

# Trajectories of Power Relations in Post-Apartheid South Africa

Patricia Agupusi\*

*School of International Development, University of East Anglia, Norwich, NR4 7TJ, UK*

**Abstract:** Since the official political power shift in 1994, the interaction of power among various groups in South Africa has become an important subject of discussion among academics and researchers. There are four major arguments around power dynamics in South Africa. First, power has officially shifted from whites to blacks, although it is not clear how this in practice has changed power relations. Second, different interest groups in South Africa among the anti-apartheid 'progressives' lacked a clear ideological vision of how to sustain their influence over the policy-making process. Third, due to a lack of synergy of ideological views amongst the progressive constituency, the corporate sector controlling economic power took a controlling influence over the policy-making processes. Finally, the African National Congress (ANC) alliance policy-making process shifted from a consultative to an elitist pattern as a result of the new centralised leadership of Thabo Mbeki. This paper critically assesses these four arguments and attempts to explain the complexity of the power dynamics that arose in post-apartheid South Africa. To do so it traces the evolution of the positions of different organisations within the anti-apartheid coalition from the outset of their rise to power and discusses the different groups' interests and their exertion of power and influence. It looks into the interaction between elites and the implications for socio-economic development in South Africa. This discussion takes place in the context of a four-fold periodisation of post-apartheid South Africa. To realise this, this paper draws from policy documents, relevant literature, and in-depth interviews conducted during six months of research fieldwork carried out in 2007.

**Keywords:** Power, neo-liberalism, progressives, policy process, African National Congress.

## INTRODUCTION

The foundations of South Africa's contemporary political and economic environment were laid during the pre-transitional and transitional periods of the mid-1980s and late 1990s. Since 1994, South Africa experienced an overhaul of its constitution and policies. The turning point for any transitional political economy is made at the macro level and constitutes policy initiatives that shape the micro level and consequently the socio-economic trends of the country after transition. This paper's analysis of power relations therefore considers the key macro-economic policies instituted during the transition process and the post-transitional period to ascertain the dynamics of power since the end of the apartheid era. It presents a critical analysis of how changes in policy discourse and practice were influenced by different power brokers, in order to ascertain to what extent racial, ideological and economic interests have influenced policy outcomes. A critical analysis of information, informed by a political-sociological approach [1] that explores an eclectic concept of power, helps to explain the dynamics of power relations in the policy process.

The power dynamics that would go on to shape contemporary South Africa started taking shape in the early 1980s through the rise of two major alliances: the neo-liberal axis

represented by the then-apartheid government and individuals from the business community; and the socialist and progressive axis represented by predominantly white individuals and groups of academics and non-academics from civil society. The latter group formed an alliance with a number of socialist-leaning social-political movements, such as the African National Congress (ANC), the South African Communist Party (SACP) and the Congress of South African Trade Unions (COSATU). These groups, particularly the academic and non-academic researchers' alliance with the then-banned socialist-leaning political movements, were strategically well-positioned to influence the political and economic bargaining process during the transitional period.

In 1990, the ban on the ANC and other social-political movements was lifted, and political prisoners including Nelson Mandela were released by de Klerk's government. This event strengthened the hand of the socialist and progressive alliance and appeared to signal a major shift in power relations. After the lifting of the ban, the ANC, COSATU and the SACP formed a tripartite alliance. The dynamics of the relationship between anti-apartheid progressive groups and the ANC alliance became that of a client relationship, in which the ANC tripartite alliance was seen as the big client. By 1994, with the building up of internal conflict within the ANC alliance, the power and influence of the progressive group began to decrease in the political and economic environment, whilst the influence and power of the neo-liberal axis, represented by the corporate sector and international financial institutions such as IMF and World Bank, gradually increased.

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\*Address correspondence to this author at the School of International Development, University of East Anglia, Norwich, NR4 7TJ, UK; E-mails: pagupusi@gmail.com, P.Agupusi@uea.ac.uk

This paper seeks to provide a contribution to the debate on the political economy of post-apartheid South Africa. It takes a political-sociological approach to analyse these power changes by looking at the different elements that influenced the trajectories of power relations. It examines the different groups and individuals that emerged as key power-brokers in the macro-economic policy process at different stages of the transition and post-transition processes. The paper also assesses how power dynamics affected the transformation process in post-apartheid South Africa by briefly examining the policy process behind the Reconstruction and Development Programme (RDP) and the Growth, Employment and Redistribution (GEAR) macro-economic framework. In doing so, this paper attempts to answer the following two questions: Was there effective transfer of power, and which correlations of forces dominated?

The structure of this paper is as follows. It begins with a brief examination of power as it was utilised in South Africa's transition and post-transition processes. This discussion is followed by an in-depth examination of four phases of power dynamics during the transition and post-transition period, from the 1980s to the present. This discussion serves as the background against which the different interest groups that have influenced decision-making are examined, as well as the way in which they affected the shaping of macro-economic policies. This analysis is extended to the debate over the macro-level policy of the RDP and the GEAR programmes. The aim here is to examine the power shifts to determine who really controlled the process and how the political and economic development of the new South Africa were shaped. The analysis determines whether any of the four main arguments around power dynamics that are discernible in the literature [2] seems most persuasive, given the examination of power dynamics using the four phase breakdown. The analysis is rounded off with a conclusion and suggestions for possible future research.

