Three years after the massacre of mineworkers by police at Marikana, which led to waves of wildcat strikes across the economy, South Africa’s labour regime remains enthralled in crisis. June 2014 saw the conclusion of the longest-ever strike in the history of South Africa’s mines, involving 70,000 platinum workers over five months. It was followed immediately by 220,000 workers in the manufacturing sector, led by the country’s largest and most militant union, the National Union of Metalworkers of South Africa (Numsa). At the time of writing, a special congress of the Congress of South African Trade Unions (Cosatu) had just confirmed the removal of Numsa and left-leaning former general secretary, Zwelinzima Vavi, who look set to form an alternative federation, along with eight allied unions, which is likely to be more responsive to the radical mood sweeping South African workers.

Employer groups have responded to the crisis with intensified lobbying for diluted regulation and controls on unions, rather than accommodating worker demands. For its part the government appears sympathetic to this, as we argue below, but is prevented from decisive action by the danger of losing further support at its base. Unrest in the labour market, combined with deep
popular resentment over poverty, lack of delivery and corruption, is already spurring major political realignments. At the end of 2013, Numsa formally ended its participation in the African National Congress (ANC)/South African Communist Party (SACP)/Cosatu Tripartite Alliance and took the initiative to launch a united front of social movements and more radically oriented unions, which is likely to feed into a party formation at some stage. Expelled ANC dissident Julius Malema launched his party, the Economic Freedom Fighters (EFF), at Marikana in 2013, garnering more than 1.1 million votes in elections the next year on a radical platform of nationalisation and redistribution.

However, according to a dominant narrative of post-apartheid political economy, these events should be difficult to understand. Whilst some uptick in social unrest, as a result of intractable poverty and inequality has been widely predicted, the agent of this is generally presumed to be the massive ‘underclass’ that has been barred from participation in the formal labour market. Next to this largely youthful mass, formal-sector workers are regularly depicted as a privileged constituency of the post-apartheid dispensation, whose high wages and rigid legal protections are themselves to blame for the declining circumstances of the unemployed. What we may term the ‘labour aristocracy thesis’ (LAT) has various roots in state discourses, the media and academia, which we unpack below, and hence commands both scholarly and popular traction. This chapter offers a critique of the LAT, and in turn a very different understanding of major features of post-apartheid political economy and the crisis which they have produced. Using new data we show that increases in average real wages have been driven by the top of the distribution while most workers experienced wage stagnation. We sketch the political economy of these wage trends by showing how the ANC’s economic policies only exacerbated extremely uneven development based on a highly financialised minerals–energy complex (MEC). The union movement, caught in fruitless corporatism, has failed to resist the effects of systemic unemployment and massive casualisation. In the last section we examine the class contours of the ruling bloc that were exposed in the Marikana massacre, and their implications for labour struggles.

THE LABOUR ARISTOCRACY THESIS

Although the apartheid system of labour control no longer matched the interests of the dominant sections of capital by the 1980s, the system of cheap labour
was far from dismantled, as we show in detail below, and the more recent internationalisation and export orientation of capital renewed efforts to compete on the basis of globalised standards of wage repression. South African employers therefore remain militantly hostile to the existing labour regime, often claiming that unions constitute an existential threat to the democratic project. In the World Economic Forum’s Global Competitiveness Index, based on business surveys, South Africa has featured at the bottom of 144 countries in the field of labour relations in recent years. The bellicose anti-labour attitude of capital, unjustified by the actual tempo of industrial conflict for most the democratic period, is the first pillar of the LAT.

It secures greater public reach through the role of a highly corporatised media establishment. Whatever the relative plurality in the political debate, economics and business journalism is overwhelmingly dominated by conservative theories and reflexive anti-labour attitudes.\footnote{It has a major function in linking economic crisis to the ‘unfair demands’ of workers in the public imagination and in cohering unity and class consciousness amongst South African businesspeople and elites. A major role is played by business-affiliated think tanks, which honed the skills of public and policy manipulation in the period of South Africa’s ‘elite transition’, and more recently by private-sector ‘economic hit-men’ (Wittenberg and Kerr 2012).\footnote{Employer propagandists have a solid backing in academia, particularly in the economics departments of South African universities which are dominated by neoclassical thought. Mainstream economic theory, nuances notwithstanding, remains overwhelmingly exercised by the belief that markets left to themselves will result in a general equilibrium and the optimum allocation of scarce resources. Methodologically, it offers no means for an understanding of the unemployment crisis rooted in the specificities of South African industrialisation and global integration. The crisis appears therefore as simply a ‘market failure’ on a colossal scale, the natural remedy of which is a reassertion of ‘flexibility’ by removing distorting regulations and union influences, and allowing the downward adjustment of wages (see Fedderke 2012 for a recent example). The same conclusion remains a constant in the reports of most international financial institutions (IFIs) and Western-dominated multilateral bodies which have a significant influence on policy (see Klein 2012).}}

Elsewhere, perhaps the pre-eminent theorisation of the LAT is the seminal \textit{Class, Race, and Inequality} by Seekings and Nattrass (2008), which develops the category of a ‘distributional regime’ to describe the institutional configuration
in which the state, capital and labour interact to determine the allocation of the economic product; not simply directly though taxes and government spending, but including ‘policies affecting education and the labour market and, more generally, the rate and path of economic growth’ (2008: 4). The main argument of their book is that a post-apartheid distributional regime has shown strong continuity with its predecessor, but that the composition of the ‘insiders’ who are its beneficiaries has changed. Formal-sector workers have replaced white workers and a black capitalist layer has been included, shifting the conditions of privilege from race to class.

However, this regime continues to exclude and marginalise ‘outsiders’ – the unemployed masses in the contemporary setting. Like other versions of the LAT, the institutional privilege of formal workers is based on a generously regulated labour market and strong unions with control over a powerful corporatist apparatus. By no means endemic to the Right – a range of sociologists and activists have perceived a process of class stratification involving the emergence of a new ‘precariat’ or ‘underlass’ with diverging political interests from the traditional proletariat. These views have been used to explain the apparent conservatism, until recently, of much of the workers’ movement and its disjunction from wider community and social struggles, generally concomitant with some disillusionment in the historical agency of the industrial working class.

Underlying this has been the discourse and practice of the ANC-controlled state, which has been keen to propound formal employment as the basis of a disciplined citizenship in South Africa. This has been most clearly demonstrated by the work of Franco Barchiesi, chiefly in Precarious Liberation (2011). Barchiesi carefully traces the roots and evolution of the imaginative emancipatory project of the ANC, in which waged labour is redeemed from its associations with apartheid exploitation and sub-citizenship, and made the vehicle for material liberation and equal inclusion in the new society. This vision reaches its theoretical apogee in the ‘two economies’ thesis of former president Thabo Mbeki in which South Africa is rigidly divided into a modern formal sector of secure employment and advanced industries, and a separate hinterland of informality and survival economies. Government strategies of building ladders from the second to the first economy rely on extending the boundaries of the latter by enhancing its competitiveness, chiefly by exhorting labour to recognise its relative privilege and exercise restraint in wage demands. This has formed the basis for the social-contract style corporatism in which the national
project of the ANC was severed from the Freedom Charter and wedged into a framework of neoliberal globalisation.

