

## A NOTE ON ECONOMIC POLICY AND THE TRANSITION IN SOUTH AFRICA

One of the distinctive features of the current South African situation is the negotiated form of the transition. Whereas many revolutionary struggles have culminated in the military defeat and political collapse of the old order, in South Africa the apartheid regime has not been defeated militarily, but is threatened with defeat politically and diplomatically. In response it has charted a course which aims to manage the political transition in a way that is less damaging to their long run interests than military defeat and political collapse.

One result of the gradualism of the transition is a particular form of dual power. Whereas in say the Vietnamese case, dual power took a spatial form - with the government held cities gradually surrounded by liberated zones, in South Africa the dual power is political. Codesa is the national instance of this. But side by side with Codesa there have emerged all over South Africa local and regional Codesas, in which civics negotiate with white local authorities, RSC's, and what remain of the black local authorities, over the conduct of local government in their areas. While Codesa has been suspended, these local negotiating fora have continued, and their experience suggests some general lessons both for strategy during the transition and the conduct of economic policy afterwards.

The local negotiations with the greatest scope have been those taking place in the Metro Chamber of the greater Johannesburg region. These developed out of the Soweto electricity boycott. The boycott ended in September 1990 with a negotiated settlement between the Soweto civic and the Johannesburg Council which specified: 1. the writing off of 1 billion rand worth of arrears on electricity and rent payments; 2. the transfer of housing ownership of 118,000 houses from the

Council to various forms of Sowetan social ownership , as well as substantial investment in the upgrading of backyard shacks; 3. the administration of these housing provisions by a Metro Housing Authority under a Metropolitan Chamber; 4. affordable tariffs for basic services 5. a movement to one tax base between Soweto and Johannesburg, since 300,000 Sowetans worked in Johannesburg and 60% of Sowetan income was spent there.

The ending of the boycott did not mean the end of negotiations. One of the terms of the settlement was the establishment of a structure to continue negotiations on matters that had only been agreed in broad outline (particularly housing). As the Metrochamber proceeded, so other parties joined, the Randberg and Stanton white authorities, other black civics, black local authorities and the RSC.

Subcommittees were set up on specific topics. At first the civics found themselves negotiating in these sub committees with officers who merely followed the line of their own departments, and did no work between meetings. But the Chamber then approved that officials from the white authorities could be seconded to problem solve with respect to the topics of the sub committees, and the Chamber itself also agreed that it should be given 50 million rand to upgrade the hospitals in the area. What has developed is a structure in which there is detailed bargaining over strategy between the main political forces in the region. Implementation is then undertaken through the white local authority administrative structures.

The next stage is what to do about these established administrative structures, how they can be deconstructed and reconstructed. But the point that has already emerged is the effectiveness of a structure in which those with political power negotiate on strategy. From the civic side, the negotiating positions are discussed within the civics themselves. They remain close to their political base. Although they do not have formal political power, their hand

is strengthened by the prospect of their taking over shortly (it has been agreed in the Metro Chamber that they will move to a metropolitan constituent assembly at the same as an interim national assembly is established). Paradoxically, the civics' lack of formal political power has meant that the leadership have necessarily remained closely tied into the democratic structures of the civics. It is from these structures that their power and legitimacy comes.

There will always be a worry that while the white politicians remain in formal control of local government, they will force concessions from the civics which they would not have had the power to do after democratic elections. This would argue for a no-negotiations position until the elections. But it should be remembered that the power conferred by democratic elections does not confer total power - over the police and the army, over the administration or over the economy. It is one commanding height, but not the only one. The real danger of focussing only on formal state power (a democratically elected constituent assembly) is that the opposition shifts its war of position to the other commanding heights. Already this is happening to an extent as white local government is privatising many municipal assets and services, and re-organising its administrative structures (with the help of Deloitte) in order to insulate itself from elected politicians. Elections may remove the white rulers by the door, but they are already preparing to come back in by the window.

The Metro Chamber negotiations (and others like those between Alexandra and Stanton, or Daveyton and Benoni) are making openings into these other areas of power. They are allowing the civics to come face to face with the bureaucracy. They are beginning the task of deconstructing it. They are engaging in a detail which is new (how rubbish collection should be organised in the Alex/Stanton case) which allows the civics to see who can and cannot be worked with in the transitional period, and how democratic influences can be extended within

the bureaucracy, They cannot themselves deal with the police and army. For the moment that is a matter for the national negotiations. Nor can they do much about the control of the private economy. But what they can do is to prepare for local and regional economic strategies and draw up detailed programmes for implementation once a new national democratic government is in power. Furthermore they are binding an element of the whites into these transitional deals, limiting that critical sanction which was used to such effect by the civil service in Mozambique (as in post revolutionary Russia) - the withdrawal of co-operation by the old administrators. They are developing a practise of transition.

What does this experience suggest for the second key transition, that of economic power? Here the potential sanction by the old order is even sharper. The threat of withdrawal of capital, of investment, and of management is a sword of Damocles which is held over the democratic movement. What makes it even more serious is that there are substantial international forces adding weight to this sword if the new democratic government strays outside strictly defined limits.

