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Who's Where in the Debate on "Nationalization" in South Africa

by Witney W. Schneidman

Ghana's Kwame Nkrumah, an architect of the African independence movement of the early 1960s, counseled in his writings that an oppressed people had to seize control of the political kingdom in order to gain control of their economic destiny. Events in South Africa since Nelson Mandela was released from prison in February 1990 have stood this maxim on its head. The public debate at this moment does not revolve around the new political order being addressed in prenegotiations "talks about talks" between the government and the ANC. Instead, the most contentious issues relating to South Africa's future now argued in public are economic—economic justice, redistribution, and restructuring. The buzz-word around which the debate focuses is "nationalization."

Because neither the ANC, the trade unions, the government, nor any other political grouping in South Africa was prepared or positioned for this turn of events, exchanges on the country's economic future have been largely on a level of emotive slogans rather than defined blueprints. That "nationalization" is at the center of this debate is not surprising. Nearly 60 percent of South Africa's fixed capital is owned by the public sector. South Africa's four largest corporate conglomerates control more than 80 percent of the capitalization of the Johannesburg stock exchange. Black economic interests control less than 2 percent of the country's formal sector. Nationalization has emerged as the strategy of choice for many of the black-led organizations determined to rectify this inequity.

Although it is impossible to itemize all of the complexities and nuances of this issue (much less give fair representation to all perspectives), it is possible to convey a sense of how the debate on nationalization is unfolding, who is driving it, and the direction in which it is headed. In the course of the many gatherings of activists, businessmen, academics, and government officials that have occurred in the four months since Mandela was released from prison, a notable flux can be charted in the positions taken on the country's economic future by some of the major protagonists. The ANC has relaxed its strict, formalistic adherence to nationalization. The government has made some well-publicized adjustments in its economic policies in an effort to respond to some of the black demands.

This fluidity has several implications. Foremost is the implicit recognition among all parties that the economic status quo is untenable. It also suggests that the positions of the various actors are likely to evolve as they become more familiar with the complexities of South Africa's economy and accept the

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reality that no one party will be able to dictate the terms for restructuring. The intensifying debate further underscores the need for detailed sector-by-sector negotiations among the government, white-controlled business, and the major black-led organizations as a prerequisite for successful transition from an apartheid economy to one that is both growth-oriented and capable of rapidly creating new socioeconomic opportunities for the black majority.

Mandela's Ambiguity

Shortly before Mandela was released from prison on February 11, he was visited at his residence at the Victor Verster Prison by Richard Maponya, a prominent black businessman and longtime friend. Following the visit, Maponya told journalists that Mandela "did not believe in nationalization" and that the ANC leader felt that a free-market economy was the only way to provide employment for a rapidly growing population. The firestorm that Maponya's comments sparked among blacks compelled Mandela to undertake quick damage limitation in the form of a written statement affirming that "nationalisation of the mines, banks and monopoly industries is the policy of the ANC, and a change or modification of our views inconceivable."

This contradiction reflects the challenges facing Mandela as the objective of achieving a redistributive, growth-oriented, postapartheid economy is pursued. On the one hand, the ANC leader is expressing a deeply held belief of his constituency when he says that blacks must have "a share in the control of wealth of the country." It is not enough to create a welfare state; black South Africans must have the opportunity to fill key roles in the ownership of companies and in the decision-making process of the national economy. From Mandela's perspective, reciting the 1955 Freedom Charter (which states that "The mineral wealth beneath the soil, the banks and the monopoly industry shall be transferred to the people as a whole," and that "all other industry and trade shall be controlled to assist the well-being of the people") is the bluntest way to get this message across to white South Africans. Moreover, as he has pointed out, nationalization is "part of the history" of South Africa, a pointed reference to the fact that successive National Party governments have used state-controlled industry as an essential part of a strategy to boost the standard of living of many Afrikaners and establish political hegemony.