The intertwining of the work/wage question together with the national question helps to explain some of the intensity and polarity in the debate. For workers, the continuing disjuncture between notions of decent work and the reality of precariousness and poverty wages under historically continuous patterns of ownership undermines the fundamental promises of liberation. For South African capital, hegemonised by metropolitan-oriented fractions dependent on cheap labour, the failure of the wage to adjust downwards in order to clear the labour market jeopardises the whole virtuous capitalism that the social contract was to guarantee. It opens the door to uprisings by the real ‘dangerous class’ in the elite imagination: the unemployed masses who seem to be politically coalescing in Julius Malema’s EFF. The ‘meaning of Marikana’ for South African capital, therefore, is that unions must be restrained before a delicate political compromise comes unstuck.

While the ruling ideas are again those of the ruling class, there have been important exceptions. A range of unionists, scholars and activists have been raising the flag on a long-standing crisis of labour of which Marikana was the crystallisation. This narrative has tended to focus on the undermining of decent work through the rise in precariousness and atypical employment and the ways in which co-option and bureaucratisation have stripped the ability of the union movement to represent the interests of all workers, formal and informal (McKinley 2015). Barchiesi’s (2011) Precarious Liberation goes on to enumerate how the reality of precarious labour has undermined the promises of secure and decent employment propounded by the victorious liberation movement. However, the scholarly and public debate has been impoverished by a dearth of detailed, time series-based statistics on real wages, opening the door for spurious data from private-sector-linked economists.3

Amongst more rigorous interlocutors, wage data from employer-based Quarterly Employment Surveys (QES) is popular. However, as the QES only reports averages it allows for limited investigation of South Africa’s highly segmented, unequal labour market. Here we add a crucial element to the understanding of labour in the post-apartheid period through a presentation of real wage trends based on the Post-Apartheid Labour Market Surveys (PALMS). We show that the South African labour market has experienced a massive increase in inequality, with fanning out at the top twentieth and tenth percentiles, and stagnation of real wages for the bottom half of workers.
REAL WAGES IN POST-APARTHEID SOUTH AFRICA

This section analyses and decomposes real earnings trends in South Africa since the end of apartheid. Figure 8.1 shows mean real monthly wage trends between 1997 and 2011. For most of the economy, average wages declined slightly in the first period, before turning up after 2003 although, for the public sector, increases began earlier.

Figure 8.1: Real mean monthly wages, 1997–2011

The average wage across the economy declined between 1997 and 2003 from R5 550 (US$478) to R4 765 (US$410) per month in 2011 prices. For formal-sector employees, decreases were smaller, ranging from R5 531 (US$476) to R5 415 (US$466). Thereafter, mean wages in the economy grew steadily, by thirty-seven per cent and thirty-five per cent between 2003 and 2011 for all workers and formal-sector employees respectively, to R6 564 (US$565) and R7 316 (US$630) in 2011. Data for the public sector separately begins later, showing a slight decline in 2000 to R7 244 (US$623) in 2001, thereafter increasing by twenty-two per cent to R8 838 (US$761) in 2011. There is thus
evidence of fairly substantial wage increases, particularly in the second half of the 2000s, leaving the average 2011 pay package roughly R1 000 (US$86) greater than it was eight years prior. But in the context of a highly divided, unequal labour market, such aggregates need further decomposition to be meaningful.

**Figure 8.2:** Real monthly earnings trends for all workers, 1997–2011

Figure 8.2 shows real monthly earnings trends for all workers by percentile (see also Wittenberg and Pirouz 2013). A rise in wage inequality, with fanning out at the top half of the distribution and relative stagnation at the bottom, is evident. The median wage in the economy actually declined from 1997 to a low of R2 451 (US$211) in 2003 before recovering to R3 038 (US$261) in 2011. The thirtieth percentile wage also dropped over the 15 years by just over R200 (US$17) to R1 724 (US$148) per month in 2011. The poorest workers saw a slight convergence with those immediately above them, with the tenth percentile wage rising from R654 (US$56) to R851 (US$73) per month, but still remaining firmly in the region of poverty wages. The graph demonstrates that the average increases described above were entirely driven by increases for
higher earners. The seventieth percentile wage also declined notably in the six years after 1997 from R5 457 (US$470) to R4 597 (US$396), thereafter recovering fairly strongly to R6 084 (US$524) per month in 2011. By far the largest gains, however, were for the top ten per cent of workers, whose wages increased by R4 115 (US$354) between 1997 and 2011 to R15 028 (US$1 293). Table 8.1 shows the growth rates for different percentiles over the period.

Table 8.1: Real wage growth rates, all workers, 1997–2011 (%)

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<tr>
<td>p90</td>
<td>-2.82</td>
<td>16.30</td>
<td>16.97</td>
<td>37.70</td>
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<tr>
<td>p70</td>
<td>-15.78</td>
<td>11.02</td>
<td>15.68</td>
<td>11.50</td>
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<tr>
<td>p50</td>
<td>-19.02</td>
<td>7.80</td>
<td>9.24</td>
<td>-7.19</td>
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<tr>
<td>p30</td>
<td>-35.75</td>
<td>19.64</td>
<td>6.53</td>
<td>-12.25</td>
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<tr>
<td>p10</td>
<td>-19.02</td>
<td>39.42</td>
<td>10.47</td>
<td>30.05</td>
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Source: PALMS, author’s calculations

All percentile groups depicted saw substantial percentage declines in the four-year period after 1997, except the ninetieth percentile for which the drop was only 2.82 per cent. Wages across the spectrum turned upwards over the next four years, but were slowest at the median, with substantial gains at the top end and the bottom, in percentage terms. Growth continued for all groups in the 2007–2011 period but was again considerably higher at the top, fairly constant at the median and slower than the previous four years for the thirtieth and tenth percentiles. For the period as a whole, the highest growth in percentage terms was at the top and bottom ends of the distribution at 37.7 per cent for the ninetieth percentile and 30.05 per cent for the tenth. The thirtieth percentile workers were the biggest losers with 12.25 per cent declines in real earnings, and 7.19 per cent declines for median workers. Workers in the upper middle did better with earnings growing by 11.5 per cent over the period.

Figure 8.3 depicts the distorted u-shape distribution pattern over the period for 10 percentiles, with gains for the poorest workers, bottoming out at the lower middle part of the distribution and significant fanning out at the top end.
Catch-up at the bottom was restricted to the poorest ten per cent of formal-sector employees, with even twentieth percentile workers seeing negative earnings growth between 1997 and 2011. From the graph, wage trends for the economy as a whole mimicked those of formal-sector wage earners, although earnings growth was lower for all groups except the bottom two deciles. For the top half of the distribution the differences were fairly substantial. The median and sixtieth percentile wage of formal-sector employees grew by 13.9 per cent and twenty-eight per cent respectively between 1997 and 2011. However, over a 15-year period these increases translate into a mere 0.087 per cent compound per annum for median workers and 1.65 per cent for the sixtieth percentile group.

