

DEPENDENCY AND HEGEMONY IN NEOLIBERAL SOUTH AFRICA

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Abstract

This article is about South Africa in the post-apartheid period. It has two aspects; first it examines the social and political process through which the African National Congress (ANC) shifted its emphasis away from the construction of the nationalist project (as defined by its 1955 Freedom Charter), towards a world view that privileges markets as the main organising mechanisms in society. Inevitably, accompanying this shift to neoliberalism there has been a corresponding surrender of macroeconomic economic policy autonomy. Such policy is now geared to propitiating global markets that periodically exhibit high degrees of instability. The question arises – how is the ANC able to manage two diametrically opposed tendencies without social upheaval and dislocation? The answers proffered here centres on hegemonic and dependency dynamics that are in motion in contemporary South Africa.

Keywords: South Africa; neoliberalism; African National Congress

JEL codes: O11; O20; O55; N17; P16

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“Men make their own history, but they do not make it as they please; they do not make it under self-selected circumstances, but under circumstances existing already, given and transmitted from the past.”
(Marx, 18th Brumaire of Louis Bonaparte)

Introduction

In the almost quarter of a century since democracy in 1994, South Africa has moved ever further away from the ANC's nationalist project (with sovereignty at its centre), and closer and closer towards a more neoliberal vision of how South African society is to be constructed. This article examines the ideas that informed the shift in the thinking away from the nationalist project towards the world view that privileges markets as the main organising mechanisms in society. I contend that the ANC has “managed-down” both processes by recasting the national project in terms of the creation of a larger and larger group of black middle class social actors. Following Southall (2014), black in this article means black and African. Contemporaneous with the development of a black middle class there has been a surrender of autonomy with respect to macro-economic policy determination that predisposes the country to fragility and instability. I argue that the emergence of this middle class has been used to mitigate the impact of the latter and that this emergent middle class conveniently provides the ANC with more votes in the ballot box.

Dependency and dependent social relations are at the heart of the theorization in this article. There are two types of dependency at work. First, there is the dependency that typifies the relationship between countries at the centre and countries in the periphery of the world system. The second type of dependency is ideological: it relates to the consciousness of the social agent and the process through which the ideas which inform social behaviour are filtered and maintained. This is particularly important in the South African context where the apartheid history imposed exclusion of a total type on all non-whites. In relation to the British West Indies in the early 1960's, CLR James puts the problem well:

“Our West Indian middle classes are for the most part colored people of some education in a formerly slave society. That means for racial and historical reasons they are today excluded from those circles which are in control of big industry, commerce and finance. They are almost as much excluded from large scale

agriculture, sugar for example...thus they as a class of people have no knowledge or experience of the productive forces of the country...Thus the class has been and is excluded from the centers of economic life, they have no actual political experience, they have no political tradition. (James, 1962)

James' observation on the emergent leadership cadre in the West Indies is central and is magnified in its importance in the context of an apartheid South Africa where apartheid arrangements formed the basis of a race based total institution society. As the ANC entered its negotiations for power in the early 1990s education, training, experience and the capability to implement social policy ideas among black Africans were all in extremely short supply. This article examines how this social deficit is being addressed and its influence on the ordering ANC policy priorities in the post-apartheid period.

The article is arranged as follows; part one provides a description of the dependency approach that informs the analysis. Part two centres on the reduction of the nationalist project to the creation of a new black middle class in the post-apartheid period. Part three turns to the issue of hegemony that is at the theoretical centre of the article. I show how neoliberal hegemony has been constructed and maintained through a technocratic capture of a part of the state apparatus. Part four concludes.

1.0 Dependency Approach

I adopt a dependency approach drawn from the *underdevelopment school* to theorise South Africa. ; Notable adherents include Samir Amin, A.M. Babu, George Beckford, Lloyd Best, Frantz Fanon, Ruth First, Andre Gunder Frank, Guy Mhone, Kari Polanyi Levitt, Thandika Mkandawire, Sam Moyo, Dani Nabudere, Prabhat Patnaik, Walter Rodney and Issa Shivji. The key idea and common thread in this school of thought is that a large part of Africa's, Asia's and Latin America's underdevelopment arises as a result of Europe's development in a world that is analytically divided into a centre and a periphery characterised by unequal exchange between the two. There are many points of departure among the various writers but their unity rests on three basic understandings:

1. Capitalism is and always has been a global system with the locus of power and wealth domiciled in the centre (or core) countries, and with disempowerment and underdevelopment being the chief features in the peripheral countries. In the more contemporary nomenclature this roughly equates to the global north and south.