## CONCEPTUALISING POWER RELATIONS IN SOUTH AFRICA

Power relations in apartheid South Africa were asymmetrical, with a white minority population controlling all power and a disempowered black<sup>1</sup> majority. The end of apartheid brought a change in the balance of power, which implied that power relations among participants in the various decision-making processes were rearranged. Assessing power is a highly challenging exercise, not least because there are several approaches to assessing the balance of power.

The understanding of power has been the subject of endless debate because the degree of power varies in relation to the level and particular context in which power is contested. Many scholars have theorised about power, and there is no right or wrong way to start this discourse. Given that this part applies a political-sociological approach in analysing power trajectories in post-apartheid South Africa, I apply a pluralist concept of power. This section starts off by discussing briefly some key concept of power.

Foucault sees power "as neither given nor exchanged nor recovered, but rather exercised and existing only in action",

where power is defined as a relation of force [3]. Another view is that power cannot be measured precisely, "but must be looked at relationally" [4]. The term 'balance of power' itself would suggest that historically this view has predominated. Polsby and Dahl, representing the pluralist view, argue that power can be analysed by examining who participates, who gains and who loses from alternative outcomes and prevails in the decision making [5]. Bachrach and Baratz opine that power is exercised by the participation of various individuals "within the decision making process [and through] the exclusion of certain participants and issues"; the manifestation of power is the interrelation between who gets what and how, and who is left out and how [6]. According to Lukes three dimensions of power are at work and may be understood by examining who prevails in bargaining over the resolution of key issues in decision making processes. He observes that power consists of asymmetrical relations between class, race and gender. Basing his conception on social structure, he argues that the bias of a system is not sustained simply by a series of individually chosen acts but most importantly by socially constructed patterns of behaviour of groups and the practices of institutions [7].

The concept that closely fits the way power is conceptualised in this paper is one that can unpack the relationship between actors in policy-making processes in a transitional economy. This is in line with the political-sociological approach that views power as relationships within and between groups [8]. Power is therefore seen as a relational concept taking into consideration who participates, who gains and who loses from alternative outcomes; and who prevails in bargaining processes over key issues that could affect dynamic policy processes and outcomes.

In an attempt to understand the complexity of power relations in transitional and post-transitional South Africa, this paper analyses the interests of the different actors and the way these interests affect the decision-making process. In some cases, during this process power was no doubt exercised before decisions were announced to the public. An example of this can be seen in the process that led to the adoption of the GEAR programme. This is discussed below as part of the effort to highlight the dimensions of power relations in the new political economy of post-apartheid South Africa.

In the policy-making process, actors' values, beliefs and culture shape their perception and ideology, which are subsequently transferred into the bargaining and decision-making process. Where the goals and values of the key actors are similar, the degree of conflict is limited, as was seen in the formulation of the RDP. In other cases however, some individual perspectives and interests may not have been considered at all stages of the policy process. In those cases, actors whose inputs are sustained throughout the deliberation and bargaining process, become the key power brokers. Not surprisingly those actors whose views and interests shape the outcome of the policy process are usually in a position of influence among political leaders.

A key issue is who these actors are and whose interests they represent, as this impacts the outcome of macro- and micro-level policy. This matter is discussed in detail by dividing up the political economic events into four chronological phases, straddling the transition and post-transition peri-

<sup>1</sup>Blacks as used in this paper means non-whites and thus includes Africans, Asians/Indians and coloureds.

ods. In examining these trends I will furthermore attempt to understand what influences actors' interests: economics, race or ideology.

### PHASES OF POWER RELATIONS AND IDEOLOGICAL SHIFTS FROM THE 1980S TO 2009

This section focuses on how different actors and interest groups have interacted during recent South African history. The impact of ideology and power shifts can usually be seen in policy processes and outcomes. The trends and influences of power relations on the policy process in transitional and post-transitional South Africa have passed through various complex, intertwined phases. Much of the literature has interpreted the trends in the political and economic climate of South Africa as a continuous process [9]. The following analysis, however, distinguishes in the power dynamics in South Africa. The first phase consists of the activities in the 1980s that led to the transition process. This was followed by the transition process and ascension to power of the ANC-led government of national unity and the conflict within the ANC alliance. This phase also comprised the policy processes surrounding the formulation of the RDP. The third phase witnessed the macro-economic policy shift that brought a fundamental ideological change within ANC leadership. The fourth phase is the era of the Mbeki presidency, which can be seen as a conscious attempt at modernisation – this phase, at the same time, implied the introduction to a new chapter in the ANC-led alliance's history.

#### The First Phase: The Pre-Transitional Period of the 1980s

With the apartheid government still in power, the first phase was marked by the rise to prominence of a few progressive individuals representing a fragmented, predominantly white, anti-apartheid network of activists from business, academia and civil society. They worked mostly with the labour movement COSATU, but also with some other social-political movements, such as the ANC that was banned at the time. This group was dominated by progressive economists and other social scientists from within the academic environment [10]. During this period they were not clearly associated with a specific ideological position, apart from their alliance with social-political movements that had socialist tendencies. Instead, their common goal was to mount opposition to the apartheid system and support some of the social-political movements. The alignment of the progressive clique to and role in the trade union movement propelled them to prominence and made them key actors in policy negotiations during the transitional period.

