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**THE SOCIAL RELATIONS OF THE TAXI INDUSTRY IN SOUTH AFRICA:  
CONTENDING THEORIES OF CORPORATISM, PLURALISM AND  
SYSTEMATIC PATRONAGE**

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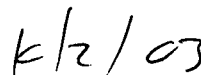
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PETRUS ABRAHAM CROUCAMP



DATE



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Piet Croucamp  
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For my friend, Saartjie Burger



*The problem of corruption, as relating to the ownership of taxis, is wider than the police force, pervading the entire government bureaucracy, and it greatly contributes to the ongoing violence as officials promote the taxi association to which their taxis are affiliated.*

- Jackie Dugard (2000:p 33) -



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## SUMMARY OF THESIS IN AFRIKAANS



## CHAPTER ONE

### 1. BACKGROUND TO THE TAXI INDUSTRY, THEORETICAL APPROACH AND RESEARCH DESIGN

[T]raditions of associationism and civic engagement directly affect political behaviour and institutional success and [...] institutional change has the power to remould political life, despite the powerful constraints imposed by the historical and social context.

- Zumbado (2000: p 33)<sup>1</sup> -

The only justice in this law of the jungle is that executives live in as much fear for their lives as do their drivers and passengers.

- Barron (as cited in Dugard, 2001: p 142) -

#### 1.1 Introduction

Between 1994 and 1999 a total of 1439 people died and a further 2151 were injured<sup>2</sup> in violence attributed to the hostilities between taxi associations in South Africa<sup>3</sup>. During 1996 deaths (312) and injuries (616) reached a peak due to violent confrontations in the KwaZulu Natal-midlands and disputes between taxi associations over routes and ranks in and around Johannesburg. After 1997, Soshanguve<sup>4</sup> became a flashpoint, and remained so for another four years, when a group of taxi bosses decided to go it alone and broke away from the mother-body. The split disturbed symmetries and stalemates that were balanced on truces and compromises<sup>5</sup>, and reaffirmed coercion and violence as the foremost means

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<sup>1</sup> . Zumbado (2000) reflecting on the conclusions of Robert Putnam in his work, *Making Democracy Work: Civic Traditions in Modern Italy* (1994).

<sup>2</sup> . See Dugard (2001) for a limited analysis and interpretation of these statistics.

<sup>3</sup> . The moratorium the state imposed on crime statistics during July 2000 prevented the South African Institute for Race Relations (SAIRR), who has arguably the most reliable data in this regard, and the South African Police Service from releasing information regarding crime, including taxi violence.

<sup>4</sup> . The taxi routes and ranks in Soshanguve are controlled by two of the largest taxi associations, SALLDTA (South African Local and Long Distance Taxi Association) and FELLDTA (Federated Local and Long Distance Taxi Association).



of consolidating positions of power and control.

Allegations of state involvement were made by both sides and law enforcers suspected each other of siding with associations due to either corruption or direct financial interests or both<sup>6</sup>. In the context of escalating violence and the continuous allegations of official complicity and neglect, the state's efforts to come to grips with the taxi industry gained renewed momentum during 1996 with the National Taxi Task Team (NTTT)<sup>7</sup> initiative. The consequences of the conflict were more profound than dead bodies and proliferating crime statistics: it went to the heart of governance. Apart from the systematic corruption sustaining the conflict, it had detrimental and divisive effects on the police force and the state departments that dealt with it for regulatory purposes<sup>8</sup>.

Like most agreements and truces involving the taxi industry, however, the success of the state's initiatives aimed at resolving the conflictual nature of relations within the industry remain questionable, and very few of the recommendations of the task team actually came to fruition. As regards this study, the black taxi industry of South Africa has been a very good example of a social and economic phenomenon defying the dominance of the state and forcing the latter into compromises on the rules, regulations and values (regimes)<sup>9</sup> of

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<sup>5</sup> . At numerous meetings, some facilitated by the Department of Transport (DoT) of Gauteng, it was agreed, and a degree of consensus prevailed, that the violence was to the disadvantage of all parties concerned. The fact of the matter, however, was that in a zero-sum contest (the main feature of compromises in an industry configured on the principles of monopolies) coercion and violence pay well. A number of interviews for this study were done in Soshanguve and a researcher was allowed to attend two meetings where officials of the police and the DoT were present. More often than not the principles that were agreed upon did not last more than forty-eight hours.

<sup>6</sup> . Interviews (Johannesburg, September 3 and 5, 1999) with Inspectors Bertie Viviers and Anton Anderson, who have both since been transferred to the Brixton Murder and Robbery Unit and the Hillbrow police station respectively, but who personally investigated taxi violence in Soshanguve, various areas in the North West Province as well as Johannesburg. Also see Dugard's (2001) reflections on events at the time including the legend of the family feud that allegedly sparked the hostilities in Soshanguve.

<sup>7</sup> . See Department of Transport (DoT): Final Recommendations, NTTT (1996).

<sup>8</sup> . In a large number of interviews (Departmental Research Project: The Social Origins of Conflict and Contestation in the Taxi Industry, Turfloop, 1998: p 34) with policemen and state officials the views were expressed that state officials working in the same departments were associated with different associations involved in violent confrontations.

<sup>9</sup> . Regimes, according to Bratton and Van de Walle (1997: p 9), are sets of political procedures functional in various spheres of society, the economy and the state.



the political process. Due to its destructive potential, amongst other reasons, the taxi industry has emerged not only as an important social partner/contender in the state's democratic project<sup>10</sup>, but also as one that negotiates and often re-negotiates its participation and role in the policy formulation process.

The history of the taxi industry is complex. The interests of the apartheid state have entrenched the social and economic conditions that led to the power-monopolies within the industry<sup>11</sup>. The democratic dispensation of the 1990s inherited this volatile phenomenon and the state considered numerous ways and means to address the problems of violence in the taxi industry, as well as how to deal with the industry as regards to policy. The process remains contested and largely unsuccessful, mainly due to the constrained *legitimacy* of the state's coercive apparatus, and the challenges to its *autonomy* when dealing with the taxi industry.

## 1.2 Problem statement

The problem relates to: why would the state find it necessary to formalise its relationship with the taxi industry in a way which not only comes at an extraordinary financial obligation<sup>12</sup> to the state, but, more importantly, also compromises its authority, both within society and its own realm?<sup>13</sup> The taxi recapitalisation project, estimated by the DoT in 2000

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<sup>10</sup> . The process of state-building is best described as a project which come to fruition on the initiative of the state, but in conjunction with interest groups and social formations, which, due to their various organisational capacities, compel the state to allow them to determine not only some of the institutional configurations of governance, but also the normative architecture of justice and social order. State-building is, therefore, a project conceived over time and as a consequence of various compromises and negotiated agreements.

<sup>11</sup> . For an elaborate overview of the historical relationship between the apartheid state and the taxi industry, see Bank (1987), McCaul (1990), Dugard (2001). These authors suggest that the bantustan policies and the subsequent formation of a dual economy (creating an exaggerated and artificial distance between labour and the formal urban economy) not only impoverished black South Africans, but also created the need for affordable transport between the urban economy and the labour reservoirs of the bantustans. Chapter Two will analyse the social relationships that emerged as a consequence, as well as the state's reaction thereto.

<sup>12</sup> . See Friedman (1999: p 56) and the argument that the South African state has to rely on inducements (to recalcitrant social formations) in exchange for compliance.



to total R8 billion, is one such a compromise between the state and the taxi industry. This amount will account only for the replacement of vehicles. The seed-money for the envisaged co-operatives (which will extend the operational authority of taximen<sup>14</sup> to the petroleum industry, retailing in spare parts and vehicle maintenance) is additional and the infrastructure to regulate the industry is at the expense of the state. These aspects of the recapitalisation process, according to DoT officials interviewed numerous times between 1999 and 2002, are estimated to add a further R12 billion to the costs of the process. It should be emphasised, though, that very limited consensus prevails in the industry as regards the practical manifestations of the project. It is especially the most alienated constituency, taxi drivers, who oppose the project as it may not only marginalise them even further in terms of employment opportunities, but also constrain their mobility towards ownership<sup>15/16</sup>.

### **1.3 The research problem: the taxi industry and authority**

Of the social forces contesting the state's monopoly on social control, the taxi industry is not only one of the most complex phenomena, but certainly one of the most successful contenders. The inability of the apartheid state to regulate and extend its tentacles of social control to the industry led directly to the proliferation of illegal activities and violence in the industry. During the 1980s, under the policy of deregulation, and the declining capacity to impose a rigid regime of control through coercion, the state almost literally abandoned the

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<sup>13</sup> . One of the aspects which have not been resolved, even though it has been negotiated for most of the industry's existence, is the request from taxi leadership for subsidies. Minister of Transport, Dullah Omar, has since conceded that subsidies will have to be considered, and routes formerly allocated to subsidised bus companies have since 1998/1999 been reallocated to taxis (*The Star*, April 19, 2001).

<sup>14</sup> . The reference 'taximen' is sometimes used in this study. It is a term that may reflect a particular gender bias, similar to policemen, but occurs in reference to the taxi industry as a whole. An almost insignificant percentage of women are involved in the industry as drivers and a somewhat larger percentage as owners of vehicles, but figures are not available and research on it falls beyond the scope of this study. At the level of associations and mother-bodies no significantly influential women were found.

<sup>15</sup> . Other concurrent disadvantages of the project are the importation of smart-card technology which will seriously erode their income in an environment where no social security is provided by either the taxi associations or the taxi owners.



industry. The absence of effective state regulation provided the social and economic conditions leading to the rise of competing strongmen in the industry that resolved disputes over lucrative routes and ranks through the use of well-armed hit squads<sup>17</sup>.

The democratic dispensation of the 1990s inherited this volatile phenomenon and numerous attempts - including the National Taxi Task Team (NTTT), special intelligence activities and taxi policing units - were made to address the problem of violence in the industry. The state remains unsuccessful mainly due to the eroded legitimacy of its coercive apparatus, and the challenges to its autonomy in dealing with the industry<sup>18</sup>. The provincial and local government authorities, which have to facilitate the policies of central authority, suffer the same fate of limited autonomy, constrained legitimacy and a general organisational impotence<sup>19</sup>.

It seems a very probable conclusion that one of the greatest threats to democratic regimes, in developing political economies, should be the prevalence of social formations that feel structurally prevented from policy formulation or excluded from the distributive range of the state<sup>20</sup>. Such formations will not only endanger the balance of forces and alliances

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<sup>16</sup> . The recapitalisation project and its ramifications for compromise, growth and stability in the industry will be analysed comprehensively in Chapter Three.

<sup>17</sup> . The presence of foreign nationals from neighbouring states, acting as hit men to eliminate rival strongmen, is often cited as an indication of the mafia-style nature of violence in the industry. The case of a hired hit man that terrorised commuters on Golden Arrow buses in the Western Cape is one such example (*Mail & Guardian*, July 7 - 13, 2000).

<sup>18</sup> . In as much as 68 per cent of interviews conducted with subjects who are direct participants in the industry, the opinion was expressed that members of the police are often biased due to their own involvement and interests in the industry. The Commissioner of Police, Jackie Selebi and the Minister of Police, the late Steve Tswete, both on numerous occasions referred to the problem of police complicity in violence in the industry (see Dugard, 2001: pp 147 – 149).

<sup>19</sup> . Policy decisions that were based on NTTT recommendations in 1997/1998 and which dealt with regulatory measures, the prevention of violence, and the formalisation of the industry, were only partially implemented in the Western Cape, Gauteng and to an even lesser extent the North West Province. This should in some measure be attributed to the lack of control provincial departments have over policing, the exodus of experienced personnel, and limited resources (interview with Johan Kriek, MEC for Transport, Northern Province, August 15, 1998). Due to the fact that strong societal formations such as the taxi industry regularly encroach on their extractive capacities, coupled with a persistent inadequate allocation of resources from other spheres of governance, local authorities are even more impeded in their obligations.



entrenching the hegemonic project, they will also seek to enter the hegemonic project<sup>21</sup> through either promoting their capacity to violate the democratic project (process of state- and nation-building) or by preying on historical relations of patronage. The operational definition of the 'hegemonic project' reflects on a constellation of compromises wherein neither the state nor any single social formation benefits from a monopoly on violence and authority. Such a project comprises of numerous regime preferences and/or social formations constituting a balance of contending forces and is founded upon the principles of compromise.

In South Africa it is still too early to conclude whether corporatist compromises were successful as a strategy of either state formation or as a project in hegemonic consolidation, especially as a means of incorporating previously excluded informal economic and political interests, such as the taxi industry. The problem is, not allowing these structures of preferential access to proliferate (within the policy realm of the state) can be devastating for the reproduction of stability and economic growth as well as the survival of the state and the hegemonic project. Whether their presence in the policy process will actually enhance regime stability or ensure an enduring compromise, remains open to experiences to the contrary. In this regard, Dahrendorf (1989: pp 131 – 141) argues that corporatist arrangements often lead to "quarrelsome paralysis" rather than coherent policy formulation.

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<sup>20</sup> . It is certainly the case with the taxi industry where leadership often explain the hostility in the industry as the result of state neglect and then demand a greater financial contribution to the industry as an example of black empowerment (see McCaul, 1990; Steinberg, 2001). The recapitalisation compromise is the offspring of these demands.

<sup>21</sup> . In Chapter Two the point will be made that the capacity of taxi associations and mother-bodies to enforce control, impose the principles of extraction, determine policy, regulate uncivil contestation and, ultimately, distribute the state's resources, in many instances, exceeds the capabilities of the state to do so. Governing the industry thus becomes a reciprocal relationship (balance of forces) between multiple actors (within the state as well as the formal, but more importantly, the informal political economy) based on a compromise between the state and the industry, in which the state neither dominates nor has a monopoly on resources. The state thus ceases to endorse democracy in favour of the demands from its (preferentially selected) social partners in a process which aims at generating sufficient social stability to enhance the required economic growth and development (which is fundamental in sustaining the liquidity of compromises and the hegemonic project). Under these conditions, as Migdal (1996: p 112) notes quite rightly, the state consents to the status similar to that of a contending social formation, devoid of autonomy and with authority dispersed between partners in the stable, hegemonic, but essentially undemocratic, project.



The research question, as far as this study is concerned is: how does the state formalise and configure its relationship with rogue and contending forces such as the taxi industry, and what is the effect of this process on the state building project?

The research problem as it pertains to the taxi industry and the practical manifestations of the relationship between the state and industry, therefore, reflect on the following concepts: The attributes of the democratic project<sup>22</sup>; the key features of the process of state-formation; the organisational traits of authority; the degree of stability which the hegemonic project displays; and the social origins of authority and contestation. The suggestion is that studying the taxi industry and its relationship with the state provides important insights into the process of policy formulation, but also into the relational and institutional configurations of state-formation in the aftermath of apartheid. The need for an analytical frame of reference fuses these concepts as vectors in a complex equation relating both to economic growth and to political development under conditions of relative scarcity.

While the outcome of a hegemonic project is hypothesised in this study, it is also important to describe the conditions which determine the eventual institutional and relational matrix of the project's survival. This relates to, first, the time allowed for representatives of contending regime preferences (manifested in the conception of justice and social order of the various contending forces) to enter into a compromise with rivals (individual strongmen as well as social and economic entities operative in the opportunistic, informal political economy) and the state (or particular institutions/department within the state). Second, it relates to the extent to which the ruling elite can impose compromises on their constituencies. If entry into the process is indefinite, the project will remain unstable and prone to institutional collapse. Third, it relates to the degree of violence generated by secondary centrifugal interests. Less dominant contenders left outside the compromise may consider the project frail enough to enter it through violence or the threat of violence. The fourth point is the extent to which constituencies outside these compromises consider them

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<sup>22</sup> . The 'democratic project' refers to democracies which are not – in the parlance of the pluralist discourse – consolidated. Such democracies are, therefore, in the process of institutionalising the rules, regulations and values of the liberal regime. The notion of a project is advanced to distinguish between consolidated states and those in the process thereof.



essential for sustaining the project. Often society tolerates the preferential access of selected interest formations as they may, in various ways, contribute to the greater good. Fifth, there is the extent to which the hegemonic project is conducive to growth and the inflow of fixed investment capital. All these processes bear on the survival of the hegemonic project and shape the architecture of state-societal relations. It is incumbent upon the state to manipulate these vectors through a combination of consensus, compromise and coercion. However, in theory no combination of vectors, or processes, can *a priori* guarantee the resilience of the project. Furthermore, democratic regimes often, in various forms, co-exist with other invented forms of legitimate social control<sup>23</sup>. Thus: Democracy may well be a sufficient condition for legitimate governance, but it certainly is not a necessary condition. This assumption also provides the background to the 'consolidation discourse' and its theoretical frame of reference: the state-society dichotomy.

Democratic states generally prefer to insulate their domain from intervention by society and tend to monopolise the process of decision-making. A number of arguments can be advanced to substantiate the interests of the state in the matter. Firstly, the state needs to exert its authority by entrenching the perimeters of social behaviour. But, as the state derives its authority from the basis of legitimacy, it is obliged to formulate policy in conjunction with societal interests. Secondly, the taxi industry reflects the moral obligation of economic and ideological redress and its preferential accommodation is mainly to the detriment of white capital interests, which justifies the principle of unequal citizenship. Thirdly, the prerequisite of stability before growth compels the state into a trade-off with societal forces, even if it entails renegotiating the regime perimeters. Such a trade-off and the consequential preferential practice it necessitates is justifiable and falls within the broader domain of consensus, in much the same way as society accedes to the preferential

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<sup>23</sup> . The best example of this, perhaps, is the formalised statutory-sanctioned preferential access to legislative or policy formulating structures as an acceptable means of accommodation which is functional in most consolidated democracies in the form of corporatist arrangements. Also the principles of redress and affirmative action represent a regime rule which questions the equality of citizenship and then obliges the state to exclude/contain certain individuals on the basis of their capacity to dominate the contest for access to scarce resources.



access capital interests benefit from in most liberal democracies. Moving beyond the state, a fourth possible reason is that the state's authority is penetrated by societal interests to the extent that a compromise affords the state the scope it needs to sustain itself.

Perhaps the most challenging aspect of governance in a developing political economy is the implementation and facilitation of policy decisions. Equally important, but just as complex and intriguing, however, is the process that precedes the practical manifestations of policy. The dynamics of the policy formulation process, the role-players involved and the ways and means in which they pursue their interests have largely been neglected in studies on democracy and governance in developing political economies. The continuity between the formulation and the implementation of policy may well become less problematic if the processes and procedures in terms of which policy is conceived are better understood. In societies where the contest over scarce resources is characterised by violent contestation and confrontation, the route to policy formulation may well be less predictable than in those of consolidated democracies where a great degree of consensus prevails regarding the processes and procedures of policy and governance.

Constrained consensus compels fragmented<sup>24</sup> societies to predominantly rely on *compromises* in formulating policy<sup>25</sup>. Obviously, if authority is predominantly functional in a dispersed edifice beyond the realm of consensus or the institutional domain of the state,

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<sup>24</sup> . In fragmented societies, numerous conceptions of justice and social order are operative at the interface between state and the family. Consequently social control is fragmented and is functional in both state and society with no institutional configuration dominating governance or representing the universal values which enhance either civility or nurture social capital. See Migdal (1988: p 39) and Du Toit (1995: pp 24 – 27) as regards the conceptual and operational perimeters of the concept.

<sup>25</sup> . Preliminary research for a departmental project (Departmental Research Project: The Social Origins of Conflict and Contestation in the Taxi Industry, Turfloop, 1998) into the taxi industry confirmed this assumption as numerous agreements between the state and taxi associations ended up being a compromise at significant cost to the state. The recapitalisation process is relevant in this regard. If the state wishes to address the violence in the industry, it not only has the obligation to fund the replacement of the taxis, but policy pertaining to routes, permits and ranks will have to be negotiated. Taxation, however, is non-negotiable to taxi owners. According to members of the Department of Transport (DoT), the point most often made by the industry is that while the positioning of ranks and routes may be formalised, the allocation of these remains the domain of the mother-bodies and associations, and any intervention by the state is at the risk of fuelling territorial disputes. This argument will be elaborated on in greater detail in Chapter Two.



systematic compromises become an important means of conflict resolution in societies deprived of the *social capital*<sup>26</sup> necessary to allow conformation to whatever is perceived as the *greater good*. Policy, consequently, becomes the result of a trade-off at the expense of the state and its resources. The purpose of this study is, therefore, to develop an understanding of the complex dynamics of the social relations, processes and procedures that gave rise to the taxi industry, and, eventually, its relation to authority and policy formulation in South Africa.

#### 1.4 Theoretical focus of the study

It seems obvious that the primary challenge of new democracies, such as South Africa, would be the consolidation of the rules, regulations and values of the democratic regime<sup>27</sup>. As the notion of democracy can be rather amorphous, no certainty exists about exactly what the process of consolidation requires. Many scholars<sup>28</sup> of democracy and state theory advance various forms of institutionalism, and more specifically that version of institutionalism that relates closely to a Weberian application of liberal utilitarianism<sup>29</sup>, as fundamental to the outcome of conflict and contestation in developing political economies. According to this discourse, the transition from authoritarian rule to democracy entails a process of state- and nation-building founded on a set of universal values<sup>30</sup> which should sustain the regime perimeters agreed upon between state and society. The fundamental assumption is one of

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<sup>26</sup> . Hyden (1997: p 5) defines "social capital" as "... the educative feature of the growth and practice of self-governing institutions". It thus refers to the institutional process of instilling the values and social order of tolerance, consensus and individual citizenship.

<sup>27</sup> . See Mozaffar (1989). The concept regime refers to the values, rules and regulations facilitating the relationship between state and society. The ideal of this is usually reflected in the formal constitution, including the so-called 'spirit' thereof.

<sup>28</sup> . See O'Donnell (1973), Putnam (1994; 1995), Huntington (1994), Gagliano & Du Toit (1996), Hyden, (1997), and Bratton & Van de Walle (1998).

<sup>29</sup> . These assumptions are fundamental to theories of *democratic consolidation* and the notion of a *civil society*. The analytical and interpretative assumptions of this approach led to Mamdani's (1995) assault on the theory as a perverted reintroduction of the modernistic chauvinism inherent in liberalism.

<sup>30</sup> . The notion of 'universal values' is associated with the principles of freedom and equality. The role of the state in democratic societies is to apply those principles equally to all its citizens. In the words of Fukuyama (1999: p 10), the state "... would not take sides among the different moral claims...".



sufficient consensus<sup>31</sup> which makes it possible to institutionalise a plethora of agreements and distributive/extractive arrangements. Such a contention then also serves as the minimum condition for the consolidation of democracy of whatever nature. Universal values, though, assume a degree of consensus and the South African constitution is often hailed<sup>32</sup> as an indication of such consensus in a political economy marred by a history of state-sanctioned sectarianism. The constitution is also assumed to represent a sustainable degree of universally preferred liberal democratic principles, all of which is a bit presumptuous considering the limited success other developing political economies in transition from authoritarianism experienced in their quest for democratic consolidation.

The protracted political conflict in KwaZulu Natal between the IFP (Inkatha Freedom Party) and the African National Congress (ANC), which claimed 4 460 lives between 1993 and 1998<sup>33</sup>, the excessive levels of violent crime in urban areas<sup>34</sup>, the rise in vigilantism and gangsterism on the Cape Flats as well as rural provinces and the taxi war<sup>35</sup> which prevails in most parts of South Africa raise new questions about the capacity of the state to impose a single set of rules, regulations and values upon society<sup>36</sup>. In fact, it would be relevant to

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<sup>31</sup> . Consensus conceptually comprises both compliance and consent. Compliance without consent is typical of authoritarian regimes such as the apartheid state. The concept of contending regime preferences is founded upon compliance and compromise, as opposed to compliance and consensus.

<sup>32</sup> . It is interesting that a scholar with the stature of Hyden (1996: p 48) refers to South Africa as a consolidated democracy, assuming that the regime perimeters of the process of governance have been realised. The multi-party configuration of the Constitutional Assembly and the eventual confirmation of a liberal constitution, created the impression of consensus, as opposed to a compromise, which is significantly different as will be argued in this study.

<sup>33</sup> . SAIRR (1999/2000: p 72).

<sup>34</sup> . Researchers at the Institute for Security Studies (ISS), Schönteich and Louw (2001: p 42) report that crime levels in urban South Africa increased by 15 per cent between 1994 and 1999 and "on a yearly basis levels of recorded crime increased at a faster rate between 1998/1999 than at any other time since 1994".

<sup>35</sup> . While the hostilities and conflict between taxi associations and between associations and operators are often described as a 'war', they could perhaps be better described as sporadic incidents of violence related to circumstantial crises. More often than not, a flare-up of violence can be attributed to a specific incident or a reorganisation of power structures. It certainly is not continuous conflict without truce or stalemate.



consider whether the regime of the state reflects sufficient consensus within its own organisational domain. Furthermore, to what extent does the state fulfil a dual role in society of seeking to consolidate control, while also undermining its own efforts?<sup>37/38</sup> To understand the state and the fabric of the society with which it is confronted – especially in the transitional context - both phenomena should be studied in terms of their institutional and historical heritage. The most important theoretical question to ask of regimes in transition is not only *what* is evolving during the process, but also *why* the dynamics of regime change and contestation take on a particular configuration (cf. Bratton and Van de Walle, 1998: p xiv). The question *why*, however, can only be provided with analytical substance if contemplated in a historical context (cf. Putnam, 1994: p 65).

In most developing political economies, and certainly in South Africa, the dominant social formations that prevail throughout society conceptualise democracy from diverse historical perspectives. This is supplemented by varying, often contending, moral justifications for distributive interests, and certainly diametrically opposing views of social order. These formations perpetually enforce control through coercion, patronage and the provision of survival strategies in constituencies where the state fails to do so. Perhaps the greatest misconception of democratic consolidation is the expectation that the state possesses the authority to unilaterally shape the organisational configurations of its relationship with

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<sup>36</sup> . The question is, when has fragmentation become an attribute of the social fabric (and, therefore, also state-societal relations) or, alternatively, when is it merely a phenomenon of irregular occurrence due to temporary deficiencies in the execution of governance? The point will be made in Chapter Four, which deals with the informalisation of authority beyond the rule of law, that fragmentation occurs when the state has to rearrange (or renegotiate) its own regime rules, or worse; when the state itself does not represent a universally applied regime within its own processes and procedures.

<sup>37</sup> . When Migdal (1988) concerned himself with this question, he neglected to interpret contestation in developing political economies in the context of regime transformation and could, therefore, not envisage Bayart's (1993), Reno's (1995) and Chabal and Daloz's (1999) analysis of deliberate institutional degeneration as the result of *ad hoc* compromises and a step in the process of the augmenting the hegemonic project.

<sup>38</sup> . Important here is what Chabal and Daloz (1999: p 126) refer to as "disorder as a political instrument". According to their argument, the deliberate informalisation of authority not only entails the systematic erosion of the institutions of governance, but also precedes the illusion of disorder. The authors, furthermore, argue that "there are powerful instrumental reasons for the informalisation of politics" (1999: p 2). On this dictum this study superimposes the notion of the hegemonic project which suggests the informalisation of authority and the subsequent balance of contending forces which is preceded by preferential access in arrangements of compromise.



society, and that its regularly reaffirmed electoral legitimacy allows it to do so<sup>39</sup>. In South Africa this misconception is predominantly associated with interest and social formations aligning with the ruling party<sup>40</sup>. The current constitutional compromise governing South Africa reinforces this misconception, and the slightest deviation from the initial compromise is often denounced as a slide to centralism and/or patrimonial forms of presidentialism. But, to what extent can the state be regarded as the independent variable in the state-society dichotomy? Migdal (1987; 1988; 1996), writing in the context of the state-society dichotomy, insists states and societies relate to each other in a reciprocal relationship of mutual effect. While that tells us that states mould societies as much as societies mould states, it does not answer the question of which variable precedes the other in time. Surely, under conditions reflecting excessive levels of social sectarianism, both the state and various sectors of society will represent contending political entities, as opposed to mutually compatible entities. Whether the state moulds society or society gives birth to the state remains a very important historical research question, with no clarity regarding the operationally obscure but theoretically reciprocal nature of the dominant variables.

To complicate the matter further, a third variable may be entered into the equation: the economy of scarcity. What is the effect of adverse economic conditions on the resilience of democratic procedures of governance? Perhaps the outcome of regime transitions is dependent upon the distributive capacity of state institutions much more so than the degree of representation or electoral legitimacy<sup>41</sup>. That, obviously, entails a deviation from pluralist

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<sup>39</sup> . While the academic discourse, generally, deals with the notion of democratic consolidation in an empirical manner (see Diamond, 1994; Becker, 1999), the ruling elite and dominant political parties in what Diamond (1994: p 35) refers to as "shallow democracies", and which the post-apartheid South Africa, arguably can be described as, apply a normative logic of what democracy should be from the perspective of their own conception of justice and social order.

<sup>40</sup> . While the ruling African National Congress (ANC), as a partner to a broader alliance (with the South African Communist Party – SACP, and the Congress of South African Trade Unions - COSATU), which often indicates a preference for an interventionist state, would probably prefer not to be considered in the pluralist realm, its policies and the constitution are largely associated with liberal democratic governance. It also relies heavily on its electoral legitimacy (which is different from institutional legitimacy), to enforce its mandate to rule without hindrance from organised minorities.



notions of economic justice and social order, as it requires a fair degree of *intervention* on behalf of the state in the survival strategies generated by societies themselves. It also introduces an alternative nuance into the state-society dichotomy: that of a very specific type of *institutionalism*. The adhesive which not only attaches the state to society, but also affects the nature of the relationship between them, is that particular *institutional and relational configuration* which determines the distribution of resources but is simultaneously balancing contending regime preferences in a grand compromise. In a very ironic sense, this theoretical addition to the analytical value of the state-society dichotomy allows us to rediscover the notion of corporatist arrangements where pluralist configurations are either discredited (perhaps for historical reasons) or proved to be an unsatisfactory arrangement for redistributive justice. It also fuses the institutionalism discourse with regime theory.

In South Africa, both economic interests and associational interests<sup>42</sup> have shown preference for corporatist mediation and arrangements as conducive to justice and social order. To them, corporatism has become a preferable trade-off, *albeit* in the form of a compromise with regard to their own regime preferences. The state's interest in these compromises/arrangements entails not only the pacification of strong interest formations, but also allows it to balance dispersed centres of authority operating beyond its direct realm of social control in a hegemonic project. Corporatist regimes thus 'negotiate' a degree of predictability in the relationship between the state and associational interests, including rogue societal formations operating outside the institutional reach of the state. In that sense, corporatist arrangements have become a conduit not only for the institutionalisation of the regulatory obligations of the state, but also for state formation - in its broadest sense - in polities transforming from authoritarianism to a democracy.

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<sup>41</sup> . See Friedman (1999). Friedman argues convincingly that in a fragmented society such as South Africa, the "ideology of delivery" requires that the state provide various inducements (strategies of survival as well as the mere prospect of material benefit) to society in exchange for compliance with the obligations of governance. But, compliance and compromise may well entail restricting participation. In the final analysis, however, increased compliance ("citizen confidence") prevails over any "putative democratic losses", especially in the context of regime hegemony where unrestrained contestation is to the detriment of the both the state and interests of strong societal forces.



This leads the argument into another logical direction. It is important to distinguish between democratic consolidation and the construction of the "hegemonic project". Bayart (1985: p 325) uses the descriptive concept of a 'hegemonic project' to sketch the operational reach of the state and institutional qualities of the relationship between state and society in developing political economies. Although he uses the concept in the context of patrimonial regimes, which South Africa certainly is not, it remains a very appropriate metaphor with which to explain the balance of power between actors and forces representing contending regime preferences.

It must be obvious to scholars of South African politics, after six years of 'representative governance', that the notion of "democratic consolidation" falls in the theoretical domain of the pluralist tradition (at least the liberal rendition thereof). However, as far as this study is concerned, it seems to have very limited analytical value to a developing political economy such as South Africa<sup>43</sup>. The urge to persist with theories of democratic consolidation in South Africa stems from the tendency to posit the state-societal dichotomy as an arena wherein electoral politics (wrongly presuming institutional legitimacy) exist simultaneously with centralism (of which the primary indicator is interventionism) in the absence of what is considered 'a political culture conducive to democracy'. The state as independent variable, thus, only has to mould society into an entity reflecting a universal type of civility, which will then complete/consolidate the processes conducive to a participatory and responsive democracy. While such a theoretical disposition may well have both normative and empirical value to theorists, it does not provide us with any analytical or comparative frame of reference. In the context of developing political economies, it is essentially a theory without either history or evidence (except when comparatively applied to measure the prevalence of endeavours to democratise the African

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<sup>42</sup> . It is important, for reference in later Chapters, to note that the notion of 'associational interests' is conceptually related to pluralism, and specifically the liberal utilitarian variants thereof. It falls in the analytical domain of consensus, which is the antithesis of compromise.



state) and it is reminiscent of modernistic determinism<sup>44</sup>. Social control in developing political economies is underpinned by the presence of actors and social forces, representing shifting and varying regime preferences. Social stability and the survival of the state, therefore, depend to a large degree on the capacity of the state to balance the interests of the contending regimes with its own, but, even more so, also on the incentives for societal formations to conform to a compromise with both its contenders as well as the state. The scenario of contending regimes, therefore, is not conceptually related to the discourse of democratic consolidation.