2. Capitalism's development has always been uneven. That is to say that its penetration or advance in some countries (and of some regions within countries) is at a much faster and deeper rate than in other places. As it proceeds in its uneven manner it throws up inequality and divides the world into haves and have nots.
3. The theory and propositions that emerge from such an approach are the product historical layering where theory is premised upon historical experience.

The various theorists generally work in three theoretical frameworks Unequal Exchange, World Systems and Dependencia. Unequal exchange proponents employ a neo Marxian framework in which the history in terms of primitive accumulation and imperialism where the law of value plays a central role. World Systems theorists take their lead from Immanuel Wallerstein and Giovanni Arrighi and are united by the notion that the global system shapes the conditions of each country's development at the national level. Dependencia proponents inspired by Andre Gunder Frank emphasised the nature of Latin America's insertion into the world system in the 1500s (as a primary and raw material producer) as the source of underdevelopment.

In this article I use the ideas from Beckford (1972), Best (1968) and Best and Levitt (1975) characteristic of the plantation dependencia approach to theorise apartheid South Africa. For Beckford, the world system refers to the *"set of relations governing the component parts that make up the whole. In any such network of relations there is a coming together of the component parts at some point for some common purpose. It is this organization that makes the set of relations a system. The institution which provides the organization gives character to the whole – the system."* (Beckford; 1972, 9) Locally, decision making is highly centralized business and the pattern of management organization is authoritarian. Workers and decision makers are separated by social and cultural differences. *"Authority and control are inherent in the system."* Further the plantation is geographically isolated and so those who live within its boundaries cannot easily enjoy interaction with the outside world. Because of this isolation, *"people living and working on a plantation make up a distinct community which derives its full flavour from the system itself."* Thus, in addition to being a system of production, the plantation is a community. And as the community exists because of the unit of production the resulting social structure and pattern of interpersonal relations reflects the type of economic organization that governs production. The authority structure that characterizes the pattern of economic organization extends to social relationships and what is left is a *"...inherently rigid system of social stratification..."*

normally with whites as owners or managers at the top, culturally mixed skilled personnel in the middle and culturally different (black) unskilled labourers at the bottom (Beckford, 1972, 53-54). The predominant social characteristics of all plantations areas of the world is the existence of a class – caste system based on differences in the racial origins of plantation workers on the one hand and owners on the other. Race was thus a convenient means of controlling labour¹. (ibid 67)

I utilise RT Smith's depiction of the "total institution" to model social relations in modern South Africa. In Smith's use of the term a total institution is one that is a bureaucratically organized that treats blocks of people as units and are marched through a set of regimentation under the close surveillance of the small supervisory staff. From the outset apartheid state represented a unit of authority with control over all aspects of the lives of people within its territory. Heavily reliant on migrant labour of different ethnic and cultural origins the mines also provided "*the locus of rules of accommodation between different groups.*" What results is a social system with "*...all or many of the characteristics of a total state with a classification of people into different statuses together with a formal definition of the relationship between them.*"

The key to contemporary South Africa is an understanding that it was founded as an extension – the overseas economy – of capitalism whose goal was to provide mineral inputs for the industrial capitalism of the centre. As such, reinvestment in the social infrastructure which would extend the internal linkages (backward and forward) and enhance the reproduction of capital, labour and internal consumer markets were mostly absent. South Africa was therefore tied to, and dependent on the capitalism of the centre in a manner that blocked the development and reproduction of any independent mode of production. The domestic mode of production and its reproduction stand facing the enclave-capitalist sector(s) in sharp antagonism (Meeks and Lindhal, ibid, 49). Here, there is much more than class struggle. There is national-racial-class struggle.

1.1 Modern South Africa

Modern South Africa begins with Cecil Rhodes and the founding of DeBeers Consolidated Mines in 1888. Consolidation is the key word. DeBeers completed what represented an "amalgamation" of the diamond industry in the ensuing years

¹ Best and Levitt's further theorisation of the Pure Plantation model yielded a series of plantation inspired models around bauxite, oil and gas.