During this same period, capitalist-aligned groups dominated by the corporate sector, especially foreign multinationals, were clamouring for the de-racialisation of the economic environment. Their underlying purpose was mainly to support the growing economy through skills development and increased consumption among the black population [11]. They were motivated particularly by the country's dearth of skilled labour, which implied that the demand from the growing high-tech sector could not be met, as well as by the lack of market demand that resulted from the boycott imposed by many countries on South African products. The corporate sector that controlled the economy was reluctant to

ally with the social-political movement, although some representatives met secretly with the ANC outside of the country. Their reluctance to ally with the ANC was induced partly by the fact that the ANC, like other social-political movements, was illegal at the time. However, the main reason was that they viewed the ANC's Freedom Charter, which was underpinned by a socialist ideology, unsuited to their economic interests and neither relevant nor complementary to global economic trends. Moreover, during the early-1980s, anti-apartheid activities were highly fragmented, with the ANC operating secretly within South Africa or from exile until the mid- and late-1980s.

#### The External Consultative Process

Importantly the mid-1980s witnessed the rise of externally funded research Consortiums and secret meetings outside South Africa. These were held between the banned ANC, SACP and the South African Congress of Trade Unions (SACTU) in different international locations to debate new ideas and formulate alternative policies for social and economic reconstruction. Among these conferences were *The South African Economy after Apartheid*, held at the University of York in the UK in 1986, and others in Boston (1987), Harare (1988) and Lausanne (1989). Another crucial meeting was held in secret in Somerset, England in the late-1980s and involved the ANC and the ruling National Party, under the auspices of Peter Young of Consolidated Goldfields. Thabo Mbeki acted as the key ANC negotiator, while Willie Esterhuy<sup>2</sup> represented the National Party. This meeting is known to have led to the final negotiations that brought down apartheid. In 1985, COSATU<sup>3</sup>, a non-racial labour union, was created and the following year it initiated the Economic Trends Research Group (ET) to examine the structure of the South African economy. This culminated in the publication of the book *South Africa's Crisis*<sup>4</sup>.

The ET began with eight researchers and was coordinated by Stephen Gelb<sup>5</sup> and funded by British, Canadian and German foundations. By 1990 its membership had grown to 21 members [12]. Participants were white, with only two exceptions, and were mostly university academics. Membership of the project was by invitation only, which was not received well by some progressive academics who felt unfairly excluded. Following the lifting of the ban on the ANC in 1990, Gelb and the ET contributed greatly to the drafting of the discussion documents on economic policy during the Harare Conference. Meanwhile, Alec Erwin, who played a key role in representing COSATU and in mediating between the ET and the COSATU, went on to be a major player in the policy-making process of the post-transitional period as the Minister of Trade and Industry from 1996 to 2004 and since then as the Minister of Public Enterprises.

From 1989, tension between the ET and COSATU had been growing. Padayachee and Sherbut argue that the area of conflict between the two organisations concerned their op-

<sup>2</sup>Willie Esterhuy was a professor of philosophy at the Stellenbosch University. There is no known record that he was an active politician.

<sup>3</sup>COSATU became more influential than SACTU had been. COSATU began to rally workers politically where SACTU had left off.

<sup>4</sup>Gelb S. Ed. *South Africa's Economic Crisis*. Cape Town: David Phillip and Zed Press, 1991.

<sup>5</sup>Stephen Gelb is a Canadian-trained economic historian and presently the director of a development consultant institute called the Edge Institute.

posing views on what should be ET's main focus. COSATU wanted the ET to pay more attention to innovative policies for socialist transformation, but the ET did not consider this feasible, given global trends at the time. The latter's view was formulated in the period in which the Berlin Wall came down, the Soviet Union collapsed and the neo-liberal ideology was clearly on the rise. However, the COSATU leaders, who worked within the ET structure, accepted an approach focused on the creation of a social-democratic system which recognised and protected workers' rights and needs.

The power dynamic between the COSATU and the ET started shifting in 1990 in favour of COSATU with hints that the ban on the social-political movements would be lifted. This power dynamic could be attributed to three main developments during this period. First, the unbanning of the ANC and other socio-political movements was the first major signal of end of apartheid. Secondly, COSATU saw itself as a major power broker in the eventual demise of apartheid. Third, the courting and engaging of the National Party and the corporate sector by ANC leaders – especially Mandela – was an indication of how the power shift was taking place. Hence, COSATU started allying strategically with key influential groups such as the corporate sector and the ANC. These developments were also recognised by the progressives who had less influence than the corporate sector.

### **The Second Phase: Ascension to Power of the ANC Alliance (1990 to mid-1996)**

Three major developments occurred during the second phase. First, the ban on the ANC and other social-political movements was removed in 1990 and political prisoners including Mandela were released. Second, the fragile transition process saw the formation of the ANC tripartite alliance that led to its landmark ascendance to power in 1994. Third was the rise of different factions of power brokers within the alliance and the beginning of internal conflict within the ANC alliance, which affected relations with external actors. This section also discusses in detail the various consultative processes that led to the RDP programme.