At the same time, however, Mandela wants to win the support of white businessmen for this restructuring. Indeed, speaking to the press after a February meeting with Gavin Relly, chairman of the Anglo American Corporation, Mandela said that the "entire economy, insofar as we are concerned, will remain intact. . . and will continue to be based on private enterprise." Taking a middle-ground position in an effort to keep the door open to future negotiations on this issue, Mandela said on April 25 that thorough research would be undertaken before the ANC adopts a firm stance on nationalization. Most recently, in his first formal address to business leaders on May 23, Mandela voiced the ANC's commitment to rapid economic growth as well as its desire to win the confidence of national and international private investors. This was a message that many of the several hundred South African businessmen present had been waiting to hear. But he maintained his policy of deliberate ambiguity by adding that, while the ANC was not wedded to nationalization, it was not rethinking its position on the issue.

The Lost Years

Confusion over the ANC's strategy for restructuring is due in part to the low priority placed on developing an economic policy during the 30 years it was banned and its leaders were in prison or exile. As the party's leaders acknowledge, waging an armed struggle to win political power does not prepare cadres to run economies. The decentralized nature of the ANC's Economic and Planning Department (EPD) has also complicated the development of an economic policy. Based in Lusaka and headed by Max Sisulu (son of Walter Sisulu, now chief of the ANC's internal wing), the EPD has been primarily concerned with administration and coordination among its consultants in London and Maputo rather than original economic research. The various meetings between the exiled ANC leadership and South African businessmen over the last several years have focused mainly on how to pressure the government into negotiations, contrasting scenarios of a postapartheid economic order, and simply coming to know each others' concerns.

In an effort to enhance its research on economic matters, the ANC gave its tacit support to the establishment in 1987 of the Center for Development Studies at the University of the Western Cape. Managed primarily by social-democratic white academics, the

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Center was also envisaged as a way to involve black civic organizations in the planning process. Two of the Center's 10 commissions (the economic and land reform commissions) were structured to focus on economic issues, but they have been slow to jell into cohesive units, in part because of a lack of full-time staff, a shortage of funds, and a vague research agenda. It appears unlikely that the EPD or the Center for Development Studies will overcome their bureaucratic and institutional weaknesses in time to provide the ANC leadership with the research needed in formulating a coherent policy regarding a postapartheid economy.

The Several Voices of the ANC

The nationalization debate has been further muddied by the fact that the ANC has a variety of positions on the issue. Joe Slovo, general secretary of the South African Communist Party and a member of the 11-person ANC delegation that met with President F.W. de Klerk and eight other senior officials of the South African government in early May, is an influential voice in the debate over a new economic policy. Slovo shares with Mandela a recognition of the need to ensure continued economic growth, retain white skills, and attract foreign investment in order to bring about a greater economic egalitarianism. On the matter of striking a balance between a market and a planned economy, however, the SACP leader takes the position that "pride of place must go to the latter."

Although Slovo remains committed in principle to the creation of a genuinely socialist South Africa, there has been some updating of this commitment. Formerly the ANC's staunchest defender of pre-Gorbachev, Soviet-style central planning, the 63-year-old white lawyer has responded to events in Eastern Europe by thoroughly revising the SACP's strategy for South Africa. In Slovo's view, socialism failed in the Soviet Union and Eastern Europe because of the inability of these governments to go beyond "mere state planning." As a result, there was a "perversion" of socialism's goals, specifically a "lack of democratic participation by producers at all levels."

For these reasons, he has concluded that "public control" must be the guiding principle to the restructuring of the economy of South Africa. "Public control" must be exerted over South Africa's largest industrial, mining, and financial institutions to ensure that the interests of the people—as opposed to the "interests of profit"—are paramount in the economic decision-making process. Although still quite vague, Slovo's definition of public control appears to imply that a future economy would be directed by a multitude of democratically selected committees that would distill the concerns of the majority of black workers as well as bureaucrats and managers into a coherent economic policy.