Apart from the popular speculation and the groundbreaking work of Bayart (1999), Ellis (1999) and Reno (1995; 1998), not much empirical and theoretical analysis has dealt with the conceptual parameters of criminalisation and "parallel authority" in developing political economies. Similarly, the extent to which the meteorically growing *informal* political economies of emerging market economies have contributed to the environment of state criminalisation has theoretically been neglected. Informal economic activities are often directly related to the survival strategies of deprived sectors of society, which allows significant moral tolerance for inefficient practices of distribution. It, subsequently, provides the stepping-stone for the operational fusion between the responsibilities of public office and

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<sup>43</sup> . The argument which will be elaborated upon in Chapter Five is that the consolidation discourse may well be suited for comparative analysis between a developing political economy and the historical democracies of Western Europe and North America, but it would be wrong to assume it to be a pre-condition for economic growth and social stability. It, also, does not provide an understanding (other than criticism) for conditions deprived of social capital or civility.

<sup>44</sup> . The consolidation discourse cannot be Africanised or conceptually moulded and superimposed on developing political economies. Mamdani (1995), as respected a scholar as he is, has persisted vigorously, but unsuccessfully so, with the notion of a less modernistic application of consolidation theory. Why he is unsuccessful will be elaborated upon in Chapter Five. Friedmam (1996: p 55), despite his admonition of activists and commentators to whom the dictum of a 'civil society' has become "all things to all people", proceeds to apply it to post-apartheid South Africa (*albeit* in inverted commas), insistently seeking for comparative and explanatory value for the discourse in the anti-apartheid (liberationist) struggle. Schmitter (1994: p 67), referring to what he calls the "proto-science of consolidology", asserts that "acolytes" of the discourse (especially since the "wave of democratisation" evident in Southern Africa since 1974) are guilty of "conceptual stretching" employing consolidation theory to "people and places never imagined by [the] originators [of the concept]". Schmitter may well have a point; consolidation seems to be both conceptually and operationally consistent with the institutional configurations and type of societal interest aggregation typical of market and liberal political economies, and not necessarily those of new democracies or developing political economies.



the process of accumulation. Once this fusion becomes formalised through corporatist arrangements or, more informally, practices of patronage, the organisational and distributive fabric of the state becomes penetrable by opportunistic and criminalised intent<sup>45</sup>.

The merger of interests between opportunistic elements in the coercive forces of the state and societal based strongmen<sup>46</sup> is accepted and even admitted by the state<sup>47</sup>. The legitimisation of affirmative action, as a means of institutionalised redistribution through a normative code of ideological redress, justifies the moral authority of preferential patronage beyond the principles of equality and justice<sup>48</sup>. The paradoxes and complexities reflected in the justifications for ideological redress leave ample scope for criminalised and opportunistic distributive practices, and range from tender board decisions to the allocation of housing and land. This form of morally justified, and institutionalised, patronage allows opportunistic interests to merge authoritative structures in society with the statutory prescribed rituals of governance.

This study then also investigates the presence and functionality of three varying normative perceptions of justice and social order which seem to prevail in the South African political economy, and which are encapsulated by the three contending theories suggested in this study

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<sup>45</sup> . Perhaps this is one area in which Bayart (1993; 1999) could have elaborated on substantially: the practices, rituals and institutions which facilitate the fusion between power, status and the process of accumulation.

<sup>46</sup> . See Migdal (1987; 1988), Ellis, *et al* (1999) and Reno (1999) for an elaborate explanation of the role and effect of strongmen in developing political economies. Strongmen represent local leaders who organise, co-ordinate and implement survival strategies, competing with those envisaged by the state and are often in rivalry with other strongmen. They may control geographical constituencies, collect taxes and render services ranging from protection to access to land.

<sup>47</sup> . During the trial of Senior Superintendent Piet Meyer, former commander of the organised crime unit in KwaZulu Natal, court papers reflected descriptions such as "Durban's biggest gangster", and the allegations came from his own colleagues. Two of KwaZulu Natal's prison heads have been under investigation for activities ranging from murder to organised crime. One of them is accused in police dockets of using state-employed and armed hit squads. He is also a very prominent councillor in a local government on the Midlands (Interview with Inspector Johan Adriaanse, Durban, February 19, 2001). Adriaanse was an investigator with a unit investigating so-called serious economic offences. These are not isolated cases and Chapter Three deals more elaborately with this aspect of criminalisation and governance.



as fundamental to understanding conflict and contestation. To a large extent these theories represent distinguishable dispositions of justice and social order and not only co-exist, both within the state as well as society, but often operate as contending forces of access and control over the spoils of distribution and redistribution. It is suggested that these three broad categories of justice and social order – pluralism (the liberal democratic rendition thereof), systematic patronage and the corporatism regime - are well institutionalised/formalised and empirically perfectly verifiable and morally justified in either broadly sanctioned compromises or in historical practices and rituals of political and economic interaction.

### **1.5 Conceptual clarification**

The discourse followed by this study accepts the premise that democracy, growth and development are best understood and explained in the context of a dichotomous relationship between state and society. The institutional and relational edifice of such a dichotomy is what is contested. The assumption is that the practical manifestations and outcomes of varying and contending regime preferences culminate in a hegemonic project and that the process occurs in a continuous and transitional context. In order to explain the dynamics of this dichotomy, a number of concepts fundamental to the discourse, such as state-society dichotomy, pluralism, corporatist regime and systematic patronage need to be conceptualised.

#### **1.5.1 The state-society dichotomy**

The discourse pertaining to the role, purpose and even origins of the state in developing political economies reflects an area of theoretical wrangling, consuming vast volumes of academic pondering, and goes as far back as anyone cares to explore<sup>49</sup>. The relationship

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<sup>48</sup> . The irony of this criminalised means of distribution is well substantiated by the popular perception frequently expressed in the media that from labour legislation to a whole range of other statutory prescriptions related to human rights and freedoms (including the constitution) institutionally protect corrupt officials.



between state and society forms an integral part of this laborious investigation, almost to the extent that it has, of late, grown to occupy the apex of the theoretical exploration<sup>50</sup>. Relatively recent paradigms such as modernisation and dependency have faded in relevance while the exaggerated analytical prominence of the state during the nineteen-eighties has since made way for a new, perhaps even more balanced, search for the relational equilibrium between state and society (see Skoçpol; 1985 and Migdal, 1987; 1988; 1994; 1996). In a critique of the “misleading overreaction” of state-centred literature during the previous decade, Migdal (1994: p 12) reconstructs the equilibrium by drawing society, as an equally important variable, back into the state-society equation. He argues that: “Although the important point that states matter has now been made, and to repeat, it needed to be made, there is no getting around the mutuality of the state-society interactions: Societies affect states as much as, or possibly more than, states affect societies”.

Furthermore, attempts to isolate the state, as a unit of analysis, from society led to a theoretical vacuum in understanding the historicity of the unprecedented thrust towards democratisation that has characterised African politics since 1989, but in a way that also reflect the bias of the First World discourse dealing with democracy and the state in the Third World. States in Africa, and their presence in a specific geographical sovereignty, are embedded in, or even bound to, a complex structure of socio-economic determinants which not only *enforces* a reciprocal relationship between states and societies, but also has direct consequences for the *capacity* of the state to fulfil its responsibilities towards society (cf. Migdal, 1994: pp 1-30). This reciprocal relationship between states and societies, however, is functional on more than one level: both states and societies exist as a consequence of the other; they are bound to each

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<sup>49</sup> . Many aspects of the current debate can be traced back to scholars such as Locke, Hobbes and Rousseau, who had a tremendous impact on Western thinking, but the Latin American discourse of O'Donnell and Schmitter (1986) gave new impetus to the discourse, *albeit* very much so in comparison to Western models of explanation. Since the 1980s with the rapid escalation of regimes with democratic aspirations, especially on Southern Africa, scholars such as Huntington (1991), Migdal (1988; 1989; 1994) and Skoçpol (1985) represent a very broad school of contemporary analysts in this regard. African scholars include Mamdani (1995), Du Toit (1995), Friedman (1996; 1999), Wamba-dia-Wamba (1997), Ekeh (1994) and Osaghae (1996).

<sup>50</sup> . A very important work in this regard is that of Skoçpol, *Bringing the State Back In* (1985). It is generally acknowledged that Skoçpol and Migdal's (1988) work represents a turn-around in theories on state-societal relations in developing political economies.



other through a complex web of mutual obligations, rights and privileges; and, changes in the one necessarily lead to changes in the other.

The importance of questions relating to why states do what they do, under what type of circumstances they are successful and effective, and why states have different roles in different societies, constitute such dominant variables in any theoretical exploration aimed at the state that it has become the norm to analyse states as parts of societies rather than as separate functioning entities. Migdal (1994: p 2) refers to this reciprocal relational equilibrium as a 'state-in-society frame of reference'.

From a pluralist perspective the consolidation of democracy refers to the vertical and horizontal expansion of the *autonomous* and *legitimate* institutions of the state. The state provides equal citizenship, security and strategies of survival to society, including the most rural and peripheral segments thereof. The state in successful and consolidated democracies has, furthermore, the capacity to draw renegade social forces into its hegemonic realm and enforce the rules and values reflected in the constitutional contract between state and society. Also, in successful pluralist democracies, a strong correlation exists between the resilience of state structures and the durability of democratic practices (Du Toit, 1995: p 48) <sup>51</sup>.

Obviously in socially fragmented societies the desire to accomplish systemic durability tends to be more problematic than in homogeneous political economies (Migdal, 1988: p xiv)<sup>52</sup>. This study deals with the sustainability of democratic governance in a developing political economy. It is thus concerned with the capacity of the state to provide equal citizenship and survival strategies on different levels of governance. It is important to emphasise the point that the underlying assumption is that the state tends to become less legitimate, less efficient and functionally weaker in terms of its capacity to implement and facilitate policy at the peripheral spheres of governance. Local and provincial institutions of governance are not only more directly exposed to the activities of social forces than central structures of authority, but they

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<sup>51</sup> . See also the work of Migdal (1988; 1989; 1994) and Osaghae (1996).

<sup>52</sup> . The notion of fragmented societies, as it will be utilised in this study, builds on the work of Migdal (1988; 1989).



also have the duty to implant the values and rules of the political game in an environment where hostility towards state institutions is historical and given.

It will be futile to investigate the institutional capacity of the state without dealing with the structure of the society with which the state is confronted. The structure of society, especially if its foremost attribute is that of reflecting dispersed centres of social control operating outside the hegemonic domain of the state, has direct consequences for the relative institutional strength or weakness of the state. An important question which arises, and which relates to both the concepts *autonomy* and institutional *capacity*, is whether the provincial and local institutions of the state are independent and autonomous entities, or whether they are enmeshed in the conflicts prevailing in society.

While it is common for scholars<sup>53</sup> to argue from the assumption that urban societies are fragmented into a diversity of social forces (amongst others, organised crime, political organisations and urban strongmen) intent on challenging the hegemony (monopoly on social control and violence) of the state, the same assumption tends not to be applied to rural South Africa. Ritchken (1995: p 195), however, has done extensive research on governance in rural communities and concludes that black settlements in the former bantustans<sup>54</sup> are not only wracked by political power struggles, but the relative poverty of rural communities means that the availability of resources (especially capital) depends largely on access to the bureaucratic decision-making structures of the state or political office. Alliances, embedded in distorted patterns of patronage between tribal authorities and bureaucrats as well as between societally based strongmen and bureaucrats, often reflect impunity from either the judicial or administrative process of accountability. Similarly, in the urban and peri-urban communities, bureaucrats as the implementers<sup>55</sup> of state policy forge alliances with key figures in society

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<sup>53</sup> . The work of Bundy (1988) and Van Onselen (1982; 1996), focussing on the rural peasantry, and that of Delius (1983; 1996), reflecting on the grassroots political mobility in the northern provinces of South Africa, is specifically commendable.

<sup>54</sup> . The concept bantustan will be used throughout this study, as opposed to, for instance, homeland. This is mainly due to the preference given to it by most of the authors that have dealt with the phenomenon in contemporary literature.



(such as urban strongmen, traditional leaders, civic leaders, gang leaders and organised crime), which add to their capacity to accumulate and to occupy office without the accountability implied by democratic governance.

The aforesaid underscores the underlying proposition of this study, which is that the extent to which the South African state fails to incorporate a significant number of social formations into its hegemonic domain, erodes the prospect of a consolidated democracy<sup>56</sup>, and consequently, also erodes the required social stability and economic growth. Alliances between state officials and societal based strongmen, embedded in a political patronage alien to liberal democratic principles, are the product of a dispersed network (weblike structure)<sup>57</sup> of social control, which often controls both the local state as well as dominating social organisation and politics in society. The state is, furthermore, balkanised (often manifested in corporatist practices) by various social formations with preferential access to resources and decision-making structures intent on promoting the interests of selective constituencies. The conflict and social contestation in society are consequently elevated to the level of the state, while the numerous contenders for control of selected constituencies are compromised in a truce (constituting a hegemonic project) held together by distributive inducements and the destructive outcomes of a zero-sum contest under conditions of scarcity.

The consequences of this are obvious as far as the institutionalisation (consolidation) of the constitutionally envisaged liberal democratic process of governance is concerned. The

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<sup>55</sup> . 'Implementers' refers to bureaucrats and government officials responsible for facilitating, implementing or even making decisions regarding the process of governance within the confines of their constitutional competence. They are usually far from the sight of state leaders, and they pose little danger of creating power centres that could threaten the position of state leaders. They are, however, crucial in determining whose authority and rules will take hold in the region, those of the state or those of its contenders (Migdal, 1988: p 118; 1989: p 166).

<sup>56</sup> . Obviously, this proposition presumes that a consolidated democracy is envisaged as the ultimate goal, but as has been argued earlier, such a contention probably only has normative and theoretical value as the process of policy formulation and the practical manifestations of control and accommodation seem to constitute a compromise, rather than a universal regime application of justice and social order.



South African constitution allows for various means of regulating contestation and conflict, with pluralist or liberal democratic notions of social organisation being the most obvious. It, however, also allows for corporatism of which the most apparent example is the National Economic Development and Labour Council (Nedlac) and which is aimed at regulating conflict between state, capital and labour<sup>58</sup>. The contention of this study is somewhat different and deals with corporatist theory in the context of regime transformation. The debate dealing with conceptual confines of democracy, furthermore, grants very little attention to the relational adhesive of patronage, a social and political phenomenon which not only binds societal forces to each other, but also the state to society. It reflects a very specific notion of justice and social order, and while it may coexist with pluralism in the same constitutional order, it could be argued that it is incompatible with the concept of liberal democracy.

### 1.5.2. Regimes

Regimes are sets of political procedures functional in various spheres of society, the economy and the state (Bratton and Van de Walle, 1997: p 9). The conceptual perimeters of a regime refer to the rules, regulations and values that determine the nature of the political process. It is expected that consolidated democracies will demonstrate a high degree of consensus and cohesion regarding the rules, regulations and values of the political process. Developing political economies reflect a lack of consensus about the architecture of the dominant regime and depend on structural configurations (compromises) between actors and/or social forces representing diverse regime preferences to sustain a degree of stability in the relationship between state, society and the economy. It is expected that the regime the state shows preference for, and which is founded upon a social contract with society, will be constructed upon constitutional principles, statutory prescriptions (including those

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<sup>57</sup> . Migdal (1988: p 39) uses the metaphor of a web to describe the dispersed societal-based formations (reflecting diverse perceptions of justice and social control) contesting the hegemony of the state. Also see Du Toit (1995: pp 4 - 166) for an elaboration on this metaphor. Du Toit goes beyond the theoretical realm of the state to include regime theory and the notion of an (ethnically) divided society.

<sup>58</sup> . For a detailed profile of Nedlac, its institutions, functions, legislation and debates, see their webpage at <http://www.nedlac.org.za>



of citizenship) and/or historical conventions. It reflects a cohesive body of values and social capital facilitating a common striving towards *compliance* and *civility*. While the regimes of consolidated democracies exhibit diverse (associational) interest formations within society, the economy and even the state, the prevailing consensus regarding the perimeters of the regime provides sufficient organisational space for social and economic contestation. The institutions of control and the values these regimes represent are not disputed.

In developing political economies such as South Africa the degree of consensus regarding the political and economic process, and the institutions that facilitate the process, appear to be frail. The lack of consensus about the required regime, which will ensure distributive justice and democratic control, compels the state to institutionalise arrangements of compromise. Various regime preferences subsequently co-exist (with each other) in the same political domain. It is often argued that the institutionalisation of compromises will eventually entrench social behaviour, thus generating the necessary social capital which nurtures consensus. This process of institutionalisation is referred to as state-building (state formation) and the generation of social capital as nation-building. Both need to be successful to ensure the resilience of democratic practices. A conventional wisdom often advanced regarding the relationship between the variables *state-building* and *nation-building* is that in Western democracies nation building preceded state-building, while in contemporary developing economies state building will have to precede nation-building. According to this line of reasoning, the obligation<sup>59</sup> (regardless of the state's capacity to do so) of entrenching a universal set of rules, regulations and values (regime) in Africa and South Africa, rests upon the state. It is a controversial presumption, which will be challenged in this study.

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<sup>59</sup> . This 'obligation' has its origins in the presence and requirements of the dominant ideological disposition in the international political economy, which is that of liberal assumptions of democratic governance and the adherence to the 'authority' of the market economy. State-building, according to this logic, precedes nation-building as an obligation of the state. A large volume of literature written between 1959 and 1970 advocates this emphasis on process (structural content), as opposed to the role of political actors, the choices they make, attitudes and strategic social relations. In this regard, see: Lipset (1959), Almond and Verba (1963) and Dahl (1971). Also see the discussion of Ruhl (1996) and his juxtaposition of the structural and (what is called in this study) the relational dispositions.



### 1.5.3 Pluralism as regime preference

A significant degree of scholarly consensus prevails with regard to the conceptual confines of pluralism as a framework for analysis. Schmitter (1974: p 96) defines the notion of pluralism as representing a "system of interest aggregation reflecting an unspecified number of multiple, voluntary, competitive, non-hierarchically ordered and self-determined categories, which are not specially licensed, recognised, subsidised, created or otherwise controlled in leadership selection or interest articulation by the state and which do not exercise a monopoly of representational activity within their respective categories". It should be emphasised that the definition provides for rather idealistic conditions and that, perhaps, no single political economy, completely, conforms to such a definition. Even established liberal democracies, such as the United States of America (USA), allow strong economic and social formations preferential access to decision-making structures. In fact, systematic lobbying has become a dominant feature of governance in the USA and it is based on no other justification but preferential access. Most western European industrial economies have legislation (statutory corporatism) controlling the interests of, and relationships between, strong economic interest groups ranging from agriculture (France) to labour (almost all western European states). As it will be explained in Chapter Three, however, the operational definition of preferential access in consolidated democracies is paradigmatically different from that in transformative states or unconsolidated democracies.

The pluralism discourse in South Africa is somewhat dominated by wrangling over the conceptual perimeters and operational contents of a civil society<sup>60</sup>. Social formations well situated in the realm of corporatism, as well as those showing subtle preferences for patronage, often ferociously debate their inclusion in the conceptual framework of the civil society notion, as if it is a prestigious endowment all should aspire to. To them, membership of civil society legitimises the *raison d'être* of their existence and it morally justifies their social and/or economic activities, regardless of whether it functions outside the

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<sup>60</sup> . See the work of Du Toit (1995), Mamdani (1995), Gagliano and Du Toit (1996), Osaghae (1996) and Friedman (1996).



regulatory/constitutional domain of state or not. The dominance, however, of freemarket principles of economic organisation in the international political economy, and the consequences thereof for pre-industrialised societies (emerging markets/political economies) and states in the process of transforming into democracies, are often advanced as to why liberationists and Africanists harbour such an ideological aversion for pluralism with its utilitarian, euro-centric conceptual perimeters of a civil society. Liberal democratic interpretations of politics and society explain the notion of a civil society by emphasising the operational attributes of civility, compliance and consensus, attributes which are elusive phenomena in developing states and societies.

#### 1.5.4 Corporatist regimes

The dominance of the African National Congress (ANC) in electoral politics reinforces the preference academic scholars and observers show for questions pertaining to social control in a democracy dominated by a single party and the prospects it holds for democratic consolidation<sup>61</sup>. While these are very important questions, over-emphasising them obscures the complexities of social control in a developing economy. This tendency to examine the ruling party as constituting a trilogy of interests (the SACP, labour interests represented by the COSATU and the ANC) contributes generously to distorting the complexities of governance in a fragmented society. Contributing to the work of Giliomee and Simkins, Adam (1999: p 262), for instance, claims that corporatism relies on consensus, that it addresses the problem of minority influence in a majoritarian democracy, and that it relates to growth rates and employment. To a certain extent such a definition has value, but only in so-called consolidated democracies, which South Africa, arguably, is not<sup>62</sup>. Most scholars of corporatist practices

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<sup>61</sup> . Giliomee and Simkins (1999) published an important text, *The Awkward Embrace: One-Party Domination and Democracy*, which deals with the "awkward embrace" between the theoretical and operational confines of democratic governance and electoral democracies dominated by a single party. As a comparative analysis, it deals mainly with developing political economies. The text by various authors consolidates an important debate, but it also obscures the problem with its institutionalist/instrumentalist approach to the process of democratic transition. This approach over-emphasises the institutional aspects of democracy, often at the expense of regime theory.



narrowly focus on processes of production and the institutionalised regulation of the distribution of surpluses to explain the analytical value of corporatist theory. A substantial part of this study, however, is devoted to redefining (customising) the notion of corporatism to include actors and processes beyond the state and the formal economy<sup>63</sup>. While this study deals with a case study in the informal economy, the theoretical domain of corporatist theory can fruitfully be broadened to include societal formations outside the process of production or the economic sphere of social organisation.

Schreiner (1994: pp 7 - 11) in a critique of the corporatist discourse before 1994 argues that so-called corporatist institutions initiated by the apartheid state were all the result of an illegitimate state being forced into alternative institutional arrangements with various social forces. Thus, due to systematic challenges to its legitimacy, the apartheid state was in no position to mediate between actors and/or social formations representing contending regime preferences or to exert its control over the process of production. The institutionalisation of co-optation, as a form of policy formulation as well as state formation, was an effort to withdraw from its obligation of social control. Officially it was described as deregulation, but in *praxis* it entailed the state ceding its authority to institutions in the informal and/or economic domain. Authoritarian states frequently advance technocratic solutions when ideological dispositions are under the threat of collapse, and such solutions require pragmatic assumptions about the nature of authority. It, consequently, becomes necessary to balance contending social forces in a hegemonic project, a process which contributes directly to the growth of structures of parallel authority.

The question, therefore, is: To what extent did the configuration of state-societal relations

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<sup>62</sup> . The discourse on consolidation of democracy will be elaborated upon extensively in Chapter Five, including the requirements for such a process to come to fruition and why South Africa, as is the case with a large number of developing political economies, is neither 'consolidated' nor do the processes, procedures and social relations which give credence to the status of being consolidated appear to be dominant factors in the relationship between state and society.

<sup>63</sup> . The distinction between corporatist practices as an arrangement between the state, capital and labour (which is concluded within the broad realm of a pluralist, liberal democratic regime, and the corporatist regime where societal formations in the extralegal sphere (informal political economy, most often outside the process of production), successfully engage the state on the basis of preferential access, is important in this regard.



change under democratic rule and how does that reflect on the corporatist discourse in South Africa? An important area of focus would be whether the state has become an impartial mediator in dispute resolution, which corporatist theory in the context of consolidated democracies generally requires. A second point of focus would be whether corporatist arrangements are the initiative of the state or that of society. Related to this is: Under which social and economic conditions is preferential access to decision-making considered founded upon broad social consensus? The last question relates to the operational confines of the notion of a hegemonic project and the relational edifice which balances contending regime preferences. It is important to clarify procedures of policy formulation in terms of the operational requirements of democracy and more specifically in terms of regime transition.

### 1.5.5 Systemic patronage

A proposition stated earlier suggests that the democratic project in South Africa is founded upon two broadly defined sets of interests: the need to *compromise* due to the absence of universal values of consensus and the principles of *distributive justice*. The first is associated with various forms of corporatist arrangements and the second with the network of informal arrangements that ensures access to material rewards. Based on this assumption, the survival of the political elite (and indeed the hegemonic project) is closely correlated with the durability of distributive networks and its material reward, and a complex network of compromises facilitates patterns of distributive justice. How this is manifested in practice constitutes an important part of this study, especially as regards to the taxi industry, but even more importantly as regards to the extent to which such dynamics could be extrapolated to state-societal relations in general. In *praxis* it may well secure a presence for associates of a particular social bond (liberationist, ethnic, race or familial sodalities) within the state, and to selective societal interests it may provide preferential access to state contracts and resources. In return clienteles will mobilise constituencies of support and allow the elite to formulate policy relatively unhindered (Bratton and Van de Walle, 1997: pp 65 – 66). Clientele with established relations of trust and who yield high returns on rewards are allowed to effect their own clientele, culminating in dispersed networks of patron-client relations operative throughout the



political economy. These networks are held together by the need to merge interpersonal relations with the patterns of exchange and distribution, in itself a rather forceful adhesive attaching state to society, but also power and status to private economic interests (Eisenstadt and Roniger, 1995: pp 207 – 208).

Systematic patronage excites the urge of the elite to intervene in the formal economy. The need to reward clientele materially places enormous fiscal constraints upon the state on various levels. The primary source of capital extraction for the state is the profit margins of private economic interests. The tax regime of the state is continuously searching for new avenues of profit collection. When the constraints of excessive extraction become counter productive, the state considers intervention in the process of production as a means of supplementing its resource base. This, of course, is the worst-case scenario. Pressures in the international political economy and its dependence on a productive private sector often inhibit the state from direct intervening in the productive economy, but some intervention occurs in developed political economies, an intervention to the detriment of surplus accumulation in almost all developing political economies.

In African political economies where state-controlled enterprises were privatised as a consequence of international regime rules, these concerns were almost always allocated to loyal clientele<sup>64</sup>. In South Africa, privatisation takes place in the context of black empowerment, a normative disposition of economic justice which centres upon a limited selection of individuals and interests in 'previously disadvantaged communities'<sup>65</sup>. Patronage almost always coexists with other normative dispositions of redistribution and democracy in the same political economy. It thus produces a relational attachment between the political elite and society, and is contrary to pluralist notions of control and distribution. It is, however, fundamental to corporatist regimes, with the focus on its relational features providing the operational merge between the two phenomena.

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<sup>64</sup> . Bayart (1984; 1993), Reno (1995; 1998; 2000), Clapham (1998) and Bayart, Ellis and Hibou (1999) elaborate extensively on this contention in their research on systemic clientelism and the informalisation of authority in sub-Saharan Africa.

<sup>65</sup> . A more cynical view of black empowerment may well be that it primarily benefits those prominent in the liberationist struggle and, therefore, remains an essentially elitist exercise.



### **1.5.6 Democratic project**

The democratic project refers to the process of implanting the democratic rules, regulations and values as are reflected in the social contract between state and society. New democracies in developing political economies undertake such a project and the outcome may not necessarily be a liberal democracy, and neither does it have to be the intention of the ruling elite to pursue the latter. Preferential access to the resources of the state and even policy processes is often important attributes of such a process. Regular elections may well be the only necessary liberal feature of the democratic project, and certainly so in its initial stages.

### **1.5.7 Hegemonic project**

The concept of a hegemonic project is discussed extensively at various stages of this chapter. At the risk of repeating earlier contentions, it will suffice to conclude that the hegemonic project is the constellation of compromises between the structures of authority within the state and those within society. The aim of the project centres around the necessity for stability which will sustain sufficient growth cycles which again will allow for the necessary resources to reproduce the status quo.

## **1.6 Research propositions**

The incorporation of societal interests into the operational and policy domain of the state remains the greatest challenge to the durability of democratic aspirations in a new democracy such as South Africa. However, the interests or intentions of the state do not determine policy unilaterally. Strongmen in the taxi industry do not only negotiate their co-operation with contending taxi associations and the state, but also negotiate and determine the rules, regulations and values of the system (regime) to which they are prepared to conform. This thesis will investigate the nature of the processes and procedures preceding



policy formulation<sup>66</sup>, and the way in which the industry impacts on these processes as well as on the institutional features of state. These processes and procedures (both of policy formulation and state formation) are not only conceived in a history of clearly discernible social relations, but are also the culmination of corporatist compromises between structures of authority within the state and those that prevail, and are dominant, beyond the state's organisational sphere. A preliminary, but fair assumption would thus be that in developing political economies, such as South Africa, societal interest formations tend to either conform to the will of the liberal-democratic state or to negotiate their accommodation within a regime of preferential access. Such a process would be fundamental to the outcome of endeavours of state-formation and nation-building, and as argued throughout this chapter, it certainly remains a contested process in South African politics.

Based on the preceding discourse, the following propositions are suggested:

Proposition I: Policy formulation with regard to the taxi industry reflects a compromise (based on preferential access) with regard to the rules, regulations and values of the regime. From this a secondary proposition could be deduced: If such an assumption is extrapolated to the broader political economy of South Africa, its democratic architecture is best explained as a network of compromises, constituting a hegemonic project, between various components of the state and societal-based actors.

Proposition II: The merger between the criminalised informal political economy and individuals in positions of authority within the state results in the prevalence of 'parallel structures of authority' which disperse state patronage preferentially and shift the emphasis of social control from the state to patrons in the informal sphere of survival. This proposition is aptly illustrated by the extent to which the taxi industry, especially mother-bodies, has wrested authority and control of the industry from the state, including the extractive and distributive monopoly associated with the strong and efficient state. This dynamics prevail under conditions referred to by Migdal (1987; 1988) as conducive to

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<sup>66</sup> . The emphasis will be on the social relations, which develop in the context of informal survival, and the historical, political and economic sodalities in which it is conceived.



“triangles of accommodation”, but also at the level of executive authority, as will be illustrated in Chapter Five<sup>67</sup>.

Proposition III: The taxi industry of South Africa and/or aspects thereof, represents a regime contending with that proposed and preferred by the state. The practical manifestation of such a proposition would be that the industry significantly wrested both the obligation of social control and the state’s ‘monopoly on violence’ away from both its administrative and coercive apparatus of governance.

### 1.7 Importance of the study

The numerous commissions of enquiry and state-initiated investigations into the taxi industry<sup>68</sup> confirm the suspicion that the industry remains an organisational conundrum to policy formulators in democratic South Africa. In this regard, the study will provide important insights regarding the difficulties of policy formulation and state formation under conditions of scarcity<sup>69</sup>, where the prospects for violence often reduce contestation to a zero-sum contest. The research will also contribute to the understanding of social control in the informal political economy of South Africa, which is a field that is vastly under-

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<sup>67</sup> . An important suggestion made in this study is that a clear distinction should be made between the various levels at which authority merges with preferential interests in the informal political economy. The level of implementers, which is the contention advanced by Migdal (1987; 1988), is fundamentally important, but such mergers (between implementers of policy and strongmen) at most bring about a weakening of the state at the margins of social control. Contesting the perimeters of the regime - the conceptual and operational confines of justice and authority - emerges at the level of governance where policy is formulated, rather than implemented. See Bratton and Van de Walle (1997: p 66) and their assertion that the relational merger between the state and preferential formations within society arise “at every level” including “the top” structures of policy formulation.

<sup>68</sup> . A search through the DoT’s records suggests that since 1994, the state initiated at least 18 commissions of enquiry and formal investigations at various spheres of governance (national, provincial and local) with the purpose of dealing with either the violence in the industry or the organisational arrangements of regulation. In the following two chapters, a number of the most important of these will be discussed.

<sup>69</sup> . ‘Conditions of scarcity’ refers to circumstances in developing political economies, such as South Africa, where due to an insufficient industrial base, high unemployment, a low per capita income and a disproportionately large dependence on informal strategies of survival, the demand for resources (material or otherwise) exceeds the supply by either the state or the market.



researched<sup>70</sup>.