(Chabane et al 2006). Consolidation meant that Rhodes and DeBeers gained a degree of monopoly power over the diamond mines. From the outset South Africa's story has a distinctly financial aspect. Because mining (especially deep earth mining) demands large amounts of capital investment, and because economies of scale play such an important part in mining large amounts of money capital had to be sourced. Here the international community played a large part. Funding of the mines in South Africa came from the finance fraction in the Anglo Saxon world, thus capital from Great Britain and the USA played a large part in extending DeBeers' reach and monopoly power.

In 1924 Anglo-American Corporation (AAC)² became the largest single shareholder in De Beers. *“Capital for its formation came from Britain, the US, and South Africa. The company aimed to exploit the gold mining potential of the East Rand. In 1924, Oppenheimer made AAC and established a cross-holding linking the two companies in 1929. This type of cross listing that connects companies in an intricate web of shareholdings”* (McKenzie, 2016). The formation of the Johannesburg Stock Exchange (JSE) in 1887 gave these key companies the ability to raise much larger amounts of money capital for investment and expansion of the industry. By bringing together surplus units with deficit fractions it socialises and therefore enlarge sums of saving available for investment. For the companies concerned the ability to raise capital through the issue of shares on the JSE offered a new route to expanding the company's value that was purely financial (and not rooted in the real economy).

Modern South Africa's key formative feature was the alliance/union between mining and global finance capital through the JSE. This union has produced an unusually high degree of business concentration. Each mining house³ developed its own finance arm and together they acquired substantial interest and oligopoly control over the rest of the economy (transport construction, retail, etc.). Here finance functioned as the organising mechanism for industry in a system of interlocking directorships. These are the origins of the very high degree of concentration in the contemporary business arrangements of South Africa.

Pitted against capital was labour. The labour was for the most part black and the nature of the project at the time of origin was imperialistic in character. For Rhodes the Anglo Saxon race was “the first race in the world.” (Castle, 2016) That the labour

² AAC was formed by Ernest Oppenheimer in 1917.

³ Of which there were only a handful in the first place.

force was mostly black and African and that the managers and owners of capital were all white and given that the project at inception was one of governing and controlling subject peoples for the betterment of humanity, capitalism in its apartheid form was racial capitalism (Kaplinsky 1991, 50). Apartheid is unique in that it builds on discernible inequality of living conditions and life chances. Such an arrangement of social relations produces a highly unequal social and economic system where whiteness involves inclusion and privilege, and blackness, exclusion and relative poverty. This racial capitalism is unique among the varieties of capitalism.

The strategy of accumulation based on the maintenance of inequalities provided conditions for sustained accumulation during the 1950s and 1960s. Thereafter, and particularly throughout the 1980s, the accumulation strategy failed largely as a result of the contradictions inherent in the strategy of accumulation through inequality (Kaplinsky, 1991). In addition to failure of apartheid to deliver sustained growth in the 1970s and 1980s, the apartheid era saw the development of South Africa's industrial structure characterised by high capital intensity, with very limited opportunities for the expansion of waged labour - particularly amongst the black population. The policies pursued by ANC led Democratic South Africa have done little to change the structure of the South African economy. Indeed, I argue that exclusion in South Africa has been further reinforced despite the very real attempts to construct a black and prosperous middle class. The main features of the period since 1994 are the increased financialisation of social relations and increasing inequality. Instead of a decisive break with the past there is the continuity of the accumulation through inequality growth path forged in the apartheid period. The economy as it was at inception is still dominated by an elite but now state power coexists with corporate power while power is simultaneously contested and shared by a power-elite (Southall 2014, 651).

2.0 Nationalist project redefined

This section turns to the managing down of the nationalist project. It includes an evaluation of the class and class dynamics that influenced this process, of necessity it involves a consideration of the ANC's role in shaping the present realities.

The ANC was formed in 1912 by a small group of Africans who had been educated in the mission schools. The education is important because it gave to the ANC its

initial orientation which was premised on social and economic liberalism embodied in the colonial education system. The ANC was not at all times consistent in its support of working class struggle in South Africa. Indeed it was only transformed into a mass movement after the formation of the ANC Youth League and the demission from office by the Xuma old guard. It then threw its lot in with the working class and became a mass movement. The key to understanding the ANC approach lies in the idea of a National Democratic Revolution (NDR) as conceived by the SACP (and subsequently embraced by the ANC and COSATU). In the first phase there would be an anti-colonial struggle in which black Africans would break the yolk and free themselves from racial domination. In the second phase a capitalist phase of national democracy would ensue in which a black capitalist class would emerge as a patriotic bourgeoisie who would raise the productive forces of the society and transform the society to a higher stage of socialism.