Slovo's views on nationalization are important not only because he is a senior member of the ANC's National Executive Committee but also because the South African Communist Party is perhaps the only Communist party in the world that is gaining adherents. In fact, the SACP has stated its intention to transform itself into a mass-based political party within South Africa. The April 1990 meeting in Harare between leaders of the SACP and of the Congress of South African Trade Unions (COSATU), South Africa's largest labor federation, (a meeting in which the ANC was also represented) is indicative of the SACP's inclination to rely on the trade unions to provide organizing muscle. The SACP will be able to draw on a reservoir of goodwill from many black South Africans—particularly workers and youthful militants—who see capitalism and apartheid as inextricably linked and socialism as a strategy yet to be tested in South Africa.

While Slovo is holding out for a phased democratic transition to socialism, Walter Sisulu, who is overseeing the ANC's transition to an internal political organization, told more than 500 businessmen and bankers at a meeting in Johannesburg on March 10 that the state should take the leading role in restructuring the postapartheid economy. In his address, Sisulu described ANC policy as favoring a mixed economy, and cited "creative" nationalization as the most effective means for promoting growth and correcting past injustices. State intervention, according to Sisulu, should be the prominent characteristic of a postapartheid economy. The state should play a central role in directing the flow of investment, determining the distribution of income, and setting the general direction of economic policy. Where necessary, legislation should be used to curb monopoly power as well as bring about the "dismembering" of some large conglomerates. In instances where it was not economically feasible to break up a monopoly, the state should assume ownership.

In addition to laying out his agenda for restructuring, Sisulu affirmed the black community's profound distrust of existing government economic policies. He characterized the government's promotion of free enterprise as a ploy to enflame white opposition to the ANC's proposed restructuring of the economy. "Trickle down" policies, such as President de Klerk's recently announced Trust Fund, were cited as part of an effort to keep the country's wealth in white hands. In closing, Sisulu told the businessmen that they must be prepared to make sacrifices—including lower profits and incomes—in order to compensate for the "history of grotesque irresponsibility" on the part of white-controlled business.

As with Slovo's strategy for restructuring, Sisulu's remarks on a future South African economy failed to convince the business community that the ANC is as yet serious about engaging business in discussions on a postapartheid economy—even though Sisulu made an earnest appeal for such a dialogue at the end of his speech. In fact, instead of easing the fears of the business community, as Sisulu said was his objective, his address heightened concern about the future of the economy.

A more measured approach to economic restructuring has been suggested by Thabo Mbeki, the ANC's director for international relations. While acknowledging nationalization as a legitimate means for addressing the control and distribution of wealth, he—like Mandela—emphasizes that nationalization is only one option that has

to be considered in the context of a host of other issues, including tax and fiscal policy, regulation of the markets, and international economic relations. For Mbeki, who has a master's degree in economics from Sussex University, one of the most important aspects of shaping the future economy is that all sectors of South African society—including the trade unions, black businessmen, the white private sector, and economic specialists at universities and think tanks—discuss together specific measures under consideration.

In sum, the ANC does not now have a policy on nationalization, but several. It seems unlikely that the various threads will be brought together before the December 16, 1990 party congress, which will be held in South Africa for the first time since 1959. Even then, the leadership will be faced with a difficult task in trying to synthesize the divergent views on nationalization. Prospects for a consensus will depend in part on completion of the analytical research needed for devising a coherent economic policy that could guide the transition to a postapartheid society.

COSATU Looks Inward

COSATU is in a position similar to that of the ANC in that it has not yet developed a thoroughly researched and coherent blueprint for a postapartheid economy. A second parallel is that the labor federation shares the ANC's instinctive distrust of capitalism and white-controlled big business. As Cyril Ramaphosa commented at an April 1990 Aspen Institute conference in Bermuda, "a society cannot be democratic if it is ruled by profit motives."

A major difference between COSATU and the ANC is the belief of some in COSATU that a postapartheid South Africa will not attract significant amounts of new foreign capital. Therefore, it is argued, industrial wages should be raised by 30 to 40 percent virtually overnight in order to bring about a dramatic expansion of black spending power. This would, they say, provide a vital stimulant for shifting South Africa's manufacturing sector from its current emphasis on the production of capital-intensive luxury goods to the manufacture of more labor-intensive basic consumer goods; redistribute income; increase black consumer power; and draw blacks more fully into the economic mainstream of South African life.