In the face of this the progressive debate on economic policy in the transition has veered between two poles (the two poles common in many left social democratic movements): on the one hand a radical statisation of the economy, on the other, a readiness to leave production to existing capital, and introduce progressive measures into circulation (more equal income distribution, anti monopoly legislation, and so on). The second is gaining ground as the fear of undermining the confidence of private capital increases. The leaders of the democratic movement are centrally concerned with maintaining, indeed increasing, the quantity of goods and services produced, and during the transition this means produced by private capital as well as by public administration. It is a spirit which is wary of adventurism.

There is a further problem with the economy. Whereas it is possible to envisage a transition to state control over public administration - a Metropolitan Constituent Assembly, democratically elected, will in principle be able to develop an effective waste disposal service,- the same is not true of the economy. The management of production remains an empty box. The control of technology, production and its management are still firmly lodged in the hand of white capital, and no new democratic government will alter that. It might alter ownership, but it will not alter immediately the material basis of economic power, and it is rightly concerned about the response throughout the economy if there were confrontations between a new government and national and international capital all along the line. This was of course the thing which finally undermined Allende in Chile.

Even at the level of public policy there is a problem. Whereas public administration has both a national and local aspect: a range of new democratic local authorities will be challenging the old administrative order

at an urban level, at the same time as the central government is doing likewise with the national bureaucracy. But this is not the case with economic policy. Here the traditional powers exercised by central government over the economy have been macro and regulative instruments (control of interest and exchange rates, of taxes and benefits, of regulations and inspectorates). They lack an articulation at the local level. As a result not only does key production remain outside immediate state control, but the articulation of the national and local productive economies also remains in the hands of private capital.

To illustrate what I mean consider a township like Atlantis in the Western Cape. There are a range of national companies with branch plants there. Banks have branches there (in the business districts). So does ESCOM and the railways. But there is no equivalent articulation of national policy at the local level. There is no Atlantis Economic Bureau equivalent to the

Treasury or Ministry of Industry at the national level. As a result the centre remains confined to aggregate measures. It deals with populations of firms rather than individual ones, with averages rather than particularities. Bringing private firms into public ownership does not immediately alter this. It merely poses the economic problem as an administrative one, how politicians with necessarily limited knowledge can control a national productive enterprise.

The idea of democratising the economy must be seen in this light. Public ownership is one step. But then there is a question of how the central politicians establish effective control over the enterprise, how the central party establishes control over the politicians, and how those at the base, the workers and citizens have any control over the party. There are a whole number of points where such an extended circuit of democratic control can break down, above all when it is faced with productive enterprises where the technical power is in the hands of adversaries. This is the experience of social democratic nationalisations in Europe, and much nationalisation elsewhere.

How can this help resolve the dilemma at the centre of ANC economic policy at the moment, between those pushing for formal social control and those fearful of killing golden geese, or at least prompting them to fly away. One of the problems to date is that there have been few mechanisms that allow the question to be addressed in the detail that is tactically required. There is the economic restructuring project which is working with COSATU on 12 sectors. There is detailed work going on in a number of other critical fields, finance, energy, housing, health. But as the understandings advance the hesitancy among some that they will excite a 'grand peur' amongst capital in general, continues to hang like a cloud over strategy formulation. Furthermore, the current process is one which is distant from the base of the political movement which is where the key power of the democratic forces lies.

It is in this respect that the experience of the local negotiating chambers are suggestive. For one possible way forward on the economic front is to establish an Economic Chamber in which the details of the transitional economy can be negotiated. It could have two dozen sub committees like the Johannesburg metro chamber. These would cover the main sectors - finance, energy, food, transport, education, health, light industrial goods, mining, - all those areas which are at the core of the new democratic government's ability to deliver. The democratic forces - COSATU, the ANC and the civics - could then put forward their demands and proposals. These need not be watered down to what might be acceptable to capital. Indeed they should not be, since they are not proposals for immediate action but proposals for negotiation. The technical resources of the democratic movement would be required to advise the negotiators, which would give a sharpness to the strategic work currently underway. Both the negotiators and their advisers would gain the same increasing knowledge of the industry as have the public service negotiators at municipal level. Furthermore the negotiations would involve reporting back to the mass movements, both trade unions and the ANC. They would have to carry all key parties and all levels with them, in what has become known as a sufficient consensus. In some fields there would be no sufficient consensus. But the negotiations would have taught much in the process, about where state power would be needed immediately, about who could and could not be worked with, about how far a sufficient coalition if not a sufficient consensus could be built.

A national Economic Chamber of this kind would have the problem of how to articulate itself at a local and regional level. For it is at that level that workers, and local ANC activists and civics can be most effectively involved. It is also the level at which the detail for effective national negotiations commonly derives. The national negotiations, in short need to have the detail of place, of sub sectors, even of plants, and not be confined to the national aggregations

and averages. We can use the word 'reticulate' to describe what is needed, a network of connections which is simultaneously national and local. A democratic economy needs to develop a spatial and sectoral reticulation of economic policy.