### ***Evolution of the Reconstruction and Development Programme (RDP)***

This period exposed the lack of an in-depth understanding by the ANC socialist and nationalist factions' of the economic realities of the day. This partly led to a rethinking of socio-economic ideology by the ANC leadership. As the transitional process advanced, external influences on the policy process became more pronounced. In addition to the involvement of the World Bank and International Monetary Fund, foreign economists with different historical backgrounds and ideological leanings became increasingly involved in shaping the macro-economic framework that would be pivotal in shaping other policies.

The process of assembling the resources and capacities, which would later contribute to the drafting of the RDP, began in 1990 during a visit by the then ANC leader, Nelson Mandela, to Canada. Mandela and his team requested the assistance of the Canadian government in helping to understand the economic policy issues in South Africa. This led to the creation of the Macro-Economic Research Group

(MERG), which was headed by a team of Canadian and South African economists and supported by the Canadian government. Co-ordinated by the Canadian Development Agency's International Development Research Centre (IDRC), MERG's task was to make recommendations to the political leadership on capacity-building for the formulation of economic policy [13]. MERG's first priority was to stimulate and co-ordinate training and policy research in areas such as the development of a macro-economic policy framework [14]. To do this, it worked with officials from the ANC's Department of Economic Policy (DEP), a research team comprising progressive economists from several South African universities along with a number of foreign economists.

In 1990, after some consultation with the ANC, COSATU and other democratic movements, MERG published the outcome of its project in a book entitled *Making Democracy Work: A Framework for Macroeconomic Policy in South Africa*<sup>6</sup>. Although MERG received good reviews for its macro-economic framework, its recommendations were not taken up by the ANC. Some argued that this was due to the poor relationship between MERG and the DEP officials that represented the ANC. The DEP officials, for example, claimed that they were ignored and that the ANC's policy document was not used as a basis for the project. In addition, the local research team was of the opinion that it had been sidelined by the much more radical international team, which was argued to have taken a top-down approach in the writing up of the project. The local team leaders also argued that their contributions were misrepresented [15].

Following the rejection of MERG's macro-economic framework by the ANC, another project was initiated by the ANC alliance. This new project encompassed all the different ideological strands within the tripartite alliance, which helped create a consensus on national policy. The outcome was the introduction of the RDP prior to the 1994 election. The RDP was a comprehensive reconstruction programme, but unlike the MERG project was not written by an organised group of academic economists. Instead, it was drafted by intellectuals from NGOs and labour organisations and by various key progressive left-wing economists, mostly from South Africa's English-speaking universities. Although the RDP was accepted by the ANC as an official macro-economic framework, it required championing by Alec Erwin and Jay Naidoo<sup>7</sup> to convince them of its necessity.

The RDP was an integrated, coherent socio-economic policy framework. It sought to mobilise the South African people and the country's resources toward the eradication of apartheid and the building of a democratic, non-racial and non-sexist future [16]. It offered a clear and all-inclusive explanation of past social, economic and political injustice. It identified five major policy programmes whose implementation would rectify the past wrongs against the majority of the population. These included the development of human resources, affirmative action and programmes to meet the basic needs of the poorest members of society, restructure the

<sup>6</sup>Fine B, Harris, L, Padayachee V, Sender J. Eds. *Making Democracy Work: A Framework for Macroeconomic Policy in South Africa*. Belville, Cape: CCDS Publication, 1993.

<sup>7</sup>Jay Naidoo was the General Secretary of the COSATU from 1985 to 1993 and the coordinating Minister of the RDP during Mandela's presidency which ended in 1999.

economy and democratise the state and society. The ANC recognised that the South African economy was experiencing a serious structural crisis and that strong administrative restructuring [17] was necessary to fulfil the promises set out in the RDP document.

#### *ANC Alliance Ascension in 1994 and Conflict Within*

In preparation for South Africa's first multi-racial democratic elections, the ANC finalised its alliance with COSATU and SACP in 1994. The tripartite alliance won the election and became the ruling party under the leadership of President Mandela. Although the ANC leadership had the upper hand in key decision-making within the alliance, COSATU's and SACP's socialist viewpoints initially had a huge influence in some important policy documents, such as the RDP. The latter groups worked with external actors with progressive leftist views, mostly from within the academic environment, who acted as advisors and were directly involved in the research and drafting of policy documents. The most significant influence of the progressive group was its contribution to the RDP framework, which was introduced in 1994 as the election manifesto. Patrick Bond argued that it is significant that the RDP was seen as a compromise between the different ideologies of the tripartite alliance, which created the consensus for nation-building and aided in the healing process.

By April 1994, political power had officially shifted to the ANC-led Government of National Unity (GNU). Although the policy process in South Africa is similar to that of other democratic countries, South Africa's differed in that its one-party dominated democracy had only a weak opposition [18]. The likely opposition within the party was quickly squashed. The parties of the external opposition were not united and had a small political support base.<sup>8</sup> The complexity of South Africa's political environment, where action and inaction is laced with 'colour'<sup>9</sup> did not allow space for real opposition (at least at the time).