To achieve this restructuring, COSATU officials maintain that the state will have to control investment decisions through the establishment of a state market bank, and possibly the nationalization of banks. COSATU also envisages the possible creation of a national board comprising labor, business, and the state to oversee a restructuring of the economy and mediate labor conflicts.

Thus, although COSATU continues to advocate a high degree of state intervention in the economy, wholesale nationalization is not the centerpiece of its economic strategy. In fact, at the previously cited meeting in Harare between COSATU and the SACP, the two organizations reportedly moved toward a policy that would rely on antitrust legislation to break up the conglomerates in an effort, inter alia, to reduce corporate influence in the country's economic decision-making process.

The intellectual underpinnings of this strategy were developed by the Economic Trends Group. Formed in 1988 as a COSATU affiliate, the Economic Trends Group (consisting of 21 members—19 whites and 2 Asians) reportedly has completed a structural analysis of South Africa's economy to be published later this year, and has begun work on specific policy options for COSATU. Although supportive of nationalization, the thrust of the group's current thinking seems to advocate a policy of "democratic state planning." This would include a high degree of state involvement in the economy through tax and fiscal policy, regulation, public ownership of some enterprises, and state planning. Events in Eastern Europe, however, are said to have impelled many of the Group's members to move away from an economic model based on nationalization and central planning.

A prominent member of the Economic Trends Group is Alec Erwin, the education officer of the National Union of Metalworkers of South Africa, a COSATU affiliate. Erwin's view of a postapartheid economy, as expressed in a paper he presented at a December 1989 conference in Paris, is in many respects one of the most nuanced to emerge from the antiapartheid movement. He reflects COSATU's concern for "management accountability," a dramatic improvement in black living and working conditions, and a genuine multiparty democracy as the means for entrenching mass participation in the formulation of economic policy. And like some others in the ANC and the Mass Democratic Movement, he envisages a postapartheid economy with a range of ownership forms, including nationalization, private enterprise, parastatals, and cooperatives.

Erwin's comments suggest that COSATU is not wedded to nationalization as the answer to South Africa's economic and societal ills. The fundamental question he poses is not one of state versus private ownership, but how to restructure the economy so as to minimize unemployment and poverty and maximize the supply of social consumption infrastructure.

In examining the role of state intervention, he points to the intervention by the South Korean government in the development of that country's manufacturing sector as instructive for South Africa. While acknowledging the suppression of trade union rights in South Korea, he notes on the positive side that the state has directly influenced the rate and direction of investment—and provided active support for research, development, and training—in order to develop an internationally competitive manufacturing sector. In South Africa, in contrast, manufacturing grew behind a protective wall of tariffs and caters to a racially divided and materially unequal market. As a result, Erwin maintains, South Africa's manufacturing sector is structurally incapable of providing for the needs of the mass market, competing internationally, or serving as an engine of economic growth.

Erwin characterizes South Africa's economy as a high-

cost and low-wage manufacturing economy. The challenge, he says, is how to increase productivity in order to restructure the economy along low-cost and high-wage lines. Such a turnaround would require coherent strategic planning in a number of key areas, including investment policies, research and development, manpower training, and ecological awareness.

Aside from a careful consideration of—and debate over—the likely consequences of its proposals for restructuring, labor also needs to determine its role in negotiating a new political and economic order. Sorting this out could become a source of friction between COSATU and the ANC, given the desire of each to maximize its influence in the negotiation process. In fact, COSATU's growing aggressiveness may be one reason that Cyril Ramaphosa, who is general secretary of COSATU's largest affiliate, the National Union of Mineworkers, was reportedly dropped from the ANC delegation to the May 1990 prenegotiations meeting with President de Klerk and other senior officials. Perhaps most important, COSATU also has to reconcile its calls for an economy dominated by state intervention with its determination to maintain the hard-fought and highly prized independence of South African trade unions.