Figure 8.4 shows average real wage patterns for different skill categories classified by occupation. Similar patterns to previous graphs are discernible. Elementary occupations and domestic workers (low-skilled) received a similar mean wage in 2011 as in 1997, around R2 200 (US$189). Semi-skilled workers saw wage declines at the beginning of the period before a slow increase to R4 924 (US$424) per month in 2011. Skilled workers saw moderate gains from R7 647 (US$658) to R9 126 (US$785) over the 15-year period. However, again
it was only highly skilled workers at the top of the income distribution that had significant earnings increases. Wages for this group, mostly managers and other professionals, increased by 71.3 per cent to R18 661 (US$1 606), almost twice that of the next skill category.

**Figure 8.4:** Real wage patterns for different skill categories classified by occupation

These findings are corroborated by various firm-level studies. Based on comparative studies of the automotive industry, Black and Hasson (2012: 7) note that ‘the most striking feature about the labour market in South Africa is not so much that wages of production workers are higher than competitors (although in many cases they are), but the exorbitant costs of managers and skilled staff’. A major 2007 report for the World Bank (Clarke et al. 2007) found that the median monthly wage for a manager in South Africa (about US$1 850) was over twice that of Poland and three times that of Brazil. Moreover, managers in South Africa were found to earn nine times as much as unskilled workers in South Africa, whereas in Brazil and Poland managers earned only three times as much as unskilled workers. Similar patterns were found for other skilled and professional workers. Their study concurred with our finding that ‘high
wages in South Africa appear to be mainly due to high wages for managers and professionals and not to high wages at the bottom of the income distribution’ (Clarke et al. 2007: xviii).

Thus average real wage trends show decent improvement across the economy, although decomposing these trends shows that only a minority of the best-off workers were driving these changes. Economy-wide productivity increased by around seventy per cent between 1994 and 2011; much faster than average wages, meaning a decline in the adjusted wage share of gross domestic product (GDP) by around eight per cent (Onaran and Galanis 2012). The vast majority of workers, including in the formal-sector, have not benefited from these advances, thus if there is a ‘distributional regime’ in this setting it is neoliberal. If there is labour aristocracy in this market, it is an aristocracy of a more traditional sort consisting of a professional, managerial petite bourgeoisie (‘highly skilled’ in official statistics) and not a privileged fragment of the proletariat or the formal-sector as a whole. The figures here demonstrate the cardinal failures of the post-apartheid economic system, not only its inability to provide formal employment to a growing quotient of South Africans, but the failure of employment itself to act as a means out of poverty or of redressing inequality.

ROBOTS OR CLASS WAR? THE ECONOMIC DEBATE ON WAGE INEQUALITY

The wage trends described above more or less conform to patterns familiar over the last three decades in nations that have adopted Washington Consensus economics. The pre-eminent response of mainstream economics to these trends is a theory of skill-biased technological change (SBTC) rooted in the neoclassical theory that in normal circumstances with properly functioning markets, factors of production (capital and labour) exchange at their ‘marginal productivities’ (Autor, Katz and Krueger. 1997). It is argued that recent technological revolutions, primarily in information and communications technology, have increased the productivity of higher-skilled forms of labour relative to those in the middle (although in some cases low-skilled, basic work has also benefited). In a cross-sectional macro investigation the International Monetary Fund (IMF 2007: 153) argued that ‘... the main factor driving the recent increase in inequality across countries has been technological progress,' largely exonerating ‘globalisation’ in the process.
In South Africa, SBTC has not been widely applied in academic literature other than to explain the specific failures of lower-skilled wages to rise with liberalisation, which was predicted to attend the shift towards relatively abundant labour in accordance with classical trade theory (Edwards 2001; Fedderke, Shin and Vaze 2003). A recent attempt is (Bhorat, Goga and Stanwix 2013), although they are more modest with their conclusions, only pointing out that specific occupations associated with technological change appear to have experienced wage effects and not proposing it as a general theory of wage inequality. In any case, their own figures on the occupational composition of employment do not seem to suggest any strong trends in the technological reorganisation of production domestically. However, neoliberal ideas on skills and educational failure, rooted in human capital theory, hold an extremely important place in debates on the South African labour market and its pathologies, with toxic implications for education policy (Vally and Motala 2014).

These are positions built on theoretical sand as they reprise all the central fallacies of the Cambridge Capital Controversies and marginal productivity theories. Mishel, Shierholz and Schmitt (2013) pick apart the empirical case for the US, showing the SBTC fails to explain wage trends post-1990 and that the ‘job polarisation’ thesis meant to correct this explains even less, since it has been ongoing since the 1950s and during periods when wage and income trends were markedly different. Stockhammer (2012) shows that broadening the set of variables in macro-economic inequality regressions yields quite different results; collapsing wage shares in the developing world are mainly explained by ‘financialisation’, ‘globalisation’ and ‘welfare state retrenchment’, with technological change actually associated with slight gains for labour.

Investigations of distribution in most strands of political economy take their point of departure as the recognition that the labour market is not just another market involving the neutral exchange of commodities. The commodity in this case has the exceptional quality of being able to talk and to bargain, and of not being produced in a capitalist process. Wage formation and the distribution of the social product in general is thus irreducibly political and historical. In the abstract schema of Capital, Marx (1992) assumes that the value of labour power will equal the value of the bundle of goods needed to reproduce the working class at a given level of culturally, ‘morally’ and historically determined subsistence and that this value will, as always, act as a centre of gravity for the actual price of a working day. He argues that wages are inversely related to the size of the reserve army of labour, the unemployed workforce. No one has yet
succeeded in developing a theory from these first principles that may be applied to a concrete historical investigation of wage trends within a social formation, let alone one with the complex, segmented labour markets of advanced capitalist states. In practice, the moral and historical determinants of consumption norms have been left in the black boxes in which Marx put them, and most applied studies of wage trends in heterodox political economy have focused on diachronic accounts of the bargaining power of labour or, more expansively, the class struggle. Our focus here, therefore, will be the class struggle dynamics behind the continuation of the cheap labour system in South Africa, both on the shop floor and in relation to the state and wider terrain of capitalist development.

EXPLAINING LABOUR’S DEFEAT: THE MINERALS–ENERGY COMPLEX AND THE UNEMPLOYMENT CRISIS

The above wage trends indeed demand serious explanation. Apartheid-era wage data are notoriously sketchy and incomplete, but the best estimates suggest that wages for black workers began to rise in the eighties, from an extremely low base, with the re-emergence of the union movement (Standing, Sender and Weeks 1996: 185). Working poverty of some definition was still extremely widespread at the time of the transition. Although the negotiated economic policy was stripped of any radical commitments, a reasonable expectation would have been that full freedom of organisation, a sympathetic state with labour leaders in influential positions, and significant amendments to labour regulations, would have fostered a continual rise in wages, at least in the early years. Thus, although there are important exceptions, perhaps the dominant view is that the post-apartheid dispensation has been at least partially favourable to workers, allowing them some institutional influence and decent representation.

