

**The experience of economic redistribution: The growth, employment  
and redistribution strategy in South Africa**

Clarence Tshitereke, 2012 Routledge, London, pp. 237.

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The emergence of democratic South Africa in 1994 from the tragedy and devastation of apartheid is one of the most significant events of the past century, and remains inspirational to millions of oppressed people throughout the world. Despite predictions of intensified violence and possibly civil war, the predominantly peaceful transition from a racially based police state to a strong global voice for democracy is a remarkable achievement. Clarence Tshitereke has written an important and well-researched book on the experiences with economic policy debates and directions, and the triumph of neoliberalism as the dominant development paradigm. To support the analysis, he examines the history of the country's gold mining industry and its influence, not only in shaping repressive apartheid laws and institutions, also in moulding the postapartheid economic environment.

In depicting the history of the gold mining industry, Tshitereke meticulously assembles data on how the process of South Africa's industrialisation was based on a cheap and exploitative and racially-based labour system. The representative of mining capital, the Chamber of Mines, worked closely with the state to create a system of regulation based on creating favourable wage conditions and reserving skilled jobs for more privileged whites, while implementing harsh measures against non-whites. One of the key features of this system was the organisation of a labour recruitment agency under the control of the Chamber of Mines, which became central to the establishment of a policy to attract foreign workers, which further undermined local African workers and kept wages low. The majority of low-skilled workers in the gold mining industry during the apartheid era were not actually South African, but vulnerable workers predominantly from other southern African countries.

The book also looks at factors that drove the restructuring of the mining industry in the dying years of apartheid. The 1987 strike by the National Union of Miners was a catalyst for the restructuring of the mining industry, with substantial gains won by the mine workers. This was the major driver in the downscaling of jobs in the mining industry, with the workforce rapidly declining from 531 000 in 1987 to 387 000 in 1993. The cheap labour market was destroyed, to be replaced by a competitive market with higher wages for higher skilled workers, although, as Tshitereke points out, it remains one of the most exploitative and dehumanising industries in South Africa. In addition to the growing militancy of miners, and the leadership role of the union and the Congress of South African Trade Unions (COSATU) in bringing down apartheid, other factors were also at work in accelerating change, including

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increasing global competition between mining capital, the higher extraction costs of low-grade ore and the collapse of the gold price. Not only was labour restructured – the lifting of sanctions enabled South African-based companies to globalise their operations. One of the important conclusions Tshitereke draws, is that it was internal dynamics in the mining industry, not the economic policy frameworks of the ANC government, that spurred the restructuring of the industry.

What was the relationship between the restructuring of the mining industry and the economic policy frameworks developed by the ANC government – 1) the Reconstruction and Development Programme (RDP) and, 2) Growing Employment and Redistribution (GEAR)? Tshitereke argues that the mining industry ultimately saw no future in apartheid and became an influential player in shaping the postapartheid economic policy agenda. He reiterates the view that political freedom for the majority was constrained by the adoption of neoliberal economic policies based on the principle of ‘there is no alternative’. The RDP provided a progressive economic policy framework that offered a pathway out of apartheid, which recognised that the postapartheid economy had to generate faster growth, but also to implement redistribution strategies that delivered jobs, infrastructure and services to the majority. The RDP was not a populist programme but was based on considered and detailed analysis provided by leading economists and practitioners, particularly around the work of the Macro-Economic Research Group (MERG). In an economy with underutilised capacity (particularly human resources due to massive unemployment), the priority was to mobilise these resources to increase both growth and redistribution. It was a progressive Keynesian initiative to set South Africa on a growth cycle, with some emphasis on breaking the cycles of poverty and unemployment through upgrading housing, and basic infrastructure and services.

The early results of the RDP were disappointing and this increased pressure for it to be sidelined. But the point that is rarely acknowledged is the unpredictability and uncertainty that occurs when countries go through major political upheavals and transitions. Indeed, there are few comparisons with the scale of upheaval that occurred in South Africa. As we have seen many times, sometimes things go backwards before they go forward. Many of the early targets around jobs, housing and services were unrealistic. In my view institutional upheaval had a lot to do with it, rather than the strategic directions of the RDP itself. The old apartheid bureaucracy was not dismantled, and many of the people in the old regime retained positions of authority over the levers of economic power.

In contrast to the detailed policies developed through MERG and articulated through the RDP, the neoliberal prescriptions seemed naïve, simplistic and dangerous. They emphasised budget constraints, tight control on social expenditure, privatization, and a shift away from state involvement in industry. The convergence in orientation towards neoliberalism between influential ANC leaders, the old regime and key economic South African and international economic institutions, had occurred prior to the elections in 1994. There were high expectations post-1994

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that the Government of National Unity, led by the ANC, would deliver immediate benefits such as housing and utilities to impoverished townships and rural areas.

The government worked towards creating a new growth-oriented programme, drafted by orthodox economic institutions and their advisers, and this became known as GEAR. Its implementation, as Tshitereke argues, was associated with a massive increase in unemployment. By leading the country out of the abyss of apartheid and towards a relatively peaceful transition to democracy, the ANC had achieved what many sceptics thought impossible. In mobilising and managing this transition, the ANC was under enormous pressure from powerful political and commercial interests. Under Mandela's leadership, the party refused to yield to political pressure from the West to distance itself from its alliance partners, particularly the South African Communist Party. But economic policy was another matter. Neoliberalism triumphed in South Africa. Was this because of the foresight of the ANC leadership in seeking compromise with powerful commercial interests and international institutions such as the World Bank, rather than to risk capital flight, economic isolation and intensified political conflict – even the threat of civil war? Or were the ANC leadership convinced that 'there is no alternative' but to listen and heed the advice of cautious and conservative masters of orthodox economic policy? Debates about this will no doubt rage into the future, and this book will be an important source. One thing that is clear, however, is that the neoliberal project itself has been a disaster. Massive increases in inequality, financialisation of economies and austerity have produced economic ruin in many countries that pursued neoliberal orthodoxy. Initiatives to make sustainability, employment, greater equality and economic justice a priority, must be at the centre of alternatives. There is, after all, an alternative.

### **Biographical note**

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