In general, it needs to be said that black middle class support for progressive change was never unanimous and never unambiguous. “Many if not most middle class Africans were, if not actually acceptant of defeat, then acquiescent in their racial subordination” (Southall, 2014, 653) This was all to change in the 1980’s with the rise of the Black Consciousness and Steve Biko⁴.

In 1955 the ANC deployed fifty thousand of its members around the country to gather information that would form the basis for a Freedom Charter that would give voice to the country’s dispossessed African workers. The Freedom Charter was ratified and adopted in June 1955 at a Congress of the People in Kliptown (one of the oldest settlements in Soweto). It was essentially an equal rights document that called among other things for:

- Free education for all
- Shorter hours and a living wage
- Land reform that would redistribute land in favour of dispossessed Africans
- Nationalisation of the land and mines

In this article, the ANC Freedom Charter represents the embodiment of the nationalist project in one document. It represented the aspirations of black South Africans who were out to construct a society with equal rights and justice at its heart. When the ANC acceded to power in May 1994, the new Constitution of post-apartheid Democratic South Africa contained all of the human rights aspirations of

⁴ The 1980’s

the 1955 Freedom Charter - what was conspicuously absent was any reference to nationalisation of the mines or the redistribution of land. What explains the absence?

At some time in 1991 Mandela made foreign investment a priority and thereafter began to treat nationalisation with benign neglect. Hirsch (2005, 30, cited in Freund 2013, 526) attributes Mandela's abandonment of nationalisation to his attendance of a 1991 Davos meeting of powerful economic and political figures. At this meeting China, Vietnam, and Holland all advised against nationalisation (Gumede 2008, 69, *ibid*). By November 1991 Mandela writing in the Financial Times was telling the world that one had to choose between nationalisation and attracting foreign investment (Habib 1996, 161, *ibid*). By the time of the ANC National Executive Committee (NEC) Nasrec meeting of April 1992 nationalisation was virtually erased from the agenda (Hirsch 2005, 52–53 in Freund, 2013). *"This ANC NEC in 1992 still made some gestures in the direction of a radical economic policy in Ready to Govern but the 1993 meeting, engineered by Mandela and Mbeki, was fairly unequivocally committed to orthodoxy and continuity on most issues"* (Gumede, 2008, 71, *ibid*). In return for placing self-interest centre stage, increasing trust was placed in Mandela, Mbeki, Manuel and others in the ANC hierarchy; this gave the ANC elite insider access to many international elite fora (Bond, 2007, 97).

Prior to democracy the ANC leadership, *"were subjected not only to the sugar cube of understanding chat about the evils of racism and the need for change, but also to the stick of what might happen if they tried to defy business consensus, both nationally and internationally"* (Freund,??). One should not underestimate the role of the doyen of South African business, the richest South African of them all, Harry Oppenheimer played in getting the ANC to abandon its radical stance and acceptance of a business friendly neoliberal paradigm. Oppenheimer formed the Brenthurst Group, which met regularly with Mandela and others (Sparks 2003; Terreblanche 2012, 63). He and others threw open their amenities to the leadership in waiting, and were willing to accept many aspects of what Freund calls the ANC desiderata. Crucially the Brenthurst Group and enlightened capitalism in general were willing to accept the notion of creating some black participants in big business. In the crucial years leading up to the transition and for some years after Brenthurst became trusted as consultants on areas that mattered most to them. Thus, the Brenthurst Group was listened to respectfully and its suggestions and amendments taken up by the ANC leadership (Gumede 2008, 79). The influence of South African business was also important. On the South African corporate side, a series of scenario presentations, one from Old Mutual/Nedcor (endorsed in a blurb by Ramaphosa) (Bond 2000, 58), a

second from Sanlam and perhaps most influential the Mont Fleur bird flight simulations⁵ of August 1992, by some of the biggest players in South African capitalism, were some of the best known (Gumede 2008, 72). Only two months later came the ANC's *Ready to Govern* with an explicit endorsement of free market capitalism and neoliberalism. This is a decisive moment, the ANC without experience of industry, commerce, finance and politics and economics signalled to the world that it had learned lessons and was now sufficiently mature to govern in a responsible and adult manner. In so doing, the first major act of the incoming ANC led alliance was to embrace the neoliberal programme of the Brentthurst Group, the IMF and international capitalism. This is the moment at which the dye was cast and it serves to explain much of what we have come to know as contemporary South Africa