As far as theory is concerned, the study will deviate from existing trends of applying a strictly methodological approach by constructing a framework for analysis. The capacity to predict trends and patterns related to conflict and contestation can be greatly enhanced by assessing state-societal relations, firstly, in terms of their social origins, and, secondly, in terms of their *praxis*. In this regard, the taxi industry as a case study has been very appropriate, and propositions and assumptions made on the basis of trends and patterns in the analysis of the industry will be juxtaposed and compared to other similar phenomena<sup>71</sup> which determine the nature of state-societal relations.

It will, furthermore, be important to reflect on the institutional capacity of the South African state by not only investigating the structure of the state, but also that of the society with which the state is confronted (which it seeks to dominate) and to which it is bound through a very complex set of relationships. It should be stated at the outset that the vast number of variables involved in an equation aimed at predicting the dynamics of socio-political and economic behaviour, imposes a stifling intellectual impotence on any theoretical approach - or meta narrative - which aims to uproot the origins of conflict or the means to resolve that conflict. This study, however, employs three concepts which prevail, or are advanced, as a means of

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<sup>70</sup> . Enquiries to the South African Institute for Race Relations (SAIRR), the Human Sciences Research Council (HSRC) and the South African Statistical Services produced no thorough analyses of data, other than estimates, on the informal economy of South Africa - even though officials at these institutions regularly estimated the total value of the informal economy in terms of billions of rand. The taxi industry falls outside the tax regime and is roughly estimated to be worth R10 billion (see Dugard, 2001: p 129), but even that is little more than thumb-sucking as no figures are available to substantiate estimates. Rejecting the figures of the 1995 October Household Survey conducted by Statistics South Africa, which estimated the size of the informal economy at 1,1 million people, economist André Roux (2002: p 23) submits that estimates as regards to the informal economy can only be based on "hearsay [...] conjecture, speculation and value judgements". Both Statistics South Africa and the International Labour Organisation (ILO) roughly estimate the informal economy's annual contribution to South Africa's gross domestic product to be US\$ 6,7 billion (at a 2002 approximate exchange rate of R10.50 = US\$ 1 it totals R70.35 billion).

<sup>71</sup> . While this study deals predominantly with the taxi industry as case study, in the chapters which refer to the informalisation of authority, especially, frequent reference will be made to vigilantism, organised crime and corruption. This is to confirm the view that these phenomena are features of particular conditions conducive to the growth of structures of authority beyond the state, and that they are related to each other in a rather distinctive manner.



explaining social contestation in South African society, but of which none necessarily, it is argued here, provides for a paradigm of understanding if applied in isolation: pluralism, the corporatist regime and systematic patronage. These concepts represent broadly defined, but varying, perceptions of justice and social order<sup>72</sup>. It is important to note that these 'regime preferences' coexist in the South African political economy and might even, under certain circumstances, compliment each other. They certainly are not necessarily contradicting notions of democracy, but very often reflect competing regime preferences.

The taxi industry was chosen as case-study primarily for four reasons. First, it is positioned in the informal political economy and corporatist theory has until now excluded informal survival as an indicator of a compromise between the state, society and the economy. Second, it has developed in a history of state authoritarianism and maintained its importance as a social and economic force in the aftermath of apartheid. Third, its association with the ideology of liberationism positions it ideally for state patronage. Fourth, its para-military capacity to challenge the authority of the state is obvious, and coercion is utilised against the state as well as to defend its domain of self-control, often with the means and resources of rogue officials or departments within the state. It is important to note that the purpose of this study is not to investigate the organisational dynamics of the industry or the reasons for the violence in it. It is not a macro-political description of the taxi industry phenomenon. A huge corpus of literature, research and investigations already exists with regard to the violence between taxi associations and the nature of such violence<sup>73</sup>. However, two aspects of the industry remain less than thoroughly researched: First, the underlying *social relations* of contestation and control in the taxi industry<sup>74</sup> and, second, the *informalisation* of authority and the

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<sup>72</sup> . These 'perceptions of justice and social order' or 'contending regime preferences' are by no means the only concepts that prevail and both their conceptual and operational perimeters may be controversial (an issue that will be addressed in later chapters), but, based on the research into the taxi industry, they appear to represent the most dominant perceptions of justice and social control.

<sup>73</sup> . See Welgemoed Commission (1983), Goldstone Commission (1994), Report on Greater Johannesburg Regional Taxi Forum (1995) and the Report of the National Taxi Task Team (1996). Numerous other reports, which will be referred to, deal with specific incidences of crime and violence in the industry or the recapitalisation process.



*criminalisation* of social control which provide the social and political context for economic contestation in the industry.

The informalisation and criminalisation of authority reach well beyond the taxi industry and have become a dominant feature of state formation and control in the South African political economy<sup>75</sup>. This study contributes both qualitatively and quantitatively to the understanding of the industry through a combination of focus group discussions and personal interviews done over a period of four years, mainly with taxi drivers, a number of taxi association members as well as state officials, members and former members of the South African Police Service (SAPS) and consultants involved in the industry.

The focus on the relational features between the criminalisation of authority and the augmentation and informalisation of authority beyond the institutional domain of the state, is a very important aspect of this thesis, due, specifically, to its emphasis on the *social origins* of regime preferences. The question is often asked, when does systematic patronage corrupt the moral and functional perimeters of the regime?<sup>76</sup> The taxi industry as case study allows for an analysis of regimes and regime preferences by reflecting on the practical manifestations of such regimes with specific reference to the social relations which underpin the notion of 'parallel authority'.

Research for this study has shown that apart from facilitating relations between state and

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<sup>74</sup> . Not much research has been done in this regard. The work of Bank (1987) whose Master's dissertation focused on the social anthropology of social relations in the former QwaQwa bantustan, is perhaps too outdated to have more than historical relevance, but it certainly made use of a commendable approach that has been applied successfully to the research for this study. A paper by the same author on informal trading, taxis and gangsterism in QwaQwa is, however, a very significant paper in this regard (see Bank, 1991).

<sup>75</sup> . The arms trade seems particularly susceptible to 'informalisation' and South Africa's involvement in the informal arms trade and the security industry in Africa has been targeted for investigation in a number of instances. See Reno (2000) for limited analysis of 'informalisation' in the international arms trade. Also see Reno (1998) and Shaw (2002) for a more elaborate analysis of South Africa's involvement in drug trafficking and the international security industry. In a large number of case studies, individuals closely related to the political elite are implicated.

<sup>76</sup> . See Roniger and Günes-Ayata (1994); Eisenstadt and Roniger (1995) and Roniger (1994) for an extensive analysis of the systematic impact of patronage and preferential access on governance and decision-making in developing political economies.



society, pluralism, corporatism and patronage are all important strategies of *state formation* employed by the state in South Africa. However, corporatism and patronage almost always allow breathing space for opportunistic interests and corrupt practices to take root<sup>77</sup> in the systems regulating fragile political economies<sup>78</sup>. The institutional and organisational vulnerability of new democracies leaves ample room for penetration by dominant social formations conceived in conflict and uncivil contestation. This becomes a particularly important, and potentially destructive, phenomenon when these formations resent the dominance, or regime preferences, dictated by the democratic state. Due to excessive demands on the liquidity of the state, patronage and corporatist practices weaken the organisational and distributive capacities of the state, and they corrupt the statutory prescribed decision-making strategies by distributing the state's resources in a selective and preferential manner.

To a certain extent, state formation becomes the final consequence of criminal/opportunistic interests, and should the state become weak to the extent that it cannot resist occupation by criminal social formations, the fear expressed by Bayart (1999) of the criminalisation of the state is realised. While the behaviour of states in many parts of sub-Saharan Africa could be explained as fundamentally criminalised, it is certainly not a conclusion that can be made on empirical evidence of any kind with regard to state-societal relations in South Africa. The symptoms, which would indicate elements of criminalisation, appear in certain spheres of governance, most notably the provincial sphere, but that may prevail to a greater or lesser extent in all political economies<sup>79</sup>. However, the case study of this thesis – the taxi transport

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<sup>77</sup> . This argument is well illustrated by Reno (1998) in his research on warlord politics in West African states, where the state often deals with violence through a complex process of accommodation based on both compromises and relational patronage.

<sup>78</sup> . See Bayart (1993); Bayart *et al* (1999); Ellis (1999) and Reno (2000) for a discussion on state formation in developing political economies in the context of internal crime and corruption.

<sup>79</sup> . Judge William Heath, the head of the so-called Heath anti-corruption unit, appointed during the presidency of Nelson Mandela, and who antagonised the Mbeki presidency to such an extent that they disbanded the unit, during a press meeting described the South African political economy as corrupt to the extent that it complies fully with "Third World" standards (*The Star*, 5 April 2001). The point he made is granted, but it is something different from a situation where corruption is the result of the growth of parallel authority and the penetration and occupation of the state by opportunistic interests in the informal economy. The argument will be explored in great detail in Chapter Five.



industry – certainly represents a significant degree of criminalisation<sup>80</sup> as a number of police officials and even bureaucrats have been found to be both indirectly and directly involved in the violence plaguing the industry<sup>81</sup>, and the danger is that the state's efforts to augment its control over the industry may well lead to it internalising the opportunism inherent in the industry. Such dynamics will have ramifications well beyond the informal political economy, and may have consequences for both state formation as well as the durability of democratic practices in South Africa.

The taxi transport industry also falls, at least partially, within the realm of the informal economic<sup>82</sup> sector and constitutes a significant actor in the formal economy of the country<sup>83</sup>. It shows a significant capacity to extract resources from society, possesses the para-military capacity to resist the intentions of its contenders and represents a broadly defined conception of justice and institutional order. Preliminary research conducted for this study confirmed the views expressed by Dugard (2001: pp 148 – 149) that the industry is well attached to the machinery of the state as well as to organised crime, and a range of other social and economic

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<sup>80</sup> . During interviews with taxi operators, the allegations of police officials that taxis are not only transporting illegal drugs and weapons, but that taxi owners and operators actually participate in illegal trading therein (especially on the route between the Cape Flats and the Eastern Cape province), were substantiated by subjects who admitted this. Joseph Mashego, a taxi boss killed execution style by a rival association, is implicated by police records in crimes ranging from money laundering to the 'import' of illegal Pakistani immigrants through contacts at the Department of Home Affairs. In 1996, President Nelson Mandela accused the police of such high levels of corruption that it undermined "government efforts to halt the upsurge of crime and violence" in the taxi industry, but also in other spheres. Dugard (2001: p 149) claims that corruption and its offspring crime are "pervading the entire government bureaucracy". Two years after the inception of democratic governance (1996) more than 800 cases of alleged corruption by policemen were investigated (SAIRR, 1998: p 96).

<sup>81</sup> . See Steinberg (2001), Altbeker (2001), Louw and Schönteich (2001) and Shaw (2002) for rather chilling accounts of state involvement and complicity in crime and corruption in South Africa.

<sup>82</sup> . See Reno (1995) and Chabal and Daloz (1999) for an elaborate analysis of the role of the informal economy in developing political economies in crime, corruption and state formation.

<sup>83</sup> . During the 1980s and 1990s, manufacturing companies made preferential arrangements with the industry, most of them creating specific corporate structures to deal with taxi associations. Nissan South Africa (NSA) even manufactured a special minibus for the South African Black Taxi Association (SABTA). Taxi associations negotiated special discount rates on taxis, which again gave them greater access to finance institutions. The taxi industry is, according to Chapmen, Koloti, Sebata Consulting (interview, Pretoria, August 11, 2000), the largest single consumer of spare parts and tyres. With the recapitalisation initiatives of the state since 2000, companies such as Daimler Benz and a number of foreign vehicle manufacturers vied for tenders to supply high technology (such as smart-cards), vehicles and spare parts to the industry.



formations. In the context of the democratic consolidation discourse it is an important phenomenon and it provides fundamental insights into the capacities of a transformative state and the relational fabric of societies in developing political economies.

The informalisation and criminalisation of authority also exhibit the attributes of a trans-national political economy. The informal economy of South Africa relies heavily on imported goods and is thus increasingly exposed to criminal interests on a global scale. A significant percentage of the total corruption in South Africa occurs at customs and border-posts, mostly involving low-level bureaucrats (Steinberg 2001: p 106; Shaw 2002: p 78). Similarly, warlords in the taxi industry organise death and destruction in the passenger transport industry by exploiting impoverished foreign nationals, mostly from neighbouring states, to provide arms, drugs and even a quasi-professional service as assassins<sup>84</sup>. This very important aspect of informalisation does not form part of this study other than for purposes of contextualisation, but it certainly warrants thorough research.

## **1.8 Research design and method**

### **1.8.1 The approach**

Whereas case-study research predominantly serves an exploratory purpose, this study reflects primarily descriptively on the industry and then seeks to induce explanatory value by analysing the social relations which would, in the terms of Babbie and Mouton (2001: p 81), “indicate causality between variables or events”. An important objective of this study is to construct an analytical frame of reference for the interpretation of state-societal relations under conditions of relative scarcity as it applies to the taxi industry. The real theoretical depth and analytical value of the main concepts can, however, only be estimated by a comparative analysis thereof. The dominant discourses – pluralism, corporatism and systemic patronage – will be evaluated comparatively and extensively. Preliminary research (interviews as well as theoretical exploration) has confirmed the value of the taxi

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<sup>84</sup> . Bank (1987), Dugard (2001), Steinberg (2001) and Shaw (2002) reflect elaborately on this point.



industry as a phenomenon allowing for both explanation and prediction in the broader sphere of state-societal relations.

The primary research (interviews) serves the purpose of determining the underlying social relations that sustain the capacity of the industry and as a contender for social control and an actor in systematic compromise. History, anthropology (life stories) and personal experiences provided a rich corpus of evidence and data that needs to be verified and juxtaposed with the expertise and knowledge of journalists, bureaucrats, decision-makers and existing research reports. Such an approach allowed for the unearthing of the history and determinants underlying the behaviour of, for instance, warlords, taxi bosses, and individuals and groups within the informal political economy.

#### **1.8.1.1 The case-study as research method**

Yin (1984: p 23) conceptualises the case study as research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context when the boundaries between phenomenon and context are not clearly evident and when multiple sources of evidence are used. In theory, case studies provide for an empirically-based and contextual analysis of a finite number of events or conditions and their relationships. Social scientists have made extensive use of this qualitative research method to examine contemporary real-life situations, which then provide the basis for the application of ideas and extension of methods (Yin and Cambell, 1994: p 22). Yin and Cambell (1994: p 33) point to the fact that critics of the case study method believe that the study of a small number of cases can offer no grounds for establishing reliability or generality of findings<sup>85</sup>. On similar grounds, it may be felt that a prolonged exposure to study of the case may well bias the findings, and, consequently, a contention that case study research has only exploratory value will not be without substance. A search through research journals, however, hints at the fact that researchers continually make use of case study research

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<sup>85</sup> . Citing the work of Cook and Cambell (1979), Babbie and Mouton (2001: pp 280 – 281) suggests that case studies are a thorough “examination of multiple variables [...] taking multiple perspectives into consideration, with the aim to understand the influences of multilevel social systems on subjects, perspectives and behaviours”.



methods<sup>86</sup>. As regards to the use of the taxi industry as case study, it will, in terms of the research process, indeed predominantly serve an exploratory and descriptive purpose and therefore a qualitative purpose. The reliability and generality of the research findings will be investigated and considered at various stages of the study.

### **1.8.2 Unit of analysis**

While the focus of the research process is the social relations that augment the taxi industry as a contender for social control, the unit of analysis reflects on the individuals who either determine or have experienced the interests of role-players in the industry. These relations provide the structural edifice not only informalising authority and policy formulation, but also fusing the dispersed centres of social control into a weblike structure (authority beyond the state) which constitutes a balance of contending forces (corporatist compromise).

### **1.8.3 Data sources**

The theoretical approach of this study follows the 'European debate' initiated, amongst others, by Bayart (1984; 1993), who focuses on the criminalisation of the state, and Reno (1995; 1998; 2000), who focuses on the notion of authority and its informalisation. Bayart and Reno, together with Clapham (1998) and Ellis (in Bayart, Ellis and Hibou, 1999), have added significantly to the analytical depth of the discourse on state-societal relations in developing political economies. Although the work of McCaul (1990) does not provide any theoretical insight, it is a remarkably thorough descriptive and empirical reflection on the history and functioning of the industry. Similarly, the work of Khosa (1991) and Dugard (2001) integrate the various forces and interests involved in and related to the industry, thus providing valuable insight into its complexities. The research of Bank (1987; 1990; 1991), is perhaps theoretically the most authoritative work on the social history of the taxi industry. The emphasis of his research is not the taxi industry itself, but rather the social and cultural vectors that determine the behaviour of formations within society as well as in

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<sup>86</sup> . See Yin and Cambell (1994) and Babbie and Mouton (2001) for in-depth discussions on case studies and their purpose and functionality in the research process.



the taxi industry. A large number of reports by the Department of Transport, investigations by commissions of enquiry and police reports are available to supplement scholarly research<sup>87</sup>.

The National Taxi Task Team (NTTT) initiated by the ministry of transport in 1996 introduced a new approach by endeavouring to formalise the industry through the institutionalisation of a range of compromises on various levels of the state. While they reverted to a conventional understanding of the origins of the conflict, they did define the behaviour of regimes in transformation. Their approach, more than their research, confirmed a number of the initial propositions of this study. Most of these reports provide large volumes of empirical evidence, but very little in theoretical conjectures.

It is important to juxtapose initial theoretical assumptions with a new body of empirical evidence. For this purpose a total of 189 personal interviews were conducted throughout South Africa over a period of three years with role-players who were either part of the industry or who dealt with it for various reasons. Fifty-six of these were with taxi drivers or former taxi drivers (in Gauteng, the Northern Province/Limpopo, KwaZulu Natal, Western Cape and North West Province), 25 with taxi owners (Gauteng, the Northern Province/Limpopo, KwaZulu Natal, Western Cape), seven with leadership on association-level (Gauteng, KwaZulu Natal and Western Cape) and, 18 with policemen (Gauteng, KwaZulu Natal, North West Province and Western Cape) and, nine with individuals related to vigilante formations (Western Cape, Free State and North West Province), three with members of two different gangs on the Cape Flats, 22 with state officials (including one with the MEC for Transport in the Northern Province), 29 with individuals in the private sector, eight with consultants associated with the industry and 12 with civilian victims of taxi violence (Gauteng and Northern Province/Limpopo).

The selection of respondents and subjects corresponds with dominant trends and patterns of

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<sup>87</sup> . Some of the important commissions were the Welgemoed Commission (1983), the Goldstone Commission (1994), the Report on Greater Johannesburg Regional Taxi Forum (1995) and the National Taxi Task Team (1996).



violence and the location and routes of the most volatile taxi associations (especially those that control the long distance routes between the former bantustans - KwaZulu Natal, the North West Province and the Northern Province/Limpopo - and urban metropolises). The motivation behind the selection of interviewees was in many instances to confirm or refute<sup>88</sup> suspected trends and patterns, and a 'representative' sample of interest groups or stakeholders, reflecting on demographics or geographics, was therefore not the aim. For example, a determining factor would be the relational bond between taximen and gangsterism on the Cape Flats, or taximen and the drug trade between the Eastern cape and the Western Cape. As the industry originated in the need for transport between the bantustans and the industrial 'white' political economy, certain rural provinces became more important foci of the selection process. The main aim of these interviews was to unearth both the network of relations that exist between the taxi industry and other societal formations, and the relations that merge the interests of the state with those of society. The interviews, based on an unstructured and open-ended-type questionnaire, concentrated on life-stories, personal experiences and anecdotes. Such an approach not only allowed for the to-be-expected, but exceptionally varied responses to questions, but also removed the impression of the interview as a possible formal investigation, something a large number of respondents seemed to be uncomfortable with, due to the sensitive and often dangerous conditions that prevail in the industry.

A number of taxi drivers/operators and vehicle owners needed to be interviewed. Due to the violent nature of the industry, a survey-type interview process was not feasible, which made the random selection of operators, for instance, very difficult. The most suitable

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<sup>88</sup> . The absence of violence in some areas was found to be due to a number of reasons. First, the dominance of a specific association is often such that contenders for routes tend to avoid their areas. Important examples are ranks in Hillbrow, Joubert Park, the rank at downtown Pick & Pay in Polokwane (Pietersburg) and some Durban-based ranks. Second, the integration of taxi associations with political parties (such as is the case in KwaZulu Natal) leads to geographical control of ranks aligned to a specific political party, and therefore less violent means of contestation. Third, in areas where the interests of taxi leadership overlap, temporary truces and compromises appear to create conditions conducive to co-operation, even though frequently only for short periods of time. Examples are when a number of associations successfully negotiate credit with finance houses, and when access to state funding requires a compromise (such as the temporary compromise which culminated in the South African Taxi Council - SATACO).



method of selection of subjects under such conditions proved to be the non-probability purposive sampling method and/or a snowball-type selection of subjects<sup>89</sup>. However, a limited number of randomly selected taxi operators were indeed interviewed at taxi ranks in so-called flash-point areas such as Nebo, Jane Furse, Durban, Seshego, central Johannesburg and Soshanguve. Students at the University of the North assisted by arranging interviews with drivers and association leadership known to them in Giyani. A number of policemen who themselves own taxis, as well as officials in various state departments who either own taxis or are involved in the administration of the policy process, were also interviewed. Consultants with a long history of involvement in the taxi industry, such as Chapmen, Koloti, Sebata Consulting and Stanway Edwards, assisted by referring or arranging interviews. This partially addressed problems of secrecy and mistrust that usually complicate such a process.

#### **1.8.4 Time frame and structure**

The focus of the study is the post-apartheid state and its relationship with the dominant social formations which confront it. The taxi industry as one such phenomenon is contextualised with regard to the history of authority and underlying social relations that contribute to its organisational edifice in post-apartheid South Africa. The time frame is therefore the reign of the apartheid state (1948 - 1994) and the post-apartheid state (1994 -). The study commenced in 1997. Field research as well as the analysis of data was completed in 2000.

### **1.9 Layout of chapters**

The layout of chapters is as follows:

Chapter One reflects on the research design of the study and elaborates expressly on the method applied during the research process. It, furthermore, suggests a number of

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<sup>89</sup> . See Babbie and Mouton (2001: p 167) for an analysis of non-purposive sampling and the snowball method of subject selection.



preliminary theoretical dispositions, and formulates an abridged synopsis of the taxi transport industry of South Africa and its relevance to theories on state-societal relations in the formal as well as informal political economy.

Chapter Two provides a comprehensive overview of the social origins of the taxi industry and its relationship with the authoritarian bantustan states and the apartheid state. The subversive nature of relations between specific societal formations as well as relations between strongmen in the industry and the formulators and implementers of policy is emphasised as illustrative of the erosion of the state's autonomy on violence and social control, including the subsequent informalisation of the state's authority. A chronological assessment of the authoritarian state's endeavours to enforce its authority and control over the industry is provided as well as the policies and institutions legislated to facilitate the apartheid state's conception of justice and social order.

Chapter Three reflects on the democratic state's efforts to compromise with the taxi industry in the aftermath of apartheid and analyses the policy initiatives in the context of a hegemonic project, which is essentially an attempt to balance the interests of contending social forces, such as the taxi industry, through a plethora of compromises aimed at entrenching stability, growth and development. The facilitation of co-operatives and the recapitalisation initiatives are described and explained as compromises at various levels of the state on policy formulation, but also as regards to policy implementation.

In Chapter Four the corporatist theory is critically evaluated in the context of developing political economies. It is suggested that for the discourse on corporatism to be applicable to developing political economies, it should, firstly, be conceptually 'enlarged' to provide for the incorporation of regime theory (which will allow for a conceptual merger between representation and intervention) and, secondly, as a framework for analysis it should include the informal political economy. It is then suggested that the corporatist regime has become the dominant empirical and normative configuration of justice and social order in South Africa, co-existing with pluralist preferences for interest aggregation and representation. It is, furthermore, argued that the corporatist regime is founded upon the



normative architecture of systematic patronage, which as an equally important prevailing notion of justice is essentially based on preferential access to the state's distributive capacities.

Chapter Five deals with the conceptual perimeters of pluralist theory, with specific reference to concepts such as civil society, civility, compliance, consensus, social capital, interest groups and social formations. While these concepts constitute the normative and empirical perimeters of liberal democracies, and it is argued persistently that pluralism is an inadequate framework for analysis of state-societal relations in South Africa, they nonetheless prevail and co-exist with other normative conceptions of justice and social order such as the corporatist regime and systematic patronage.

In Chapter Six the relational substructure of systematic patronage is emphasised and its institutional edifice is examined in the context of the informalisation of authority and social control, the market and developing political economies. The merger between pluralist configurations of justice and social order and systematic patronage is investigated. The role of the state in the allocation of resources and its normative justifications is an important feature of systematic patronage, and it is emphasised as such in this chapter. This role is analysed in the context of developing political economies with specific reference to South Africa and the taxi industry.

In Chapter Seven conclusions are drawn with regard to the taxi industry and its relationship with the democratic state and from that analysis a number of theoretical and empirical extrapolations as regards to state-societal relations and the resilience of the hegemonic project are considered.

### **1.10 Summary**

The problem statement reflects on the extent to which the state needs to compromise on its authority and the regime rules which generally applies to its citizens, but also financially, to allow the taxi industry the preferential access to policy formulation it requires. From this



follows the research problem which elaborate on the type of formal and institutional configurations - operative at various levels - that come about as a consequence of the compromise between the industry and the state. The research objectives are formulated to achieve a prudent understanding of the complexities of the industry as well as the relational edifice which preceded the merger between the interests of the state and that of the taxi industry.

The research method applied in this study not only allows for a comparative analysis of theory, but also reflects on the possibilities of generalising from a case study to theory, or comparative theories. As such, a large number of interviews and multiple sources of data were needed to identify sufficient contextual detail, to allow for comparative analysis. Qualitative research seems to be more 'suitable to an inductive approach' (Babbie and Mouton, 2001: p 282), and some of the theoretical conjectures proposed in this chapter may well be altered significantly in the final analysis of this study. The theories suggested (pluralism, corporatism and patronage) constitute dominant discourses in the African and South African discipline of political economy, but its comparative value has not been sufficiently exploited, an aspect this study will endeavour to address.



## CHAPTER TWO

### 2. THE SOCIAL ORIGINS OF THE BLACK TAXI INDUSTRY AND ITS RELATIONSHIP WITH THE AUTHORITARIAN APARTHEID STATE

There are broadly two types of disputes [plaguing the taxi industry]: disputes between taxi associations over routes, and disputes within associations over leadership issues, which then spill over into disputes about routes.

- Report on GJRTF (1995: p F1)<sup>1</sup> -

Special units within the SAP have been created to deal with the cases of violence.... However, some of these police themselves are suspected of having an input in the violence and then it is difficult to make a case against them as they are protected by their legal departments.

- Report on GJRTF (1995: p F2)<sup>2</sup> -

#### 2.1 Introduction

Prior to the democratisation process of 1994, violence related to the taxi industry of South Africa was either associated with the politics of authoritarian control or societal resistance to the apartheid state<sup>3</sup>. In the aftermath of apartheid, however, the so-called 'taxi war' has not only become a prominent feature of the contest over scarce resources in South Africa, but also reflects an increasing degree of informalisation<sup>4</sup> and criminalisation of both the industry as well as the structures of authority assigned to deal with its regulation and

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<sup>1</sup> . Report on Greater Johannesburg Regional Taxi Forum.

<sup>2</sup> . Report on Greater Johannesburg Regional Taxi Forum.

<sup>3</sup> . McCaul (1990), Khosa (1995) and Dugard (2001) provide perhaps the most comprehensive analysis of the taxi industry and the violence associated with it. Their analyses, however, repeatedly emphasise the role of the state at the expense of other more complex and multifarious (social) variables of explanation.



control (cf. Dugard, 2001: p 3). Research for this chapter has shown that among the social forces contesting the state's monopoly on social control, the minibus taxi industry is not only one of the most complex, but also one of the most successful contenders. Obviously, the social and economic conundrum the industry has become has very specific origins. Its composition and complexity were conceived in the apartheid state's inability to extend its tentacles of social control to the industry, which, subsequently, led to a proliferation of illegal activities and violence within it, and, eventually, in both the apartheid and post-apartheid political economy, the informalisation not only of the industry, but also the policy formulation process.

During the 1980s, under the policy of deregulation<sup>5/6</sup>, the state virtually abandoned the industry, allowing strongmen and taxi associations to manipulate the process of conflict resolution and regulation to suit their sectarian interests (cf. Dugard, 2001: p 8)<sup>7/8</sup>. The absence of state-initiated regulation, and a statutory shift in responsibility<sup>9</sup> of control from the state to the industry, led to the further proliferation of competing strongmen. During

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<sup>4</sup> . The concept 'informalisation' as utilised here is congruent with that advanced by MacGaffey and Bazenguissa-Ganga (2000: p 28) who explain the behavioural context of recalcitrant social forces as endeavours to evade and resist exclusion from opportunity to better their lives in circumstances of state decay, economic crisis and civil violence. In this regard, also see De Soto (2000)

<sup>5</sup> . The policy of deregulation was based on recommendations made in the National Transport Policy Study, which was established already in 1982, but was only accepted and endorsed by the state in 1985 in the form of a White Paper. According to the NTPS study, transport policy in South Africa had to be brought in line with a national policy of deregulation and market conditions, as opposed to state involvement and intervention. While the state seems to have wished the industry to be organised and controlled by those who are directly involved in it (mostly blacks and black associations), it also surrendered its authority by making access to permits very easy and allowing it (access) to be informalised (corrupted), which, eventually, nurtured the augmentation of monopolies in the industry.

<sup>6</sup> . See Deregulation Act of 1988, as well as the White Paper on Transport Policy (1987).

<sup>7</sup> . See DoT (RR91/142: p 2-1). This study by the Department of Transport (DoT) envisaged a further reduction of general expenditure on transport, as "funding will not be available for new schemes or even the extension of present schemes". The withdrawal of the state's controlling functions coincided with, first, its view of the industry as bound to the requirements of the market, and, second, the contraction of the national economy, which was due to, amongst other reasons, the intensification of international sanctions after 1985.

<sup>8</sup> . Dugard (2001: p 10) refers to the "... unchecked rise of taxi associations as the informal agents of regulation."



the last decade of the 1900s the absence of civil social contestation and statutory regulation culminated in disputes over lucrative routes and ranks being resolved through the use of enforced compliance and the presence of well-armed para-military hit squads (cf. *Mail & Guardian*, February 14, 1997)<sup>10</sup>. Certain aspects and members of the industry then became a law unto themselves. Dullah Omar<sup>11</sup> the incumbent Minister of Transport had a fairly accurate understanding of the task at hand to consolidate the state's control over the industry when he described it in 2001 as reminiscent of the "biblical lawlessness in Sodom and Gomorra" and as subjected to "indiscriminate violence ... triggered by a lack of regulation". Being more specific, he continued: "[F]ragmented associations wrestle for the control of lucrative routes supported by armed bandits..."<sup>12</sup>.

The complexities of violence in South Africa, and more specifically violence in the minibus taxi industry, cannot be investigated on the basis of an economic reductionist or any other single-cause premise. It is as much political as it is economic, and as much sociological as it is anthropological. The 2000/01 South Africa Survey of the Institute of Race Relations describes the type of violence perpetrated in the socio-economic milieu of the taxi industry as not only systematic (thus formalised and an integral feature of state formation), but, more importantly, suggests the dominant features thereof have become a way of life for both victim and perpetrator (SAIRR, 2000/01: p 232). For the purpose of this study, it means that the unpredictable and conflictual nature of the minibus taxi industry will be analysed best in its historical context, and then in terms of the diverse social relations which underlie its activities as a political and economic phenomenon (with specific reference to the informal political economy). It will also be important to extend

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<sup>9</sup> . See Dugard (2001: pp 129f); McCaul (1990: p 143). The state ceded its responsibility of control by formally granting the industry a role in its own regulation. That included matters pertaining to the issue of permits as well as disciplining recalcitrant members of associations.

<sup>10</sup> . The Minister of Transport until mid-1999, Mac Maharaj, reflected on violence in the industry in a current affairs program, *Violence for Hire*, of the SABC (February 1997), suggesting that he knows the names of at least 50 individuals involved in 'mafia-style' killings and the prevalence of hired hit men throughout the industry. He also suggested that he finds it "... hard to believe that the police and security forces have not been active participants".

<sup>11</sup> . Mac Maharaj was Minister of Transport until mid 1999 and then replaced by Minister Dullah Omar, the former Minister of Justice. Maharaj has since become a prominent businessman.