Other Voices

Although the ANC and the loose coalition known as the Mass Democratic Movement (in which COSATU is a senior partner, particularly on economic issues) have dominated the debate on nationalization, there are other positions on this issue in the black community. (For a fuller characterization of the MDM as well as the United Democratic Front, see "The ANC in Transition: From Symbol to Political Party" by Marina Ottaway, *CSIS Africa Notes* no. 113, June 20, 1990.)

The charter of the Black Consciousness movement, adopted in 1975, commits the movement to both collectivization and large-scale nationalization. Some Black Consciousness adherents, such as those in AZAPO, are still sympathetic to this type of strategy for restructuring, but other Black Consciousness supporters have adopted a different approach. Aggrey Klaaste, a Black Consciousness partisan and editor of the influential *Sowetan*, has a prescription for restructuring that is rooted in the notions of "self-reliance" and "nation-building." The essence of this strategy would compel black South Africans to become more active in the economy's formal sector through a range of township-based enterprises that would include cooperatives and private businesses.

Although the Pan-Africanist Congress (PAC) shares the ANC's attraction to socialism, it criticizes Mandela and his followers for glossing over the land issue and argues that the "return" of the land to black South Africans is the key to a new political and economic order. According to one PAC spokesman, the organization also believes that public, or community-based, ownership—as opposed to ANC-COSATU calls for state intervention—is a more appropriate strategy for restructuring. Beyond these rudimentary distinctions, however, the PAC is still debating the specifics of its position on restructuring.

Chief Mangosuthu Buthelezi's Inkatha is the strongest advocate of free enterprise among black political organizations. Buthelezi's experience as head of the KwaZulu "homeland" in Natal province has led him to the conclusion that private investment and a free-market economy are vital in providing jobs. He is therefore opposed to nationalization in the absence of convincing evidence of its effectiveness in achieving economic redistribution. At the same time, he is critical of the government's policy for redistribution and insists that greater resources have to be transferred to the black majority. Like the other organizations, however, Inkatha has not yet developed a detailed strategy for redistribution.

The United Democratic Front (UDF), the amalgam of several hundred organizations that from its formation in 1983 in protest against a proposed new constitution (which was eventually approved in a whites-only referendum) until the unbanning of the ANC was at the forefront of the antiapartheid struggle, has not been actively involved in the nationalization debate. This is due in large part to the fact that the decentralized structure of the UDF does not lend itself to the production of detailed analyses of complex economic issues. The recent decision by Archbishop Desmond Tutu, a patron of the UDF, to step back from the political limelight and leave center stage to Mandela and others suggests a period of reappraisal. Most UDF supporters broadly subscribe to the ANC's position on restructuring.

Of all the parties involved in the debate over South Africa's economic future, perhaps least has been heard from the black business community. At a conference in early May sponsored by the National African Federated Chambers of Commerce (NAFCOC), it was evident that South Africa's oldest and largest black business association has not yet formulated a position on restructuring the country's economy. In fact, NAFCOC, which represents about 15,000 blacks in the commercial sector, only recently announced that it would conduct a joint study with the ANC of future economic options. In a statement akin to the ANC's position on nationalization, NAFCOC President Sam Motsuenyane recently said that nationalization will not solve the country's socioeconomic and political dilemmas but "it can undoubtedly serve as a vehicle providing an answer to some of the problems."

In sum, the divergent positions found in the Black Consciousness movement, the PAC, Inkatha, and among black businessmen indicate that support for nationalization in the black community is widespread but not monolithic. As these organizations refine their positions and enter the negotiating process, nationalization's appeal seems likely to be diluted—certainly challenged—by competing strategies for redistribution.

De Klerk's Position

President de Klerk repeatedly has told visitors to his Tuynhuys office that he is more concerned about the

future of South Africa's economy than he is about negotiating a new political system. Indeed, Mandela reportedly came away from his early talks with government officials grumbling that they only seemed to be interested in discussing economic issues.

