is accountable mainly to the rise of ownership groups with significant black influence, which accounted for 5.6 percent of market capitalization in 2000 and a negligible amount in 1990, and institutional holders, which increased from 4.9 percent in 1990 to 11.6 percent in 2000.
 - 23 Joffe et al., *Improving Manufacturing Performance*, 153.

- 24 McGregor's, 46 and 156.
- 25 Hein Marais, "The Logic of Expediency: Post-Apartheid Shifts in Macroeconomic Policy," in Jacobs and Calland, *Thabo Mbeki's World*, 83–104.
- 26 As quoted in John S. Saul, "Cry for the Beloved Country," in Jacobs and Calland, *Thabo Mbeki's World*, 43.
- 27 South African Communist Party, "The Path to Power: Programme of the South African Communist Party" (Johannesburg: SACP, 1990), 37. The ANC modified its two-stage conception of revolution in 1995. See Vishwas Satgar, "Thabo Mbeki and the South African Communist Party," in Jacobs and Calland, *Thabo Mbeki's World*, 171.
- 28 Sparks, *Beyond the Mirage*, 16.
- 29 South African government, *White Paper on Reconstruction and Development: Government's Strategy for Fundamental Transformation* (November 1994), 41.
- 30 For a similar but independent treatment of race and economic inequality, see Nicoli Natrass and Jeremy Seekings, "'Two Nations'? Race and Economic Inequality in South Africa Today," *Daedalus* 130.1 (Winter 2001): 45–70.
- 31 Anthony W. Marx, *Making Race and Nation: A Comparison of South Africa, the United States, and Brazil* (Cambridge: Cambridge University Press, 1998), 20.
- 32 "Paper Lions," *The Economist*, April 17, 1999.
- 33 Patrick Laurence, "Stage Set for Mining Stoush," *Australian Financial Review*, June 26, 2002.
- 34 "Mining Man Digging His Company Out of a Hole: Interview Barry Davison," *Financial Times*, October 10, 2002.
- 35 Barry Davison, chair of Anglo American Platinum and president of the Chamber of Mines, quoted in Rachel L. Swarns, "Rarity of Black-Run Businesses Worries South Africa's Leaders," *New York Times*, November 13, 2002.
- 36 For a good treatment of some of the means used by the NP to promote Afrikaner businesses, see Hermann Giliomee, "The Afrikaner Economic Advance," in Heribert Adam and Hermann Giliomee, *Ethnic Power Mobilized: Can South Africa Change?* (New Haven: Yale University Press, 1979), 160–76.
- 37 "ANC Strategy and Tactics as adopted by the 50th National Congress," www.anc.org.za/ancdocs/conf/conference/50/strategyamden.html (accessed May 4, 2004).
- 38 Z. Pallo Jordan, "The National Question in Post-1994 South Africa" (a discussion paper in preparation for the ANC's 50th National Conference), www.anc.org.za/ancdocs/discussion/natquestion.html (accessed May 5, 2004).
- 39 Thabo Mbeki, "Speech at the Annual National Conference of the Black Management Forum," November 20, 1999; www.anc.org.za/ancdocs/history/mbeki/1999/tm1120.html (accessed May 5, 2004).
- 40 Jordan, "The National Question in Post 1994 South Africa."
- 41 Mbeki, "Speech at the Annual National Conference."
- 42 Swarns, "Rarity of Black-Run Businesses."
- 43 *The Economist*, January 10, 1998, 38.
- 44 "Mandela's Heir," *The Economist*, May 29, 1999.
- 45 Marais, *South Africa*, 5–6. Marais estimates that only 30 percent are insiders, whereas Adam, Van Zyl Slabbert, and Moodley, *Comrades in Business* (2008) speak of 40 percent outsiders.

- 46 Elke K. Zuern, "Formal Democracy and the Fate of Participatory Governance: Contentious South Africans" (paper published by the International Political Science Association, Durban, July 2, 2003, 18).
- 47 An excellent example of the linkage of particular grievances with the forces of global capitalism is the conflict over "cost recovery" for the provision of water and electricity. The issue is addressed comprehensively in David A. McDonald and John Pape, eds., *Cost Recovery and the Crisis of Service Delivery in South Africa* (Cape Town: HSRC Publisher, 2002).
- 48 Zuern, "Formal Democracy," provides several instances of patronage (see page 15). Also see Sakhela Buhlungu, "From 'Madiba Magic' to 'Mbeki Logic': Mbeki and the ANC's Trade Union Allies," in Jacobs and Calland, *Thabo Mbeki's World*, 189–96, for a discussion of the role of patronage in controlling COSATU.
- 49 The term was coined by Patrick Bond, *Against Global Apartheid: South Africa Meets the World Bank, IMF, and International Finance* (Cape Town: University of Cape Town Press, 2001). Tellingly, it conceives of apartheid in terms of capital and haves and haves-not, to the exclusion of race.