2.1 Aligning the NDR

There can be no doubt that the ANC leadership was influenced by economic and geo-political developments of the period. The tearing down the Berlin Wall in 1989 removed the Soviet Union on whom the ANC had depended for much of its support from the equation. The structural power of markets to punish states that fly in the face of the conventional wisdom is another influence that softened any enthusiasm for more radical reform among ANC policy makers. According to Koelble and LiPuma (2006): *"...the globalizing processes now in motion impose such powerful constraints especially on middle income countries that they motivate all but the most globally financially independent regimes (such as Iran) to adopt some variant of the Euro American neo liberal democracy. From our point of view, the ongoing transformation of capitalism is producing a global financial market and accompanying social institutions that engender economic constraints and threaten political consequences so powerful that they are coercing the entire gamut of regime types, from authoritarian to socialist, to adopt the neo liberal version of democracy favoured by markets."* This line of argument was a common one among the ANC policy makers in South Africa. Alec Erwin a member of the ANC's (NEC) and former Minister of Trade and Industry has argued that South Africa's choices are limited to, "implementing policy packages that are similar to those of other developing countries" (Marais; 2011, 112). And in 1997, Mandela himself argued that integration of the capital markets "made it impossible to decide national economic policy without regard for the likely response of the markets" (ibid). Notwithstanding the undoubted power and influence of international markets, as

⁵ The flamingo pattern was particularly embraced by Manuel, which made everything clear to him in his own words (Giliomee 2012, 351; Sparks 2003).

Marais (2011, 112) observes, "...most promising emerging economies were violating many of the rules the South African government was straining to obey."⁶

There is however a deeper, more intricate explanation of the shift in thinking away from nationalisation of the mines and the redistribution of the land that is cast in terms of *affinities* in the literature on the subject. But this literature has not so far sought to lay out in sufficient detail how historical deficits gave the whole process its dynamic. On the level of ideas there was convergence between the NDR and the creation of a black middle class posited by international capitalism. Through this joining of ideas the ANC has sought to reconcile its embrace of neo liberal ideas with its ultimate aim of democratic transformation. Within the ANC itself, what happened was that the working class black consciousness of Steve Biko was supplanted by the more conservative *African Renaissance* of Thabo Mbeki.

Arguably the single most important person in opening up the country to international capitalism was Thabo Mbeki.⁷ According to Freund (2013, 521); "*Mbeki had little interest in the old left or the new left in socialist thinking or in radical democratic ideas; instead he was consumed from what we know in hindsight by a dislike for Western political power in the world and primarily committed to intensive racial 'affirmative action' domestically, while accepting the existing economic world order as a given.*" Mbeki is essentially a nationalist. He is anti-socialist and is fiercely opposed to the arrogance of the West. The centrepiece of his viewpoint is the African Renaissance first articulated by Diop in 1946 that celebrates "Africaness" and is buttressed by Ubuntu and the nationalist propositions that flow from Ubuntu.

2.1 Black Economic Empowerment

The ANC's Black Economic Empowerment (BEE) programme has its origins in Ubuntu and is very much at the heart of Mbeki's African Renaissance. The aim is to right historical wrongs; it sought to do so by promoting ownership among black Africans who had been historically disadvantaged by imperialism and apartheid. This is what the party sees as its historical mission and it is how the party has conceived of redressing the historical inequalities between races and social classes in

⁶ "The management of capital flows provides an example of the conservatism of South Africa's monetary policy. Indeed, long after the IMF itself gave its blessing to the use of controls in managing capital flows, the South African policymakers cling steadfastly to the more conservative approaches." (See McKenzie, 2016).

⁷ According to Freund (ibid), "Arguably the most important single architect of the 'new South Africa.'"

South Africa. Importantly it allows the ANC to pursue the NDR as its main priority. Thabo Mbeki placed BEE at the heart of ANC social policy at inception in 1994 and it has been pursued in one form or another into the contemporary period.