Marikana and the issues it has thrown into relief are starting to shift the debate. Here we question each of the above points and argue that the record after 20 years has been overwhelmingly one of defeat and setback for workers in light of what could have been expected from political liberalisation. In the first place this stems from the failure to contest the economic trajectory sanctioned by the new ANC government, which allowed an evolving MEC to lead to extensive globalisation and financialisation of the South African economy. These trends have empowered capital at the point of production, as well as
produced an unemployment crisis and general economic environment hostile to labour. Secondly, a bureaucratising workers’ movement has offered no response to precariousness, severely undermining the protections afforded by the labour law.

Ben Fine and Zavareh Rustomjee (1996) coined the term ‘minerals–energy complex’ to refer to the historical nexus of mega-conglomerates rooted in mining and downstream interests but eventually covering wide areas of the South African economy, including finance, and interpenetrating the state and public sector. More than simply a weighty set of industries, the authors characterise the MEC as a ‘system of accumulation’ which, through its linkages with other industries and close relation with the state, imparts a particular dynamic on the accumulation path of the entire economy. The term entered popular discourse after the proceedings of the Farlam Commission of Inquiry into the killings at Marikana revealed the networks of power connecting state elites and mining capital. As a tool of political economic analysis it has gained increasing currency for the explanatory power it brings to bear on key trends and patterns in the post-apartheid economy and the ongoing dominance of extractive and related industries. In more recent work on the MEC, scholars see themselves as engaged in an attempt to construct a ‘middle-range’ theory that examines the dialectical mediations between capitalism’s universal tendencies and the historical articulation of capitalist relations in actual social formations (Ashman, Fine and Newman 2013).

With the end of apartheid, the central imperatives of MEC were to align with global trends from which they had been barred by apartheid’s isolation, by internationalising and financialising operations (Ashman, Fine and Newman 2013). This also reflected a desire to minimise exposure to a country with potential ongoing political instability. In the first place this process involved extensive corporate restructuring along traditional neoliberal lines, including core-functions focus, shareholder-value maximisation and greater involvement in financial markets by ‘non-financial’ businesses. The traditional MEC core, centred on several conglomerates, dispersed itself in a flurry of mergers, acquisitions and unbundlings, peaking at 630 mergers and acquisitions in 1998 (Mohamed 2010). Global mobility and openness was achieved with an agreement by the former minister of finance, Trevor Manuel, to allow key firms to relist to international financial centres and the accelerated dismantling of exchange controls.
With an open capital account, the ANC government hoped to disincentivise illicit flight and encourage short-term flows to balance out appreciative inflows and long-term leakages. Nothing of the sort occurred. The income section of the current account fluctuated between negative two and three per cent of GDP in the democratic period, but far more worrying has been the systemic looting of national wealth through illicit expatriation. Illegal capital flight has been a cardinal feature of the post-apartheid economy. Wits researchers estimate that it averaged twelve per cent of GDP between 2000 and 2007, much of it due to transfer pricing in the mining sector (Ashman, Fine and Newman 2011). This is roughly enough to plug the deficit in investment levels needed to match ambitious official employment targets, yet all major economic policy statements are virtually silent on the issue. These large systemic outflows are also behind the instability of the rand, which fell victim to speculators and experienced six major crashes over the last two decades, providing a major deterrent to productive investment and rubbing claims of having achieved a ‘stable environment for business’ through price (inflation) stability. Excessively high nominal interest rates did little to stem the instability in asset prices and simply contributed to collapsing investment.

Extensive financialisation in the South African economy is also associated with the historical influence of the MEC, which developed sophisticated financial infrastructure in the 1980s whilst capital was trapped by strict exchange controls (Fine and Rustomjee 1996). Deregulation and external opening allowed the financial system to evolve rapidly along lines similar to the parasitic US model, which is overwhelmingly disposed to consumer and mortgage lending to supplement declining labour incomes, and not to financing productive investment which is generally covered by retained earnings. Finance was the second fastest growing sector post-apartheid, ballooning from 17.3 per cent to 24.3 per cent of gross value added between 1994 and 2013, along with the massive acquisition of financial assets by firms and households.

As well as globalising, South African non-financial corporations have become highly financialised and undergone extensive restructuring to align with the principles of the so-called shareholder-value revolution. This has its origins in the 1980s in America, as shareholders sought a means of aligning the interests of managers with their own. The emergence of large institutional investors with huge capital ensured that managers put the short-term aims of shareholders above all else and those who didn't comply were subject to hostile take-overs, which could only be avoided by driving up the share price through
large buybacks or ‘rationalisation’ (Lazonick 1992). Shareholder-value maximisation encourages corporate managers to focus on short-term profits and capital gains. Aspects that fall outside of the ‘core functions’ of the business are disgorged and outsourced, and capital that cannot guarantee high returns quickly diverted back to shareholders.

The result is a shift from ‘retain and reinvest’ to ‘downsize and distribute’, a decline in long-term investment and a squeeze on workers. Financialisation also opens greater avenues of non-productive investment to capital, increasing its effective ‘mobility’ in the same way that globalisation grants it a regional freedom of movement. Labour is now forced to offer a price that makes domestic investment favourable not only compared to cheaper labour regimes abroad, but compared to what financial markets can offer in short-term takings. Financialisation is also associated with greater control of financial institutions over economic and social policy, which tends to entrench the neoliberal orientation of state action.

The ANC inherited an economy with systemic unemployment, likely around thirty per cent, but a ‘shock doctrine’ style trade liberalisation rapidly exacerbated the situation. Key labour-intensive industries, such as textiles, collapsed under cheap imports whilst others such as agriculture mechanised and restructured towards exports, slashing hundreds of thousands of jobs. Cutbacks under state austerity and massive layoffs in gold mining following the depletion of cheap reserves compounded the situation. Over the 1990s employment creation fell behind new entrants to the labour market, leading (broad) unemployment to top forty per cent by 2003. Strong industrial policy was urgently needed to guide diversification and develop the linkages that were historically missing from an extraction-oriented MEC. But Roberts (2008) blames the failure for this to materialise on the ongoing influence of the MEC, not simply as an industrial structure but as a political-economic ‘complex’ impacting accumulation across the economy and impelling state policy. According to Ashman, Fine and Newman (2013), the MEC continues to comprise around twenty-one per cent of GDP and almost sixty per cent of export revenues. Elsewhere, growth has been overwhelmingly concentrated in retail, transport, communication and ‘finance’ (in fact, mostly outsourced work). Many of the jobs created in these sectors are low-paid and insecure. Official broad unemployment hovers at around thirty-six per cent following the loss of more than 1 million jobs in the global crisis, but this is based on revisions to the definition of discouragement that were made in 2008, meaning actual unemployment may be higher.
The dialectic of massive capital flight, currency instability, financialisation and laggard domestic demand ensured that the collapse in investment, which started in the 1980s, did not alleviate. Investment averaged just 15.6 per cent of GDP for 1994 to 2003 and 19.2 per cent between 2004 and 2013 compared to 26.4 per cent in the 1970s (SARB 1994). Consequently, growth has been, and remains, far short of promises, and woefully inadequate to seriously tackle unemployment at the present rates of capital intensity.