The internal conflict in the ANC started during the formation of the alliance but became visible only in 1996. It was driven by a combination of two major factors. First, there was an ideological struggle between those who wanted to continue with the socialist-leaning policy agenda represented in the RDP, and those wanting to move gradually towards a market economy. The second, and major, factor in the internal conflict, however, was struggle for the ANC leadership and its political positions. Power dynamics within the institutional structures of the ANC alliance resulting from the power struggle and ideological shifts empowered some actors, while disfavoured others.

The miracle of the demise of South African apartheid was a result of compromises made by all stakeholders to hold together the seemingly fragile state during the transition

process. The end of apartheid also exposed the lack of an in-depth understanding of the economy by the ANC alliance. During the apartheid era the social-political movements that formed the tripartite alliance were busy theorising on the basis of different ideologies, mostly influenced by the Soviet Union and African nationalism. By the time the ANC alliance came into power in 1994, the world had changed. The events of the time indicate that even the South African Communist Party (SACP) was bound to change its ideology. Moreover, the fact that an ideology is capable of galvanising a social/political/military movement does not mean it is suitable for the management of a modern state – hence the re-thinking of socio-economic ideologies, particularly on the side of the ANC leadership.

The presidency of Mandela was popular within the party since he stood above party and politics, but the position of deputy president, and therefore Mandela's likely successor, was a major source of contention. There was a bitter tussle between Mandela's choice (Cyril Ramaphosa, the then-ANC Secretary-General) and Thabo Mbeki. The position eventually went to the latter, which marked the beginning of the power struggle within the alliance.

Gaining power is daunting, but maintaining it proved even more so. The ANC alliance had fought hard to gain a majority, but governing presented a different challenge. The task of tackling the distorted economic legacy was left in the hand of novices, who had either been exiled or imprisoned. Mandela was keen to stabilise and unify the country; however, he made it clear that the economy was not his strong point and he therefore left most economic issues to Mbeki.

By 1996 Mbeki was not only managing the economy, but was practically running the entire government, with Mandela being merely a ceremonial president. As Johnson RW pointed out, Mandela was content to leave Mbeki and De Klerk to chair the important committees; he would intervene only in the discussion on in three issues: national unity, the stability of the state and the delivery of the RDP. Mbeki influenced most key political appointments by keeping his supporters and allies in positions of state and party leadership, which meant a gradual shift from a consultative and collective leadership to a centralised one. This caused a lot of discontent within the alliance, as COSATU and the SACP claimed neither to be well represented in the government nor to be consulted on key policy issues. The most significant example of this form of political exclusion was the introduction of the Growth, Employment and Redistribution (GEAR) macro-economic policy.

#### *The End of RDP?*

Individuals' or groups' power to influence policy depends on the available resources, which range from economic, political and ideological resources to human and organisational or institutional ones. In the South African context, the ANC alliance had political power but lacked economic resources, human skills and institutional structures, while the corporate sector enjoyed advantages in each of these fields and in addition had good access to key media outlets for promoting its neo-liberalism. These resources influenced their ability and power to affect policy processes and protect their own interests.

<sup>8</sup>The political powerlessness of other parties is due mostly to their comparatively small support base. On the other hand, the ANC had huge control and a strong base because of its alliance and the strength of its support from the population. In 2008 the ANC alliance split as a result of a crisis that led to the removal of president Mbeki, four months before the end of his tenure. The split resulted in the formation of another party, the Congress of the People led by two long-time Mbeki political allies: ANC veteran Mosiuoa Lekota, and former trade unionist-turned provincial political leader Sam Shilowa.

<sup>9</sup>Opposition from other parties such as the Democratic Alliance is mostly seen to be motivated by racial prejudice, and is accused of lacking the understanding and patience required to allow the new democracy to grow.

As the management of the government and economy was left to Mbeki, he presided over all key economic issues. Although he introduced limited privatisation, he did not give support to most of the RDP policy proposals. The distorted government that the ANC inherited had neither the financial nor human capacity to carry such a programme through. Therefore even though COSATU, the SACP and their external economists had made a huge contribution to its development, the RDP lacked the structural basis to last. This example reflects the broader reality that a huge political power shift does not necessarily translate into social-economic power.

The government was faced with enormous expectations from the masses that had voted them into power to right the wrongs of the apartheid system. Not only was the government under pressure to fulfil its election promise to deal with the apartheid's legacy of a poor and distorted society, it also needed to reassure the corporate sector and the international community of its ability to manage effectively a macro-economic situation characterised by high inflation and the volatility of the rand and the Johannesburg Securities Exchange (JSE). These expectations necessitated an urgent re-think and reframing of the new macro-economic model.

Two years later, in 1996, it became clear that the RDP had not been able to achieve its goals. According to Terreblanche, "the track record of the new government in building a new and more equitable economic system is also failing in producing what was promised" [19]. In addition, there was rising economic uncertainty due in part to high inflation and a fall in the country's exchange rate.