The unique achievement of Mbeki was to twin neoliberal privatisation to BEE. In the 1990's, privatisation although it aligned well with BEE proved to be politically charged. Under Mbeki's stewardship privatisation was made into a vehicle for channelling economic power to the historically disadvantaged. Because of their spatial dispersion and their range of activities parastatals and public works projects emerged as suitable vehicles for the delivery of BEE. What Mbeki saw was that as State Owned Enterprises (SOE's) were territorially dispersed around the country they would enhance the state's ability to allocate jobs, management positions and procurement among black groups in South Africa. This was a key insight; it meant among other things that powerful unions could be appeased and that well paid management positions would induce political support from a new black middle class. In essence, the ANC provides, "*opportunities for educated black South Africans to join the middle class. ...In return, the party sustains the political loyalty of its supporters.*" (Southall, 2014, ??) Public works projects and procurement provisions backed up by empowerment legislation married business both politically and economically to the state⁸. Privatisation became a key instrument connecting marriage between the state to capital through the expansion of black ownership. (ibid)

Established firms with large capital projects have been the prime targets for extending BEE. Regulating these firms via requirements regarding the inclusion of historically disadvantaged groups gives the state some degree of control over business. Counter balancing this new development as Nattrass and Seekings (2010) point out, is the large size of South Africa's economy and the strength of civil society⁹.

⁸ These arrangements (procurement, management positions, empowerment funds, and shares) make it possible for political supporters to earn enormous rents.

⁹ That the state and business have become more closely intertwined is not without historical precedent in South Africa; the Nationalist Party had used the public sector as a source of employment for its jobless white constituency in the first half of the twentieth century. The ANC simply repeated the exercise albeit on behalf of a different social group. In effect, linkages between parastatals and private capital were deepened and extended revealing a surprising amount of continuity with the past.

The parastatals, public works projects, state managed asset funds, and public-private partnerships (PPPs), preferential procurement, were the interwoven instruments for the implementation of these initiatives. Government emphasised the importance of state owned enterprise (SOEs) in creating employment, providing public goods, and supporting black economic empowerment. The big and overarching achievement of the ANC government was to frame these developmental ideas in a trinity that spoke to the competitiveness, productivity, and profitability of the neo-liberal project. In contemporary South Africa SOEs are used by the ANC to:

- provide managerial positions for the historically disadvantaged
- provide union jobs in a weakening economy and sustained the formal sector.
- meet most government targets with regard to employment equity for blacks, women, and persons with disabilities.

The end result is that the public sector is now being used to create and incubate a black middle class. Supported by the empowerment legislation the black beneficiaries of privatisation and/or restructuring have extended far beyond the established elites to include black entrepreneurs¹⁰. As a result Pitcher reports, "... the share of black South Africans in private sector management has climbed from 18.5% in 2000 to 32.5% in 2008 (Southall 2010, 11)." statistical review needed here!

What the ANC has skilfully been able to do is to substitute the nationalist project with empowerment. Empowerment is how the ANC has chosen to construct the equal rights and justice thrust of the Freedom Charter. In so doing the ANC has managed down the importance the nationalist project encapsulated in the Freedom Charter without observable adverse effects. Key in this process has been social policy on education. Demands for universal free access to education formed part of the original 1955 Freedom Charter and by emphasising this aspect the ANC can legitimately claim continuity and consistency with the previous period of nationalist struggle. The message is that education brings empowerment and empowerment means entry into the black middle class. In general, the current priorities were clearly identified long ago by the old guard ANC president-general Dr Xuma; *"It is of less importance to us whether capitalism is smashed or not. It is of greater importance to us that while capitalism exists, we must fight and struggle to get our full share and benefit from*

¹⁰ Relaxation of restrictions upon African business, first in the homelands, subsequently in urban areas in a process that started in the 1970's facilitated the expansion of a black entrepreneurial stratum in what Kane – Berman (1991) described as a silent revolution

the system" (Zelig, 2002, 205). The proposition in this article is that the post-apartheid ANC leadership has remained true to this vision.

4.0 Hegemony

Dependency on world markets and the hegemony of ideas are the two main features of contemporary South Africa that concern this article. The post-colonial deficit first observed by James was a crucial determining factor in framing the outcomes of negotiations. The alliance negotiating team were negotiating in effect with those who had taught them, those who had groomed them and those who they depended on for entry to elite international fora. In practical terms what resulted from the negotiations was a new division of responsibilities where all the departments of state power were passed to the ANC led alliance and local and international capital retained control of the Ministry of Finance, the National Treasury, its associated agencies and the Reserve Bank, which constitutes the financial cluster of the state. It appears that finance and economics were ring-fenced and in the years since democracy the power and control that local and international capitalism exerts over this cluster has been steadily augmented.