<sup>12</sup> . Ministry of Transport statement (July 18, 2001), issued on behalf of the Minister of Transport, Dullah Omar. <http://www.transport.gov.za/docs/pr/2001/pr0718.html>



this debate to the precarious nature of the process of democratisation South Africa embarked upon in 1994. Such a point of departure makes it possible not only to unearth the historical *raison d'être* of the taxi transport industry, but also to contextualise it as an important political and economic variable in the discourse pertaining to democratic transition and consolidation. Migdal (1994: p 92) suggests that the most prudent understanding of state and its relationship to other formations within society is situated in the view that it (the state) is merely "... one organisation among [a plethora of] other [contending] social organisations in society". Thus, important cultural aspects of control and distribution (as contained in the prevailing normative perceptions of justice and social order) need to be considered, but also the existing sociological edifice which sustains discernable patterns in the social origins of conflict and contestation.

This chapter will, firstly, elaborate upon the origins and history of the taxi industry as well as the political and economic context in which it was conceived. Secondly, the industry as a challenge to the authority of the authoritarian state (the context of liberationism) is analysed. Such an approach will act as an important means of establishing the causes of violence in the industry, but also reflect on the need for the democratic state to 'compromise its own regime preferences'<sup>13</sup> in the process of state formation. Lastly, the chronology of statutory and legislative procedures, which were formulated and enacted since the early development of the industry aimed at regulating and controlling it, is considered.

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<sup>13</sup> . See Giliomee and Simkins (1999: pp 1 – 47; pp 337 - 355) for an overview of 'pacts and compromises' under conditions of a transitional realignment. These 'compromises on regime preferences' are not to be confused with a realignment of forces (an attribute of transitional politics). Pacts (compromises) confirm the necessity for stability to ensure growth and governance, and shift the operational contents of authority from (universal) representation to the distributive capacities of the state and the informal political economy. With time it becomes almost a permanent feature of the state-building process of developing states, such as South Africa.



## 2.2 Importance of the industry in the context of the informal political economy<sup>14</sup>

Much has been said about the meteoric growth of the black taxi industry as a segment of South Africa's boisterous informal economy, including its consequences for black economic empowerment<sup>15</sup>. Estimations for 2001 are that the industry is worth R10bn, it transports 65 per cent of all commuters in South Africa<sup>16</sup>, and is with exceptions wholly black-owned. A study by Bruinette, Kruger and Stofberg (consulting engineers) published in 1989 reported that according to the United Soweto Taxi Owners Association only 186 vehicles operated from six taxi ranks in Johannesburg (January 1989, First Draft: p 3-2). The data provided by the Johannesburg Traffic Department varied considerably and reported 4134 taxis. While the data provides insight into the unreliability of data as regards the industry, it also reflects on the very limited nature of the industry at the time. The same source reports that combi-taxis then 'captured' 3,4 per cent of the transport market. Compare that to the estimated more than 60 per cent of 2001. This figure can also be compared to the 2073 permits that were issued for both Soweto and Johannesburg by the end of 1985 (no data in this regard for 1980 is available). It is obvious that the majority of taxis then already operated without a permit and as pirates.

The informal nature of the industry and the lack of formal codification, however, inhibit its value as a destination for fixed investment and reinforce the questionable levels of confidence which have exemplified black empowerment since 1994<sup>17</sup>. Finance houses

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<sup>14</sup> . Reno (1995: p 163), in his analysis of developing political economies, focuses on states and markets, as opposed to states and societies; arguing that governance is often the result of the ruler's capacity to control informal markets and the material rewards they hold. This line of argument is to a large extent reflective of the main assumptions of this study in general and the taxi industry in particular.

<sup>15</sup> . See Ford (1989), Mabiza (1990), McCaul (1990), DoT (RR 91/111) and Dugard (2001).

<sup>16</sup> . The research of Dugard (2001) provides perhaps the most recent data and statistics, but is, by her own admission, based on very rough estimates as neither the DoT nor any research facility in South Africa can provide exact and verifiable data.



often express the opinion that as an economic entity the industry is impossible to ignore, but hardly worth doing business with<sup>18</sup>. It is politically, however, that the radical proliferation of the industry reflects enough organisational adeptness to assert itself even outside the domain of the transport economy.

### **2.3 The historical roots of the black taxi industry: authority, the bantustan state and efforts to restrict the mobility of labour**

The social and economic history of the relationship between urban and rural South Africa is as complex as it is diverse in its political and economic dynamics. It is simplistic and impossible to analyse this relationship in terms of an urban-periphery dichotomy, with the postulation that rural communities were/are being drawn into urban economies through the contradictory, but mutually dependent, conditions of rural poverty and urban prosperity<sup>19</sup>. It is a conventional viewpoint based on the presumption that some politically demarcated rural areas in South Africa had an established demography and supplied inexpensive labour on demand to industrial mining houses, the service sector and manufacturing industry<sup>20</sup>. The next logical step in this argument is for labour to gradually recede from urban areas as and when a decline in demand became evident. This would certainly have corresponded with the political interests of the newly conceived apartheid economy of South Africa during the early 1950s. But, as we will see from the following discussion, numerous other variables entered this complex equation, complicating in particular the

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<sup>17</sup> . One of the supposed advantages of the recapitalisation of the industry is the prospect for foreign investment. It, however, seems more likely that local capital which emanates from the policies of black empowerment will be invested in the industry. The close relationship between the industry and Sasol was often suggested by individuals and consultants interviewed for this study to be an avenue for investment. The retail trade of petroleum products and the envisaged co-operatives seem the most likely point of merger.

<sup>18</sup> . Interviews were conducted with most vehicle financiers during June and July 1999 and February 2000. At the time they were particularly weary of dealing with the industry due to a flare-up of violence in Soshanguve and at various taxi ranks in the North West Province, but their policies pertaining to the industry more often than not remained linked to arrangements such as the provision of financial capital which they required to be underwritten by the state.

<sup>19</sup> . Cf. Marks and Rathbone (1982) and Coquery-Vidrovitch (1988). Both Marxists and neo-Marxists tend to criticise apartheid and the capitalist process of production in South Africa from this perspective.

<sup>20</sup> . KwaZulu Natal is perhaps the best example of this scenario.



apartheid state's interests in the matter.

The geographic fragmentation of South Africa into self-governing territories, bantustans, black urban areas and areas reserved for whites originated in the statutory prescriptions of the 1913 Land Act<sup>21</sup> and the 1923 Native (Urban Areas) Act. Since then land designated to black areas comprised approximately 13 per cent of all South Africa, with migration between white and black areas strictly controlled. Haysom (1986: pp 55 – 56) notes that prior to the National Party taking over government in 1948, its policies of geographic division of the country were mainly an effort to control labour migrants and were thus predominantly motivated by economics. Dauskardt (1991: p 88) refers to these Acts as a deliberate effort to undermine the agricultural viability of rural (black) South Africa and to dislodge blacks from their roots into the wage employment regime and mining industry.

Whatever the ideological or economic motivations behind these Acts, after 1948 the 'reserves' became of critical importance to the social engineering interests of the National Party government and it took on a very specific political dimension. The apartheid state formalised a divide and rule policy, as black South Africans were classified according to their "ethnic" associations as opposed to the principle of race, even though racial segregation remained the state's flagship decree. The rationale behind this was the systematic alienation of blacks from their citizenship rights and the legitimisation of their status as temporary in the urban political economy and labour market (cf. Posel, 1997: p 87).

While the initial justification for geographic apartheid may well have been to facilitate a reservoir of inexpensive labour to the mining industry and the agricultural economy of white South Africa, it would soon become the political solution for the country's racial

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<sup>21</sup> . For an overview of legislation pertaining to the apartheid state's segregationist policies, see Posel (1997) and Van Onselen (1996). The 1913 Land Act reserved approximately six per cent of the total land for black South Africans. The Natives Land Act of 1936 broadened this to about 13 per cent, a figure which included the bantustans. The Act also made provision for 'influx control', an aspect of social control which would further alienate blacks from their rights as citizens of South Africa, but it also created a spatial separation of labour from the epicentre of the market (place of labour).



problems (cf. Van Onselen, 1996: pp 2f). The creation of reserves for the exclusive use of blacks was very much based on the British colonial system of indirect rule (Ellis, 1999: p 55). Black South Africans were to be ruled apart from whites under their own traditional leaders, or those that were appointed by the apartheid state. The political elite in the bantustans became an extension of the authoritarian rule of the apartheid state; equally hostile to dissent (Cf. Haysom, 1986: p 56). The apartheid state would intervene in bantustan politics only if the political authority of traditional leadership was threatened or if chiefs resisted the implementation of the apartheid state's interests in the territories under traditional control.

The state subsequently initiated mass relocations from white commercial farms and overcrowded urban areas to bantustans. These relocations occurred in the context of a rapidly transforming state-subsidised (white) agricultural economy (Bank, 1987: p 88). The policies and legislation that emanated from the rapid mechanisation of agriculture *created* new political entities in the 'reserves' (also called homelands, bantustans, self-governing territories and national states). Bank (1987: p 88) estimates that in 1984 as much as 90% of the adult population of QwaQwa had lived in that bantustan for a period of less than 15 years. Inhabitants of QwaQwa initially had their roots in the agricultural economies of the Orange Free State and the neighbouring Western Transvaal<sup>22</sup>, often farming together with whites on the basis of sharecropping agreements<sup>23</sup>.

A similar example is that of KwaNdebele, which had no historical precedence of land ownership which could entitle the Ndebele to becoming a separate nation state and where poverty had been the most severe of all bantustans (Haysom, 1986: pp 62 – 63). Commercial farms were bought by the state from whites and towns in close proximity to the initial 55 000 hectare KwaNdebele reserve and incorporated into the territory. With people forcibly moved from as far as the East Rand townships, many who were included under the rule of the then Chief Minister Skosana were not even Ndebeles (Bank, 1987; 1991).

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<sup>22</sup> . Later known as North West Province.

<sup>23</sup> . For an exhaustive description on this topic, see Keegan (1982) and Van Onselen (1996).



However, the apartheid state provided massive financial inducements to the white agricultural sector and stimulated a swift surge towards the mechanisation of farm production on white commercial land. This again led to an oversupply of unskilled labour in farming areas. The logical alternative for this surplus labour was to migrate towards the urban centres of the economy. However, that option was ruled out by the statutory constraints (influx control legislation) imposed by the state. Surviving the poverty of the bantustans required extreme measures, and the state's interests in the matter criminalised those who attempted to escape the appalling conditions of the reserves.

It is important to note that, already in 1948, urban South Africa had an oversupply of unskilled black labour, whereas commercial farmers were experiencing a severe shortage in this regard<sup>24</sup>. Both Van Onselen (1996: p 111) and Posel (1997: p 217) make the point that with no political rights or education for black people, unskilled labour was abundant in cities and semi-skilled labour remained a scarce commodity. Commercial farmers experienced fierce competition from urban-based industries for access to semi-skilled labour and, being an important constituency of the government of the day, they turned to the state to address their needs for cheap, semi-skilled labour. Thus interventionist policies such as the influx control laws were enacted in an effort to control the financial ramifications of unfettered competition between the industrial sector of the economy and commercial farming<sup>25</sup>.

This process was coupled with changes in labour legislation directed at formalising state control over the recruitment of unskilled labour from the bantustans through a system of government bureaux (Bank, 1987: p 89); a process which granted privileged access to the labour market to those included in the patronage network of the chiefs. These new recruitment policies, and the oversupply of labour on commercial farms, provided the dual pressures that forced black South Africans into the impoverished conditions of bantustans, transit camps and settlement villages. However, this also meant separating labour from its

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<sup>24</sup> . See Van Onselen (1996) and Posel (1997) for a discussion on this theme.



permanent place of residence and created the need for an extended transport system to facilitate the mobility of contract workers between the bantustans and the urban economy, as well as for those fleeing the poverty that persisted in the bantustans.

These developments not only had a profound impact on South Africa's urban political economy, but also rearranged traditional systems of social control and conventional means of economic survival in rural areas (Delius, 1996). The already contracted economic capacity of the overcrowded bantustans was initially eroded and eventually destroyed by the segregationist policies of forced removal and the imposition of state-enforced land tenure laws. The dominant survival strategies of rural communities centred on access to land, which was often either in the trusteeship of traditional leaders co-opted into the state's patronage networks, and whose authority was, consequently, progressively challenged, or manipulated by the apartheid state's land ownership policies.

With the accelerated mobility of migrants during the 1970s, rural communities gradually became susceptible to the commercialisation of traditional strategies of survival. Remittances from migrants and state pensions rapidly replaced subsistence agriculture and cattle production as the primary sources of income<sup>26</sup>. Migrants working on extended contracts became alienated, not only from their land and traditional means of agricultural production, but, more importantly, also from their historical structures of social control. The state's influence in the 'appointment' of traditional leaders had been a contentious issue in rural communities for years and the gradual erosion of traditional relationships of patronage led to the further dwindling relevance of traditional institutions of social control<sup>27</sup>. But the bantustan state, predominantly responsible for this decline, failed to extend its boundaries of social order to the vacuum left by the delegitimisation of traditional authorities and the consequent instability entailing the realignment of patronage relationships.

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<sup>25</sup> . See Posel (1997: p 150f) for an in-depth overview of influx control and its effects on an urban labour market.

<sup>26</sup> . Franks (1996) and Delius (1996) reflect extensively on this point.



In rural South Africa, the middle ground between the family and authority became exposed, unstable and unpredictable. Rival contenders, who rejected traditional authorities and who could successfully compete with the weak bantustan state through the provision of alternative relations of patronage and survival strategies, congested this middle ground<sup>28</sup>. Strongmen (including those in the taxi industry), and a host of other social formations such as vigilantes, organised crime syndicates and youth movements against witches, and gangsters operated in this middle ground, establishing a network of relations within society and, in some cases, with members of the bantustan bureaucracy<sup>29</sup>. These relationships were aimed at influencing the process of policy formulation and providing institutional access to the state's resources and capacities. As bantustans were subject to extreme poverty, had no industrial base, and suffered from high unemployment, economic mobility was heavily dependent on access to either the civil service or informal trading. However, both routes were firmly entrenched in the domain of the bantustan state's patronage. Bantustan ministers' family members, friends and clientele occupied senior positions in the civil service and they, as well as carefully selected political functionaries, dominated the thoroughly criminalised informal economies of their territories<sup>30</sup>. Parallel authority reared its head and diverged the epicentre of authority from the state to the networks of trust<sup>31</sup> and enforced allegiance (patronage) which manipulated resource

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<sup>27</sup> . A number of scholars, among them Delius (1987), Bank (1987), Posel (1997), Ritchken (1995) and Van Onselen (1996) reflect on the marginalisation of traditional institutions and the consequences of social fragmentation for justice and social order in rural South Africa.

<sup>28</sup> . Ritchken (1995), Delius (1996) and Posel (1997) elaborate on this phenomenon.

<sup>29</sup> . Delius (1996) explains the rise of youth movements in the Northern Province (Limpopo) who were challenging the authority of traditional leadership, while in the Jane Furse district a vigilante group, Mapogo-a-Mathamata, contested the authority of the South African Police to restore civility and order. The role and history of organised crime syndicates and gangsterism is well documented by Reno (1995; 1998) and Shaw (2002).

<sup>30</sup> . Cf. Bank (1987), Ritchken (1995), Delius (1996) and Lodge (1999), for an overview of preferential patronage in bantustan governance.

<sup>31</sup> . Perhaps the most appropriate explanation of this form of 'trust' is that of Hart (1988: pp 185 - 188) who describes it as "the no-man's land between status and contract". While Hart refers to circumstances when *experience* and *mutual familiarity* are the basis of the relationship entered into, 'trust' can be, and under some conditions often certainly is, substituted for coercion. It, however, similarly provides the adhesive conciliating relations of 'reciprocity'.



allocation and preferential access (DoT, RR 91/270: p 5-2) <sup>32</sup>.

But, the authoritarianism of bantustan states did not go unchallenged. Resistance against bantustan authorities tended to evolve mainly in urbanised (peri-urban) areas in the bantustans. Lodge (1999: p 80) makes the point that due to the weak extractive and distributive capacities of the bantustan state, those who fell outside the patronage of the state arranged 'associational life' in the "absence" of the state and its institutional edifice. No reason, however, existed for these societal structures not to reproduce the authoritarian character of the state. A degree of continuity prevailed as formations and strongmen that fell outside the realm of state patronage arranged their survival strategies in defiance and to the detriment of the state. This phenomenon appeared in the context of a master patron (the apartheid state), who as a consequence of its oppressive interests in the governance of the bantustans detached the value of authority from its societal sub-structure. This is in sharp contrast to the social and authoritative regime that preceded bantustans. Bundy (1988) illustrates how, as far back as the late nineteenth century, "vigilance associations" developed not only strong leadership structures, but also a culture of active participation through mass meetings. Thus, while the principle of authority had always been present, the social capital<sup>33</sup> which guided authority before the encroaching presence of the master patron diminished to allow coercion, adversity, preferential access (unequal citizenship) and compromise (early indicators of the augmentation of the corporatist regime) to constitute the operational perimeters of social control. Needless to say, bantustans never developed into corporatist regimes and the political elite rarely considered corporatist compromises a viable option as authoritarian political entities hardly ever consider systematic compromise an alternative to coercion.

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<sup>32</sup> . One of the complaints by DoT officials (interview with Jan Erasmus, Pretoria, April 19, 1999), is that liaison with taxi associations is complicated by the refusal of strong associations to agree to the presence of other associations on corporatist structures. As will be argued later, preferential access is embedded in the 'zero-sum contest' over the distributive functions of the state. Arrangements of participation and accommodation thus reflect a compromise on distributive patterns and these patterns are determined by patronage and power.

<sup>33</sup> . See MacGaffey and Bazenguissa-Ganga (2000: p 19) who argue: "[C]onstructing and maintaining ... personal ties constitute an investment in social capital [during natural as well as social calamity]. This argument about the relation between systematic patronage and the prevalence of social capital will be analysed and elaborated upon in Chapters Four and Six.



While the iron hand of traditional leadership and the bantustan state initially contained the growing capacity of society to fend for itself, the environment of surviving beyond the state and under abject poverty perfectly conditioned society for the liberationist discontent which would surface during the 1950s. Youth movements and civic organisations gradually came to occupy the space left by bantustan state's weaknesses. Small businesses and stokvels generated additional income to the subsistence economy and remittances from the mining industry sheltered families from the coercive patronage of the authoritarian state. The bantustan regimes were, however, hard-pressed to retain their means of preferential and/or coerced patronage, and the monopoly state-appointed chiefs had in the arrangement of labour contracts, which existed due to their relationship with mining houses and labour bureaus and included compensation, served this purpose. These 'traditional leaders' also exercised strict control over small-business licences, allocating them more often than not to family members, established clientele, or members of an inner-circle of trust (Bank, 1987: p 111)<sup>34</sup>.

Thus, not only were the state's resources distributed in a selective and authoritarian manner, but political functionaries were also corrupting the process of political control by imposing their authority onto the various societal and economic spheres of survival. Instead of fulfilling a regulatory function, office bearers and chiefs became patrons and strongmen in the informal economy<sup>35</sup>. With no industrial base it was obvious that economic survival beyond the state would be predominantly informal, but authoritarian control requires the coercion of the state to penetrate all spheres and activities within society. Bantustan leaders would go to great lengths to ensure this. They already controlled a military capacity furnished and trained by the apartheid state, but the urge to augment its

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<sup>34</sup> . Interview with James Zulu (Johannesburg, July 7, 1998) a former head of department in the KwaZulu bantustan and also since 1995 a deputy director in the Gauteng administration. Also see Lodge (1996), Bank (1991) and Minnaar (1996) for a discussion with a similar line of argument. In KwaZulu Natal the authorities resisted national legislation regulating the licensing of shebeens. In South Africa, operators of shebeens could apply to formalise their concerns as taverns, but the fact that many legislative assembly members of the bantustan were themselves in the liquor trade made it almost impossible to get a license (Bank, 1991: p 33).

<sup>35</sup> . This phenomenon relates to the notion of the informalisation of both authority and the distributive capacities of the state.



control beyond the reach of the state's coercive apparatus compelled the political elite to develop vigilante constituencies within society.

#### **2.4 The rise of vigilantism<sup>36</sup> in rural political economies: the role of the bantustan authorities**

Vigilantism developed in the context of a rapid disintegration of social order throughout South Africa, but its *raison d'être* emerged from the rural political economy<sup>37</sup>. The fragmentation of society in the bantustans and societal resistance to the apartheid state in urban South Africa did not evolve insulated from each other. The geographic division of South Africa could, furthermore, not detach the bantustans from the political fate they shared with urban South Africa. Their economies were too integrated and the social conditions too similar. Both private concerns and state services in the bantustans depended heavily on the cash economy migrant labourer provided. The bus service that transported migrants and workers to urban South Africa provided a significant additional income to the annual budget<sup>38</sup> the bantustan received from South Africa. The fact that migrant labourers had access to a cash economy tempted the cash-strapped bantustan governments to regularly increase fares of bus services transporting commuters<sup>39</sup>.

In 1983 the Ciskei government increased the bus fares between Mdantsane and industrial East London. Commuters were, by then, like the communities where they came from, well adjusted to resisting the unilateral behaviour of the state, and the increases resulted in an organised boycott of the state-sponsored bus service. The desperate measures the state was

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<sup>36</sup> . Harris (2001: p 14) defines vigilantism as "[A] blanket term for activities that occur beyond the parameters of the legal system, purportedly to achieve justice. This definition is consistent with one of the main contentions of this study which states that South African society is congested with social formations contesting the state's autonomy from beyond the confines of the state's institutions, and that these contenders present various competing perceptions of justice and social order. The continuity between authoritarianism (pre-1994) and democracy (post-1994) will be elaborated upon in Chapters Four and Five.

<sup>37</sup> . See the work of Delius (1996) and Ritchken (1995) for reflections on the Northern Province (Limpopo) and Mpumalanga with regard to vigilantism and Minnaar (1996) in KwaZulu Natal.

<sup>38</sup> . In an effort to affirm the independent status of the bantustans in the public mind, this budget was referred to as 'aid' by the Pretoria government.

<sup>39</sup> . Bank (1987; 1991).



prepared to employ became obvious when it organised roadblocks and vigilantes to harass commuters into using their buses. By then the taxi industry, although limited to certain areas and small in number, already existed in various forms of preparedness and provided transport within urban areas as well as between industrial concerns and the bantustans<sup>40</sup>. In defiance of the state, commuters took to hitchhiking, using private taxis, owning vehicles or utilising rail transport. The state reacted to these efforts in self-sufficiency by mobilising the military, which culminated in the death of seven people who attempted to board a train at Mount Ruth. Haysom (1986: p 58) describes how the military alone could not address the problem of widespread unrest and vigilantes were bused in from other rural areas by the authorities<sup>41</sup>. They were then housed in the Sisa Dukashe Soccer Stadium from where they terrorised commuters and those suspected of opposing the bantustan leadership. A societal based formation (vigilantes) under the guise of being a legitimate moral authority (parallel authority) pretending to seek the restoration of social order, took over the obligations of the weak state and executed its policies as ruthlessly as the master patron. In fact, they acted as the henchmen of apartheid state's rural clientele. Both the apartheid state and bantustan authorities adopted a strategy of systematically arming such groups for use as "auxiliaries", to resist the spread of liberationism in communities (Ellis, 1999: p 52). The vigilantes established roadblocks, demanded identification and association with the ruling party, assaulted taxi drivers and tortured those accused of initiating or supporting the boycott<sup>42</sup>. President Lenox Sebe pledged his support to the vigilantes and called them reservists, confirming the merger of their authority with that of his government, but also the prevalence of an authority beyond the constitutional domain of the state, but well within its sphere of patronage. The bantustan state had to resort to means beyond its own

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<sup>40</sup> . Bank (1987; 1991), McCaul (1990) and Khosa (1991).

<sup>41</sup> . Harris (2001: p 44) emphasises the point that while vigilantism in the pre-1994 era was associated with a specific type of conservatism operative in association with the apartheid state, the so-called self-defence units which were functional in urban and peri-urban townships utilised equally extreme forms of punishment – including corporal punishment aimed at killing the victim – to enforce an authoritarian variant of social order. In the aftermath of apartheid, vigilantism has come to be associated with the struggle of society against crime. The fact is, vigilantism has been a key feature of both social and political conflict resolution in South Africa over a very long period.

<sup>42</sup> . Abraham Sibende (interview, Pretoria, June 24, 1997) who had just started his life as a taxi operator with a minibus, leased to him by two medical students from the University of Pretoria, recalls how vigilantes would use state vehicles to transport recalcitrant drivers and taxi owners to an open field where they assaulted them and forced them to surrender their permits and licences.



structural competence, as society had arranged its own survival, independently of the state, but obviously with the intention to eventually replace that provided, very selectively, by the state<sup>43</sup>.

Outside the bantustans resistance to the apartheid state grew more militant<sup>44</sup>. The rise of volatile resistance to the apartheid regime in the 1980s and the rapid escalation of political challengers to the state's monopoly on social control saw the introduction of more repressive policies such as the notorious emergency regulations. However, in essence these repressive policies were the logical consequence of the erosion of the bureaucratic control over the political economy of black South Africa. Increasing bureaucratic impotence and the inability of the apartheid state to nurture consensual loyalty to its rules and regulations compelled the state to accept the permanence of black labour in urban areas; but in retreat — the state invested heavily in its coercive capacities, anxious to rigidly control the presence of urban black South Africans.

With the freer mobility of labour during the 1980s and the requirements of greater flexibility from the labour market, mining contracts became less rigid. More frequent migration between rural areas and the urban labour market required a more flexible and regular transport system; but at this time, neither the state-subsidised transport system nor the existing private transport could provide for the newly-conceived needs that these dramatic changes to the political economy of South Africa brought about. Bank (1991: p 126) describes how migrants, now on shorter contracts, initially started lift clubs, while the more adventurous resigned their permanent employment and plunged into the unpredictable and highly competitive informal transport economy. In a relatively short period, the minibus taxi industry became a dominant feature of the country's transport industry.

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<sup>43</sup> . The research of Bank (1987; 1991), Delius (1996) and Ritchken (1996) confirms this type of phenomenon as a recurrent feature of state-societal relations in bantustans.

<sup>44</sup> . Ford (1989: p 84) notes that: "Transport struggles are among the most significant forms of protest in some bantustan commuter areas". Bus companies and taxi owners with close relations to the master patron (bantustan authorities) often relied on the oppressive machinery of the state to "force commuters" back into their vehicles.



## **2.5 Repression and control: The social origins of the taxi industry and its relationship with the apartheid state**

The taxi industry as a phenomenon in the transport economy of South Africa can be divided into various periods. Before 1979 the industry was an insignificant feature of the transport economy. Prior to 1979, either government subsidised bus companies or the South African Railways (SAR) serviced the routes between the bantustans and urban South Africa<sup>45</sup>. Both sectors enjoyed the preference of the state as a mode of transport for migrants and commuters, and taxis found it difficult to penetrate the market as legislation<sup>46</sup> was specifically designed to prevent taxis from competing with trains and buses for a share of the market. The bantustan governments also had a vested interest in the bus companies (those that did not belong to the SAR) as a source of revenue. As the conditions of labour changed in the mining industry and labour contracts adjusted under pressure from unions and worker associations, the need arose for a more frequent, efficient and flexible mode of transport. But, instead of regulating or formalising the taxi industry, the state instituted a range of controls and legislation<sup>47</sup> to repress it. Until 1977, when the state for the first time accepted the rapidly proliferating minibus taxis as an industry, they were criminalised and prosecuted, often forcing them into alliances with corrupt bantustan officials, organised crime and the protection rackets provided by gangsters<sup>48</sup>.

### **2.5.1 State repression and control: 1930 to 1977**

In 1930 the Motor Carrier Transportation Act<sup>49</sup> was passed and it prohibited the transport

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<sup>45</sup> . See DoT (RR 91/142) and DoT (RR 91/270) for a thoroughly researched reflection of the history of both the taxi and bus industry of South Africa. The studies, commissioned by the directorate of roads, also provide some data and information on rail transport.

<sup>46</sup> . See the Motor Carrier Transportation Act (No. 39 of 1930).

<sup>47</sup> . See discussion in 2.3 of this chapter.

<sup>48</sup> . Gangsterism and how it relates and merges with conflict between associations will be discussed in-depth later in this chapter.



of goods or passengers by road for reward without permission from the National Transportation Commission as well as from one of the ten local road transportation boards (LRTBs). The Act guided control of the industry for forty-seven years, until 1977, and gave LRTBs<sup>50</sup> discretionary authority to arbitrarily grant, refuse or withdraw licences from taxi owners (Khosa, 1991: p 310). It is this period of strict legislative control by the apartheid state and bantustan authorities that Khosa (1991: pp 310 – 311) refers to as the “repression era”. In 1941 the Act was amended to refer specifically to taxis, though they could hardly be described as an industry at the time. The minibus taxi phenomenon that would dominate the transport of migrants between bantustans and the urban industrial economy from the late 1970s onwards did not exist then and legislation was primarily aimed at sedan (large saloon-type) taxis permitted to carry five passengers at a time<sup>51</sup>.

The taxi owners and operators themselves were ill-prepared to deal with the strong-arm tactics of the state, and those that did organise into associations were few and usually very localised. The first association with the capacity to negotiate with the state was the United Soweto Taxi Owners’ Association (USTOA), which was formed in 1973 under the guidance of Jimmy Sojane (Khosa, 1991: p 312). While many influential individuals already operated in the taxi industry - some with close alliances with bantustan leaders and the police - Jimmy Sojane can rightfully be described as the first strongman of the taxi industry. The aim then of the organised industry was to convince the state of the need for expanding the number of passengers a taxi could carry, but it was not until 1977 that the state would become flexible in this regard. In the meantime, taxis owners resorted to illegal means of surviving and the state clamped down severely on them as vehicles were fined

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<sup>49</sup> . See the Motor Carrier Transportation Act (No. 39 of 1930). The Act introduced controls on entry to the market and activities within it for both road passengers and freight. It, amongst other regulations, prohibited the transportation of goods and passengers by road, especially if it was with a profit motive and without the permission or a permit from the LRTB.

<sup>50</sup> . See DoT (RR 91/142). LRTBs could consider applications by taxi owners to operate on a particular route but also amend an original application or reject it. Applicants could appeal to the National Transport Commission (NTC) and some were even referred to the Supreme Court.

<sup>51</sup> . Even in 2001, during interviews state officials, without any sense of irony, would use terminology which was, at the time, used in the parlance of authoritarianism. A sedan taxi is still described as a ‘four plus one’ vehicle, referring to the number of people the state considered legal so as to prevent bigger vehicles from being used, and which would take passengers away from the state-owned bus companies.



heavily and in many cases confiscated for being pirates, unlicensed, not roadworthy, overloaded and for speeding.

The statutory restrictions on the industry should be understood in the context of the economic policies of the apartheid state since 1948. Two main reasons were advanced for the repressive policies towards blacks in general and the taxi industry in particular. First, blacks were discouraged<sup>52</sup> and frequently prevented from initiating businesses and economic interests in 'white South Africa', as it would interfere with their status as temporary residents (Khosa, 1991: p 310). Second, the state had to protect its railway industry (SAR), which was running at an annual loss, and had to be cross-subsidised to insulate it from 'unfair' competition. The restrictions and rigid regulations the state imposed made it impossible to operate taxis beyond mere economic survival. The desperate circumstances encouraged taxi owners to ignore overloading restrictions, while the difficulty experienced to legalise a taxi introduced and encouraged the proliferation of pirate taxis. Legislation which applied until 1977<sup>53</sup> prevented taxis from transporting more than five passengers, that is until 1981 when the number was increased to six (McCaul, 1990: pp 37 – 38; Khosa, 1991: p 310).

Road transport and the taxi industry were regulated by the 1930 Act until the formulation of the Road Transportation Act of 1977. The motivation for the leniency towards the various modes of transport, other than those provided by the state, came from the Van Breda Commission which was responsible for drafting the new Act. South Africa was in the process of rapid economic development and industrialisation and white-controlled industries and mines became growingly dependent on a regular, educated pool of labour. Workers also developed interests and means of survival beyond the contractual arrangements with industries. They were permanent in urban areas except on their labour contracts. Their meagre income made them part of the consumer and cash economy, but

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<sup>52</sup> . The state had a very specific policy pertaining to 'one-man businesses' and such enterprises had to be approved by the state subject to a range of statutory prescriptions, including legislation directed at influx control.

<sup>53</sup> . In this regard see: The Motor Carrier Transport Act of 1930.



they remained dependent on cheap, efficient modes of transport<sup>54</sup>.

The forced removal policy of the apartheid state meant that thousands of people were detached from their survival strategies in the areas where they lived and worked, which was often commercial farming land, and dumped unceremoniously in bantustans. With few resources to sustain themselves most of these people were constantly seeking ways and means to re-enter the labour market in white areas. They found a way out of the bantustans either on a labour contract through labour bureaus, or as illegal immigrants. This mass transfer of people between bantustans and urban areas provided the perfect incentive for entrepreneurs to start transport businesses, legally or illegally.