De Klerk's concern over a postapartheid economy—specifically the threat of nationalization as a means of redistribution—was evident in February when the government unveiled its 1990-1991 budget proposals in Parliament. In a significant departure from the past, Minister of Finance Barend du Plessis said that the new budget would aim "to help the less privileged by making the greatest possible provision on the expenditure side of the account." To that end, defense spending was cut sharply in real terms, generating a saving of over 1 billion rand (1 rand = $0.38 as of May 23, 1990), three-fourths of which was reallocated to black education. As a result, authorized expenditures in this area increased by 17.6 percent, twice the rate of increase for white education.

A more substantial gesture in response to black economic grievances was made in March when de Klerk announced the creation of a 2 billion rand trust fund for capital spending to improve black living conditions, especially in the areas of education, health care, and housing. The new trust, which will be under the independent control of the Urban Foundation's honorary chairman, Jan Steyn, has several objectives (in addition to its utility in influencing the debate over nationalization). It is the government's hope that the ANC and other black groups will participate in deciding how the funds are to be spent. The trust fund is also intended to demonstrate to blacks that fiscal policy can be used to redistribute the nation's wealth more effectively than nationalization. The government reportedly plans to use the 1990-1991 budget and the trust—which is to be augmented by another 1 billion rand derived from the privatization program—as part of its negotiating strategy in the deliberations over a new constitution.

De Klerk's strategy for influencing the nationalization debate is unlikely to have much success, at least initially. The 3 billion rand allocated for black social empowerment is at best a modest attempt to narrow the gap between spending on blacks and on whites. According to University of Stellenbosch economist Sampie Terreblanche, social spending accounts for nearly 28 billion rand or 40 percent of the 1990 budget, which represents about 10.4 percent of GDP. If an effort were made to achieve parity in social spending at present white benefit levels (which in per capita terms is three times higher than the average spending on the entire population), total spending on social services and programs would have to increase to 84 billion rand or 31 percent of GDP.

The government clearly has no intention of undertaking this type of radical restructuring, in part because of concern that it would fuel further inflation (currently running at about 15 percent) and undermine Pretoria's ability to meet its foreign debt obligations. To complicate the situation, the economy is not expected to grow more than 1 percent in 1990. Nevertheless, de Klerk appears prepared to adopt further measures in an effort to expand black property ownership, overcome the backlog in black housing, and increase opportunities for employment and training. For example, the government indicated in May 1990 that it would allow black townships to share in the tax revenues generated by the white cities. De Klerk has also made it very clear, however, that he is not prepared to compromise South Africa's free enterprise system.

Business Angst

South Africa's business community has been caught off guard not only by the speed with which de Klerk has altered the country's political landscape but also by the intensity of the debate over nationalization and the shape of a postapartheid economy. Vague as the ANC's economic blueprint may be, it is more developed than any program for restructuring that has been put forward by South African businessmen.

As Ronnie Bethlehem, group economics consultant for Johannesburg Consolidated Investment Company, Ltd., recently observed, most of the business community is "flapping all over the place" at the thought that the ANC might form the next government. He also points out that the scale of South Africa's economic inequality is still "beyond the thinking of most business people. . . . They haven't had to bother." The *Financial Mail* agrees with this assessment. In a recent editorial, the influential Johannesburg weekly commented that "many of the business sector's policies smack more of charity than of contributing to an environment in which black incomes and wealth can move ahead strongly."

More troubling to many businessmen—and to antiapartheid activists—was the recent decision by De Beers, the South African-based diamond conglomerate controlled by the giant Anglo American Corporation, to transfer its foreign assets into De Beers Centenary AG, a new Swiss-based company. Not only did this position the firm to protect most of the conglomerate's assets in the event of nationalization by a future black government; it was also perceived as a stark vote of no confidence in South Africa's economic future. Angered activists condemned the conglomerate for splitting its foreign and local assets at a time when they are needed most in South Africa for black advancement.

Despite the business community's ambivalence—if not hostility—toward the notion of a debate over nationalization, efforts are being made to sensitize white businessmen to black economic demands. Organizations such as the Consultative Business Movement and the Institute for a Democratic Alternative for South Africa (IDASA) have sponsored various workshops that include trade unionists, ANC leaders, and representative businessmen. The discussions in most of these meetings, however, have thus far centered more on developing a precise understanding of South Africa's socioeconomic problems than on generating—much less agreeing about—specific policy recommendations.

