

Book review essay

Inequality, the pitfalls, and the promise of liberation in Africa

Shadow of Liberation: Contestation and Compromise in the Economic and Social Policy of the African National Congress, 1943-1996

by Vishnu Padayachee & Robert Van Niekerk,
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South Africa is something of a paradox in the study of global inequality. In spite of the African National Congress (ANC), the leading force in the anti-apartheid movement, winning an overwhelming victory in the 1994 elections promising to end inequality in the world's most unequal country and a constitution that foregrounds the promotion of social and economic rights, economic inequality in the post-apartheid period has deepened (Webster and Francis, 2019). This paradoxical outcome has led to a ferocious political-economic debate on the nature of South Africa's transition to democracy.

On the one hand, there are those who argue that the leaders of the liberation movement sold out their socialist commitments in the 1994 settlement to the white minority, in particular, international and local capital (Bond, 2000; Kasrils, 2017; Saul, 2011; Terreblanche, 2012). The process of elite-pacting that led to South Africa's 'negotiated revolution', Bond suggests, essentially conserved the pillars of the apartheid economy, the Minerals Energy Complex (MEC). This trilogy constitutes a set of interlocking institutions that ensured continuity of the apartheid developmental path.

On the other hand, there are those who argue that the ANC had no alternative to the Washington consensus approach to the economy in the 1990s and that the ANC has always been a party of the growth of a black bourgeoisie. Among the exponents of this view are Thabo Mbeki, the key figure in shaping ANC economic policy as deputy president from 1994 to 1999 (see Mark Gevisser's biography, 2007) and Trevor Manuel, Minister of Finance at the time (see Pippa Green's biography, 2008). Simply put, the Mbeki camp maintains that a fundamental continuity exists in the economic and social policies developed after 1994. Critics disagree, contending that there has been a significant rupture with past policies and a policy reversal in post-apartheid South Africa.

Vishnu Padayachee and Robert Van Niekerk in their timely and important book, *Shadow of Liberation*, challenge both approaches by revisiting how economic and social policies were actually made from the late eighties through to the mid nineties. They draw on thirty-five in-depth interviews with participants in the policy process. This pool of original data is complemented by a rich archive of primary and secondary sources. Together, these datasets reveal a fascinating back-story on how and who shaped these policies. They argue that the ANC lacked economic expertise and the little they had they spurned, particularly the evidence-based analysis and recommendations of the Macro-Economic Research Group (MERG). While Padayachee and Van Niekerk agree that there was ultimately what Ronnie Kasrils in his book *Armed and Dangerous* (2013) calls a "Faustian pact", it was less because the ANC "sold out" and more because of being outmanoeuvred. They were, Padayachee and Van Niekerk conclude, "Intellectually seduced in comfortable surroundings and eventually outmanoeuvred by the well-resourced apartheid state and by international and local pro-market friendly actors" (p. 135).

The story of the evolution of the ANC's economic policy is a complex one and the authors take us on a long journey that begins in the forties. The rest of the journey is spread over nine chapters. Chapter 2, the point of departure in the book, is a scholarly account of the intellectual history of the ANC, showing how its economic and social roots lie in social democratic policies. These ideals can be found in the the Bill of Rights in African Claims developed in 1943. African Claims was a document with a recognizably social democratic impetus that argued for state intervention to secure social rights to systems of health, education and welfare for all on the basis of universal political and social citizenship. These aspirations can also be traced to what the authors call the 'Keynesian, social democratic welfare state, based on the social

rights of citizenship' in the Freedom Charter adopted in 1955 (p. 22). The next chapter connects the past to the dawn of democracy and the formation of the Department of Economic Planning (DEP). The DEP, the authors argue, consisted of a small group – Trevor Manuel, Alec Erwin, Maria Ramos, Neil Morrison, Moss Ngoasheng, Leslie Maasdorp – who came to believe that there “was no alternative to neo-liberal globalization” (p. 67). The pace quickens in chapters 4, 5 and 6 – the empirical heart of the book – as the authors show how the ANC reversed its economic policies and distanced itself from the post-Keynesian MERG in December 1993 and then abruptly dropped the popular ‘growth through redistribution’ Reconstruction and Development Programme (RDP) in April 1996.

Shadow of Liberation is the first attempt to comprehensively document and interpret the origins and evolution of the ANC's economic and social policies. In contrast to previous books such as Ben Turok's (2008) useful account of the evolution of ANC economic policy which did not examine the contestation and compromises around who and how policy was made, the book under review is rich in biographical detail and surprising ironies. President Mandela, in spite of his avuncular image, emerges as the central figure in providing ‘cover’ for the policy reversal to neo-liberalism. In the case of South Africa, that meant he supported the decision that the orthodox Growth, Employment and Redistribution (GEAR) was non-negotiable. The current CEO of Discovery, Jonathan Broomberg, the most significant provider of private health insurance schemes in the current health care system, once argued that the route to an equitable health care system should be through a state-led national health care system (p. 206). And Anglo-American's attempt in the transition era to explore with the ANC ‘a more equitable distribution of wealth’ was dropped because of a lack of interest by the ANC’ (pp.150-151).