### **2.5.2 From repression to control – beyond 1977**

With the wisdom of hindsight, the enactment of the Road Transportation Act in 1977<sup>55/56</sup> appears to have been a watershed as far as state intervention and control of the industry are concerned. It ended what Khosa (1991: p 311) calls a period of repression (1930 – 1976) and introduced an era of limited tolerance. The 1977 Act, however, contained a rather ludicrous loophole since it did not define or even mention the word taxi, referring only to buses and cars (McCaul, 1990: p 17)<sup>57</sup>. Minibus taxis avoided the stringent regulations applicable to buses outside the state's monopoly or patronage by leaving a number of seats empty, carrying only eight passengers<sup>58</sup>. They were, however, still restricted by the bureaucratic requirement that prospective entrants to the market had to state not only their

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<sup>54</sup> . Cf. McCaul (1990); Dugard (2001). This process concurred with the ostensible views of the state and the Van Breda Commission of Inquiry (1977) at the time that South Africa had reached the stage of industrial and economic development which justified (free) market reform of transportation.

<sup>55</sup> . An intriguing aspect of the legislation pertaining to the taxi industry during the apartheid years is that it never defined passenger vehicles in terms of its operational characteristics, but only in terms of its carrying capacities. That reinforced the perception of an interventionist/repressive state, as opposed to a regulatory state, as the number of black people in the white political economy was considered more important than the economic quality of their presence.

<sup>56</sup> . Also see DoT (RR 91/142: p 4-2) for an overview of the Act.

<sup>57</sup> . A 'bus' was described as a vehicle that could transport more than eight passengers, and a 'car' could carry up to eight passengers.

<sup>58</sup> . They were, as a consequence, neither a "four plus one" (a sedan taxi) nor a bus (which transports more than eight passengers) and could thus not be judged in those terms.



own racial classification but also that of their passengers. Furthermore, they had to convince authorities that a need for additional transport existed on the envisaged route, which allowed bureaucrats the leverage to grant or deny permits, often depending on their own relation to rival operators and associations.

Furthermore, as part of influx control policies<sup>59</sup>, a Daily Labourer's Permit (DLP) was required. To qualify for a licence, the driver<sup>60</sup> had to be legally resident in the urban area, a registered tenant, and have a verifiable employment record<sup>61</sup>. Needless to say, with all these bureaucratic tripwires, permits were rarely granted, unless of course you were politically well-connected. Ironically, however, it was these statutory attempts to discourage taxi transport that provided the impetus for the escalation of pirate taxis throughout the transport industry. The industry took on a life of its own, particularly so as an extra-legal phenomenon in the informal political economy. Some concessions, however, were negotiated between the industry and white bureaucrats and since 1978 ten-seaters could legally carry eight passengers. Sixteen-seaters were allowed to transport a maximum of 15 passengers (McCaul, 1990: p 35).

With the state having its own vested interests, it utilised the South African Railways Police to restrain the operations of its competitors in the expanding transport economy. During 1983, in an obvious effort to protect state-subsidised bus companies, the 1977 Act was further amended to allow for the confiscation of the vehicles of both illegal taxi operators and those regularly flouting traffic regulations. Many legal owners, who already found it difficult to avoid heavy fines and penalties, were now also forced out of the market. Shifting patterns of social control and the commercialisation of survival strategies in the bantustans, as well as new contractual agreements in the mining industry, demanded a fast,

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<sup>59</sup> . The influx control system was eventually abolished in 1985, which led to a massive influx of poor and rural blacks into traditionally white areas (Ritchken, 1996: p 89).

<sup>60</sup> . The research done by Ford (1989: p 65) indicates that "the majority" of taxi owners are also the drivers of their taxis and when an additional taxi is purchased, a close relation is employed as driver. During 1997 – 2000, research done for this study confirmed this trend, but also that most drivers aspire to own their taxis and the meagre income of drivers wouldn't make that possible, which is then also the motive behind large-scale pilfering.

<sup>61</sup> . As Dugard (2001: p 9) notes, these requirements were ludicrous as under the prevailing influx control legislation it would have been 'illegal' and impossible to comply with them.



effective and frequent service to urban centres. However, the state-subsidised bus industry, with its set routes and high running costs, could not provide for these changes (Khosa, 1995: p 170; Dugard, 2001: p 9)<sup>62</sup>. With official pressure mounting on the taxi industry and its activities, and with increasing market-related demands, the alternative of operating outside statutory constraints became an obvious solution. The dual pressures of an authoritarian state and (ironically) the demands the market made on labour fuelled the meteoric growth of the informal political economy. At the time it was not all that conspicuous, but the informalisation of economic survival would be closely followed by the informalisation of the political sphere (authority).

The hostile relationship between the apartheid state and black South Africans at that time already reflected dispersed social formations, often related to the liberation movement, and operating outside the domain and influence of the state (usually penetrating the state through relations of either patronage or corruption<sup>63</sup>) and drawing it into an institutional compromise (corporatist regime-type relation). Khosa (1991: p 31) explains how in 1985 the then Minister of Transport, Hendrik Schoeman, developed a working relationship with the Southern Africa Black Taxi Association (SABTA)<sup>64</sup> and eventually compromised on official policy by granting 16-seater taxis operational permits. Through this arrangement, vital aspects pertaining to control over the industry were effectively transferred to SABTA. The association could now, among other functions, determine the number of permits issued by the LRTBs, a privilege which relocated a valuable means of control from the state to the industry.

In retrospect this may well have entailed more than a compromise from the state. In some respects, it was indeed the first sign of surrender from a weakening regime. True to the *raison d'être* of corporatist arrangements, it granted selected social and economic

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<sup>62</sup> . Cf. DoT (RR 2000: p 112). Commuters spend as much as 20 per cent of their day travelling to and from their place of work.

<sup>63</sup> . See Martinussen (1997: p 194) for a distinction between corruption and (systematic) patronage. It is important to emphasise that corruption (including nepotism and favouritism) and patronage are two operationally distinct concepts. While both present themselves as strategies of survival, corruption exhibits an individual emphasis, and patronage a collective and systematic emphasis.



formations, in this case SABTA, preferential access to policy-formulating forums. Rival contenders for state patronage subsequently challenged this new arrangement and SABTA was accused of not only compromising on principle, but of selling out to the apartheid state<sup>65</sup>. For obvious reasons, activists in the liberation movement had no interest in a compromise with the apartheid state, and equally so pirate taxi owners who found the new arrangement to their disadvantage<sup>66</sup>, as they were excluded from the industry in favour of strongmen who sought to maximise the monopoly gained by preferential arrangements with the master-patron (the state). Pirate taxis, who would eventually become the propulsion behind violence and drive-by murders, were now further marginalised from the industry and the liberation movement had a significantly powerful constituency operating outside its control and in alliance with the apartheid state.

The rise of strongmen in the taxi industry with loyal constituencies, operating at the interface between state and society, collecting revenue, providing strategies of survival (routes, ranks, permits and protection) and legitimising their activities through the provision of alternative social security measures in areas where the capacity of the state could be challenged effectively, further accelerated the fragmentation of social order, which was by then already a prominent feature of South African politics. While diverse in its interests and organisational capacity, these formations were bound together by a normative code embedded in the principles of both economic survival and political liberation. Aware of the fact that strong taxi associations were gradually wresting control of the transport economy away from it, the state in 1981 appointed the Commission of Enquiry into Bus Passenger Transportation in the Republic of South Africa. The chairman,

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<sup>64</sup> . See Matjila (1991) for an elaborate reflection on SABTA, its history and as a general guide to the taxi industry.

<sup>65</sup> . See SABTA (1988: p 14). SABTA had its differences with the state and specifically so with the deregulation interests of the state. It warned that it would lead to too many taxi operators plying their trade in a limited market, fostering chaos in an already volatile atmosphere.

<sup>66</sup> . Interview with Moses Tshabalala (Pietersburg/Polokwane, October 12 – 14, 2000), then an ANC activist who went into exile in Lesotho. He later also spent time on Robben Island, and eventually, in the post-1994 dispensation acted as a member of a district council in Pietersburg/Polokwane. Tshabalala is also a fleet owner of seven taxis operating on the lucrative Giyani-Seshego route.



Dr Pieter Welgemoed<sup>67</sup>, tabled his final report in June 1983 and recommended that the state-controlled bus industry be protected from the “unfair” and “unhealthy” presence of minibuses. In an effort to regain lost control, the state, adopting Welgemoed’s recommendations, drafted a White Paper<sup>68</sup> to define taxis as vehicles conveying no more than four passengers. Larger vehicles had to operate according to fixed timetables, routes and government-approved tariffs. Welgemoed, furthermore, recommended that minibuses be phased out over a period of three to four years. This was, therefore, not only an attempt to enforce state control over taxis and their operations, but also an attempt to eliminate them altogether and re-establish a state monopoly in the transport economy.

However, ironically, market forces ensured the survival of the industry. During the 1980s, with the rapid increase in minibus taxis, the market share of private bus companies decreased by 39%, while the state-owned South African Transport Services (SATS) saw their share of the urban commuter market decline by as much as 13%. At the same time their rural services decreased by a staggering 76% (McCaul, 1990: pp 23-49; Khosa, 1991: p 310). With its control over the industry effectively challenged and its share of the commuter market eroded, the state contemplated deregulating the industry which it and Dr Piet Welgemoed once hoped to eliminate. The stronger taxi associations<sup>69</sup>, however, would not approve of deregulation as new entrants to the market could threaten their, by now, well-established networks of patronage and control. With support from extra-parliamentary resistance, sufficient opposition was mobilised to force the state to shelve the idea<sup>70</sup>. Faced

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<sup>67</sup> . For an overview of the Welgemoed Commission and its recommendations see Bank (1987); Ford (1989); McCaul (1990); Khosa (1991) and Dugard (2001).

<sup>68</sup> . See DoT (RR 91/142: p 5-2). In the aftermath of the Welgemoed Commission the Minister of Transport in April 1986 announced in parliament that LRTBs could authorise sixteen-seaters to carry fifteen passengers instead of the previously prescribed eight. It was, however, the 1977 Road Transportation Act which led to the unfettered proliferation of legal and illegal taxis.

<sup>69</sup> . See McCaul (1990). Those opposing deregulation were mostly aligned to SABTA, but in defiance of the notorious Jimmy Sojane who, together with the South African Bus Operators’ Association (SABOA), suggested an arrangement with the apartheid state which the ‘illegal’ operators saw as a deliberate effort to marginalise them.

<sup>70</sup> . Somewhat ironically it was mostly the corporate sector that opposed Sojane’s proposals, most notably the Association of Chambers of Commerce of South Africa, the Chamber of Mines of South Africa and the Cape Town Chamber of Commerce. Most of their concerns dealt with the capacity of the state to enforce rules and regulations, but the possible decline in vehicles sales must have rested heavily on the minds of manufacturers.



with a situation where it had no obvious alternative, the state gradually abandoned the industry and legislation was either never promulgated or simply ignored by the taxi associations and their drivers<sup>71</sup>. When the regulatory functions of the state receded into the bureaucratic trivialities of traffic control, the pirate taxis flooded lucrative routes, raising the supply of transport beyond the demands of commuters. With the state conspicuously absent, perhaps more so after 1994, the industry took control of itself, with disastrous consequences for civil, social, and economic contestation. Sporadic violence erupted and hit squads<sup>72</sup> armed with AK 47s patrolled lucrative routes eliminating unwanted competition. Taxi ranks became sites of bloody guerrilla-style battles and 'drive-by shootings' and the business of being a 'taxi boss' became a very high risk but high return enterprise<sup>73</sup>.

## 2.6 White involvement in the industry and the role of the formal economy

While whites were, in the aftermath of apartheid, mainly involved in the service aspects of the industry, such as consultancy and security, their involvement as owners and managers of taxi fleets was highly controversial for most of the 1980s. The main features of black enterprise during the 1980s - the problem of finite surplus capital and deliberate exclusion from credit from finance institutions - invited whites to occupy the economic space created by racial privilege. This not only granted whites access to the black informal political

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<sup>71</sup> . See DoT (RR 92/222: pp 4-26f), which is a survey among taxi drivers focussing on their attitudes towards traffic law enforcement and the role of the state in the regulation of taxis. Seventy-three per cent of drivers interviewed, stated that authorities can be easily bribed, while 60,7 per cent believed "there is no relation between traffic legislation and road safety". Eighty per cent believed that no communication existed between taxi drivers and the authorities. It is obvious that, as far as taxi drivers were concerned, during the last days of the apartheid state, deregulation (state policy since the late 1980s) became synonymous with an absent state. One of the concluding remarks of the report states: [Taxi owners and drivers] seem to generally view themselves as above the law..." (p 5-2).

<sup>72</sup> . Dugard (2001: p 65) notes that "almost all associations" with the exception of SABTA make use of the services of hit squads who either have received military training in the cadres of the liberation movement, or the police services of the democratic state. Some of them are making a living in the criminal underworld while providing services (ranging from protection to murder) to taxi warlords as needed.

<sup>73</sup> . Interview with Bryan Fraser (Pietersburg/Polokwane, September 14, 1997). Fraser is the former head of the taxi violence unit of the South African Police Service stationed in Pietersburg/Polokwane.



economy, it also merged the formal economy and its architecture (finance institutions and surplus capital) with the economy of opportunism founded upon patronage and coercion.

The importation of the ten-seater minibus into the taxi industry in 1978 provided the impetus for a more profitable industry. It was, therefore, perhaps only logical that the growth potential of the industry would draw a diversity of opportunistic interest. While whites had been known to be involved as owners of vehicles since the mid-1970s, their numbers increased rapidly during the 1980s as the economic feasibility of the industry became evident. In Pietersburg (Polokwane)<sup>74</sup> a seventeen-year-old schoolboy trading in the used-vehicle market bought three taxis and operated in the then Northern Transvaal (Northern Province/Limpopo). A number of university students invested in taxis and some claimed to have paid for their tertiary education in full from the profits on lucrative taxi routes<sup>75</sup>. Many white bureaucrats<sup>76</sup> invested in second-hand taxis and employed black drivers on not much more than verbal agreements (McCaul, 1990: pp 24 – 25). Often these agreements included a three-year period of white ownership after which the vehicle is transferred to the black driver. Not all these agreements always worked out that well, as vehicles were often either stolen, or abandoned by their drivers, or the scheme became corrupted by either party.

Verifiable data on the taxi industry is difficult to obtain. Even during the late 1990s the Central Statistical Service (CSS)<sup>77</sup> could only provide data of those minibuses that were officially registered. The figure, however, included all minibuses and combis, including those utilised by private businesses, as well as the traditional family combi<sup>78</sup>. During the

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<sup>74</sup> . Interview with Andrew Anderson (Pietersburg/Polokwane, September 19, 1998), a dealer in second hand vehicles who started his taxi business as a schoolboy.

<sup>75</sup> . Interview with Dr Jans Spannenberg (Johannesburg, February 18, 2001), a medical specialist from Johannesburg, who claims he and a colleague bought two taxis during the 1980s which operated in the Pretoria area and generated sufficient profits to fund their education. Numerous such anecdotes testify to the involvement of whites in the industry.

<sup>76</sup> . Perhaps it was no coincidence that white ownership of taxis was estimated to be the highest in Pretoria, the bureaucratic capital of South Africa.

<sup>77</sup> . The Central Statistical Service (CSS) would later be renamed Statistics South Africa (Stats Sa).



1970s and 80s black taxi owners frequently complained about the large market share controlled by whites, but with the unreliability of data<sup>79</sup> it was impossible to make an accurate estimation of white control in the industry. As McCaul (1990: pp 24 – 27) indicates, until the 1990s whites have individually, as a general trend, owned more minibuses than blacks. But, that does not mean that whites necessarily became increasingly involved in taxi transport. They may have owned small fleets of taxis, but the overall control over the industry has always been in black hands<sup>80</sup>. Whatever the correct statistics are, amongst black owners and operators the perception was that the presence of white taxi operators further complicated and corrupted the industry<sup>81</sup>. By 2001 the sporadic interests of whites remained a point of contention, but it was predominantly limited to the provision of security or as consultants to the industry and/or the state. During mid-2001, James Chapmen<sup>82</sup>, a veteran consultant to operators and owners in the industry, was suspected of fuelling piracy and undermining the efforts of the state to regulate competition by hiring out permits to weekend operators<sup>83</sup>. How Chapmen, Koloti, Sebata Consulting were granted such permits remains a mystery, and it probably was through less than proper

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<sup>78</sup> . See Morris and Freedman (1989) for a complex procedure to calculate the number of taxis in South Africa. Again, the study relied heavily on estimates, but included broader economic trends, demographics, historical trends, *et cetera*, in an effort to reach an approximate, but workable figure.

<sup>79</sup> . See Bosman and Browning (1989). The two authors of a paper entitled “A Shared-Taxi as a Means to Promoting Upward Mobility” estimated that 500 000 passengers are transported daily by up to 80 000 taxis. Simple arithmetic applied, it means just more than six passengers per day per taxi, which is obviously not correct. Bosman and Browning were consultants for Vorster, Van der Westhuizen & Partners and also consultants to the DoT. The point is, due to the violent nature of the industry, data remains dependant upon estimates rather than verifiable statistics.

<sup>80</sup> . Dugard (2001: p 7) notes that during the early 1990s, Cape Town’s deputy mayor, Clive Keegan, admitted to the Goldstone Commission that local authorities protected white entrepreneurs in the industry by holding back information on their involvement.

<sup>81</sup> . Interviews with Sibusiso Zulu and his family (September 10 – 11, 2001) who have been involved in the taxi industry in the KwaZulu Natal midlands for more than 20 years. The family owns nine taxis and started by driving for white and Indian policemen who owned the vehicles. They have often been singled out by taximen and ‘taxi bosses’ as ‘sell-outs’ who allow whites and Indians to “steal black people’s share of the cake”.

<sup>82</sup> . In 1982 James Chapmen was the owner of a petrol filling station and had close ties with the Pretoria United Taxi Association. He became a member of SABTA and acted as a mediator between associations as well as related interest groups such as Nissan, Toyota and Shell (Ford, 1989: p 115). He later became a senior partner in Chapmen, Koloti, Sebata Consulting; a position he still held in 2001.



means, but as white consultants to the industry, their credibility was irreparably tarnished<sup>84</sup>. More recently, white involvement in taxi transport has largely been limited to the formal aspects of the economy (manufacturing and vehicle finance).

**Table 2.1: CSS figures of minibuses registered by 30 June (1979 – 1987) of each year according to race**

| Year | African | Coloured | Indian | White  | Corporate | Total   |
|------|---------|----------|--------|--------|-----------|---------|
| 1979 | 12 385  | 2 853    | 2 676  | 32 464 | 10 942    | 61 320  |
| 1980 | 15 075  | 4 368    | 3 061  | 34 429 | 12 697    | 69 630  |
| 1981 | 18 226  | 4 340    | 3 222  | 36 048 | 14 770    | 76 606  |
| 1982 | 22 249  | 5 500    | 3 542  | 37 642 | 16 971    | 85 904  |
| 1983 | 25 510  | 5 728    | 3 781  | 40 804 | 20 086    | 95 909  |
| 1984 | 28 114  | 5 299    | 3 864  | 49 360 | 23 943    | 110 580 |
| 1985 | 31 797  | 7 270    | 4 312  | 50 452 | 26 210    | 120 041 |
| 1986 | 35 314  | 6 004    | 4 233  | 57 534 | 25 980    | 129 065 |
| 1987 | 37 999  | 6 554    | 4 540  | 59 544 | 28 197    | 136 834 |

Source: McCaul (1990: p 16).

*Note: The high sales to whites include vehicles used for family purposes and do not necessarily reflect the sales of taxis. It does, however, confirm the dramatic rise of minibus sales to blacks, which were predominantly for transport purposes.*

## 2.7 Merging formal and informal interests

Even though the organisational rigidities of the formal economy are perhaps too dependent upon the need for organisational continuity and predictable growth cycles to allow for a merger with the criminalised and violent informal political economy, from capital conglomerates to manufacturing conglomerates have sought to gain access to the monopolies of abundance which appeared in certain pockets of the informal economy. Strong political and economic entities in the informal economy (especially the leadership

<sup>83</sup> . See Country-Wide Public Hearings Report (1996). Individuals who illegally gain access to permits and then hire them out to pirates are specifically mentioned in the report as a cause of the violence in the taxi industry.

<sup>84</sup> . Interviews (Pretoria, August 3 - 13, 2001) with Steven Mabosa and Brenden Khosa, both members of taxi associations and owners of taxis in Soshanguve and Pretoria.



of the big taxi associations) with authoritative relations to state power have, similarly, made remarkably successful, attempts to lure important role-players in the formal economy, such as vehicle manufacturers, into compromising arrangements.

### **2.7.1 Manufacturing for 'no easy ride'**

Vehicle manufacturers also entered the arena during the 1980s on a large scale as drivers and owners made their preference clear for the Toyota and Nissan minibuses (Khosa, 1991: p 321)<sup>85</sup>. The black taxi industry was ready to be launched on a massive scale and the involvement of car manufacturing multinationals steered the industry into the big league. The import-orientated nature of the South African economy, together with the fluctuation of the South African currency and international sanctions<sup>86</sup>, however, saw vehicle prices escalate rapidly, and while these macro-economic trends had a stifling effect on the national economy and specifically vehicle sales, manufacturers of minibuses recorded stable sales during the second half of the 1980s<sup>87</sup>.

Manufacturing companies made special arrangements with the industry, most of them creating special corporate structures to deal with taxis associations. Nissan South Africa (NSA) even manufactured a special minibus for SABTA (Barolsky, 1989: p 11). Due to their now significant size and better organisation, taxi associations negotiated special discount rates on taxis, which formalised their 'preferential' relationship with finance institutions. The capacity of strongmen in the taxi industry to deal with manufacturers and finance institutions not only attracted pirates and smaller associations to their sphere of influence, but it also brought business skills and some accountability and control systems into the industry. During these times of early promise and rapid escalation, most negotiations between the industry and private sector companies were facilitated through an

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<sup>85</sup> . By 1987 when the taxi industry was legalised, Nissan and Toyota together controlled nearly 90% of all minibus sales (Ford, 1989: p 114). The running costs and higher purchase value of the Volkswagen combi made it a less attractive alternative and their share of the market was, and remained, less significant.

<sup>86</sup> . The South African economy went through a very difficult recession after the large-scale withdrawal of international capital in 1985, following the Rubicon speech of then President P.W. Botha.



independent marketing arm initiated by SABTA called Taxi SA Marketing (TAXSAM). Taxsam sustained itself by taking "kickbacks" from taxi bosses and operators for deals they negotiated with suppliers and manufacturers<sup>88</sup>. The formalisation of the industry as a role-player in the formal economy was evident through the successful institutionalisation of structures to negotiate and deal with the private sector. However, below these arrangements, the industry still functioned very much on an informal basis. The cash flow dilemma that hindered the expansion and growth of the industry was partially addressed, and an increasing awareness of the need for some administrative and organisational prudence enticed finance capital to the high risk, high return prospects of the industry.

### **2.7.2 Finance houses and credit extension**

Finance capital in South Africa has a very First World character. It avoids high-risk investments in undeveloped communities, demands collateral equal to the credit extended and requests records to substantiate the clients' worthiness of credit. During the apartheid years black South Africans found it extremely difficult to open a cheque account as they were either considered temporary residents, or their income was not sufficient enough or they had no permanent employment. Equally so, the democratic regime since 1994 has not convinced finance houses to divert their attention which is firmly focussed on the so-called upper-end of the market.

International sanctions during the pre-democracy era and the subsequent isolation of private sector institutions - limiting their access to inexpensive capital - as well as the inadequate domestic market, made finance institutions heavily dependent on a relationship of mutual understanding with the apartheid state. It was, therefore, not in their interests to involve themselves in the volatile taxi industry and the almost wholly extralegal informal political economy<sup>89</sup>, especially as, at the time, the state considered it the breeding ground

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<sup>87</sup> . See McCaul (1990: p 24) for data on total minibuses sold between 1978 - 1989.

<sup>88</sup> . Interview with Sam Tsongwe (Cullinan, September 13, 1997). Tsongwe served on TAXSAM at the time.



for subversion.

Historically, individual taxi owners who had been in the business for years found it difficult to obtain capital to replace old vehicles as their businesses rarely had verifiable accounting systems and their conflictual relationship with the state made finance institutions wary of dealing with them<sup>90</sup>. Prospective taxi owners had to either buy vehicles cash, which very few could afford, or pool their resources through stokvels<sup>91</sup> where trust is more important than collateral (Ford, 1989: p 118)<sup>92</sup>. In many instances families would pool their resources to buy a second-hand taxi<sup>93</sup>. Whites would sometimes buy vehicles through finance institutions and lease them to black drivers<sup>94</sup>. When, during the late-1980s, the industry eventually did manage to organise themselves into large associations, they became a more attractive credit option for finance institutions. SABTA developed a working relationship with Wesbank, the biggest vehicle finance institution in South Africa, and provided credit security through a pooling system called the SABTA Foundation. Various taxi associations started negotiating with banks on behalf of their members, and these new relations between the formal and the informal had, to a certain extent, a civilising effect on the volatility associated with the industry. Pirate taxis were, however, excluded from the deal as they were considered a high-risk investment and contrary to the interests of organised associations<sup>95</sup>. Only registered taxis qualified for finance. In that

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<sup>89</sup> . Also see Ford (1989: pp 116 - 181) for a brief overview of the economic role of the taxi industry during the 1980s and its significance as a feature of the informal political economy of South Africa at the time.

<sup>90</sup> . Interviews with Nedfin, Wesbank and Stannic during 1998 – 1999 confirmed the complexities of dealing with the industry, but also the reluctance of finance institutions to get involved, unless loans and credit are underwritten by the state.

<sup>91</sup> . This practice still exists and a number of stokvel members interviewed (June – August 1999) in Nebo, Jane Furse and Soshanguve indicated that they either bought taxis themselves or agreed to it that stokvel resources be utilised for such purposes.

<sup>92</sup> . A stokvel functions as a 'rotating credit association' and has social, economic as well as entertainment purposes. Membership is voluntary and based on personal recommendation with trustworthiness and reliability being the most considered individual attributes. While no researched figures are available, some finance institutions interviewed during 1999 – 2000 estimate the total monthly turnover of stokvels in South Africa to be no less than R4 billion.

<sup>93</sup> . Interview with John Chue (Giyani, September 23, 1998), taxi owner in Giyani district.

<sup>94</sup> . Interviews with Danie Nigrini (Johannesburg, September 11, 1998) and Dr Jans Spannenberg (Johannesburg, February 18, 2001). Both were involved in the industry as students.

<sup>95</sup> . Interview with Johan Beukes (Johannesburg, February 18, 1997). Beukes worked directly with the vehicle finance book of Wesbank.



way, the state, the industry<sup>96</sup> and finance institutions, all had their respective interests served.

By 1989 Wesbank held a 61 per cent share of the credit supply to taxis, with Stannic holding 28 per cent of the market (Barolsky, 1989: p 12)<sup>97</sup>. While individual taxi owners lacked credit security, taxi associations were financially better placed to negotiate lucrative arrangements with finance houses, and collective agreements were also better suited to the needs and requirements of finance houses (GTI Report, 1995: p 261)<sup>98</sup>. Wesbank adjusted their credit requirements to accommodate the interests of the taxi industry and between 1987 and 1989 granted R100 million on the basis of hire purchase to taxi owners and associations (Khosa, 1991: p 319). Their involvement with, and access to, finance capital put great pressure on the apartheid state to reconsider its relationship with an industry which by then had grown not only beyond the organisational reach of the state, but had also become enormously powerful and a potentially destructive competitor in the transport economy.

Thus, numerous practices and arrangements, which were typically outside the policy regime of finance institutions, developed as a consequence of the need for vehicle financing in the taxi industry, and this new relationship merged the formal political economy with the interests of strongmen and warlords in the informal political economy on the basis of preferential access. During the early 1990s, it became obvious that the apartheid state had come apart and capital interests in South Africa were gradually detaching themselves from the close relationship they had had with the apartheid state. They were, however, now faced with a new dilemma: how to deal with the greater degree of intervention that was expected from a regime founded upon liberationism.

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<sup>96</sup> . The arrangements between associations and finance institutions that only registered taxis will be financed partially addressed the dilemma pirate taxis presented with regard to the control associations had over routes and ranks.

<sup>97</sup> . Santam and Nedfin were also involved, but had a very limited share.

<sup>98</sup> . Interestingly enough, at a consultative conference during June 19-20, 1995, taxi structures contended that they have always considered themselves to be captive to both manufacturers and financiers and called on the state to intervene and impose price control. In the absence of state intervention, larger associations, perhaps due to their preferential access to political authority, had been more successful in extracting favourable compromises with the private economy.



## **2.8 Deregulation in the context of liberationism and in the presence of a weak state**

Before legalisation in 1987, black public transport comprised of buses owned by local authorities, the bantustan state or by private white-controlled entrepreneurs, and the state-owned railway system. In terms of cost efficiency and time these systems were wholly inadequate as regards the needs of commuters, especially those that had to commute on a daily basis between bantustans and the white political economy of South Africa (cf. Dugard, 2001: pp 130f). A large segment of the South African labour force spent a disproportionate portion of their time and money on travelling to and from their place of work. Commuters were desperately seeking for alternatives as the state's regulations were aimed at enforcing the monopoly held by the South African Transport Services (SATS). While bus companies enjoyed a subsidy based on their preferential access to state patronage, they were expensive and operated on fixed routes, which meant commuters often had to walk long distances to and from bus terminals. In 1977 the state succumbed to the pressures emanating from the Soweto uprisings of the previous year. Continuous intervention has politicised public transport and the sporadic boycotts of the state-sponsored rail and bus systems led to violent confrontation between the state and commuters (cf. Dugard, 2001: pp 130 – 131). These conditions led to the state ordering the Breda Commission of Inquiry (1977) to reconsider the Road Transportation Bill. The Commission suggested that the state deregulate the transport industry and privatise its own interests therein. It was, however, only during the mid-1980s that the state finally realised the costs of its interventionist policies and sought to bring transport regulations in line with its market-related macro-economic regime.

The growing independence of the taxi industry as regards the distributive arrangements of the formal economy and the inability of the state to enforce control over its destructive aspects, set in motion plans to deregulate the industry. This envisaged process of deregulation should be placed in the context of the broader political economy of South Africa during the late 1980s, but it should also be seen as a consequence of the apartheid



state surrendering its efforts to extend bureaucratic control to those forces that most successfully contested its authoritarian hegemony in society. In 1981, the Welgemoed Commission was appointed by the state with the directive to find a solution to the acrimonious relationship between the industry, its competitors and the state.

### **2.8.1 The warlord, the wayward commission and the frail state**

From 1979 a dramatic increase in minibus taxis (see table) became a threat to the state-subsidised bus companies as well as state transport systems. Minibuses were not only faster and more efficient than buses, they were also more flexible as regards to time and stopped virtually anywhere, whereas buses operated on a fixed schedule and from specific bus stations only. Financial constraints were hampering the state's ability to subsidise the bus transport companies, which led to frequent increases in the bus fares (see Ford, 1989)<sup>99</sup>. This again inspired bus boycotts and violence in the decrepit bantustans and burdened bus companies with severe losses as a consequence of the destruction of vehicles and the loss of market share. In August 1981 the government went beyond its policy of central control when it established the Welgemoed Commission with the aim to adjudicate a solution between bus operators, the state, and, amongst others, the taxi industry. It was clear that the state could not impose policy unilaterally any more. Policy had to be the result of consultation, concessions and compromises.

But, while the Welgemoed Commission in its final report could provide a technocratic solution to the problem, it obviously had very little grasp of the political environment in which the industry has evolved<sup>100/101</sup>. Amongst the proposals were the phasing out of the

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<sup>99</sup>. Taxi fares are not regulated, and are fixed by associations.

<sup>100</sup>. The Minister of Transport, Hendrik Schoeman, had a less technocratic understanding of the problems in the taxi industry when he remarked in 1985 that the reorganisation of the industry would have to consider the constitutional developments at the time (see McCaul, 1990: p 47). South Africa implemented the new three-chamber parliament in 1983 and the constitutional dispensation of South Africa was very fluid.