One way of doing this would be to establish a group of local economy workers in each town. Just as there is an ANC branch network which acts as a reticulation of the national political space, and a trade union sectoral and branch reticulation on the national labour front, so the same is needed for economic policy. The town or district economy branch, working with the ANC, the local unions and the civics - indeed combining them together - would be responsible for local economic strategy which would include the way national firms and public organisations operated or could operate in the local economy. They would be sending up demands and suggestions to the national Economic Chamber and its Sub Committees. That would be a way of keeping the connection between the mass movement and the central negotiations. It would also open the way for local negotiations on the economy within a national framework. Some towns (Atlantis is one) have already established economic fora to encourage local economic development.

COSATU some time ago suggested a national economic forum to run alongside CODESA. This was turned down by the ANC, I suspect because of the sensitivity to 'capital fright'. But the only reliable way of dealing with this fright is to confront it in detail, in negotiations, and with the economic power, knowledge and detail of the mass movement connected into the negotiations.

It may be, too, that if the Metro Chamber is anything to go by, the Economic Chamber - were it to work - would become a unique institution, one that existed side by side with the democratic national assembly, an economic house alongside the political house.



The problem of democratising the economy has remained one of the key unresolved issues for progressive forces, particularly where they have lacked the political and economic power of a Chinese revolution. Put another way, there has been no adequate practise of economic transition. The last decade has led to the unpicking of a variety of attempted answers, both revolutionary and social democratic. The creativity of the South African democratic movement has already led to the development of new forms of administrative transition. Is there not now an opportunity for a similar advance on the economy?

The theoretical point that arises is as follows. Power is not centralised in the state, even if the state formally owns the means of production. Control of the state gives critical power over property, taxation, law making and regulations, and the granting of rights and benefits. It also has an important ideological role. Leaving aside for the moment the question of gaining control of the police and the army in the transition, what the state does not have is substantive power over large parts of production and distribution. In the case of South Africa the latter lies in the hands of a highly concentrated capital, a white technocracy, supported by formidable international forces.

To shift the balance of power over the economy requires a strategic alliance of a democratic state and a continually mobilised and focussed mass movement. It also needs tactics which divide capital itself, joining battle on ground where capital is weak, where particular capitals cannot command the support of capital in general, national or international.

The Prussians under von Moltke developed the General Staff in a way which turned an army that had been humiliated at Jena in 1807 into one that shook Europe by its defeat of Austria in 1866 and France in 1870. The General Staff had a number of sections. One specialised in cartography. Von Moltke's

successor Schlieffen used to draw maps by hand before breakfast, to give himself the feel of the land, the particularities of the terrain. Another was devoted entirely to the history of warfare. A third was responsible for railways, those of enemies as well as those in Prussia. The railway timetable became the key to Prussian war planning, and war planning was the organisational focus of all the work of the General Staff. Furthermore the General Staff moved its members among the many field divisions of the Prussian army (which themselves had their general staff units modelled on the central one). Thus there was a General Staff network that knew the detail of the army as a whole. There was an informational as well as an organisational reticulation. The model was copied by every other major army in Europe.

There is much to be learnt from this model for the conduct of a transitional economic strategy. The economic section of the democratic movement must have a cartography of production, and not be confined to the quantitative readings of macro economic figures. The chief economic planner should study the plant layouts of a diesel plant or the distribution networks of supermarkets before breakfast, in the manner of Schlieffen. It needs specialist historians, of economic policy and strategies of transition. It needs a reticulated body of economic policy makers (the local and regional as well as the national) and means of connecting those who have made such a remarkable mass movement into the framing and conduct of economy strategy.

The experience of the Metro Chamber suggests that negotiations are one way of organisation a transitional process of this kind. They recognise that the opposite side has power, but at the same time they explore that power and the interests to which it is allied. And they explore it in movement. They allow democratic negotiators to get their knowledge of the issues not from books or hypotheses or the PR carried in the newspapers, but from the practise of negotiating.

They also prompt a mobilisation of the power of the democratic movement, shortening the democratic circuits. The promise of state power adds weight to the democratic negotiators, and its eventual control will further strengthen their hand. But it should be seen as adding to not substituting.

Thus even after democratic elections and a change in government, the experience of the practise of negotiations, and the existence of structures developed for this purpose, will hopefully maintain three things:

- an awareness of the need to continue negotiating with the economic opposition (that is merely to say that capital and the white technocracy will retain material power for a considerable time);
- a reluctance to enter into international loan agreements that strengthen the economic opposition rather than the democratic negotiating forces;
- a realisation that the negotiating power of a democratic government for a progressive policy will come as much from the continuing involvement and support of a mass movement as from the formal control of the economic levers of the state. Elections provide a legitimacy. But they are too spasmodic a means of mobilisation for the continuing process of negotiating shifts in the economic balance of power.