"Neoliberalism as a political ideology has been conceptualised, then implemented through one main channel: macro-economic policies" (Grabel 2000, in Segatti and Pons-Vignon, 2013, 538). Neoliberalism has been implemented via one main platform – macro-economic policy. That is to say the ideas that inform macro-economic policy are the main staging post for further deeper forays into society and the economy. In South Africa the key vehicle for the implementation of these ideas has been the National Treasury (NT). So the first part of the neoliberal incursion is ideological and the second is institutional. According to Segatti and Pons-Vignon (ibid), "*The NT dominance and hegemony over macro-economic policy in a process of institutional capture that begun in earnest as a product of the negotiated settlement.*" The obvious problem with negotiated settlements is that they inevitably involve compromises and trade-offs. After the negotiations what emerged was African control of the political sphere and big business (white monopoly capital in the language of the period) control of the economic domain. Segatti and Pons Vignon (ibid) report that among the ANC led negotiation team, "no one from the ANC and Union side could be considered sophisticated ideologues or economists." This was the post-colonial deficit at work it gave rise to a clear division of responsibilities where business controlled the economy and the ANC the political process. Effectively, the settlement made sure that Africans were shut out of this most

important sector of national life and what may seem surprising is that the ANC agreed to these arrangements. The suggestion here is that the ANC negotiators did not fully grasp what they had given up and the agreement was born out of the asymmetrical power relations of the post-colonial deficit.

Palma (2011, 136) observes, 'what is particularly remarkable about neoliberalism . . . is its capacity to achieve this ["remarkable asymmetric distributional outcomes within democracies"] . . . mostly by ideological conviction.' The conviction here is the conviction that markets are the very best way to organise society because they are the "natural" outcome of human development to date. None of this is predicated on best practice or the best available evidence it is purely a matter of belief and faith. Looked at in this manner the pursuit of a neoliberal order speaks directly to the issue of hegemony over ideas. In South Africa the hegemony is engineered and supported through the NT. In South Africa, this means that two opposing world views both based on conviction were placed in opposition to each other. The nationalist project was built on the conviction that equal rights and redistribution is morally correct and moreover it represented the legitimate aspirations of South Africa's black majority. The question then arises how have the ANC as the party in power been able to manage two diametrically opposed processes that, one that proclaims self-determination and sovereignty and the other insisting on a surrender of control over the economy?

Following Hall's (1979) seminal analysis of the rise of the radical right in the UK, I posit that the ANC has to be understood in direct relation to alternative political formations attempting to occupy and command the same political space. It is an exceedingly large union of social democrats, trade unionists, communists and engages in a struggle for hegemony against both left and right wings of its own party and beyond. Not only is it operating in the same space as others contesting political power it is working directly on the contradictions within these competing positions. The strength of the ANC intervention lies in the radicalism of its commitment to break the mould by creating a patriotic black middle class. In doing so, the ANC has taken the elements which were already constructed dismantled them, and reconstituted them into a new logic, that articulates the space in a new way. At the level of organizing theoretical ideologies, BEE has been the lynch-pin of the theoretical ideologies of state intervention since democracy in 1994 assuming almost the status of a sacred orthodoxy or *doxa*.

In the hands of the ANC BEE provides a powerful means of popularizing the principles of neoliberalism. The heterodox literature on South Africa does not engage with race in any meaningful manner. The idea of a National Democratic Revolution conceived by the SACP and adopted by the ANC and COSATU fills this space. According to that narrative, Colonisation of a Special Type (CST) i.e. apartheid was an expression of monopoly capitalism. What this meant was that black South Africans were the colonial subjects of white South Africans (Zelig, 2003). It followed that black South Africans in the first stage of a two stage revolution must first be liberated from colonialism and in the second stage there would be a socialist revolution led by the patriotic nationalist bourgeoisie that would raise the productive powers of the society leading to a socialist revolution. But by intertwining the national and democratic elements of the revolutionary process the class contradictions between workers and bourgeois nationalism, black, coloured, Indian and white workers are all obscured.