There are different arguments as to why ANC leadership abandoned the RDP programme. Aside from poor state capacity, ANC leadership did not have the political will to implement the RDP programme and seemed keen to find an alternative. Terreblanche comments that the most important reason for the failure of the RDP was that the government was too soft, too hesitant and in the end avoided making critical decisions about RDP priorities. John Luiz argues that "the government's sudden abandonment of the RDP in 1996 was because it had at that stage accepted its own limitations and realised also that it did not have the manpower or the state capacity to implement the RDP, in order to bring about the much-needed fundamental reconstruction of the economy" [20]. In desperation the government then sought a solution to its economic problems *via* the allegedly automatic and efficient forces of the free market. Some, such as Patrick Bond<sup>10</sup>, have argued that the ANC's acceptance of the RDP as a basis for post-apartheid reconstruction was merely a political act for the election period. He goes on to suggest that by then ANC leadership had already abandoned its progressive views and embraced neo-liberalism.

In addition to these arguments, the internal conflict caused by the gradual shift within the ANC alliance from a collective and consultative to a centralised leadership led by Mbeki was a significant factor in the quick rejection of RDP. Alternatively, consultation within the tripartite alliance and with their external allies, including the private sector, could have led to a restructuring of the programme instead of its complete rejection. Moreover, Mbeki's acceptance of GEAR

seemed to resonate with his economic views, as he had initially supported privatisation and attempted to reduce labour power, which were also the two key goals of GEAR. Bond comments that: "In the end, the RDP reflected an uneasy compromise between the feasibility of combining a social welfare state in the developmental sphere with neo-liberalism in the economic sphere" [21]. Nonetheless, Mbeki's own turn towards a far more 'right-wing' economic ideology, in combination with the pressure from the corporate sector, ensured that the RDP had no chance to last.

### The Third Phase: A Shift from Left to Right? (1996 – 1999)

Although the ANC leadership's ideological shift had been gradual, the introduction of the GEAR programme marked a clear realignment and a change in the external alliances of the actors that contributed to the policy process. Most of the external alliances with left-leaning actors were sidelined or cast aside, while some adapted their views to suit the changing ideological tide within the ANC leadership championed by then deputy president Mbeki and Finance Minister Trevor Manuel.<sup>11</sup>

The persisting economic problems caused by high inflation and the depreciation of the rand against the dollar fuelled the debate on macro-economic policy and led to increased pressure from the corporate sector to follow a free market economic agenda. In February 1996 the South African Foundation (SAF), an organisation comprising South Africa's fifty largest corporations,<sup>12</sup> published its 'Growth for All' report [22]. This document rejected the RDP programme as unattainable and claimed that there was no credible and comprehensive policy framework. It went further, criticising the new government's fiscal, investment, labour and trade policies and argued for a reduction of the budget deficit and government spending. The document proposed a two-tier labour market without a prescribed minimum wage and with an accelerated privatisation programme to create more jobs.

The SAF report stands in stark contrast to the ideological position embraced by the ANC alliance. In response to the SAF document, COSATU published an alternative entitled 'Social Equality and Job Creation' in April 1996. By clearly distinguishing their respective viewpoints on the subject, the battle-lines were drawn for an ideological power struggle between the SAF that prioritised growth and COSATU which desired greater social equity.

In contrast to the consultation process that followed the publication of the RDP, the GEAR programme was developed in secret – the first sign of a sharp departure from the ANC's previous consultative method. GEAR was the work of 17 technical experts: six economists from South African universities; three from the Development Bank of South Africa (DBSA); two each from the World Bank and the South African Reserve Bank; and representatives from the Departments of Finance, Labour and Industry and the Deputy-President's Office. Although the models underlying GEAR

<sup>10</sup>Patrick Bond was one of the authors of the RDP policy framework.

<sup>11</sup>Trevor Manuel was South Africa's longest serving Finance Minister (1996-2009), and at the time of writing speculation was rife about whether he would continue in this role in the next administration.

<sup>12</sup>SAF is now known as the Business Leadership South Africa (BESA). The membership of the organisation had increased to 73 corporations as of 2008.

have never been made public, it was clear that its content was not very different from that of the SAF's 'Growth for All' report that had emphasised neo-liberal economic measures. The GEAR programme was introduced to the public on 14 June 1996 by Finance Minister Trevor Manuel, who declared it non-negotiable – illustrating (again) a sharp shift in ideology of the ANC leadership. SJ. Terreblanche went as far as calling it “a quantum leap”.

Whether GEAR's key objectives were reached has been the subject of wide debate. This will however, not be discussed in detail in this study. One view is that the GEAR programme helped to stabilise the macro-economic environment. Notwithstanding this agreement, there has been a decline in strict adherence to the GEAR model as a consequence of criticism from various quarters. That criticism includes the central claim that the government abandoned its promise of broad-based reconstruction and transformation in order to follow the top-down prescriptions of the corporate sector, and to satisfy the demands of international financial institutions for budget deficit reduction. GEAR has also been blamed for exacerbating the problem of unemployment [23].