<sup>101</sup>. Final Report of the Commission of Inquiry into Bus Passenger Transportation in the Republic of South Africa (1983). This report of the Welgemoed Commission provides an analysis of the industry and the perceived solution to the problem it presented to state control.



taxi industry and the introduction of a new industry under strict control of the state. Both the taxi associations and interests in the formal economy, who by then had vested political as well as economic interests in an expanding industry, rejected the proposals of the Commission. The National Association of Automobile Manufacturers who had direct (preferential) access to the government applied enormous pressure on the government through direct discussions with the cabinet and formal presentations by its minibus division to state departments (McCaul, 1990: p 45). The loyalty of the owners of the process of production was split between their dependence upon the goodwill of the authoritarian state and their interests in the informal economy.

Jimmy Sojane of SABTA<sup>102</sup> overplayed his hand in an effort to compromise with the recommendations of the Welgemoed Commission, but his compromise did not suit the interests of either those representing pirate taxis or the mainly black informal business fraternity. Sojane recommended that all taxis be allowed to continue their operations and that vehicles only be replaced with eight-seaters. The most controversial suggestion was that permits only be issued to operators carrying a maximum of four passengers, effectively undermining the incentive to register for pirate drivers. In an effort to accommodate the South African Bus Operators' Association (SABOA), Sojane sought to protect bus companies' competition with taxis. Peter Nkosi, a rival strongman within SABTA led a coup via the courts which ruled that an election be held in accordance with the SABTA constitution. The broad dissent against the suggestions of Sojane and the subsequent elections led to the rise of James Ngcoya as new president of SABTA.

It was obvious to all that the state did not have the capacity to enforce the suggestions of the Welgemoed Commission, which included that licensed minibuses be phased out over a period of four years and a new small bus concept be introduced with rigid control over routes, time tables and tariffs. In retrospect the recommendations of the Welgemoed Commission strongly resemble some of the suggestions that would surface in the National Taxi Task Team (NTTT) of the mid-1990s. However, at the time, it challenged the

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<sup>102</sup> . See McCaul (1990: p 44) for detail about the bargaining positions of the various role-players in the aftermath of the Welgemoed Commission.



precarious balance of relations within the industry (mainly between pirates<sup>103</sup> and registered associations/taxis, but also within SABTA) and endangered the domain of control exercised by strongmen. However, the lack of consensus with regard to the Welgemoed Commission's recommendations required new compromises and the National Transport Policy Study (NTPS)<sup>104</sup>, which had been investigating the industry (with specific reference to the Road Transport Bill) since 1982, was called upon to provide them. Inevitably, it would be after a long delay, as compromises were continuously under threat, and the industry was, by now, a serious problem for the state mainly due to a burgeoning informal economy receding ever further from the state's realm of policy and control, and closer to the liberationist realm.

The findings of the Welgemoed Commission of 1981 introduced an era of renewed attention to the taxi industry. Such coercive instruments as the police force, traffic authorities and the railway police were employed to compensate for the eroded organisational capacity of the apartheid state. The signs of numerous informal arrangements corrupting the autonomy of the state were evident, not only in the bantustans where people lived in abject poverty, but also in urban areas where the state's contenders for social control mobilised under the auspices of liberation politics. These informal relations (relationships of patronage) entailed bribery and corruption<sup>105</sup>, providing, for example, mainly illegal roadworthy certificates and taxi permits<sup>106</sup>. Lowly paid implementers of state policy found an additional financial survival strategy in corrupting state resources. The advantage for the taxi industry, due to its considerable magnitude, was that it could escape the draconian legislation of the apartheid state which impeded its (illegal) activities and means of survival. These relations of patronage, however, could not

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<sup>103</sup> . Some pirates operating illegally on lucrative routes are, due to the fact that they do have permits, informally linked to associations dominating other routes. Associations and mother-bodies are, therefore, not necessarily prepared to accept the marginalisation of pirates. Some pirates are even referred to as "*bona fide* pirates" (GTI Report, 1995: p vi).

<sup>104</sup> . Rather ironically the policy study was not the initiative of the Minister of Transport, Hendrik Schoeman, but rather that of the Minister of Constitutional Affairs, Chris Heunis, who was then considered to be the great reformer in the P.W. Botha cabinet.

<sup>105</sup> . Bank (1987: p 201), in a survey conducted amongst licensed (informal) traders in QwaQwa, found a whopping 70 per cent admitted to having paid inducements to bureaucrats to "ensure rapid [and successful] passage of their license applications".



be sustained without an underlying social bond and were mostly fostered on family ties or close friendships. Martinussen (1997: p 194) credits systematic patronage within African political economies as "... one of the few systems ... sufficiently effective in holding together many of the African countries and ensuring the maintenance of national political leadership". Similarly, the collective resistance to the apartheid regime often provided the cohesiveness (based on a sufficiency of social capital) to nurture a growing inter-dependency between black state officials and individual taxi operators and associations.

This social bond should be seen in the context of a state deliberately criminalising the survival strategies of a society subjected to deprivation and poverty. The state already lacked the legitimacy and authority necessary to enforce its rules and regulations; but its organisational capacity was now also corroded by the efficacy of the regime preferences that prevailed in society. As the liberation movement gained momentum during the 1970s and 1980s, it became obvious that the social and historical relationships between low-level state officials and social formations were built on ties much more cohesive than the authority the state could impose on its employees.

However, opposition to the state did not necessarily imply a collective consensus of interests among competing social formations and strongmen. In the bantustans the stronger taxi owners and associations were securing their interests by building relationships with the decision-making structures of bantustan governments, and insisting, for example, that associations from outside the bantustans be refused route permits. The struggle of licensed taxis against pirate taxis also gained momentum as lucrative routes became more congested and pressure on pirate taxis to pursue (illegitimate) social agreements with local authorities, allowing them access to routes, intensified. The stronger taxi associations already had policy arrangements with the bantustan states, making it very difficult for pirate taxis and associations from urban areas to operate in the bantustans<sup>107</sup>.

These bantustan governments often had very little capacity to balance the pledges and

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<sup>106</sup> . Cf. Dugard (2001).

<sup>107</sup> . See Bank (1991: pp 124 - 141) for a case study in QwaQwa where a similar situation evolved.



promises of arrangements and compromises with the interests of the organisations they represent, and pressure mounted on taxi owners and associations to revert to 'private agreements' with traffic officials and junior bureaucrats<sup>108</sup>. In 1984, Mobablaula, a QwaQwa-based taxi association, successfully reached agreements with what Bank (1991: p 131) calls "leading members of the traffic department". Rival associations made allegations of cash payments and access to vehicles and petrol allowances, accusations which, quite probably, had substance; but the bantustan state was weak and gradually the practice became an accepted part of the fabric of the political relationship between the state and the industry. In return for these illegal 'taxes', the bantustan state provided taxi associations with loading facilities and entrenched a monopoly for selected owners and associations in the rural migrant transport economy. These were informal relationships built on mutual trust and dependence, and merged the interests of taximen with the regime represented by the state's institutions. They granted privileged access to a few individuals and associations, and gradually eroded the state's autonomy to act according to universal principles of justice and distribution. Bantustan governments were never democratic in their behaviour, but these enforced relations thwarted whatever positive aspirations they may have had. They also led to the bantustan state being systematically informalised and criminalised. Eventually, this systematic decay would come to harbour not only fragmented patterns of social control, but also 'incongruent sets of rules through incompatible social structures' (cf. Du Toit, 1995: p 25)<sup>109</sup> would become its most distinguishing feature, culminating in its eventual demise during the 1990s. The inadequate 'infrastructural power'<sup>110</sup> of bantustan states could be disguised by the obscurity of 'triangles of accommodation'<sup>111</sup> (a dominant point of entry for corruption and informalisation of the state's distributive interests, but also aspects of liberationism), but eventually these informal arrangements of accommodation and distribution would become the source of state decay and mounting authoritarianism. However, not all social

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<sup>108</sup> . Migdal's (1988; 1989; 1991) 'triangle of accommodation' will be discussed in detail in Chapter Four, but the dynamics that featured here, are rather similar.

<sup>109</sup> . Du Toit (1995) provides a theoretical reflection on this in the context of state capacities, but the suggestion is equally applicable to the bantustan state.

<sup>110</sup> . Mann (1984: p 66) refers to 'infrastructural' power in the context of the state's autonomy and its distributive obligations.



relationships augmenting the presence and nature of the taxi industry were dubious. Some reflected the close-knit network of economic and social survival strategies that sustained community life in the face of state repression. Stokvels<sup>112</sup>, estimated to collectively pool a capital value of approximately R4 billion<sup>113</sup>, were one such phenomenon, providing participants, who often included taxi drivers, with the financial ability to purchase their own minibuses or to do major vehicle maintenance.

In urban South Africa the 1980s will go down as the decade of the collapse of institutional apartheid and the rise of militant state authoritarianism. When the state's administrative capacity for social control failed, it had no alternative but to enforce its ideological preferences through the utilisation of its coercive apparatus. This failure was mainly due to the rise of a plethora of social formations (strongmen, vigilantes and gangsters) and movements (such as the United Democratic Front – UDF), operating in poverty-stricken urban settlements, townships and squatter areas, successfully challenging the hegemony of the apartheid state. These formations often had common interests with the liberation movement, but could only exist as a consequence of the relations they had with low-level state officials. During this time the probability of a collapse of the institutional capacity of the apartheid state became evident and violence as a means of social control became the only option left. However, states that resort to coercion to enforce their sovereignty and autonomy<sup>114</sup> are essentially weak states, even when they have the military capacity to prolong their demise. Thus with the limitations of its institutional legitimacy effectively challenged, the South African government legislated its efforts of (authoritarian) social control beyond the reach of its institutional capacity. Efforts to reinforce its control on

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<sup>111</sup> . See Migdal (1988; 1989; 1991) for an elaboration on the notion of 'triangles of accommodation'.

<sup>112</sup> . Also see Ford (1989: pp 117 - 119) for a brief overview of stokvels and their impact on the taxi industry during its emerging years.

<sup>113</sup> . Data provided by Wouter Brink (Johannesburg, September 13, 2000) a divisional manager of Old Mutual.



rogue social formations included investing massively in its coercive instruments. The apartheid state eventually showed obvious signs of crumbling under its own weight during the 1980s and when this, the most violent decade in South African politics, came to an end, the process were well under way towards new and democratic dispensation.

The state's desire to legislate its opponents out of the political arena has a long history. Early in its more than forty years of rule, the Nationalist government enacted legislation and bylaws to extend its authority to various formations outside its domain of social control. In the case of the taxi industry, these rules and regulations were, however, aimed more at protecting the monopoly of the state-sponsored SAR and the state-subsidised bus enterprises than at normalising the relationship between the state and the rapidly expanding black taxi industry. A number of these measures resembled political and economic harassment rather than regulation of social relations. By the mid-eighties it became obvious that the state would have to compromise their monopoly on social control, well aware of the fact that they were not in control of large areas of political life in South Africa. During the 1990s state formation in many areas of state-societal relations, took the form of compromises and corporatist regime-type arrangements. The National Transport Policy Study (NTPS) was one such arrangement.

### **2.8.2 Compromise and accommodation: The National Transport Policy Study (NTPS)<sup>115</sup>**

A White paper on National Transport Policy was eventually tabled in 1987 and it was clear that it would completely change the relationship between the state and the industry. With

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<sup>114</sup> . Migdal (1996: p 92) refers to the mythical nature of the concepts autonomy and sovereignty, and concludes that they are best understood when analysed in a historical context. The reason for Migdal's cynicism is that: "A more fruitful approach [would be] to examine the state in the context of those forces impinging upon its ability to act unfettered". The same could be said for any analysis dealing with the post-apartheid (democratic) state. The nature of democracy, and the type of compromises on the attributes of democracy, then define the perimeters of the prevailing regime(s).



minor exceptions, the White Paper concurred with the recommendations of the NTPS. It suggested the devolution of control to Regional Services Councils (RSCs), and that the widely resented LRTBs be abolished. It was, furthermore, envisaged that the practice of subsidisation to bus companies be phased out. An important policy suggestion was that while local authorities would issue permits, national authorities would be held responsible for policing safety standards. Sixteen-seater minibuses that were already operating - breaking the law without more than harassment - were to be legalised. With the regime-pillars of the authoritarian state still firmly in place, the state had reason to believe that it could still control the industry, even if it allowed it to expand and control certain aspects of its operation from within. With hindsight, it seems as if policy makers were still oblivious to the process of change that would culminate in the dominance of mother-bodies<sup>116</sup> and their preference for violence as a means of self-control and accumulation<sup>117</sup>.

The main characteristic of the NTPS was its inclusiveness. Committees were liaising with consultants who again involved those role-players<sup>118</sup> in the industry who were not directly represented. A regulatory regime was suggested which shifted the emphasis from state control to self-control. This incorporation of the industry into the formal domain of either the economy or the state was not the issue, but rather the informalisation of authority. The NTPS was different in that the National Party government took it seriously, which allowed

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<sup>115</sup> . See DoT (RR 91/142: p 6-2). While the NTPS, and the white paper which facilitated it, were considered to be introducing an important era of regulation and control, it was already too late for the apartheid government to make changes to policy without negotiating them with extra-parliamentary groups. The time of unilateral policy formulation had come to an end.

<sup>116</sup> . Although associations proliferated dramatically during the final years of apartheid, mother-bodies developed in the era directly subsequent to democratisation (1994) and immediately occupied the space left by the apartheid state. It is also this space which the democratic state found difficult to capture due to an abruptly weakened coercive and regulatory capacity. They typically represent a number of associations and operate in what Dugard (2001: p 11) refers to as the "... dark side of informality".

<sup>117</sup> . Dugard (2001: p 18) describes mother-bodies as displaying no "precise definition, nor a specific delineation of the distinction between association and mother-body" and as "essentially historical constructs" recognised by the industry and the state as official due to their capacity to enforce their presence.

<sup>118</sup> . For instance, the passenger transport advisory committee included the South African Transport Services, representatives from the bus companies, taxi representatives and the Department of Transport (McCaul, 1990: p 47).



all participants to expect their contribution to be transferred into policy<sup>119</sup>. While it was not a permanent statutory body with a stipulated area of competence, it had all the features of a corporatist arrangement between an industry with real bargaining power and a state retreating from its authoritarian comfort zone. Parties to the arrangement had equal status, but the state was neither an impartial participant nor a powerful contender.

The strongmen of SABTA, however, were not totally pleased by the outcome, even though it was a hugely significant change in policy. To them it was important that the number of taxis in the industry be restricted in an effort to circumvent unrestrained piracy. However, the state preferred to broaden the deregulation-plan much further, and the "operating authority" of taxis became virtually unrestricted<sup>120</sup>. While it is obvious that SABTA had economic interests to protect, they would eventually be vindicated as the flooding of the supply side of the taxi industry led to the para-military style violence, which still prevails in the industry today. The question however remains: would limiting the operating authority through the stringent enforcement of the permit system have restricted entry? Probably not, as pirates would have saturated any space left for opportunistic entrance and many powerful taxi bosses acted as pirates themselves by allowing their taxis to operate indiscriminately on rival routes.

However, soon after the NTPS-considered White Paper was published, the turmoil, which would continue into the year 2000, raised its head. In an effort to impose their standing within the 'compromise' as well as the industry, SABTA canvassed against the complete deregulation of the industry, as it almost certainly would have eroded their share of the market. They requested the state to recognise SABTA as the only spokesperson for the industry and supported the principle of self-regulation with regard to safety and insurance (McCaul, 1990: p 55). To them, the uncivil contestation, which marked the industry almost throughout its existence, was rooted in the unregulated market, and deregulation meant unfettered access to the industry. Black taxi associations with entrenched and formalised interests in the industry needed the state to intervene on their behalf, but politically the

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<sup>119</sup> . Interview with Solomon Sethai (Johannesburg, November 14, 2000), at the time a member of SABTA. This also confirms the research of McCaul (1990).



impotence of the state was, by then, almost complete. It could protect, if it so wished, black taxi associations from white competition, but it had a too limited legitimacy to protect the industry beyond its white constituency. The calls upon the apartheid state to enforce its regulatory functions on illegal taxi operators is ironic as the industry itself were undermining the coercive apparatus of the state, especially the police and the bureaucracy. SABTA requested regulatory protection from the state: they demanded that white taxi owners be excluded from operating in black areas, that the permit system be enforced and that the state allocate funds for redress (black empowerment)<sup>121</sup>.

When it seemed that the Department of Transport was slow to accede to their demands, the taxi industry played its trump card and threatened to withdraw from the original arrangement between itself and the state (cf. McCaul, 1990). The conflict potential in the industry and the great deal of disagreement on major issues forced the state back to the table and a new agreement of "controlled deregulation" (McCaul, 1990: p 57) was reached in 1989. But, the outcome of controlled deregulation also provided SABTA with a measure of control over the industry itself. Not only over discipline within its ranks, but with regard to the requirements for remaining in the industry. The Department of Transport granted SABTA the authority to withdraw the licenses of those who transgressed the disciplinary code. Thus, not only had SABTA arranged with the state to limit the market, it also took control of certain aspects of regulation itself, even beyond its own organisational sphere. However, the state was too organisationally weak to control pirates and its apparatus of coercion too busy in the struggle against the liberation movement. Taxis were still prosecuted for traffic offences, but regulations pertaining to their legal status were rarely tested.

The industry proliferated beyond the realm of any control<sup>122</sup>. Strong associations such as SABTA could in the absence and with the implicit sanction of the state consolidate their

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<sup>120</sup> . See Dugard (2001) and McCaul (1990).

<sup>121</sup> . Cf. McCaul (1990) and Dugard (2001).



own monopoly on lucrative routes and ranks. Not only did the number of taxis escalate, but also relations within the industry reached the point where violence was the only means of protecting the respective territories, ranks and share of the market. Taxi associations developed interests beyond the industry and became involved in from organised crime to drug running. In the Western Cape, Gauteng and QwaQwa, taximen and local gangster organisations developed close relations, mostly in the form of protection rackets (cf. Bank, 1991: pp 131 – 136). In rural areas taxi warlords often took over the functions of security and social control, subjecting communities to, depending on the circumstances, both sectarian and popular justice. Taxi ranks became the institutions where the perimeters of community justice were formalised. Often the violence of this “justice” was as brutal as that of the authoritarian bantustan state. The volatility in the industry had, like all wars, a high fatality rate. The turnover of strongmen in the taxi industry reached incredible rates<sup>123</sup>. A former head<sup>124</sup> of the taxi unit of the police in the Northern Province (Limpopo) told how 80 per cent of all association bosses he dealt with over a period of three years were murdered by so-called hitmen, drive-by assassins or individuals within the police service who themselves had interests in the industry. By the 1990s the rules that did apply to the industry, and were being enforced, were those made by strongmen within the industry and were applied subject to *ad hoc* and infrequent compromises. Incredibly, until November 1991, with the introduction of the National Peace Secretariat (NPS) not a single state initiated institution existed to deal with the violence in the taxi industry (GTI Report, 1995: p iii). With the alternative of coercion, the apartheid state could find no reason to compromise and had no means of control.

## 2.9 Conclusion

The social history of the taxi industry seems to be as important defining factor as its

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<sup>122</sup> . While no authoritative figures are available to substantiate retrospective claims made about ‘a radical proliferation of taxis’ at the time, Lennox Magwaza’s claim (as cited in Dugard, 2001: p 132) that permits were issued “left and right, knowing it would cause chaos” is typical of insinuations made by McCaul (1990) and Bank (1987).

<sup>123</sup> . Bank(1991: p 137) describes how armed taximen would drive around in villages in QwaQwa, using violence and intimidation as the primary techniques to extract confessions of guilt from suspected criminals.



relationship with the apartheid state. The necessity for compromises, as part of the process of accommodation, seemed to have become an inevitable feature of the industry's relationship with the state. As part of the meteorically expanding informal political economy, the industry not only had an effect on how policy were formulated, but also on how it was to be executed. Whereas the authoritarian state endeavoured to legislate taxis out of the South African political economy, by 1994 it became obvious that the industry had to be dealt with, rather than eradicated.

In some respects, the democratic regime conceived in 1994 and the extension of universal franchise introduced a new normative conception of justice and social order. Preferential access and compromises, which characterised the relationship between the apartheid state and the industry, are concepts alien to the conceptual notion of a consolidated and liberal democracy<sup>125</sup>. However, a great degree of continuity prevailed between the authoritarian state and its democratic successor. The following chapter will focus on the relational and organisational continuity which moulded the democratic state's relationship with the taxi industry.

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<sup>124</sup> . Interview with Bryan Fraser (Pietersburg/Polokwane, September 7, 1997).

<sup>125</sup> . This argument will be elaborated upon extensively in Chapter Four.



## CHAPTER THREE

### 3. THE POST-APARTHEID STATE AND EFFORTS TO COMPROMISE WITH THE TAXI INDUSTRY

“The taxi industry should be encouraged to be part of the law enforcement process through involvement and self-regulation”.

- Gauteng Taxi Initiative (GTI) Report (1995: p iii) -

#### 3.1 Introduction

The point has been made before that the policy compromises between the state and the informal political economy are the result of a complexity of historical and relational factors. During the reign of the apartheid state, the fusion of political liberation and informal economic survival inspired the state to criminalise any form of social and/or economic control beyond its institutional reach. The continued prevalence, however, of this often-criminalised relational fabric, under democratic conditions reproduced an ironic continuity between authoritarianism and democracy (IRR Report, 2000: p 137) <sup>1</sup>. The prevalence of a ‘fragmented state’ (Migdal, 1988; 1989)<sup>2</sup>, persisting in the aftermath of apartheid, and which was conceived in the ideological interplay between liberationism and authoritarianism, may well reinforce a perception of continuous social disorder<sup>3</sup> and

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<sup>1</sup>. Discussing the traits of violence in pre- and post-apartheid South Africa, Terence Corrigan of the South African Institute for Race Relations (as cited in Steinberg, 2001: p 2) confirms the continuity between two apparent distinct regimes by averring that violence in democratic South Africa (such as vigilantism, gangsterism and taxi wars) “may not have political objectives, but it shares some characteristics with political violence. It suggests a level of organisation, is perceived to target certain people or groups systematically and can become a way of life for both victims and perpetrators”.

<sup>2</sup>. The notion of a fragmented state should be seen in the context in which Migdal (1988; 1989) describes it, as weak and in a perpetual contest with strong societal formations for social control over diverse constituencies.

<sup>3</sup>. Kholi (1991: p 55) and Martinussen (1997: pp 216 - 218) argue that democratic regimes (to be distinguished from liberal democratic regimes) are not necessarily stable, and may frequently be exposed to threats to the state or the constitutional order. Kholi (p 67) suggests that the interventionist democratic state is actually encouraging political activism.



disintegration (cf. Kholi, 1991: p 44 and Martinussen, 1997: p 199)<sup>4</sup>. It is in this context, Bayart (1993: p 219) suggests, that factional struggles over scarce resources may end up as a mode of political production, and not of disintegration. The post-apartheid or post-liberationist state may well be 'stabilised' by a series of compromises between the state, recalcitrant social formations and strongmen over regime rules, culminating in a hegemonic project (balance of forces), constituting a democratic order with infrequent allegiance to the constitution or its normative assumptions of justice and social order.

The agreements and institutional arrangements between the state and the taxi industry are complex and surface at various levels of the state, society and authority. In certain areas the arrangements are institutionalised, such as the Local Road Transportation Boards (LRTBs) and provincial registrars, while in other areas it is formalised in a plethora of *ad hoc* arrangements, and is reflective of a *preferred* (relational) regime of contestation and behaviour, rather than a constitutional or statutory disposition. This preferred regime is based on a temporary, often functional, 'consensus'<sup>5</sup> and is frequently renegotiated as political elite and policymakers and actors in the informal political economy grapple to accommodate the fluidity of social relations between the state and society under conditions of scarcity. Often the presence of the state in these agreements is of a regulatory nature only and at times it (the state) takes responsibility predominantly for the solvency of such compromises. The state regularly serves on conflict resolution bodies<sup>6</sup>, but often a third

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<sup>4</sup> . Also see Chabal and Daloz (1999) for and their views on the 'instrumentalisation of disorder'.

<sup>5</sup> . In a statement released by his ministry in July 2001, Dullah Omar, when referring to the National Conference Planning Committee which set the agenda for the August 2001 conference in Durban, claimed that representatives of the national taxi associations/organisations are making an "intelligent input" towards the restructuring of the industry (*The Star*, July 26, 2001). On the evening of the final day of that August conference, six taxi bosses were murdered by recalcitrant drivers and rival association leadership 'marginalised by the conference agreements'. The National Taxi Alliance (NTA) was not only suspected of orchestrating the attack, but it also announced that the alliance "disassociated" itself from the South African National Taxi Council (SANTC) which was formed at the conference (*The Star*, August 23, 2001). The 'consensus' lasted less than eight hours.

<sup>6</sup> . It should be noted that, despite the magnitude of the violence in the taxi industry, the first institutional arrangement to deal with the conflict was only constituted in 1991 when the National Peace Secretariat (NPS) came into being. The NPS consisted of regional committees and 283 local committees, which were supported by a number of full-time peace monitors. Initially, at least, the new arrangement operated well. McCaul (1995: p 112) notes that 182 meetings took place between taxi associations and the NPS during the first two years.



party, in the form of a credible consultant<sup>7</sup>, is tasked with mediating conflict or incompatible interests. Due to its vested interests (dispersed in various departments and policy formulating institutions), the state is simply not considered an impartial mediator in the transport industry, and its capacity to enforce means of conflict resolution is severely impaired by the strength of its challengers. Some of the state's interests in the transport economy, however, are justified and entail subsidies to bus companies whereas others are part of the problem and appear in various forms of corruption, preferential relationships, direct criminal interests and violence. An important distinction, which should be made as far as the formalisation of the relationship between the state and the taxi industry is concerned, is that regulatory measures such as controlling boards or statutory prescriptions facilitating the effective functioning of the industry, do not necessarily imply corporatist tendencies. Some regulatory measures that exist, such as the original Local Road Transportation Boards (LRTBs), could probably also be functional under pluralist regime rules. Regulation for the purpose of bureaucratic efficiency should be distinguished from corporatist compromises that deal with seemingly incompatible conceptions of justice and social order. The most important Act dealing with the industry is the Motor Carrier Transportation Act of 1930. It, however, made no specific provision for corporatist arrangements, and merely *regulated* a rapidly expanding transport industry in congruence with the interests of an authoritarian state. The dramatic geographic and demographic displacements brought about by the forced removals from the early 1960s onwards and the growing momentum of liberationist tendencies in black politics paved the way for new legislation which shifted the emphasis from statutory regulation to draconian control. Eventually, the democratisation of politics in South Africa would bring new requirements to the process of social control; and corporatist accommodation, within a regime of

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<sup>7</sup> . Consultants have always been a controversial aspect of mediation in the industry, and in numerous meetings with the state the industry questioned the role and even relevance of consultants. Some consultants, such as Chapman of Chapman, Koloti, Sebata Consulting, however, have a very long relationship with certain taxi associations and actually provide the industry with additional representation. Due to his close association with T.J Ngcoya, president of SABTA, Chapman who headed TAXSAM, acted as a marketing manager for the industry. He later became managing director of FABOS Marketing, also as an offshoot of this relationship. Other well-known consultants are Stanway Edwards Associates (represented by industry-veteran Colleen McCaul) and Del Mistro and Associates (see Report on Greater Johannesburg Regional Taxi Forum, 1995).



systematic compromises, became the obvious solution to the confrontational and authoritarian dynamics of state-societal relations.

Of course the post-apartheid state, being a major “manufacturer of inequality” (Bayart, 1999: p 32f), contributed liberally to the conditions that nurture the corporatist project. Bayart (1993; 1999) argues that African states are, mainly due to their structural weaknesses, almost by definition prone to merge opportunistic capital interests with status and power. The question is, how can such a monopoly of powerful opportunism be sustained as it is continually confronted by other, equally opportunistic, actors in the formal political economy (similarly contributing to inequality) or by recalcitrant societal formations, to the extent that it becomes alienated from the civil and productive districts of capital formation? Inequality can then only be ‘balanced’ on the grounds of compromise and clientelist coercion and the post-apartheid state relied heavily on such relationships to soften the impact of liberalisation and broaden the artificial benefits of electoral legitimacy and liberationism.

This chapter provides a broad overview of the relational and institutional context in which the post-apartheid state sought to consolidate its control over the taxi industry. It highlights various strategies of social and economic survival provided by the industry, whereby the industry not only broadened its influence beyond the transport economy, but also entered the authoritative domain of the state. It is argued that the integrated and weblike structure of social control and authority which have continued in the aftermath of apartheid, not only weakened the autonomy of the democratic state, but also effectively attached it (the state) to a fragmented and highly volatile informal political economy, which subsequently forced the state into compromises with renegade and violent societal formations such as the taxi industry. The policy of co-operatives, and the recapitalisation process embarked upon after 2000 are advanced as specific manifestations of such compromises. In the last part of the chapter a more or less chronological description is provided of the state’s efforts to incorporate the industry into the realm of a compromised (corporatist) regime.



### 3.2 The elusive pursuit of hegemony and the need for a compromise

Since 1994, numerous committees, forums and task teams have sought to either resolve the conflict in the industry or to orchestrate a stalemate between warring parties. As will be indicated later in this chapter, these efforts have ended up being unsuccessful at best and a contributing factor to the conflict at worst. It is thus no irony that even those institutions initiated by either or both the state and the taxi industry often found their effectiveness challenged by reservations about their legitimacy and impartiality. The high turnover of industry-players<sup>8</sup> makes it no easier, while the organisational transformation from an authoritarian to a democratic state, unduly complicates institutional arrangements. Uncivil social contestation in consolidated democracies is usually dealt with through sanctioned coercion and it appears on the periphery of society and the broad consensus that determines social behaviour. It certainly does not constitute a dominant feature of the generally preferred culture of civility. Under conditions of prolonged and profound scarcity, uncivil social and economic contestation, as well as crime, may well become systematic and foster animosity to the authority and regulatory functions of the state and its institutions. Almond and Verba (1990: pp 143 – 144)<sup>9</sup> explain the complexity of contested institutional confines as a lack of commitment to the *political system*, which reflects negative evaluations of *policy output*, which again results in diverse and conflicting normative perceptions of justice and social order.

Efforts by the post-apartheid state to resolve the conflict in the industry focused primarily on two points. Firstly, the state sought to extend its realm of social control over the industry through regulatory measures such as the registration of pirate taxis, the controlled issuing of permits, effective control of taxi ranks (through a rank permit system), promoting a code of conduct and the establishment of co-operatives<sup>10</sup>. Secondly, it

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<sup>8</sup> . During a telephonic interview (Pietersburg/Polokwane, October 17, 1999), former taxi war unit commander in the Northern Province (Limpopo), Bryan Fraser, noted that as many as eighty per cent of the 'taxi bosses' he dealt with had died violently over a three-year period.

<sup>9</sup> . Also see Mattes (1996) for a limited application of Almond and Verba's theory on state-societal relations in South Africa, with specific reference to the case study of PAGAD (acronym for People Against Gangsterism and Drugs) and vigilantism on the Cape Flats.



attempted to lure the industry into an institutional compromise<sup>11</sup> through a range of economic incentives such as training, facilities, subsidies and preferential access to tenders<sup>12</sup>, and perhaps most importantly, the massive financial inducements of the recapitalisation process (see NTTT: Final Recommendations, 1996: p 53). Eventually, the state rearranged its interests in the control of the industry by legislating para-statals and co-operatives which would incorporate the industry into policy formulation, but also relocate the organisational responsibilities of the state to a structure of authority parallel to the state (see McCaul, 1995: p iii)<sup>13</sup>. The process of recapitalisation embarked upon in 2000, however, has not only been the most ambitious endeavour to formalise a compromise with the most dominant role-players in the industry, but also the most costly.

### **3.3 Conceptualising and negotiating the compromise: the NTTT framework**

Shortly after the 1994 democratic elections, state initiatives to extend its sphere of influence on the taxi industry got underway. Minister of Transport, Mr Mac Maharaj, requested that a ministerial committee (MINCOM)<sup>14</sup> be created to investigate "...the problems and issues within the taxi industry and to formulate solutions and/or policy options for recommendation to the National Minister of Transport, for his consideration and/or submission to MINCOM, to ensure the short- and long-term sustainability of the

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<sup>10</sup> . With government assistance five taxi co-operatives were established in the North West Province, Eastern Cape, Mpumalanga, Free State and the Northern Province (Limpopo) (leaving out the Western Cape, Northern Cape, Gauteng and KwaZulu Natal).

<sup>11</sup> . Initially "institutional compromise" meant co-operating with commissions of enquiry or conflict-resolution bodies, but as the war between associations spiralled out of control, the compromise grew to become part of the official policy domain and the industry penetrated various spheres and departments of the weak and corruptible state.

<sup>12</sup> . In Gauteng, 20% of all route tenders are allocated to the taxi industry. These route tenders are state-sponsored and aimed at addressing the state's need for transport. Taxi owners and association leadership are invited to provide transport on allocated routes where bus services are either inadequate or not financially viable.