A disturbing revelation in the book is how key ANC figures were treated poorly. Consider the architect of MERG, the exiled economist Vella Pillay, and his distinguished English colleagues, John Sender and Ben Fine. Pillay was a leading anti-apartheid activist and was active in the important group of left economists in London, the Economic Research on South Africa group (EROSA). Furthermore, he was one of the few ANC veterans who had a rigorous economics training and had experience as a practicing economist through his position as head of Foreign Exchange of the Bank of China in the City of London. However, he was a strong opponent of the idea of granting the South African Reserve Bank (SARB) independence from the new government,” arguing that it would

seriously compromise the democratic state's power to influence and shape a coordinated policy response to the economic legacy of apartheid" (p.53).

These differences came sharply to the fore around 1992/1993 when the ANC began to distance itself from MERG and the argument around the independence of SARB in particular. Pillay and his English colleagues were accused of ignoring "the official policy positions of the ANC" and arrogating 'to themselves the role of policy maker' (p.92). They were widely perceived to be 'old-style British left-wing economists' (p. 95). Underlying these differences, the authors suggest, were ideological rivalries over growing Sino-Soviet tensions and Pillay's unwillingness to resign from his job at the State Bank of China (pp. 46-54).

At the centre of the book is a powerful and hard-hitting critique, not only of the policy outcomes, but also fundamentally of the way in which the policies were made. Yet, the critiques sometimes feel incomplete. Consider the claim that the DEP 'failed to engage with the power of the democratic movement in formulating economic policy, choosing instead to form themselves into a tightly knit and self-referential circle who trusted only themselves (p. 228) ... (they) did not engage with the ANC branches and the core democratic structures of the movement through open, substantive engagements.... The ANC turned its back on its greatest asset and resource – the people of South Africa" (p. 231). Unfortunately this crucial insight in the book is not fully developed. There is a substantial body of literature on the 'politics of economic reform' that could have been drawn on to deepen Padayachee and van Niekerk's argument that widespread consultation and negotiation is vital to successful economic reform. In fairness, the refusal to negotiate GEAR in the newly launched National Economic Development and Labour Council (NEDLAC) is rightly criticised by the authors and the authors show admirable awareness of the issue. Hyman Minsky's famous observation, made over 30 years ago and rightly quoted by the authors, makes the point: 'Economic issues must become a serious public matter and the subject of debate if new directions are to be undertaken. Meaningful reforms cannot be put over by an advisory and administrative elite that is itself the architect of the existing situation (quoted on p. xi of the book under review). Tragically, it is precisely what unfolded in South Africa in the 1990s.

Although the book examines events nearly three decades ago, it speaks very much to the present where the demand in the mainstream media for rapid economic reform has become widespread. The lesson I draw from the *Shadow of Liberation* is that economic reform cannot be undertaken by a small group of people. Instead, policies must be formulated and implemented through

negotiation and consultation beyond the state and parliament to include unions, employers and other interest groups (Przeworski *et al.*, 1995, p. 82). What I argued in 1998 remains true today: “Labour retains the power to block the imposition of economic reform – both at the national and workplace level. Any attempt to impose neo-liberal solutions unilaterally is likely to take the country down the path of ungovernability and civil war – it will ensure rather than avert chaos. If, at the same time, socialist solutions are unfeasible, this conclusion points towards a class compromise between capital and labour: a left version of social democracy” (Webster, 1998, p.58).

The insights in *Shadow of Liberation* complement this claim, while significantly developing new interpretations based on evidence from their face-to-face interviews with the key actors as well as new archival material. It is a necessary read for a new generation of policy makers as they confront the challenge of economic reform. Above all, this book is a major contribution to the growing body of literature on the appropriate policies required to reduce inequality in the Global South.

About the reviewer

Edward Webster is Distinguished Research Professor in the Southern Centre for Inequality, founder, and associate of the Society, Work and Development Institute at the University of the Witwatersrand. He was a Senior Fulbright Scholar at the University of Wisconsin (Madison) in 1995/1996. He was the first Ela Bhatt Professor at the International Centre for Development and Decent Work (ICDD) at Kassel University in Germany in 2009/2010. His research interests lie in the world of work, labour movements and social inequality. In 2009, his co-authored book, *Grounding Globalisation: Labour in the Age of Insecurity*, was awarded the prestigious American Sociological Association award for the best scholarly monograph published on labour. In 2017, he co-edited two volumes, the *Unresolved National Question: left thought under apartheid* and *Crossing the Divide; Precarious Work and the future of Labour*. His latest volume, co-edited with David Francis and Imraan Valodia, is *Inequality Studies from the Global South* (Routledge, 2020).

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