#### **The Fourth Phase: 1999 to the Present: The Mbeki Presidency and Rise of New External Actors**

The fourth phase is marked by the change within the ANC leadership, the rise of external actors emanating from the emerging black elite and the shift to the political centre by the ANC leadership. The period is also characterised by the continuation of the power struggle between the neo-liberal economic views championed by Mbeki and those with more leftist oriented views, spearheaded by COSATU and the SACP. It is, however, the political power struggle between Mbeki and Zuma that has eclipsed any effect that the ideological divide in South Africa's political economy may have had in itself. Despite the concentration of political power within the ANC leadership, there has been an increase in the active participation of blacks in a number of policy areas.

A political transition usually opens doors for new sets of policy actors and makes possible some social and economic changes. In the case of South Africa, these new actors originated from different population groups at different stages in the ever-evolving political and economic environment. Previous contributions to the policy process – as mentioned earlier, through research, consultation and the drafting of policy documents – had been made predominantly by white academics and by professionals from different fields on behalf of the ANC alliance. The period from 1999 onwards showed the beginning of an active involvement of blacks in policy debates and in drafting policy documents. The growth of the black middle classes and elite, partly due to the Black Economic Empowerment (BEE) programme, enhanced the growth of a number of different black interest groups, such as the Black Management Forum (BMF) and the Black Business Council. These groups later merged into the Black Economic Empowerment Commission (BEECOM), which championed a redefinition and enactment of the Black Economic Empowerment (BEE) programme into a broad-based Statutory Policy Act. A key number of black individuals also contributed to the Small Business Amendment Act and to strategy policy frameworks.

Currently, outside mainstream politics there is an increasing participation of black professionals, researchers and entrepreneurs in the policy process as consultants and advisors. Some play key roles in the drafting of policy documents, such as the BEE policy, the amendment of the Small Business Development Act, strategy framework documents and subsequent transformation policies such as Accelerated and Shared Growth Strategies (ASGISA). Policy documents indicate that until 2000, white researchers and professionals controlled the drafting of most policy documents, while international financial institutions and the corporate sector influenced (and continue to influence) the direction and outcome of the policy process. The increasingly active participation of blacks in various policy processes is an indication that the political power shift from minority to majority is not only found in the electoral process, but also (at least to some extent) in the policy making process itself. However, whether this shift has led to social economic gains for the majority of blacks is a different story, as most of these new actors have been influenced by socio-economic interests that lean towards the same neo-liberalism that is endorsed by ANC's leadership. Moreover, major political power resided in the hands of the ANC leadership of Mbeki, who promoted black elitism under the guise of a cosmopolitan Africanist outlook through the black economic empowerment programme.

In 1999 the second ANC alliance victory solidified Mbeki's centralised leadership and led to the decline of the influence of COSATU and the SACP in decision-making processes. These allies could thereafter merely comment on key policies without having any strong influence on the outcomes. Although parliamentary deliberation on the enactment of policy into law is conducted by a black majority led by the ANC alliance, real decision-making remained largely in the hands of the Mbeki-led ANC leadership.

The latter moreover has been (and continues to be) heavily influenced by different national and international interest groups. South Africa is known for having enacted one of the fastest economic liberalisation programmes and for having been pushed in this direction by both the World Bank and the IMF. More importantly, however, this was entirely accepted by the ANC leader, Mbeki. Although GEAR achieved some of its goals, its main selling point – job creation – ultimately failed as South Africa continued to see an increase in both unemployment<sup>13</sup> and poverty.

The wrangling in the ANC alliance escalated with Mbeki's bid for a third term and the political attack on the only man standing in his way (Jacob Zuma). However, with overwhelming support from COSATU, the SACP and the ANC Youth League, Zuma was elected as president. Events in the political and economic environment of South Africa indicate that ideological shifts have affected external alliances. COSATU and the SACP seem, following the 2009 election of Jacob Zuma – a self-proclaimed socialist, but nonetheless a lapsed member of the SACP, with an economically populist view – to be regaining some of their for-

<sup>13</sup>In 2001, broadly defined unemployment was officially measured at about 40 per cent, while a narrow definition arrived at 26 per cent. 57 per cent of the population still live below the poverty income line, which is identical to the situation in 1996. Schwabe C. Fact Sheet: Poverty in South Africa. Human Sciences Research Council. Pretoria: GIS Centre, 2004, p. 2.

mer influence. Whether this will alter policy outcomes and impacts or turn out to be merely political rhetoric will become clear over time. Power relations within the ANC alliance have, however, recently been shaken when a group led by Mosiuoa Lekota seceded and formed another political party, known as the Congress of the People (COPE). Time will tell whether COPE will be able to act as a strong opposition party, considering their disappointing performance in the last election.

### THE DYNAMICS OF POWER RELATIONS: COLOUR, IDEOLOGY OR ECONOMIC INTERESTS?

On the basis of this paper's analysis it can be argued that ideology initially played a key role in shaping power interactions and policy outcomes. However, debate still abounds on the power shift in the political-economic environment of South Africa. While power has shifted to the black majority in formal political terms, at a different level, questions must be asked as to whether the issue of the power shift in South Africa is one of colour or ideology, and what type of power has shifted? Who are today's power brokers and who do they represent? If one looks purely at political power, then power has clearly shifted to blacks; considering that political power does not necessarily translate into economic power, it is clear that the white minority elite, who owns more than 80 per cent of the JSE's capitalisation [24], still maintains considerable control. Due to their share in the economy they have a huge influence on policies that affect their interests. Their views are usually driven by neo-liberal ideas. Among the new power actors in the policy process, there are differences in ideology and interest that can be broadly categorised into neo-liberal and progressive approaches to social development, and that cut across the boundaries of colour.