4.0 Conclusion

The previous sections have sought to lay out the internal and external forces that constrain South African development under the ANC. In this section I want to briefly outline how these main forces have interacted to shape the existing social reality in South Africa.

Beyond this there was the systematic grooming of the ANC top echelons by local and international capitalism documented earlier in this article. When in August 2003 Mandela addressed the local business and social elites and said, *'I am sure that Cecil John Rhodes would have given his approval to this effort to make the South African economy of the early 21st century appropriate and fit for its time.'* ... the grooming was complete and the ideological battle was well and truly won.

These social and economic outcomes are consistent with a dependency analysis where current social processes are in the first place conditioned by historical legacies. Within this context the ANC has demonstrated considerable agency; the main achievement of the ANC has been the numerical expansion of a black middle class in the country. My contention is that this is the outcome of the nationalist project redefined by the ANC in the post-apartheid period. It is the expansion of access to education has been the fulcrum that determines entry to the middle class among the African people. Tapping into a type of Horatio Alger type mindset the

ANC has been able to connect with the mass of black people and to manage down the importance of nationalization of the land and the mines in the popular consciousness. The nationalist project now means getting one's full share and entry to the middle class prepares one to do so.

South Africa's class structure is here conceived as a pyramid with three tiers after Seekings and Natrass, (2006). The base is made up of formal and informal casual workers alongside the marginalised grant dependent working class. The narrowing tier in the middle is composed of semi- professionals (teachers and nurses alongside white collar workers and formally employed workers. Management professionals and the independently rich, make up the top tier. According to the authors the growing black middle class within the second tier, new black elite penetrating the upper classes-“the most dramatic shift in the social landscape after 1994”

The ANC can easily claim that its efforts are in line with the narrative of the NDR. But the logic falls down when we examine the social and circumstances in which this middle class is being created. So far the outcome of the ANC's effort is a consumerist black middle class engaged in speculative rentier behaviour, funded by bank credit. According to the logic of the NDR this middle class are to comprise a patriotic bourgeoisie that would raise the productive powers of the country. Here the problem is not only the periodic crises that constrain the confidence of the middle class and confine it to comprador status, but also the neoliberal social context in which this class is being incubated of necessity breeds what Fanon would have termed bourgeois mind sets far more aligned with the culture of capitalism in the metropole

One crucial aspect of the analysis in Fanon that is often missed is that the social and economic outcomes that manifested in post-colonial Africa were never solely the result of a mutilated people, mutilated by a mutilating colonizer. (ibid, 149) In Fanon these social outcomes also derive from the “intellectual laziness, spiritual penury and a profoundly cosmopolitan mind set” of the national bourgeois classes in the global south. But in South Africa the ANC has shown considerable alacrity and agency in managing its policy priorities while moving South Africa decisively towards the neoliberal public policies practiced elsewhere (Bond, 2016). By tying it itself to a BEE that ultimately penetrates the boardrooms of the corporations, the ANC reproduces the main feature of dependency arrangements. – patron client relations that define the social system. A middle class created and nurtured by the ANC will not bite the hand that feeds it; it is far more likely that this class will for the

foreseeable future continue to support the ANC at the ballot box as it is the ANC that guarantees its progress and growth.

Fanon would argue that it is the only way that a middle class leadership with bourgeois mind set could conceive of the national project. The weight of a total institution, the epistemological vacuum engendered by exclusion propelled South Africa's ANC leadership towards a low risk path that was consistent with the conservative nature of its class character. My argument is that the post-colonial deficit along with the grooming of the ANC leadership were material forces in conditioning the response of the ANC to the neoliberal imperative. The turn to neoliberalism started in the 1980's and was complete and official by the time *Ready to Govern* was published. Since then neoliberalism has revealed itself on the ground as colonialism in another guise. There is obvious historical continuity in that BEE reproduces the classic features of dependency in the patron client relationships that it reproduces. But it is not simply the case that social actors are trapped as products of history. There is agency as well. By marrying the state to business through BEE the ANC has assumed some limited power and control over business and the economy. The party obviously wants more control as the recent controversy on white monopoly capital evidences. The real power of the ANC approach lies in its ability to connect whiteness to capitalism through the NDR. Here the ANC takes the moral high ground. But as Fanon foretold – in the post-colonial setting, capitalism is not necessarily only and always white.

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