The presence of Cosatu and the SACP in the Alliance and in corporatist institutions appears to have provided no counterweight to the hegemonic bloc which has led the neoliberal policy direction in South Africa, a situation which we discuss further in the next section. Ultimately, it is the persisting unemployment crisis – forcing the employed into vicious competition with a swelling ‘reserve army’ of over a third of the workforce – that has likely constituted the primary barrier to a successful struggle against the cheap labour system. Conservative economists often claim that unemployment ceases to have its usual depressing effect on wages due to regulative inflexibility and skills shortages, points which we rebut below. Nevertheless, it does become interesting to ask whether the inverse relationship between unemployment and wages generally observed at ‘normal’ rates of unemployment (two to nine per cent) continues to hold in the case of excessive labour market failure, when the labour supply is virtually elastic, as far as employers are concerned. If unemployment tops forty per cent again are wages likely to fall further?

Anecdotal evidence, such as regular newspaper reports on a handful of job openings receiving tens of thousands of applications, suggests not. More rigorously, however, Kingdon and Knight (2006) econometrically tested the sensitivity of wages to local unemployment and found an elasticity comparable to markets with ‘normal’ unemployment rates, suggesting that the standard inverse relationship still holds (although this was based on old data). Further evidence for this comes from the ongoing hostility from employers and their allies to the social grant system, which is blamed for creating a ‘culture of dependency’ and weakening the inducement to sell labour-power (a narrative that has also been crucial in the state’s efforts to underpin the interrelation between work and citizenship described by Barchiesi). However, it requires a comfortable distance from the reality of South African communities to believe that the meagre amounts offered by social grants, which are commonly divided by large dependency networks, offer any credible means of mitigating dependence on the labour market (Surender et al. 2010). In short, strategies for fully
transcending the cheap labour system in South Africa are unlikely to succeed as long as the unemployment crisis remains in place.

EXPLAINING LABOUR’S DEFEAT: THE MYTHS OF OVERREGULATION AND UNION MILITANCY

The ‘evidence’ for putatively ‘excessive regulation’ almost always comes from the employer surveys, that is, perceptions of business leaders themselves. In fact, most attempts to construct international comparisons have demonstrated South African labour law to be relatively liberal. South Africa’s latest score on the Organisation for Economic Co-operation and Development (OECD) employment protection legislation index was 1.25 (for 2008), the lowest of all the Group of Twenty (G-20) emerging markets and well below the OECD average (cited in Klein 2012). Benjamin, Bhorat and Cheadle (2010: 87) find, using World Bank data, ‘that in most measures of labour regulation … South Africa is not an extraordinarily over-regulated (or indeed under-regulated) labour market’. Moreover there is significant evidence that actual compliance with labour regulation is episodic (Webster et al. 2008). Bhorat, Kanbur and Mayet (2011), for example, find systemic violation of minimum wage legislation. Indeed, the IMF noted that the fact that South Africa lost more than 1 million jobs in just over a year after the onset of the great recession was very surprising given a putatively rigid market (Klein 2012).

In any case, these reviews are constrained by a very formalistic methodology that prevents them giving any adequate consideration to the far more pressing limitations of the post-apartheid amendments, specifically the failure to provide serious protections in the face of massive shifts to informatisation. The extent of informatisation is difficult to measure, due in equal part to definitional issues and the lack of effective data, but extensive trade union and sociological studies firmly establish that variant alterations to the standard employment relationship (SER) have been the primary means through which capital has ensured that formal protections do not translate to a stronger bargaining position for workers (Hinks 2004). As Figure 8.5 shows, although the unemployed portion of the workforce may have come down to thirty-three per cent from the start of the decade, new jobs that were created were not likely to have met common standards of decency and security. The proportion of the workforce in formal, permanent work actually dropped from thirty-four to
thirty-three per cent over the same period, whilst non-permanent and informal work grew by around five per cent each.

Figure 8.5: Distribution of the workforce, 2001–2011

Source: PALMS, author’s calculations

For Barchiesi (2011), it is through the unhindered spread of precariousness coupled with the government’s unflinching commitment to macro-economic ‘prudence’ that the promise of wage labour to deliver security and material upliftment has been so severely undermined. He cites Cosatu’s own recognition of this, a few years into the transition:

The sub-contracting, casualising and division of workers is an attempt to deny workers the very citizenship rights that democracy promises them: the right to organize and to engage in collective bargaining and the right to work in fair and decent conditions. It is the re-emergence of a new form of apartheid employment strategies. It undermines Cosatu’s project of extending democracy and the rights of citizenship into the economy and working life. (cited in Barchiesi 2011: 76–77)

Perhaps the pre-eminent form of informalisation in South Africa has been labour broking or triangular employment. The 1995 Labour Relations Act
reaffirmed the legality of a practice that has its roots in agents working for mines and farms dependent on migrant labour, and grew concomitantly with the strength of unions and labour reforms of the 1980s. The explosion of labour brokering after the post-apartheid amendments was incentivised by greater formal protection for SER workers and space for organising (Theron, Lewis and Godfrey 2005). The Labour Force Surveys (LFS) fail to adequately capture triangular employment, but a possible proxy suggests that there are over 1 million labour-brokered workers in the economy, representing an enormous portion of new job creation over the last decade (Bhorat, Goga and Stanwix 2013). Labour brokers themselves and bargaining councils provide similar estimates, although some experts give figures of over 2 million workers. The efficacy of brokers for employers turns on generating confusion in the application of labour law through the triangular relationship, and on segmenting the workplace, a practice which Cosatu has gone as far as to term a ‘modern form of slavery’.

Other parts of South Africa’s labour market institutions have similarly failed to provide an effective springboard to progressive wage increases or improved conditions. The bargaining council system (renovated from the old apartheid industrial councils), voluntary associations between employers and registered unions with provisions to extend agreements to non-parties, has been a consistent target for those lamenting the lack of flexibility in South African labour markets. But bargaining councils have atrophied over the decades as part of a marked trend away from centralised bargaining. Veteran trade unionist Neil Coleman argues:

> While centralised bargaining is critical for the labour movement … it is not in its current voluntaristic form, able to drive the transformation demanded by the South African situation. Indeed the fragility of collective bargaining institutions can be used by employers to attack wage levels. (cited in Di Paola and Pons-Vignon 2013: 633)

Over eighty per cent of applications for exemption from bargaining council extensions are granted, suggesting that employers have little reason to be threatened by agreements that cannot be forced by their own workforce (Di Paola and Pons-Vignon 2013). The sectoral determinations instituted where bargaining councils are lacking may have had some successes in raising wages.
but have hardly been sufficient to provide a real challenge to poverty wages. As Di Paola and Pons-Vignon (2013: 635) conclude from a macro review of South Africa’s labour market institutions:

The pervasive increase in atypical employment has eroded trade union ability to protect workers and take advantage of many of the provisions of the new legal framework. In South Africa, labour market restructuring, in a context of economic liberalization, has benefited capital … This lies at the heart of the broader failure, for instance visible in macro-economic policy, of trade unions to advance the interests of labour as a class.