<sup>13</sup> . The idea that the taxi industry should contribute to the regulation of the industry by not only exercising control over itself, but actively "police" its own operations has been proposed by state officials on various occasions, even though self-control has been part of the industry almost since its inception. In his foreword to the Gauteng Taxi Initiative (GTI), MEC for Transport, Olaus van Zyl, suggested that: "The taxi industry should be encouraged to be part of the law enforcement process through involvement and self-regulation".

<sup>14</sup> . MINCOM consists of the nine provincial MECs for transport and the national Minister of Transport.



industry, so that it can play an equitable and competitive role in the effective and efficient public transport system" (as cited in Stanway & Ackerman, 1997: p 2). The National Taxi Task Team (NTTT)<sup>15</sup> was duly constituted and included nine representatives of the taxi industry (one from each province), nine members of the various spheres of government and nine specialist advisors. The Gauteng province, which has the most taxi associations, was later allowed an additional representative, which brought the number of representatives from the taxi industry to ten (Nothnagel, 1997: p 2).

Given the conflict potential of the industry, it was important that the process of effecting a working relationship between the state and the taxi industry should be seen as an inclusive and accountable process and 36 public hearings<sup>16</sup> were held throughout the nine provinces during a period of six months (August 1995 - January 1996), while submissions to the NTTT totalled 1100. With a few exceptions, the final recommendations following the investigation were endorsed by MINCOM and then eventually by Cabinet. The Cabinet also accepted the proposal by the National Department of Transport that the implementation of the recommendations be funded from the national treasury amounting to R39 million annually over a period of two years<sup>17</sup>.

The volatility in the taxi industry, its importance as a part of both the formal and informal political economy, as well as its capacity to occupy and contest the state's monopoly on social control and coercion in public transport, ensured that the strategic approach of the NTTT included rather extended terms of reference. It addressed economic sustainability, training, safety in the industry, infrastructure, labour relations, a land passenger transport

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<sup>15</sup> . During 1993, the DoT initiated the Constitutional Transformation Project (CTP) to assess the impact of transport and transport policy on the various spheres of administration (with specific reference to the provincial and national spheres of governance). A number of committees and organisational structures emanated from this project, amongst others MINCOM as well as COLTO (the Committee of Land Transport Officials). The latter was primarily a 'technical committee' on deputy director's level with an integrating and co-ordinating function. Together with working groups and sub-committees, these structures initiated the NTTT and various other initiatives to establish control and stability in the industry.

<sup>16</sup> . See Country-Wide Public Hearings Report (February, 1996) for reflections on and analysis of the hearings. The final report of the NTTT (1996) also provides a detailed overview of the process and the hearings.



policy, issues pertaining to metered taxis, and regulation and control of the industry. These were later reduced to three areas of emphasis, which are: formalisation and training, regulation and control, and economic assistance<sup>18</sup>. The formal institutionalisation of the recommendations of the NTTT started in 1996 and by the end of September 1997 the following processes and institutions were beginning to give shape to the newly envisaged relationship between the state and the taxi industry. Taxi offices were established throughout the nine provinces, the registration of taxi associations<sup>19</sup> with the provincial taxi registrars<sup>20</sup> was underway, a registrars' administrative system (RAS) was established; draft legislation of the Land Transport Bill<sup>21</sup> was initiated; a code of conduct and a constitution to pacify extreme behaviour in the industry were developed; as was a grievance procedure to regulate labour relations and disputes (Stanway and Ackerman, 1997: p 11).

Not all of these systems operated necessarily with great effectiveness. In Gauteng, Western Cape<sup>22</sup> and the North West Province some of the envisaged systems of control were operational, but they also had to replace a culture of embedded and historical relationships, and as can be expected, it was to be a prolonged and complex process. Importantly, though, the violence in the industry, at least with the onset of these initiatives, showed a dramatic initial decline with formalisation of the compromise between the state and the

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<sup>17</sup> . Department of Transport: Recommendations for the Establishment of a Taxi Body in South Africa (1998: pp 2 – 4).

<sup>18</sup> . See Morton (1997) for a thorough overview of the *problematic* of regulation and competition in the industry in the aftermath of apartheid.

<sup>19</sup> . During 1997 – 1998, a total of 1255 taxi associations registered with the DoT (SAIRR, 1997 – 1998: p 375).

<sup>20</sup> . The idea of a provincial registrar had been shelved by 1997 due to weaknesses at provincial spheres of control and a national register was compiled in the national DoT. Also see DoT (IWG – 2000: p 3). These registrars were meant to be 'independent statutory entities'.

<sup>21</sup> . See the comments of Nothnagel (1997: pp 3- 5) as regards the formalisation, co-ordination and integration of policy. The devolution of the regulatory functions of the state required that provincial authorities promulgate legislation in compliance with the interests of neighbouring provinces as well as national policy interests. At the time, however, provincial administrations, constituted only in 1994, had very limited organisational and penetrative abilities and the taxi industry shared no other interest with provincial authorities other than those based on corruption and/or patronage (in itself a divisive phenomenon). Consequently, MINCOM decided in 1996/1997 to submit a single Bill to Cabinet, which included both national and provincial policy preferences.

<sup>22</sup> . See Spence, Abrahamson and Ahmed (1997) for an overview of transport policy in the Western Cape in the aftermath of the apartheid state and during the initial stages of the NTTT initiatives.



industry. Violence declined by 41% between 1996 and 1997. This again was lost the very next year as truces and compromises became contested in various areas and the number of violent events again increased by 97%.

**Table 3.1: Taxi violence: 1996 – 1997**

| Province | Number of incidents |      |                         | Number of persons injured |      |                         | Number of persons killed |      |                         |
|----------|---------------------|------|-------------------------|---------------------------|------|-------------------------|--------------------------|------|-------------------------|
|          | 1996                | 1997 | Increase/<br>(decrease) | 1996                      | 1997 | Increase/<br>(decrease) | 1996                     | 1997 | Increase/<br>(decrease) |
| E. Cape  | 210                 | 79   | (62%)                   | 174                       | 87   | (50%)                   | 74                       | 48   | (35%)                   |
| F. State | 12                  | 13   | 8%                      | 2                         | 2    | 0%                      | 5                        | 1    | (80%)                   |
| Gauteng  | 95                  | 108  | 14%                     | 90                        | 161  | 79%                     | 66                       | 109  | 65%                     |
| K. Natal | 45                  | 16   | (64%)                   | 56                        | 16   | (71%)                   | 38                       | 14   | (63%)                   |
| Mpum     | 22                  | 45   | 105%                    | 13                        | 32   | 146%                    | 7                        | 17   | 143%                    |
| N. West  | 22                  | 11   | (50%)                   | 41                        | 1    | (98%)                   | 17                       | 10   | (41%)                   |
| N. Cape  | 1                   | 2    | 100%                    | 1                         | 1    | 0%                      | 0                        | 0    | 0%                      |
| N. Prov  | 20                  | 21   | 5%                      | 54                        | 4    | (93%)                   | 6                        | 12   | 100%                    |
| W. Cape  | 150                 | 44   | 71%                     | 155                       | 31   | (80%)                   | 72                       | 7    | 90%                     |
| TOTAL    | 577                 | 339  | (41%)                   | 586                       | 335  | (43%)                   | 285                      | 218  | (24%)                   |

Source: SAIRR (1997 – 1998: p 42).

*Note: Violence decreased by 41% between 1996 and 1997. In the Western Cape, the decrease was the most dramatic (71%).*

**Table 3.2: Taxi violence: 1997 – 1998**

| Province | Number of incidents |      |                         | Number of persons injured |      |                         | Number of persons killed |      |                         |
|----------|---------------------|------|-------------------------|---------------------------|------|-------------------------|--------------------------|------|-------------------------|
|          | 1997                | 1998 | Increase/<br>(decrease) | 1997                      | 1998 | Increase/<br>(decrease) | 1997                     | 1998 | Increase/<br>(decrease) |
| E. Cape  | 79                  | 104  | 32%                     | 87                        | 85   | (2%)                    | 48                       | 75   | 56%                     |
| F. State | 13                  | 32   | 146%                    | 2                         | 7    | 250%                    | 1                        | 1    | 0%                      |
| Gauteng  | 108                 | 195  | 81%                     | 161                       | 199  | 24%                     | 109                      | 111  | 2%                      |
| K. Natal | 16                  | 78   | 388%                    | 16                        | 48   | 200%                    | 14                       | 42   | 200%                    |
| Mpum     | 45                  | 56   | 24%                     | 32                        | 35   | 9%                      | 17                       | 21   | 24%                     |
| N. West  | 11                  | 23   | 109%                    | 1                         | 14   | 1300%                   | 10                       | 9    | (10%)                   |
| N. Cape  | 2                   | 25   | 1150%                   | 1                         | 10   | 900%                    | 0                        | 0    | 0%                      |
| N. Prov  | 21                  | 26   | 24%                     | 4                         | 17   | 325%                    | 12                       | 9    | (25%)                   |
| W. Cape  | 44                  | 128  | 191%                    | 31                        | 99   | 219%                    | 7                        | 23   | 229%                    |
| TOTAL    | 339                 | 667  | 97%                     | 335                       | 514  | 53%                     | 218                      | 291  | 33%                     |

Source: SAIRR (1999 – 2000: p 65).

*Note: Violence in the taxi industry increased by 97 per cent between 1997 and 1998. Injured persons increased by 53% and those killed by approximately one third.*



**Table 3.3: Monthly breakdown of taxi-related killings between March 1999 and March 2000**

| Month          | Number of killings |
|----------------|--------------------|
| March (1999)   | 27                 |
| April          | 20                 |
| May            | 13                 |
| June           | 27                 |
| July           | 12                 |
| August         | 31                 |
| September      | 24                 |
| October        | 16                 |
| November       | 21                 |
| December       | 12                 |
| January (2000) | 13                 |
| February       | 7                  |
| March          | 7                  |
| <b>TOTAL</b>   | <b>230</b>         |

Source: SAIRR (2000/2001: p 91).

*Note: The format provided by the SAIRR was slightly different from previous years. It remained high for most of 2000, peaking during August and September, most likely due to an upsurge in confrontation in Soshanguve and Durban, where old turf battles over routes and ranks flare sporadically.*

The magnitude and fragmented nature of the industry does not allow for complete centralised bargaining and policy formulation. State initiatives were, therefore, aimed at decentralising its relationship with the industry to the provincial and eventually local spheres of governance. The final recommendations of the NTTT suggested, for instance, that metro/regional taxi councils, provincial taxi councils and national taxi councils be established, but the process was, at the time of writing, still under way and the need for broad consensus on the occupants of these offices made it a rather elaborate process<sup>23</sup>. The task team also suggested that these offices be filled through an electoral process, with eligibility to vote to be determined by the provincial registrar. Provincial taxi offices were, however, established in all nine provinces delegated with the following functions: To act as secretariat, to serve as a communication and liaison mechanism between taxi

<sup>23</sup> . Data from personal communication with DoT officials and consultants over a period of two years (2000/2001). By 2001, this process has neither been fully implemented and nor has it been a great success.



associations as well as with provincial government, and to computerise and implement training programmes.

The skeleton personnel of these offices would be funded by the state, but appointed jointly by the taxi industry and the state. All *primary*<sup>24</sup> associations must register with the provincial registrar. The obscure use of the term primary is perhaps an indication of the problems experienced with registration of associations. It is well known that the number of taxis which registered exceeded the authorities' and the NTTT's expectations by far. It is obvious that the NTTT and the state either did not understand the dynamics of the relationship between taxi owners and the associations or preferred to ignore it<sup>25/26</sup>. Large numbers of taxi owners used this opportunity to establish their own associations, often in an attempt to escape the coercive patronage of mother-bodies. The NTTT and its envisaged process of re-regulation was then also marred by an upsurge in violence in 1998, a clear sign that it disturbed embedded symmetries at the cost of certain interests in the industry.

Taxi associations and those controlling them fulfil an important function. Routes and taxi ranks are fiercely contested between associations with the strongest ones controlling the more lucrative routes to and from the metropolitan areas. Access to routes and taxi ranks and protection against rival taxi owners are the two most important facets of social control in the industry<sup>27</sup>. Each association, perhaps more so the more dominant ones, protects its

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<sup>24</sup> . The composition of the South African Taxi Council (SATACO), which was established in August 1998, comprised of both provincial taxi councils and representatives of eleven federal structures. The federal structures are the mother-bodies which are constituted across provincial boundaries. It is thus obvious that "primary associations" is a rather broad term aimed at ensuring broad inclusivity.

<sup>25</sup> . Interview with Colleen McCaul (August 24, 1998). This point was raised in an interview with McCaul of Stanway Edwards & Associates, consultants to the DoT. At the time she would not agree to an interpretation of looming conflict - due to the vagueness of the term 'primary' - but that turned out to be a fundamental problem as 'new' associations threatened old symmetries. Violence occurred in various flash-points (notably in Soshanguve, Rustenburg, the midlands of KwaZulu Natal, also at various taxi ranks in the Western Cape and the Diepsloot taxi rank) concurrently with state initiatives to register and formalise the industry.

<sup>26</sup> . Interview with Piet Geringer (September 13, 1999) of the DoT. To his credit, Geringer foresaw the possible diverse interpretations of the concept 'primary'.



respective routes with well-armed hit squads, thus not only providing drivers with a safe environment, but also protecting the associations' and taxi owners' share of the market. Taxi owners pay a fee<sup>28</sup> to taxi 'bosses' (association leadership) for protection (services delivered) and the use of the ranks and routes controlled by the various associations (cf. Dugard, 2001: p 40)<sup>29</sup>. From the perspective of the owner/operator, therefore, membership of a strong association provides security and rank facilities as well as lucrative routes, while the so-called mother-bodies, of which thirteen operate throughout South Africa, again rely on their numerous affiliated regional associations to entrench their financial capacity and power monopolies in the industry.

Research interviews conducted for this study over a period of four years (1998 – 2001) implicated mother-bodies for being involved in assassinations of recalcitrant association leadership and, during 2000/2001, and with the murder of taxi drivers belonging to the National Taxi Drivers' Organisation (NATDO). Dugard (2001: p 20) reflects on the life of notorious mother-body executive Dickson Mampane – the then president of the SALLDTA – who was alleged to have been behind hundreds of taxi-related deaths, and was then eventually himself murdered on 1 May 1997. Apart from his involvement in hit squad murders, legend and anecdote has it that he walked behind his own hit men, murdering them as they completed their gruesome assignments. Mampane was assassinated following

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<sup>27</sup> . See Report of the Goldstone Commission (1994: pp 4072 – 4080). The Goldstone Commission investigated the origins of crime and conflict industry and concluded that the allocation of routes and ranks is a major source of controversy in the industry. Pirate taxis often do not belong to an association (they usually become legitimate as soon as they affiliate to an association, especially the stronger ones who have direct access to LRTBs), and experience problems to operate as ranks are allocated through occupation by the stronger associations, and are not for general use. That is also the main problem for the state in legalising pirate taxis unilaterally: they need ranks to operate from and new ranks, frequently, lead to a proliferation of violence.

<sup>28</sup> . Departmental Research Project: The Social Origins of Conflict and Contestation in the Taxi Industry, Turfloop (1998: p 34). The project included interviews with eight taxi owners, two from Soshanguve, three from Pietersburg/Polokwane and three from Durban (February 1999 – March 2000). The fee to join an association controlling a lucrative route is approximately R10 000, but can be higher depending on the commuter density on a particular route. The weekly fee payable to associations varies between areas, routes, ranks and provinces. Mother-bodies back up by the threat of violence and murder, literally extort a payment for the use of ranks and routes from associations, and at regular intervals send henchmen to collect additional payments. Also see Dugard (2001) for research with similar conclusions.

<sup>29</sup> . In the Cape Peninsula, gangs are often used by mother-bodies and associations to collect protection fees from uncooperative taxi owners and operators (Dugard, 2001: p 62).



a meeting with the flamboyant Jacob Ledwaba who often appeared on television talk shows, with the SABC's Felicia Mabuza-Suttle and *Two Way* being his favourite shows, to argue his point and innocence. Ledwaba was the president of Lethlabile Taxi Organisation (LTO) and was murdered on 6 June 1997, shortly after the demise of Mampane.

Many smaller associations, which have no choice but to affiliate to bigger associations such as the Federal Long Distance Taxi Association (FELDTA) and South African Long Distance Taxi Association (SALDTA), would prefer to be in a position to escape from this relationship because of the financial and regulatory demands made by the large taxi associations<sup>30</sup>. Most drivers and taxi owners questioned during a survey<sup>31</sup> of the University of the North expressed the belief that these are functions which the state should provide and not taxi associations. If the state could provide routes, ranks and security, it would be possible to escape the financial burden imposed by associations as well as the conflict and violence over routes. The suggested process of registration, therefore, stirred a glimmer of hope with drivers and taxi owners that control of the industry would relocate from taxi strongmen to the state.

Taxi bosses, however, experienced the proposed regulation of the industry by the state not only as a financial threat, but also as a danger to their control of the industry and their power structures<sup>32</sup>. They were aware of the flood of smaller associations and taxi owners who would escape from their patronage and control<sup>33</sup>. The problem with the huge escalation in the number of registrations from the initial number expected was also due to growing pains with the implementation process, such as the fact that some provinces (notably the Western Cape) waived the requirement that those registered should provide

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<sup>30</sup> . These regulations relate to the allocation of routes, fees for the use of ranks and exorbitant membership of association fees. Also see Dugard (2001: p 40) for a discussion on the relationship between taxi associations and gangsters (on the Cape Flats, but also in a number of areas in Gauteng), and how the latter are used to extort fees.

<sup>31</sup> . Departmental Research Project: The Social Origins of Conflict and Contestation in the Taxi Industry, Turfloop, 1998.

<sup>32</sup> . Numerous interviews conducted with members of taxi associations in the North West Province, Northern Province (Limpopo) as well as in the Soshanguve area confirmed the fear of an industry "regulated and manipulated" to serve the interests of only a few strongmen.

<sup>33</sup> . Interviews with more than 30 drivers and taxi owners in the Northern Province (Limpopo) during 1997 - 1999 confirmed this.



proof of operating as an association for a specific time-frame<sup>34</sup>. The initial phase of implementation of state control and regulation, which gained momentum in May 1998, was then also marred by an increase in violence as taxi strongmen sought to protect their respective territories (Dugard, 2001: pp 20 – 21)<sup>35</sup>.

**Table 3.4: Registration of taxis**

| Province            | Registrations by September 1997 |           |          |
|---------------------|---------------------------------|-----------|----------|
|                     | Associations                    | Operators | Vehicles |
| Eastern Cape        | 90                              | 5 624     | 7 632    |
| Free State          | 90                              | 5 300     | 2 470    |
| Gauteng             | 220                             | 21 274    | 34 892   |
| KwaZulu Natal       | 304                             | 8 824     | 14 585   |
| Mpumalanga          | 79                              | 5 622     | 8 020    |
| Northern Province   | 112                             | 3 976     | 6 922    |
| Northern Cape       | 20                              | 391       | 1 200    |
| North West Province | 160                             | 5 468     | 8 004    |
| Western Cape        | 180                             | 7500      | 8000     |
| TOTAL               | 1255                            | 63 979    | 91 728   |

Source: Stanway & Ackerman (1997: p 15)<sup>36</sup>

*Note: While the registration process was still continuing, it was already clear that a large percentage of taxis and their drivers remained unregistered. The importance of the registration process receded as a point of compromise after 1997, even though it remained pivotal to the state's agenda. The discrepancy between the number of vehicles and operators may indicate that some operators registered more than one vehicle, while in the Free State, more operators registered than had vehicles.*

<sup>34</sup> . The lack of efficient management by the Department of Transport made verifying the presence and operations of associations very difficult, and the continuous conflict and controversy between associations over routes and ranks complicated claims made thereto.

<sup>35</sup> . Also see Spence, Abrahamson and Ahmed (1997). Violence in the industry tends to be sporadic and subject to infrequent flare-ups of old disputes. However, more often than not, initiatives by the state to accommodate the industry in the process of policy formulation occurred simultaneously with new waves of violence. During 1996, with state initiatives to control the industry in the Western Cape, sixty-five drivers and passengers died in renewed violence between the main adversaries in the Cape Metropolitan Area (CATA and CODETA). Adrian Beukes and Ahmed Mohammed (interviews: Cape Town, August 27 – 29, 1999), members of CODETA and CATA respectively, confirmed that the dispute originated in the competition for ranks and routes, especially the routes between Nyanga, Guguletu and the Cape Town railway station.

<sup>36</sup> . Stanway and Ackerman are from Stanway, Edwards, Ngomane Associates (Pty) Ltd, consultants to the Department of Transport in Pretoria.



**Table 3.5: Taxi violence as recorded by the Police Service Statistics in 1998**

|              | Incidents  | Deaths     | Injuries   |
|--------------|------------|------------|------------|
| January      | 20         | 15         | 41         |
| February     | 20         | 10         | 14         |
| March        | 21         | 19         | 10         |
| April        | 29         | 39         | 51         |
| May          | 44         | 37         | 81         |
| June         | 14         | 12         | 9          |
| July         | 25         | 34         | 31         |
| August       | 11         | 4          | 16         |
| September    | 36         | 16         | 32         |
| October      | 23         | 17         | 22         |
| November     | 35         | 23         | 29         |
| December     | 13         | 10         | 7          |
| <b>TOTAL</b> | <b>291</b> | <b>246</b> | <b>343</b> |

Source: Dugard (2001: p 145)

### **3.4 Merging crime and authority**

Crime and conflict as a means of social contestation can rarely be sustained without the assistance of the state or sectors of the state. Even in established democracies organised crime has found a foothold in certain state departments. But, developing political economies usually find their autonomy much more penetrable and if the consolidation of democracy implies a transition from authoritarian rule to democratic governance, the autonomy of the state appears to be even more frail<sup>37</sup>. In fact, the new democratising dispensation often inherits an institutional order where the spheres of state and society overlap at numerous junctures. The consequence of this is that dominant actors in society may exploit their access to the coercive or financial capacities of the state to enhance their influence in society at the expense of their competitors or plainly other members of



society. Often political functionaries deliberately provide strongmen or dominant social formations access to decision-making institutions to strengthen their bargaining power with adversaries in the political arena or to pacify recalcitrant constituencies.

It is obvious that power configurations determine the relations between policy-makers and interest formations, which again determine the value and functionality of the regime's perimeters. The outcome of the quest for state hegemony may, therefore, vary considerably between developing political economies, depending on the nature and result of power struggles and the social inequalities extant. These conditions (and relations) are then conducive to the rise of what Chabal and Daloz (1999: p 10) call the 'rhizome state' in which the constitutional configurations of power, control and justice are less important than the "subterranean roots" which stem from factional rivalries and conflicts. Of course, eventually, the constitutional configurations of control become infected by the nature of contestation beyond the domain of the state, and, often, come to mirror the behaviour of the corrupted authority and behaviour of strongmen, compromised officials and opportunistic interests in the informal political economy.

In the run up to the 1995 local government elections the National Party MEC (Member of the Executive Council) in the Western Cape province, Peter Marais, replaced a number of the non-statutory members of the Cape Town Transitional Metropolitan Council with members of the United Civic Organisation (UCO). The political history of these new members of the Cape Town Metropolitan Council makes dramatic reading. Lawrence Makhwela a former warlord and Witdoek vigilante on the Cape Flats led the UCO. Jeffrey Nongwe led the "Big Eight" vigilante gang in territorial wars in the taxi industry during 1992. He was also a former Witdoek vigilante who fought against formations aligned to the resistance movement on the Cape Flats. Two former Witdoek warlords, Mali Hoza and Johnson Nxobongwana already represented the National Party. Not only did their appointment provide the National Party with a majority on the council, but it also ensured that their constituencies remained aligned to the party during the elections<sup>37</sup>.

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<sup>37</sup> . Forrest (1988), O'Donnel and Schmitter (1989) and Migdal (1988).



It is well known that policemen and government officials own taxis<sup>39</sup>. During September 1996 two detectives of the Soshanguve police were murdered on the eve before testifying in a taxi-related case which implicated policemen during 1997. The head of a taxi association mother-body was investigated for seven murders. With connections within the state he arranged for his case to be transferred to Pietersburg and was soon after released on R5000 bail<sup>40</sup>. The National Taxi Drivers' Organisation in 1998 accused both the MEC for Safety and Security and the MEC for Public Works, Roads and Transport in the Mpumalanga province of owning and operating taxis (*Daily Mail & Guardian*, May 26, 1998). While such accusations are difficult to prove as permits are easily transferred to family members or acquaintances, at times they are also substantiated. During 1998 a senior member of the Gauteng transport department faced charges of misconduct after an internal probe found him to be a taxi permit-holder. What makes it even more bizarre, if not outright corrupt, was the fact that he was also the chief negotiator between the rivalling taxi associations and provincial authorities. In an interview with Barron<sup>41</sup>, Neville Thoms of the SAPS's Special Presidential Taxi Task Team (SPTTT) argues that policemen hire out weapons or act as protection to senior executives in the industry. In such a way they either protect their own interests or get involved for reasons of financial gain.

In the context of the taxi industry and the rise of authority in the domain of the informal political economy, the South African state and its constitutional obligations, in the

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<sup>38</sup> . See <http://www.mg.co.za/archive/97jun-news.html> for an elaborate discussion of this case, including the presentation made to the Truth and Reconciliation Commission as regards to Johnson Nxobongwana.

<sup>39</sup> . See *Mail & Guardian* (May 15 – 21, 1998), for a thorough reflection on this specific case. Kate Bapela, spokesperson for the Gauteng Department of Transport admitted that the violence in the industry is 'complicated' by the involvement of civil servants and police officers owning taxis, actively preventing both the prosecution and the regulation of taxi drivers and operators. George Mahlalela (*The Star*, November 6, 1996) puts it more bluntly: "[I]f a taxi owner's association is fighting with another association, [the policeman] protects the one in which he has interests". No less than President Nelson Mandela publicly accused the police of harbouring men and women who, "for financial gain", are undermining the state's initiatives to establish control over the industry.

<sup>40</sup> . Interview with Fanie Rautenbach (Pietersburg, February 13, 1998), former taxi unit police detective.

<sup>41</sup> . *Sunday Times*, October 17, 1998.



aftermath of apartheid, are not only becoming less important in terms of the dynamics of redistribution and social control, but are also rapidly being substituted by the urge to manage change (transformation) outside formal institutional perimeters. This process, obviously, challenges the teleological (and unilinear) notion that decision-makers are confronted only with a choice between *reform* and the *failure* of state institutions<sup>42</sup>. For all its failures, it is not evident and without question that the South African state will end up at one of the two extreme scenarios, which is either complete conformation to liberal democracy or a complete collapse of the state. A clientelist and/or institutional compromise, is indeed possible and such a compromise may, while unstable and unpredictable, balance the interests of the various and diverse contenders for social control.

What is certain, then, is that crime, corruption and political opportunism, and its exponents (strongmen) in the informal economy have become important vectors in the post-apartheid South African political economy, as well as policy outcomes. In Chapter Six, the presence and impact of patronage networks will be emphasised, and also the organisational means with which they provide strongmen to utilise their own resources or those of the state (to which they gained preferential access) to resist those rulers with an interest in centralising control. The rapid escalation in crime and the extent to which it becomes embedded in the relational and institutional fabric of the post-apartheid state should be analysed in this context. Crime may well be a significant component of state formation, and it dynamically shapes the normative confines of justice and social order in the post-apartheid South Africa. Political parties, a dominant feature of the architecture of liberal democracies, often afford opportunism (crime and the preferential distribution of resources) access to decision making processes and positions of power, and often contribute to the decay of the state's autonomy and authority.

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<sup>42</sup>. See Reno (1998: pp 9 – 11) as he employs the theoretical aspects of this argument to support his notion that weak states are an important variable in the analysis of the relational dynamics of the state-society dichotomy. Reno, by implication, supports the suggestion made in this study (albeit often for different reasons and with a different operational analysis) that strongmen do not necessarily represent the disintegration of social order, and may well be fundamental to balancing the grand compromise between the elite, the state and strong societal formations. This is similar to Chabal and Daloz's (1999) notion of the 'instrumentalisation of disorder'.



### 3.5 Political party affiliation and violence

In some respects political parties in South Africa may have acted as vehicles for undemocratic interests seeking to penetrate the democratic process<sup>43</sup>. The current configuration of party formation in South Africa also contributes to the proliferation of a destructive type of interest articulation. The incentive for destructive interest articulation is often greater in democratic regimes dominated by a single party. Instead of political parties vying for the incorporation of individual interests, they often seek to formalise preferential relations with dominant social formations. Their influence in the democratic process is often directly related to their capacity to advance sectarian interests in society. To a certain extent political parties and undemocratic forces prey on each other. This relational adhesive attaches political parties to concrete and well-entrenched survival strategies (*albeit* often criminal) within the informal political economy, thereby bonding the state's rivals with the policy process. Political parties thus do not only promise the provision of survival strategies should they secure control over the resources of the state through the electoral process, but the strategy employed to secure electoral control of the state includes vying for the support of less than democratic interests. The emphasis of participation is, therefore, not on aggregation of individual interests, but on the mobilisation of broad-based social formations. The state is, subsequently, weakened by the democratic requirements of participation and its liberal associate, political parties.

The relationship between the National Party (NP) and the United Civic Association (UCO) serves as an obvious example, but there are others. The Inkatha Freedom Party (IFP)<sup>44/45</sup>

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<sup>43</sup> . Also see Minnaar (1996) for a valuable and thorough explanation of the link between party-affiliated Self Defence Units (SDUs) and crime in South Africa.

<sup>44</sup> . During the 1990s the IFP bolstered the capacity of its Self Protection Units (SPUs) to counter the ANC's Self Defence Units (SDUs). For both formations the distinction between crime and justice appeared to be ambiguous, but they fulfilled a responsibility of social control neglected by the weaknesses of both the post-apartheid state and its predecessor. Armed with illegal weapons and with no formal training SPUs and SDUs investigated crime and for an additional income executed rogue elements such as unwanted taximen (Minnaar, 1996: p 1f).



has a long history of mobilising vigilantes and ethnic interests to bolster their influence within both the process of governance and also the electoral process. The disproportionate influence of the IFP, a party only dominant in the rural areas of KwaZulu Natal, in the national executive, may well be based on its destructive capacities - making them an indispensable role-player in policy structures - rather than on acts which broaden the inclusiveness of the democratic process.

During November 1996, three prisoners awaiting trial for taxi violence escaped from the Westville prison near Durban. They were assisted by warders who themselves were linked to the taxi industry<sup>46</sup>. A warder died in the ensuing gun-battle with police. One of the people assisting in the escape was a hospital official with links to both the taxi industry and the IFP. It was alleged by ANC-aligned warders that the IFP members and taximen arrested were often kept "unnecessarily"<sup>47</sup> in hospital to make them more accessible to the IFP leadership. In the same hospital IFP-connected taximen were regularly visited by a former KwaZulu Natal police captain who was mentioned in a Transitional Executive Council report (1994) of trying to "... secure the release of or pay individuals involved in hit squads" (Transitional Executive Council Report, 1994: p 45).

During April 1998 James Zulu was gunned down at his taxi rank. Zulu was perhaps better known as an Inkatha warlord than a taximan. The media (*Daily Mail & Guardian*, April 17, 1998) referred to him as a monster who turned to the IFP for revenge after his family was killed by a mob of ANC youths. James Zulu was also a member of the royal family and associated with rural chiefs who were opposing the ANC. His network of influence extended to traditional structures of governance, party structures in the democratic process, and the criminal underworld of the taxi war.

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<sup>45</sup> . See Kentridge (1990) for an ornate journalistic assessment of the IFP's involvement in the mobilisation of ethnic strongmen and their relations to warlords, the coercive apparatus of the apartheid state and organised crime in KwaZulu Natal during the last decade before democratic rule.

<sup>46</sup> . The story was widely covered by the news media, but Simon Ngubane, a warder at the Westville prison, was interviewed (Durban, January 16 – 19, 2000) to confirm the events reflected in the media.



In areas such as the midlands town of Richmond, and to a large extent most of rural KwaZulu Natal, the protracted violence is organised along political party lines. People often die in these 'wars' for merely living in an area associated with opposition political parties<sup>48</sup>. During July 1998 two prominent ANC leaders who attended a local council meeting in Gingindlovu near Eshowe died in a hail of bullets. Peace monitors who worked in the area claimed it was part of a conspiracy between the IFP, the UDM and taximen opposed to the ANC<sup>49</sup>. The ANC accused these parties of murdering their leadership in the run-up to the 1999 elections. Many more party officials on all sides of the conflict died before the first ballot was cast in 1999.