Neo-liberal views are mostly to be found among corporate sector elites and the small black business elite. The ideological leaning of most power brokers is influenced by their economic interests, with the corporate sector being most interested in profit maximisation and capital accumulation. The Mbeki leadership promoted the creation of black elites on the assumption that they would contribute to the transformation of the black population. Yet these symbolic black business elites have yet to create or transform any social institutions that will have an impact on the majority of the black population living in poverty. The new black elites also lean more towards neo-liberal ideology and have the power to influence policy making through their strong strategic connection with the ANC leadership (since most are politicians-turned-businessmen) and the corporate sector. Indeed, their championing of Broad-based Black Economic Empowerment (BBBEE) was to quell the criticism levelled against them in this regard. A director of one of the government agencies commented that "the activities of the black elites are for political and economic gain. For instance the five key members of Black Economic Empowerment Commission (BEECOM) that initiated BBBEE are not interested in any broad-based empowerment. To be fair only a very few among them have a relatively progressive mind".<sup>14</sup> On the same issue Jerry Moloi<sup>15</sup> went further to say: "Most of these

people who have been empowered came from Soweto. We say to them just come and teach us how to fish, don't give us the fish. We just want to learn. But they are not interested. They are just interested in politics". Moloi added that very few members of these elites, generally women, have progressive mindsets and are sincere about broad-based empowerment, which also explains the high motivation levels among women. Others,<sup>16</sup> however, are of the view that the contribution of black elites in the policy process is a step in the right direction. As before the transition to multi-party democracy, South African power dynamics, if not politics, are driven not only by race, but also by economic interest, class and ideology. Specifically, economic and political interests shape the outcome of policy processes.

Elsewhere on the ideological spectrum we arrive at the progressive camp. This group comprises white and black academics, research professionals from different sectors and civil society members. Those holding progressive views are not necessarily blacks and they tend not to be at the top of the power ladder. Unlike the black elites and individuals from the corporate sector who control economic power and have the ear of the political leadership, these groups are more involved in researching and drafting policy documents. They have less influence on the actual decision-making process that shapes the content and outcome of policy. The key power brokers are therefore the ANC leadership, the corporate sector (including new black elites) and the international financial institutions with their strong external influence on economic policies. It is necessary, however, to add that there are some key players who take a centrist stand.

### CONCLUSION

The dynamics of the policy process in South Africa since the 1980s has witnessed changes in the manner and degree of influence that key players have been able to exert. Those who have shaped the political economy of South Africa through the policy process ranged from individuals and small groups to civil society and trade unions; academic and non-academic researchers to the corporate sector; and the apartheid government to international financial institutions. This study finds that the degree of influence enjoyed by these groups on the political and economic terrain of South Africa has changed over time. The political culture of the ANC alliance is still in the making, since a political movement that organised itself as a military/fund-raising/moral guardian movement in exile, is probably very different from one that operates a modern state.

Economic power shapes political power just as political power influences the economic environment. In today's South Africa, economic power continues to be concentrated in the hands of the corporate sector which has to a large extent co-opted the few black elites. This group seems to hold steadfastly to a neo-liberal ideology and continues to shape policy outcomes to sustain its social economic interests accordingly. The ANC leadership lacks financial and economic capability and continues to be dependent on the support of the corporate sector and the approval of international financial organisations. On the other hand, the corporate sector

<sup>14</sup>Author's interview, 2007.

<sup>15</sup>Author's interview, 2007. Jerry Moloi is the Chairperson of the Soweto Business Council.

<sup>16</sup>See Madi PM. Black Economic Empowerment in the new South Africa: the rights and wrongs. Pretoria: Sigma Press, 1997. Madi takes this perspective, which still resonates with many, judging by the comments made by some key BEE policy actors.

benefits from its close relationship with the government and needs a stable and viable business environment in which to operate. But until the major players – the ANC leadership and the corporate sector – shift from their ideological views to accommodate and incorporate some alternative viewpoints that consider the peculiarity of South Africa's historical context and its implications for the present social and economic environment, power will remain in the hands of the elites that continue to protect just their interests at the cost of the wider population.

Meanwhile power relations in the new South Africa are changing rapidly and need to be monitored continually to understand the dynamics of relations in the political and economic environment. The recent crisis that led to the defection of some interest groups and the forming of a new political party will further change the dynamics of power relations and perhaps create a much-needed strong opposition that could bring about a greater balance in power. Additionally, time will determine whether the ANC alliance under a new leadership will return to consultative and collective leadership. Whatever the case, it is expected that this contribution in the form of a breakdown of the emerging South African power dynamics into four phases will contribute to an understanding of that unfolding process. No easy conclusion is possible in deciding whether any particular forces that are present in power relations in South Africa predominate. Although the forces seem to be driven by race, class, or ideology, they are fundamentally shaped by economic interest.

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