The same corporatist orientation that prevented the labour movement from posing a political alternative to the ANC’s neoliberalism, has also deeply compromised its ability to respond to pro-capital restructuring on the shop floor. In the immediate post-apartheid period, labour leaders were at the forefront of efforts to put the brakes on labour demands as part of the generalised demobilisation called by the ANC in the name of the national project described at the beginning of this chapter. The rewards for compliance with the desires of state and party have been considerable and most visibly reflected in the personal trajectories of heavyweights such as Cyril Ramaphosa, Gwede Mantashe and Kgalema Motlanthe, whose road to the top echelons of the ANC was through the union movement. But the use of union positions as a ‘transmission belt’ to better things has not been confined to executives, or to the state sector. In the latest Cosatu survey, fifty-two per cent of workers said they had seen a shop steward promoted to a managerial position, often in human resource departments. Of course, the story of the National Union of Mineworkers in the platinum sector is the most dramatic and tragic illustration of union co-option.6

The result, by all accounts, has been the dilution of the strong traditions of workers’ control and workers’ democracy forged during the adversity of the 1980s, as the main axis of organising has shifted from the factory floor to the boardroom (McKinley 2015). As the focus of organising work has shifted to boardroom negotiations and state lobbying, union officials and other experts have become dominant and participation by the rank and file has declined. According to the 2012 Cosatu survey, around forty-two per cent of workers said they had not attended a union meeting in the last year and around thirty-five
per cent said they had not had shop-steward elections in the last four years. Although a majority of workers say they continue to directly elect shop stewards instead of having them appointed, they exercise less direct control over their immediate representatives. In 1994, seventy-two per cent of respondents said that shop stewards should do only what membership told them to do. By 2008, this had decreased to only forty-six per cent. At the same time, these processes have stifled the organic creativity that may have ensured a more flexible response to the challenges thrown up by the rapidly changing world of work (Cosatu 2012).

As it were, an entrenched and privileged bureaucracy has shown little interest in risking new endeavours, meaning the continuing dominance of a mode of industrial unionism that has been highly ineffective at organising precarious workers. The 2012 Cosatu survey found that ninety-three per cent of members held permanent contracts, in contrast to 64.25 per cent for the workforce as a whole (Cosatu 2012: 35; PALMS 2014).

Unionisation rates in the formal private sector slipped from 29.2 to 25.86 per cent between 2001 and 2012 (Table 8.2). For public-sector workers the trend was the opposite, with union density climbing from 68.62 to 71.58 per cent in 2012.

**Table 8.2: Union coverage, formal-sector employees, 2001–2012**

<table>
<thead>
<tr>
<th>Year</th>
<th>Private sector</th>
<th>Public sector</th>
<th>All</th>
<th>Union workers in public sector (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Union members</td>
<td>Coverage (%)</td>
<td>Union members</td>
<td>Coverage (%)</td>
</tr>
<tr>
<td>2001</td>
<td>1 641 941</td>
<td>29.20</td>
<td>1 332 338</td>
<td>68.62</td>
</tr>
<tr>
<td>2003</td>
<td>1 701 619</td>
<td>28.18</td>
<td>1 288 333</td>
<td>67.05</td>
</tr>
<tr>
<td>2005</td>
<td>1 904 679</td>
<td>29.22</td>
<td>1 315 332</td>
<td>66.99</td>
</tr>
<tr>
<td>2007</td>
<td>2 097 997</td>
<td>28.53</td>
<td>1 535 315</td>
<td>69.55</td>
</tr>
<tr>
<td>2010</td>
<td>1 794 838</td>
<td>28.58</td>
<td>1 551 831</td>
<td>74.24</td>
</tr>
<tr>
<td>2012</td>
<td>1 763 832</td>
<td>25.86</td>
<td>1 674 247</td>
<td>71.58</td>
</tr>
</tbody>
</table>

Source: PALMS, author’s calculations
Noting that the 2005 average union density for OECD countries was thirty per cent, Bhorat, Naidoo and Yu (2014: 6) argue that ‘the … evidence at least initially suggests that the level of union membership in South Africa does not reflect an unusually highly unionized labour market’. They note that figures from the early 2000s suggest that Brazil had a union density as high at seventy-one per cent. PALMS also shows that in 2011 blue-collar workers made up sixty-six per cent of unionised workers, which is five per cent less than 15 years earlier (PALMS, author’s calculations). These figures reflect significant changes in the composition of unions away from a traditional industrial blue-collar base in favour of public-sector workers and higher skill grades.

If this is an accurate description of the evolution of the South African unions in the last decades, it should be difficult to explain the extreme militancy that is imputed to the workers’ movement by the business press and other prominent voices. In fact, however, the latest serious interrogation of South African strike data by economists came to the conclusion ‘that strike action in South Africa is not remarkably different from similar activity in other similar emerging economies’ (Bhorat, Naidoo and Yu (2014: 14).

Bhorat, Naidoo and Yu (2014) note that only 2.8 per cent of South African workers were involved in strike action over the period 1999 to 2008, which is comparable to Australia and far less than Spain (7.3 per cent) and Argentina (30.7 per cent). Moreover, the authors note that only 0.05, 0.45 and 0.13 per cent of working days were lost due to strike action in 2003, 2007 and 2011 respectively. Assessing the ‘depth’ of strikes by the percentage of strikers’ work days lost per year, they found that South Africa’s rating of 3.77 is less than 12 times that of Brazil, less than 5 times that of Turkey and less than 3 times that of Nigeria. South African workers, it seems, are not particularly quick to down tools, nor are the results particularly dramatic when they do. With the recent crisis we should of course expect some change to these figures. However, the general perception of acrimonious labour relations and a strike-prone workforce amongst business leaders long predates the Marikana massacre. The disjuncture between these perceptions and the reality is symptomatic of the entrenchment of the cheap labour system in South Africa and the need for radical strategies to overcome it.

Fully casualised, labour brokered or externalised jobs may be the most extreme manifestation of precariousness and the focus of most studies, but the restructuring of production over the last decades has likely affected all forms of employment. Even where the formal stipulations of a SER exist, the
increasingly financialised, short-termist and ‘just-in-time’ orientation of business has empowered capital to impose new forms of insecurity across employment grades. Even for those workers where the experience of precarity is not direct, its effects are felt in the division of workplaces, the corroding effect on organisation and the general weakening of workers’ bargaining positions. Undoubtedly, employers have in many places succeeded in using degrees of flexibility to deliberately Balkanise workplaces, creating an apparent divergence of interests which has not been overcome by organisation, reflected in the massive underrepresentation of casualised workers within unions.