The Battle Over Privatization

Although much of the debate on nationalization is still highly rhetorical, the issue of privatization has become a battleground where the fight over certain aspects of South Africa's postapartheid economic future is already under way.

The government's privatization program was launched in February 1988 when former President P.W. Botha announced plans to privatize parts or all of the state-owned electric supply company (ESKOM), the national transportation system (then SATS, now Transnet), the Phosphate Development Corporation (FOSKOR), the Iron and Steel Corporation (ISCOR), and Posts and Telecommunications. The program was part of a sweeping economic reform package aimed at generating new sources of investment capital and alleviating the country's general financial difficulties (precipitated in large part by the 1985 refusal of foreign banks to roll over the country's debt).

The ANC, trade unions, and other antiapartheid groups are implacably opposed to privatization, which they believe will complicate redistribution of the country's wealth. In their view, privatization is little more than a strategy for shifting state-controlled wealth into private white hands, just as the black majority is moving toward a central role in government. Therefore, it is argued, much of the privatization process will have to be "reversed" once majority rule is achieved. Trade unionists also oppose the government's privatization program on the grounds that the actions to date have already resulted in a loss of jobs and an erosion of affordable transport, postal services, and health care.

In the face of highly vocal opposition from the ANC and MDM (and a series of protest marches in Johannesburg, Pretoria, and Cape Town by thousands of members of COSATU-affiliated public-sector unions), the government has recently adopted a more conciliatory tone on the privatization issue. Minister of Mineral and Energy Affairs and of Public Enterprises Dawie de Villiers, who is charged with overseeing privatization, took note of labor's opposition by saying that "many of the state enterprises currently acting as monopolies may not be privatized at all"—an apparent reference to ESKOM, the national power supply parastatal. Government officials have indicated that they are likely to be more sensitive to the views of organized labor than they were when ISCOR was privatized in 1989. At that time, the unions were merely presented with privatization as a fait accompli.

A government slowdown on privatization is more symbolic than real, given the fact that there are few short-term candidates for sale. The government's intentions will become clearer over the next several months when it decides whether to privatize FOSKOR. For the time being, de Klerk appears disinclined to allow the privatization program to undermine progress in negotiating a new constitution.

Bridging the Divide

Several recent developments suggest that some type of accommodation between the ANC, trade unions, and white business may be reached on the issue of nationalization and redistribution. The measured progress made to date in the "talks about talks" between the ANC and government has contributed to an atmosphere of dialogue and flexibility. Equally noteworthy is the relative success that the trade unions, corporate management, and more recently government officials have had over the last several years in resolving some of their most bitter grievances through negotiation. Movement at the local level is also evident. For example, the white-controlled and well-endowed Sandton City Council and the Alexandra (township) Civic Association have begun discussions on developing joint administrative structures. All major parties, black and white, have come to recognize that the country's economic future, along with a new constitution, must be the subject of intensive negotiations.

As many in South Africa across the political spectrum point out, the debate over nationalization—which only began in earnest with Mandela's release from prison—is a healthy corrective to the 42 years during which the National Party suppressed all consideration of alternative economic scenarios. But there is concern that the era of intellectual drought is in danger of being supplanted by a new period of sloganeering and platitudes. The only way out is for an acceleration of debate, discussion, and analysis among all sectors of the population on appropriate policies for overcoming South Africa's economic and human resource inequities.

Witney W. Schneidman is a senior analyst in the South Africa Review Service of the Investor Responsibility Research Center Inc., Washington, D.C. Prior to joining IRRC in January 1990, he served for three years as South Africa analyst in the State Department's Bureau of Intelligence and Research. His extensive travels throughout Africa have included a year in Tanzania, where he received a master's degree in political science at the University of Dar es Salaam. His Ph.D. is from the School of International Relations at the University of Southern California, where he wrote his dissertation on U.S. foreign policy toward Portugal, Angola, and Mozambique in the period from 1961 to 1976. He received his B.A. cum laude (in history) from Temple University in Pennsylvania.

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