But the segmentation of employment in this way, important as it is, does not amount to any fundamental class fragmentation, or the birth of a new precariat with substantively different conditions of existence and objective forms of action to a formal ‘labour aristocracy’. The common experience of stagnating wages for the vast majority of workers, formal and informal, is the greatest evidence of this. Theories of the precariat, as a new phenomenon, in any case bear a distinctly northern bias in treating the experience of one section of mostly white, mostly male workers during one stage of capitalism in the metropoles as somehow the norm. In the history of the global proletariat, precariousness has been the default state, and South Africa is no exception, with atypical employment really emerging as a response to relatively recent legislative amendments. Theories of permanent class stratification are even less convincing when we step out of the factory and into the sphere of reproduction, as Ceruti (2010) and others show. Finally, the idea that there are rigidly separate categories of workers in South Africa is undermined by the evidence of massive ‘churning’ in the labour market, involving the rapid movement of workers through different states of employment and security. Valodia and Devey (2012: 142) show that fifty-three per cent of respondents in the panel portion of the LFSs changed status between informality and employment between 2002 and 2004, which is further evidence of entrenched flexibility.

A great deal of further research needs to be done at a micro and intermediate level to decompose and describe wage trends amongst other sub-groups and categories, for example, describing wages by gender, education level, precariousness and so on. This work could shed further light on the particular aspects of labour market reconstruction in South Africa, capital’s structuring of the workforce and the differential ways in which particular groups have suffered or benefited from these changes. The background narrative is sketched above. Most workers (both the lower skill grades) saw virtually no improvement in
real wages in the decade and a half for which there is data. This is due to the weakening of worker organisation under informalisation and bureaucratisation, and to the continuing dominance of the MEC, which was the dynamic centre of the kind of economic restructuring that Stockhammer (2012) found most associated with collapsing wage shares: globalisation and financialisation. In the last sections we discuss the insights offered by Marikana into the nature of the post-apartheid state and the ruling party, and their implications for strategy.

MARIKANA AND THE UNPATRIOTIC BOURGEOISIE

The essence of the ANC/Cosatu/SACP Alliance’s programme for rebuilding the South African nation has always been one of classical national bourgeois development, loosely articulated in the National Democratic Revolution (NDR). In a sentence, the programme envisages the cultivation of a patriotic black capitalist class which, in a historic bloc with workers organised through the ANC and its partners, will drive the deracialisation of the South African economy and a new inclusive growth trajectory. White monopoly capital, to the extent that its influence remains, will be cajoled into cooperation with the national programme. In later years, the state’s ideological register has shifted closer to notions of a relatively autonomous ‘developmental state’ inspired by the Asian Tigers. Although Alliance manifestos, and the government policy they ostensibly inspire, are always dissonant and conflicted with the difficulties of ‘talking left and walking right’, the spirit of the NDR continues to animate debate at least within the ANC. Thus the discussion document on the Second Transition at the ANC’s 2012 Congress still invokes hope in the creation of a ‘patriotic bourgeoisie’ which will act along its ‘objective interest’ in deracialising the economy, along with promoting industrialisation, massive job growth and improvements in skills and productivity (African National Congress 2012: 21). However, the document goes on to sound a telling warning, that ‘dependence of this stratum on white and multinational capital and the state, makes some susceptible to pursue narrow interests, which may not always be in the interest of economic transformation’ (African National Congress 2012: 21).

Circulated for the 53rd annual congress that took place in the aftermath of the Marikana massacre, one wonders whether the author was not inspired by those events. However, the decision of that congress to elect Cyril Ramaphosa,
the most exemplary figure of revolving-door capitalism, to its deputy presidency, shows that the warnings have not been taken seriously. In a 2010 lecture Neville Alexander (2010: 8) famously predicted that the ‘final disillusionment’ will come when the new state of the ANC turns its guns on struggling workers. But more than just revealing the contours of an ‘ordinary’ capitalist state, structurally ordained to ensure the normal reproduction of the wage form and compound accumulation, Marikana was educative in a political way precisely for its exposure of the specific class allegiances constituting the ruling bloc. Ramaphosa appeared in the course of events to act as the direct functionary of ‘multinational capital’, commanding the repressive apparatus of the state in the ‘narrow interest’ of his own accumulation. Indeed, the whole tragedy seems to perfectly distil the central motifs of post-apartheid political economy sketched above: the ongoing dominance of an internationalised and politically reconstituted MEC, the financialisation of which acted against any more inclusive form of management; the co-option of the very founder of the mineworkers’ union through his ANC involvement; the ongoing struggle of migratory workers whose conditions have seen little change; and the inability of their union to represent those struggles due to its own incorporation with mining capital.

The national bourgeois development of the ANC failed because the Alliance never succeeded in mobilising the class forces capable of transforming the South African state or diminishing the leadership of MEC capital. Despite the continued insistence in Alliance theory that the working class remains the primary ‘motive force’ within the movement, this has plainly never been the case. In fact, it is a state-capitalist bourgeoisie that has been the hegemonic formation within the Alliance, leading a wider small- and petit-bourgeois layer of state functionaries and middle businessmen connected to state activities. The toothless corporatism to which Cosatu submitted, which encouraged union leaders to leverage their positions for personal advancement and pacified workers to institutional strategies, prevented the development of any counterweight to pro-capital elements within the ANC’s ‘broad church’. Despite the assertive, developmentalist rhetoric of the ANC leadership, the only real concessions wrested from capital have been participation in elite formation through Black Economic Empowerment (BEE), which in reality was warmly embraced as the most cost-effective means of re-legitimating existing property relations and developing new terms of access to the state, as Marikana demonstrated.
The neoliberal state has been incapable of cultivating the conditions for new sites of accumulation outside the core MEC that might have underpinned national-bourgeois development premised on subverting the structural demand deficiencies inherited from apartheid through rising wages. Instead, the small black capitalist class that has been created, and it is small indeed if ownership figures are to be believed, forms a dependent fragment, enmeshed or reliant upon the forms of accumulation of multinational, MEC-led capital. Mining and finance have been the primary sites of elite formation (Southall 2007: 73). As indicated above, the orientation of those sectors has been fundamentally de-nationalising, concerned to secure the globalisation of capital and retain competitiveness through a rate of exploitation based on low wages rather than productivity increases.

Far from taking hold of the state to institute a national democratic project based on breaking apartheid patterns of growth and distribution, the existing capitalist state has taken hold of the ANC. Southall (2012) gives the most complete account of the ANC’s transformation into a classic post-liberation ‘party machine’ geared to the capture and distribution of rents accruing from its hold over the state. Southall identifies the ‘state-bourgeoisie’ that has been the primary beneficiary of this, consisting of four layers: a higher-level cohort of ‘state managers’ and a ‘corporate bourgeoisie’ occupying the top echelons of public and private sectors, and below them a broader ‘civil petite bourgeoisie’ and ‘black business and trading bourgeoisie’ centred in middle management and small, medium and micro-sized enterprises (SMMEs). Occupational and income data, of course, cannot map directly onto class, but Southall’s statistics nonetheless suggest that the latter groups have seen prodigious growth, with the numbers of black professionals increasing significantly. This is in large part linked to state-directed accumulation and the expansion of the public sector. Since this group has proved incapable of articulating a strategy for inclusive development outside of dependence on the MEC, contestation remains within the ANC of 1.2 million members. But the recent series of defeats for the Alliance Left, stretching from Zuma’s backsliding after his victory against Mbeki to his overwhelming re-election, and including the expulsion or secession of Malema and major trade union opponents, effectively signifies the final entrenchment of bourgeois components in the ANC and the defeat of any force capable of challenging them.

This is mostly amply demonstrated by the election of Ramaphosa but also by the adoption of the National Development Plan (NDP), a document with
which, as deputy of the National Planning Commission, he is strongly associated. The 494-page NDP is a catch-all manifesto meant to inform and synchronise all areas of government into a long-term ‘vision 2030’, but is too thin on policy detail and overall coherence to be of much use. Its heart appears to be the economic section which, beneath sometimes murky phraseology, reasserts the economic programme of the National Treasury, which was the former fiefdom of Planning Chair Trevor Manuel and which reportedly had a strong hand in re-editing the NDP document prior to publication (Coleman 2013). Segatti and Pons-Vignon (2013) have demonstrated the critical role of the Treasury as the nerve centre of the neoliberal project in South Africa, staffed by well-trained, internally cultivated technocrats who exert fiscal control over other departments, thus ensuring overall fidelity to macro-economic ‘prudence’ and shielding policymaking from the normal democratic pressures of the liberal state. Within the state, the significance of the NDP may well be in reasserting Treasury control over economic policy against elements disposed to more dirigist approaches, such as the Economic Development Department, created as a reward for leftist allies after Zuma’s initial victory. The NDP is likely unpopular with the ANC’s base and certainly with Alliance partners, who demanded the reworking of the economic provisions, leading only to the creation of a defunct commission, and it has become the target of the emerging left opposition led by Numsa. But it is hugely popular with business and vital in maintaining ‘confidence’ in the post-Marikana climate of instability by acting as a guarantee on behalf of the ANC against any pressure to tack leftwards in response to popular pressures, which helps to explain the ANC leaderships’ commitment to it despite obvious political risks.

CONCLUSION: SOCIAL CONTRACTS, ‘LULA MOMENTS’ AND THE WAY FORWARD

The NDP may prove to be important as a cohering factor in light of the pressures that are likely to arise from the inability of the current ruling bloc to pose any manageable solution to the crisis. The hegemonic fractions of capital retain a completely outward orientation in which any increase in the risk profile of the country or a threat of a decline in competitiveness is met with capital strike. Profitability returned quickly after the global crisis, with returns on the Johannesburg Stock Exchange hitting world-beating levels and various
studies claiming that large South African corporates have been among the most valuable for shareholders in the world. But capital retains a sense of political disenfranchisement and no confidence in the long-term growth prospects of the economy given demand deficiency and other structural limitations and political uncertainties.

Within the ruling bloc there is therefore no purview of measured redistribution to meet the labour crisis; no force capable of leading a ‘passive revolution’ that may set new terms for the inclusion of labour in a new growth regime. Capital’s response to the crisis has been overwhelmingly aggressive, pushing the ANC to complete its social-liberalisation and evolution into a hard-nosed party of business prepared to take a firmer stand against unions and to roll back labour legislation.7 Ramaphosa, it is hoped, will be the agent of this. Growing calls for a ‘new social contract’ from sections of business and the state are frankly risible; simply a repackaging of the incumbent crisis-ridden system with nothing material offered to undergird a new consensus. The NDP itself outlines such a social contract by calling for labour to accept wage demands ‘lower than what productivity would dictate’ (in other words, further declines of the wage share of GDP) in return for promises that capital will reinvest boosted profits.

Those seeking to infuse a more progressive spirit in the search for a new compromise have clustered on the notion of a ‘Lula moment’. This refers to the left, neo-developmentalalist turn undertaken by Brazil’s President Lula in his second term, described in this volume by Alfredo Saad-Filho (chapter six), and connotes either a specific strategy of pushing the second Zuma administration in a similar direction, or more broadly the prospects for post-neoliberalism in South Africa. Unfortunately, the calls for a Lula moment have not generally been accompanied by the same careful class analysis that Saad-Filho provides here. Indeed, the thumbnail review of South African class constellations above suggests rather dim prospects for a local rendition of the process described in chapter six.

Far from corruption scandals undermining middle-class support and forcing the ruling bloc to form new allegiances with workers and the urban poor, Zuma’s re-election appears to derive from a consolidation of the state-bourgeois formations described above. These groups are fully committed to the alliance with MEC capital, which is not prepared for any compromise on the cheap labour system. Moreover, as already argued, the ‘domestic’, manufacturing-based bourgeoisie, another important pillar of Lula’s reconstituted support base which was responsive to wage-based demand growth and stronger
planning led by the Brazilian Development Bank, does not appear to exist in the South African context. Instead, what South Africa has developed is closer to what Nicos Poulantzas (1975: 73) in a different context named an ‘internal bourgeoisie’; one ‘implicated by multiple ties of dependence in the international division of labour and in the international concentration of capital under the domination of American capital...’ and hence lacking the certain political and ideological autonomy from metropolitan sections of capital that the term ‘national bourgeoisie’ usually signified.

The progressive achievements of the so-called ‘Pink Tide’, which have seen a reversal of the usual neoliberal indexes of distribution, with falling Gini coefficients and rising labour shares and employments rates, naturally exert a large influence on left debates in South Africa. Ultimately, it is not impossible that the domestic crisis reaches the intensity of those that preceded neo-developmentalistism in Brazil or Argentina, giving rise to a bloc of forces either within the ANC or from one of its new competitors, which may be willing to attempt Keynesian macro-economics and more interventionist industrial policy.

In general, as Desai (2004) shows, national bourgeois development from the low level of industrialisation that South Africa currently experiences has only been possible given a very specific historical balance of forces and organisation of global power, which receded along with the threat of social revolution and re-composition of US imperial power around the 1980s. The ongoing transnationalisation of states, capital and value chains raises further issues for the prospects of such programmes. In any case, national bourgeois development has tended to curtail far short of any serious convergence with advanced capitalist nations, and to have a self-liquidating character as capital that develops under state protection grows to resist efforts at state planning and control (Chibber 2004). Growing signs of a crisis in many of the Latin American neo-developmentalist projects may reveal new evidence of the limitations of these programmes. Ultimately, in South Africa the challenges of formulating and articulating an accumulation path that diverges out of the MEC form of industrialisation may require a more radical programme involving greater confrontations with capital and more direct state and worker control over the economy.
NOTES


4 The author would like to thank Ilan Strauss for contributions to data work in this section.


7 See T. Cohen, 'In the shadow of Marikana, a welcome change in direction', *Business Day* 28 February 2013; T. Motoshi, 'ANC needs to be Liberated from alliance ties that bind it', *Business Day* 31 July 2014 and *Business Day* editorials 25 October 2013 and 16 May 2014 for exemplary statements of this from business ideologues.

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