The case of Sifiso Nkabinda is a classic illustration of how political parties vie for the membership of warlords<sup>50</sup> and criminal strongmen. Nkabinda was a known warlord closely associated with the ANC-aligned Self Defence Units, operative throughout South Africa and who emanated from the liberation struggle. After his expulsion from the ANC in 1997, he was recruited immediately by the UDM, who, in an effort to establish a support base before the elections, were campaigning vigorously in strife-torn areas, especially rural and peri-urban townships such as Richmond. He became the UDM's general secretary, but not before the ANC-led government decided to charge him with a large number of murders in the Richmond area, all committed while being a signed-up member of the ruling party. Eventually, during January of 1999, Nkabinda, whose family was well known owners of taxi fleets in the Midlands, would die in a hail of bullets.

The network of relations between political parties and strongmen extends to the full consequences of uncivil contestation. In the Midlands area of Maphumulo a facility exists

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<sup>47</sup>. Interviews with Simon Ngubane (Durban, January 16 – 19, 2000).

<sup>48</sup>. See Minnaar and Pretorius (1995) for an elaborate explanation of how certain areas in KwaZulu Natal are demarcated according to ethnic and party political affiliation. Routes and taxi ranks are then positioned accordingly.

<sup>49</sup>. Interview with Thabo Makubedu (Johannesburg, November 3, 1998). Makubedu worked in the area as a peace monitor over a period of two years.

<sup>50</sup>. See Kentridge (1990) and Minnaar and Pretorius (1995). Warlords and strongmen in rural provinces often command small armies of armed men (for example Mapogo a Mathamata or even Inkatha leaders in KwaZulu Natal) and, as is the case in KwaZulu Natal, allegiance and obedience are extracted with 'guarantees' of money, food, alcohol, assistance with the granting of arms licences, taxi permits and even land allocation.



that provides training to Self Defence Unit members. Warlords, taximen and KwaZulu Natal policemen aligned to the IFP allegedly own it. This facility is frequently implicated in taxi disputes and the practice of ambushing party leaders and taxi bosses, which is a characteristic of the war in the Midlands<sup>51</sup>. The relationship between the IFP, the state and para-military control has a long history, as was admitted by former Vlakplaas-commander Eugene de Kock during his post-apartheid trial.

Perhaps the most bizarre of all cases is that of Russel Ngubo<sup>52</sup>, an ANC councillor for Impendle, just outside Pietermaritzburg and Deputy Director of the Department of Correctional Services in KwaZulu Natal. As early as 1994, Ngubo was linked to, and investigated by, the police and the elite Scorpion Unit<sup>53</sup> for as many as 30 murders in the province (*Mail & Guardian*, May, 5 2000)<sup>54</sup>. The allegations and charges range from the murder of political opponents to the assassination of witnesses. In almost each investigation the witnesses had either disappeared or were found murdered. At the time of writing, the Department of Correctional Services was aware of the allegations and charges against Ngubo, but refused to act against him as no witnesses existed and no dockets could, therefore, be handed to the justice system for prosecution. It is alleged that in 1992 he murdered an IFP opponent, Master Shelembe, and when he (Shelembe) was replaced, his successor fell victim to the same fate<sup>55</sup>. Men in police uniforms<sup>56</sup> executed the second

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<sup>51</sup> . Interview with peace monitor, Lindly Khosa (Durban, November 6, 1998). Cf. Minnaar and Pretorius (1995).

<sup>52</sup> . Ngubo was, for a number of years, the henchman to Sifiso Nkabinda until the latter's defection to the UDM, and together they wracked havoc in the districts of Richmond, Impendle and Stoffelton.

<sup>53</sup> . Requests to the Unit for an interview with the investigating officers were turned down as it "may jeopardise the investigation and endanger the lives of witnesses and the officers". During February 2001, Ngubo arrived at a prison in KwaZulu Natal requesting that some of the prisoners be allowed to play in a football match outside. The authorities turned down the request, but they had to call in the police and the army to protect them should Ngubo not accept the refusal.

<sup>54</sup> . In an article "The Prison Boss from Hell", investigative journalist Paul Kirk (*Mail & Guardian*, September 12 – 19, 2001) provides a brief summary of charges and allegations against Russel Ngubo. The information was obtained from a dossier compiled by the Crime Intelligence Service and the National Investigative Task Unit.

<sup>55</sup> . Minnaar and Pretorius (1995: p 10) note that during 1994 the taxi conflicts in KwaZulu Natal were mainly an "extension of the continuing struggle for political hegemony between the ANC and IFP...". Minibus taxis belonging to members of the two parties transported rival groups in attacks on hostels and ambushes of leadership cadres. They also put up roadblocks and taxis were used as 'chase cars'.



murder, and the murder weapon was soon afterwards found in the possession of Ngubo. The IFP then retaliated by murdering Ngubo's brother and four policemen and their dogs involved in the investigation of the murders<sup>57</sup>. It is obvious that not only was the state drawn into the conflict, but also political parties. Both the ANC and the IFP have strong positions in provincial as well as national spheres of governance, and the autonomy of the state is continuously compromised by the historical link between political parties, conflict and crime, as well as between political parties and the state.

In the aftermath of the 1995 local government elections racial tension between black and coloured rail commuters on the Cape Flats reached unprecedented levels. Taxis were stopped and black drivers transporting coloured commuters were threatened<sup>58</sup>. The trains between coloured and black townships became extremely dangerous, especially to blacks commuting from work in Cape Town. The increase in tension in the area was directly attributed to the racially polarised elections during that year and the fact that political parties exploited the racial composition of the electorate in the Western Cape by attaching race to the issue of unemployment and poverty. The National Party largely depends on the coloured vote of the province while the ANC is dominant in the black townships where unemployment and poverty are the most severe.

The ANC was still, at the time of writing, after more than six years in government, both liberation movement and political party, depending on what the circumstances require. The alliance that constitutes the ruling party goes well beyond the so-called tri-partite structure and includes various strongmen and warlords. In the delayed local government elections in

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<sup>56</sup> . Interview with Inspector Arend van Rensburg (Johannesburg, September 19, 2000). Ngubo is known to recruit and employ (?) members of the police service to assist him. The conflict within society is thus elevated to the level of the state, as some police members are IFP and others ANC. State resources and weapons are used by competing strongmen to gain an advantage.

<sup>57</sup> . Interview with Inspector Arend van Rensburg (Johannesburg, September 19, 2000), one of the investigating officers working on several cases involving Russel Ngubo.

<sup>58</sup> . This escalation of racial tension between black and coloured commuters coincided with the formation of the Peninsula Taxi Association (PTA) in 1995 as coloured associations became embroiled in rivalry with the primarily black association CATA. In June 1997 another predominantly coloured association, the Reformed United Taxi Association (RUTA) was formed with the express aim of defending coloured communities from the violence perpetrated by the black CATA.



the Western Cape two rival taxi association presidents were opposing each other as candidates for the ANC and PAC respectively. Often the strain of being both party to the conflict and responsible for governing contestation becomes unbearable. During 1994/95, in the informal settlement of Crossroads, Jeffrey Nongwe, who chaired both the Western Cape Squatters Association (WECUSA) and the ANC branch of Section 4 of the township was, together with other members of his 'cabinet', deeply involved in the conflict between the LAGUNYA and WEBTA<sup>59</sup> taxi associations (cf. Dugard, 2001: p 5). In 1993, Nongwe was also involved in the resettlement (forced removal) of squatters from certain areas in Crossroads. Eventually the excessive costs of harbouring a beyond control strongman, such as Nongwe, led to his expulsion from the ANC. In many respects Nongwe was a very typical Western Cape strongman with relations to both the informal structures of control, such as the Civics (SANCO), and the local gangs<sup>60</sup>, such as the Big Eight<sup>61</sup>. He also initiated a taxi association, together with the Big Eight, called Cape Amalgamated Taxi Association (CATA), many of whose members were PAC members disillusioned with the ANC affiliation of CODETA<sup>62/63</sup>.

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<sup>59</sup> . In this protracted conflict, WEBTA was associated with operators from traditional areas in the Eastern Cape while LAGUNYA represented the urbanised operators. During the early 1990s WEBTA managed to consolidate relations with apartheid authorities which led to preferential access to permits and subsequently the more lucrative routes between the sprawling shanty towns of Gugulethu, Langa and Nyanga. LAGUNYA at the time chose the less preferable option and operated a pirate service on routes allocated to WEBTA. The violent consequences meant hundreds of deaths and devastation of property.

<sup>60</sup> . Gangsterism, especially on the Cape Flats seems to be associated with the coloured community. Particular patterns in taxi violence between associations also reflect on this dimension. According to the Human Rights Committee (as cited in Dugard, 2001: p 16), CATA uses coloured gangsters as drivers or uses gang lords as protection rackets and assassins. Dugard provides a brief overview of gangs such as Sexy Boys, Yakkies, 28 (the notorious prison gang) and The Firm, as being involved in taxi-related crime and violence. This connection also merges taxis, gangsterism and the drug trade in the Western Cape and on the route between the Eastern Cape and the Western Cape provinces.

<sup>61</sup> . Interview with Johnny September (Cape Town, September 19, 2000), a Somerset West resident who left the Cape Flats after being involved as a gang member for nine years, losing his wife and two sons during that time. September has extensive experience of complex social relations between gangs, taxis and the civics. He also owned two taxis until they were destroyed in a dispute with members of the Big Eight.

<sup>62</sup> . Minnaar and Pretorius (1995) provide an intriguing overview of the conflict and the role-players in Crossroads at the time.



The tendency of the liberationist discourse to conceptually merge party and state has two direct consequences for democracy<sup>64</sup>. First, in developing democracies it draws uncivil contestation within society into the domain of the state, with all the consequences it has for the consolidation of constitutional rules and rituals. Secondly, it forces political parties beyond the confines of civil society as its interests are now not only the regulation of electoral contestation<sup>65</sup>, but it actively seeks to control the regulatory, distributive and extractive utilities of the state. These dynamics are also the main reason why the 'noble' aspiration of an effective opposition party, in the context of liberal democratic regime requirements, is such a farfetched idea and largely unattainable in Africa in general and South Africa in particular.

### 3.6 Internal strife and fragmentation in the taxi industry

The value of statistics<sup>66</sup> and data about crime and violence in South Africa tends to be obscured by institutional inefficiency, political agendas and the complexities of the country's informal political economy. A significant body of information and statistics

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<sup>63</sup> . The birth of CODETA was the result of the amalgamation on 20 March 1992 of two rivalling associations WEBTA and LAGUNYA in the Western Cape. Such amalgamations are frail and prone to breakaways, which subsequently did happen, leading to the formation of rival mother-body, CATA.

<sup>64</sup> . See Giliomee and Schlemmer (1999: pp 1 - 66) who refer to this tendency in the context of an "awkward embrace" between democratic aspirations and dominant party-politics.

<sup>65</sup> . One of the major differences between political parties in consolidated democracies and post-liberationist democracies lies in the way political parties act as vehicles for political participation. In the former the distinction between party and state is obvious and parties contest elections only. In post-liberationist democracies, political parties often act as the guardians of survival strategies and participate actively in the zero-sum contest for control of assets by preferential constituencies, thus merging conflicts over scarce resources within society with the distributive obligations of the state. Whereas political parties are part of civil society in consolidated democracies, they fall outside the operational realm of civil society in post-liberationist democracies such as South Africa. This argument will be further investigated in Chapter Five.

<sup>66</sup> . It often argued that the reliability of data and statistics disrupts the reactive intentions of the state and agencies involved in poverty relief, the provision of services or conflict resolution. During January 2001, the media, market players and the banking industry preferred to ignore the latest trade statistics of the South African Revenue Service as it was considered "notoriously unreliable". Since the second half of 2000, the Commissioner of Police placed a moratorium on crime statistics, as they were "exploited" by the media to "unfairly" criticise the state (*Mail & Guardian*, February 8 - 15, 2001).



pertaining to incidents of violence and the magnitude of the taxi industry exists, but the value of compiling a comprehensive database of deaths and capital involved is dwarfed by the inaccessibility and viciousness of the violence that ravages the industry. It is not as if the killings in the industry can be considered an internal affair between associations or between operators. It is very often passengers and/or innocent bystanders that end up in the firing line, and in many instances communities use violence to avenge the consequences of the war on them. In a typical incident in 1994/95 commuters stoned taxi drivers and set alight their taxis after a dispute between taxis and bus companies in Newcastle resulted in the intimidation of passengers. Many incidents of violence between taxi drivers and commuters are known, and boycotts of taxi associations associated with instigating violence occur frequently (Minnaar and Pretorius, 1995: p 11f). The war and violence in the industry is ingrained in the compromises and zero-sum contests that constitute survival under conditions of poverty and scarcity in all aspects of socio-political and economic interaction.

The high stakes involved in the R10 billion (Dugard, 2001: p 4)<sup>67</sup> taxi industry and the social and political milieu in which it was conceived do not allow for any degree of consensus and compromises are temporary<sup>68</sup>, fragile and burdened with a plethora of centrifugal interests, political agendas and the urge to renegotiate or enforce new terms and conditions for co-operation. The idea of electing<sup>69</sup> "credible leadership" to represent the taxi industry is often advanced, even by the NTTT, which is bizarre, taking into account the fragmented nature of the industry, its propensity for violence and crime and the high stakes of not being elected to such a 'representative' body<sup>70</sup>. Dipak Patel, the Department

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<sup>67</sup> . This figure is a mere *guesstimation* and based on the estimated 65 per cent share of the transport market controlled by the industry and the estimated value of services and vehicles involved, but is generally accepted by role-players in the industry, including the DoT.

<sup>68</sup> . A study of agreements reached by various mother-bodies and associations during the 1990s presents very few arrangements that survived the first few days after being negotiated and even fewer that were actually implemented. Many operators and associations interviewed for this study considered agreements a temporary respite during which to gain an advantage before hostilities continued.

<sup>69</sup> . See Recommendations for the Establishment of a Taxi Body in South Africa, August 1998: <http://www.transport.gov.za/publictrans/taxi/sataco-aug98.htm>.



of Transport official leading the task team is reported to have said it took him six months to figure out that some of the representatives he was dealing with had no authority in the structures they claimed to represent (*Daily Mail & Guardian*, January 24, 1997). No researcher or even DoT officials can state with certainty that they interviewed or negotiated with the real leadership (whoever they may be) within the industry. Even when President Nelson Mandela arranged for a meeting with whoever the real decision-makers may be, not one turned up. They all sent their lieutenants or lower-order strongmen, fearing their presence might expose them to hit squads or compromise their position of strength when negotiating with the state. Only one point of lasting consensus exists in the taxi industry: they do not pay taxes (DoT, IWG – 2000: p 10)<sup>71</sup>. At the meeting with Mandela the main reasons advanced for not registering with the state registrar were, first, they do know where to register and second, that registration would entail a compromise with the treasury<sup>72</sup>. As was expected, Mandela made it known to the taxi strongmen that he found the first reason ludicrous and the second totally unacceptable.

Fragmenting the industry further is their diverse relationships<sup>73</sup> with other social

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<sup>70</sup> . The recommendations of the GTI Report (1995: p vi) refer to “the lack of demonstrable representativeness [which] causes problems” and that while the election of leadership is considered important, the industry may not be ready and nomination should be accepted as a means of identifying leadership in the interim.

<sup>71</sup> . One of the requirements for qualifying for participating in the recapitalisation process is that taxi owners be registered with the South African Revenue Service as taxpayers. Interviews with taxi owners (among them Jason Malope, Johannesburg, September 12, 2000 and Aaron Mangoale, Soshanguve, September 12, 2000) for this study indicated that such a requirement will not be enforced at the expense of the recapitalisation compromise. It furthermore only applies to taxi owners while the arrangement between the state and SATACO involves associations. Unless this requirement is waived, or the benefits of being registered are outweighed by the costs of being a taxpayer, the treasury may well be the largest stumbling block to the process.

<sup>72</sup> . Also see GTI Report (1995: p 260). In consultation for a report on the critical issues facing the Gauteng taxi industry, the Johannesburg Taxi Forum argued that tax relief should be granted when taxis are purchased and that in exchange, the industry will conform to the state’s tax regime. The compromise was never seriously considered by the state.



formations in both the informal and formal economic spheres. In expectation of deregulation, fuel and synthetics giant Sasol<sup>74</sup> purchased a number of petrol outlets in Gauteng, leasing them to petrol companies. Their involvement in the retail industry, from which they are barred, was under the guise of black empowerment and formed part of a deal with Naledi Petroleum Investments. The Naledi consortium included the South African National Civics Association (SANCO), the National Hostel Residents Associations (NAHORA) and the National Black Retailers Association, all led by individuals who were closely related to the liberation movement. Part of the 'empowerment' deal was concluded during negotiations at the National Economic Development and Labour Council (NEDLAC), and the suspected close relationship between Sasol and the taxi industry was confirmed when the 'final' statement of the 'taxi bosses' on the role of Sasol in the consortium was identical to that of the petroleum company. As no compromise exists that includes the whole taxi industry, it is obvious that selective strongmen in the industry will gain preferential access to the petroleum industry, further eroding the prospects for a compromise between rival associations.

It is hardly possible to identify a single entity or point of consensus, or juncture of compromise, within the industry that survives the constant appearance of new variables in

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<sup>73</sup> . During January 2001, the Commissioner of the South African Police Service, Jackie Selebi, noted to the media that car hijackers are attached to various other forms of crimes through a complex network that makes policing very difficult (*Mail & Guardian*, January 27 – 3 February, 2001). What he did not mention was that they are also attached to the formal economy (so-called scrap yards and spray paint concerns), the taxi industry (as hitmen) and the state (in November 2000 three senior policemen in the Durban area were found in possession of stolen vehicles less than twenty-four hours after they were hijacked). During the trial of those involved in the biggest cash-in-transit heist ever in South Africa, three policemen (with the rank of sergeant) were found guilty of the Bronkhorstspuit robbery. Two of the policemen owned taxis and one supported his meagre remuneration as a policeman by also managing a Spaza shop (*Mail & Guardian*, February 13 - 20, 2001). In this regard, also see the research of Shaw (2002) on the inter-related nature of the various crime networks and syndicates in South Africa's underworld.

<sup>74</sup> . Sasol dominates the sponsorship of taxi ranks to local authorities and has, consequently, built a very strong relationship with taximen and associations. In a letter, dated 5 October 1994, Mosamai Koapeng, an assistant marketing consultant with Sasol, confirms the interest of Sasol Oil in the taxi industry by committing a "team of employees who are devoted on a full-time basis to the taxi rank development project" (see DoT, RR 93/682: p D-2).



the volatile equation making up the industry<sup>75</sup>. Taximen within the same association are under constant threat of being deposed. The financial benefits of being a senior member of a mother-body or association are such that they present sufficient incentives to rivals prepared to murder for money and status. Explaining the nature of taxi violence in the Soshanguve district, police superintendent Roy Govender told Evidence wa ka Ngobeni of the *Daily Mail & Guardian* (January 28, 2000), "It does not really stand to suggest that it is two groups at war...as there had been several occasions where people were killed by their own organisations". The narrow separation between death from within and death from outside is often described by a commonly used sport metaphor: Killing within your own ranks is referred to as 'scoring an own goal' while killing outside is 'playing golf'<sup>76</sup>.

### **3.6.1 The unwanted constituency: taxi drivers**

Important features distinguishing taxi drivers from their urban counterparts, and which leave them wedged between competing interests without sharing in the dividends of the conflicts and compromises between associations and the state, are, firstly, spatial (moving from the bantustan to the urban political economy), secondly, institutional (being subjected to completely alien structures and definitions of authority) and, thirdly, cultural (being alienated from community life and becoming dependent upon a commercialised survivalism). Reinforcing this multifaceted migratory process is the fact that neither the democratic state, nor the authoritarian edifice of the taxi industry seems to have been able to accommodate drivers as a constituency, until of course they resorted to violence as a means of enforcing their interests, especially during 2000 and onwards.

In this respect, the relationship between taxi owners and drivers would always have been an area of potential conflict that had been suppressed by the nature of authority in the post-

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<sup>75</sup>. The complexity of compromising is well explained by an incident during a meeting of the Greater Johannesburg Regional Taxi Forum (GJRTF) on 18 October 1994 at which it was suggested that two rival associations who were involved in a shooting incident earlier in the day discuss a possible solution thereto. The representatives of both associations steadfastly refused to identify themselves or their associations (GJRTF Report, 1994: p 44).



apartheid informal political economy. The impediments preventing the industry from being formalised entrench the status of taxi drivers as similar to labour in the informal sphere of the economy. They are not registered at the Department of Labour, have no medical aid, no pension and no disability cover. If they are retrenched or discharged for whatever reason they have very little scope from which to defend their rights, especially since taxi owners can coerce them into submission even after they have left the industry. Many 'obstinate' drivers were murdered after disagreements with taxi bosses<sup>77</sup>, and, needless to say, prosecutions are few and far between. The prospect of achieving justice by gunning down the owner of the vehicle or the association boss is considered much more feasible. Taxi leadership often have more than one home and prefer to employ drivers from rural areas to avoid being surprised by rivals or assassins from within their own associations.

During January and February 2000 resistance to the recapitalisation of the industry gained momentum from taxi drivers. They protested at the Midrand-complex where the short-listed manufacturers exhibited their tendered vehicles<sup>78/79</sup>. Those protesting the implementation of new vehicles were mainly members of the National Taxi Drivers' Organisation (NATDO), which represents an estimated 23 000 drivers<sup>80</sup>. The rival union, the Transport and General Workers' Union (T&GWU), which is an affiliate of the Congress of the South African Trade Unions (COSATU), represents about 25 000 drivers

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<sup>76</sup> . For the assassination of a rival mother-body executive, hitmen are paid as much as R80 000 (*City Press*, January 5, 1997), R4000 for a taxi owner and a mere R2000 for a driver (Smith and Vines, 1997: p 41).

<sup>77</sup> . Interviews at Giyani (February 1997 - August 1998) as part of Departmental Research Project: The Social Origins of Conflict and Contestation in the Taxi Industry, Turfloop (1998: p 34). The interviews were conducted with a number of taxi drivers and the association leadership. Further interviews were conducted with peace monitor Lindly Khosa (November 6, 1998) and Bryan Fraser (July 8, 1998), the latter a former head of the taxi war unit in the Northern Province (Limpopo).

<sup>78</sup> . The short-listed bidders for the provision of the vehicles were announced on 7 January 2000 and were: Tata; Gaz Joint Stocks Ltd; Daimler-Chrysler South Africa, Iveco, AMC and Kwoon-Chung (DoT, IWG - 2000: p 4-2). The most notable exception was Toyota, the foremost manufacturer of taxi minibuses the past 20 years, but who did not to tender due to what they perceived the deliberate preferential access other manufacturers enjoyed.

<sup>79</sup> . In November 1999, Karin Pearce of the national DoT explained to a parliamentary portfolio committee the tender process and also suggested that as many as 40 international manufacturers have designed vehicles with the aim of tendering (*The Star*, November 19 1999).

<sup>80</sup> . Figure provided by NATDO representatives, and may well be inflated considerably. DoT officials consider the figure suspect, but can provide no more valid estimate.



and endorses the recapitalisation procedure. Unions have always been reluctant to take on the taxi bosses and it seems as if violence has a much more effective track record than unions when it comes to changing the minds of taxi strongmen. It was only during 1989 that taxi drivers in the Vaal Triangle managed to organise themselves, establishing the T&GWU. At the time grievances related predominantly to wage disagreements, the responsibility for fines accrued, and the roadworthiness of vehicles. But, democracy and labour rights are ineffective when their enforcement is threatened by violence. Taxi drivers interviewed for this study were by and large of the opinion that they will never be able to call upon systems of justice and labour regulation as long as the authority of taxi associations and mother-bodies<sup>81</sup> is manifested in corrupt practices and violence<sup>82</sup>. The relationship between strongmen and corrupt authorities is just too close, and a real fear exists that these relationships may become formalised, through the recapitalisation process, and subsequently sanctioned by the state.

Many taxi owners started their careers in the industry as drivers. As wages are negligible, a variety of schemes was employed by drivers to secure capital which would allow them to purchase their own vehicles. The additional income generated, and which is not declared to the taxi owner, is often saved in a stokvel-like scheme and groups of drivers then purchase a vehicle collectively (McCaul, 1990: p 90). Some drivers managed to obtain a vehicle on their own through pilfering<sup>83</sup> way beyond their agreed upon wages<sup>84</sup>. This "corrupt arrangement" (NTTT: Final Recommendations, 1996: p 29)<sup>85</sup> often sours the relationship

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<sup>81</sup> . The conclusion of this argument seems to be that, "... mother-bodies have been allowed to develop and expand virtually unchecked by authorities [and are] behind most of the violence that has come to be associated with the industry" (Dugard, 2001: p 4).

<sup>82</sup> . This point was discussed with taxi drivers throughout the fieldwork for this study, and the disproportionate distribution of power in their relationship with 'taxi bosses' was regularly mooted as fundamental to the violence within the industry.

<sup>83</sup> . A Pretoria taxi owner claimed that his business' gross income increased from R30 000 to R80 000 a month after he converted to the smart card system (*Financial Mail*, November 12, 1999: <http://www.fm.co.za/99/1112/busec/bbusec.htm>).

<sup>84</sup> . The tremendous pressure on taxi drivers to collect a 'minimum target' per day led to overloading and speeding. The fact that most drivers aimed to eventually become taxi owners, further encouraged speeding as more trips meant additional income per day (see DoT, RR 91/270).

<sup>85</sup> . The report cites taxi owners who claim that as much as 50 per cent of 'takings' are pilfered by drivers.



between drivers and taxi owners<sup>86</sup>. The smart card<sup>87</sup>, which was introduced with great resistance from drivers in a number of areas, would, to a large extent, compromise the economic mobility of drivers. It was estimated that by November 1999 approximately 100 000 commuters<sup>88</sup> in the Pretoria area alone were making use of smart cards, with a number of deaths and shootings attributed directly to the system<sup>89</sup>.

In an oral survey<sup>90</sup> of taxi drivers in Giyani, Pietersburg/Polokwane, Nebo, Jane Furse and Johannesburg it was found that 29 per cent of the drivers interviewed had extended family relations with the owners of the taxi. Friends who were in the business recruited a further 33 per cent in rural areas. Only 18 per cent were resident in urban areas when employed by a taxi owner. Given the dangerous nature of the work and the low income it generates for taxi drivers, the relationship between taxi owner and taxi driver has always a precarious balance between economic desperation and coercion. The taxi owner provides the employment, the route and protection from competition, and the driver has no labour rights but an income and the prospect of earning an amount in addition to his arrangement with the owner. During the same survey 84 per cent of the drivers claimed that their average income was between R150 and R350<sup>91</sup> per week and after expenses, such as accommodation, traffic fines and food, less than R200 per month, which is hardly a salary to die for. For many years, until the late 1990s, no labour union succeeded in mobilising or representing taxi drivers. The threat of violence always lingered and not even the Congress

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<sup>86</sup> . A DoT survey (RR 91/270), conducted in 1991 amongst drivers in Mamelodi, Atteridgeville, Soshanguve and Mabopane, indicated that drivers and owners of taxis generally preferred a salaried means of remuneration, but due to unrestrained competition and pressure on profits, owners are reluctant to seriously consider such a system.

<sup>87</sup> . JSE-listed Paradigm Interactive Media through its subsidiary Taxilink and IT group Aplitec were developing the smart-card technology for the industry. Other companies may well also seek to enter the lucrative market (Interview with Adri Brynaard, Pretoria, September 12, 2000).

<sup>88</sup> . *Financial Mail*, November 12, 1999: <http://www.fm.co.za/99/1112/busec/bbusec.htm>.

<sup>89</sup> . Based on informal discussions held with taximen at Hillbrow and Johannesburg station taxi ranks. Also note Dugard (2001: p 23) for a brief reflection on the problems pertaining to smart cards.

<sup>90</sup> . Oral survey of taxi drivers between September 1998 and July 1998 (Departmental Research Project: The Social Origins of Conflict and Contestation in the Taxi Industry, Turfloop (1998: p 34).



of South African Trade Unions (COSATU) would do more than mention the lack of an effective labour policy in the industry. The drivers had always been a constituency without representation and were desperately seeking for a source which would restrain the coercive impact of taxi owners and association representatives.

**Table 3.6: Deaths and injuries caused by violence in the taxi industry (1991 – 1999)**

|      | Deaths | Ratio of deaths<br>1994 = 100 | Injuries | Ratio of injuries<br>1994 = 100 |
|------|--------|-------------------------------|----------|---------------------------------|
| 1991 | 123    | 67                            | 156      | 53                              |
| 1992 | 184    | 101                           | 293      | 100                             |
| 1993 | 330    | 180                           | 526      | 180                             |
| 1994 | 183    | 100                           | 292      | 100                             |
| 1995 | 197    | 108                           | 282      | 97                              |
| 1996 | 312    | 170                           | 616      | 211                             |
| 1997 | 243    | 133                           | 331      | 113                             |
| 1998 | 246    | 134                           | 343      | 117                             |
| 1999 | 258    | 141                           | 287      | 98                              |

Source: Dugard (2001: p 136).

A number of regulatory measures which surfaced as a consequence of the state's efforts to control the industry, actually contributed to violence involving taxi drivers<sup>92</sup>. During November 1999 taxi owners in Johannesburg arranged hit squads to murder drivers who were involved in organising a union<sup>93</sup>. While tension has always prevailed between associations and drivers, this has now become part of the volatility and relational fabric of the industry. Taxi drivers are a marginalised interest in the industry, but they bear the brunt

<sup>91</sup> . Some newspaper reports put the figure at approximately R400 (*Sowetan*, October 12, 2001). Wages vary between routes, cities and associations. Taxi drivers may well downplay their income during surveys. At least two associations interviewed informally during December 1998 claimed their drivers' wages to be in excess of R2 000 per month.

<sup>92</sup> . Spence, Abrahamson and Ahmed (1997: p 9) who had been involved in initiatives to formulate policy in the Western Cape, make the point rather bluntly: "The Provincial Taxi Office could not function effectively while these representatives [in the taxi industry] were using it as a base from which to strengthen their own position".

<sup>93</sup> . Interview with Inspector Arend van Rensburg (Johannesburg, September 19, 2000).



of the violence. Three reasons for this rupture in the previously entrenched relationship of dominance and coercion are advanced.<sup>94</sup> The first is what is considered a history of abuse of the dependency of drivers on the patronage of wealthy taxi owners. The second reason is less frequently admitted by drivers, but relates to the advantage drivers have in taxi owners and associations having no means of verifying the number of commuters transported on a given day. This provides the driver with an additional income, often twice the amount due to the owner. The smart card system preferred by owners and associations will obviously put an end to this. The excessive speed at which most taxis are driven and the penchant for overloading vehicles are direct effects of this lack of financial control taxi owners have over drivers. The third is that the recapitalisation of the industry will make an estimated 40 000 drivers redundant<sup>95</sup>. It may also cost employment opportunities for rank marshals, car washers, criminals involved in second-hand spares, and gangs trading in stolen taxis. The DoT, in their negotiations with the South African Taxi Council (SATACO)<sup>96</sup>, an institution comprising taxi mother-bodies and associations representing the industry in the recapitalisation process, requested that redundant drivers be accommodated in the structures of co-operatives, which was less than satisfactory as far as drivers were concerned, as such an undertaking contained no guarantees pertaining to income and employment security<sup>97</sup> and drivers would, probably, not want to be employed in lesser positions which do not allow for pilfering. Recapitalisation, furthermore, means the loss of lucrative business deals between taxi associations and traditional vehicle manufacturers, but it also brings together very unlikely partnerships. The protest of drivers against recapitalisation was alleged in the media to be supported by Toyota who stood to lose their dominant share of the minibus market (*Business Day*, September 16, 2000). In fact, Toyota suspected that the state were seeking alternative partnerships and clientele, and did not tender to provide the new technology-driven specifications the state laid down for taxis<sup>98</sup>.

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<sup>94</sup> . Interviews (August 12, 1999 – May 25, 2000) with (anonymous) representatives and former representatives of the National Taxi Drivers' Organisation (NATDO), and the Transport and General Workers' Union (T&GWU).

<sup>95</sup> . This figure is frequently mentioned in their deliberations with DoT officials, the media and researchers, but the formula according to which it is calculated is not clear.

<sup>96</sup> . The function and composition of SATACO will be elaborated upon in the section dealing with the recapitalisation process.

<sup>97</sup> . Interview with Sipho Motsepe (Johannesburg, September 12, 2000) representative of NATDO.



The excessive capacity of mother-bodies to impose their preferences on operators and associations is one of the main sources of violence and instability in the taxi industry. Mother-bodies, apparently, will frequently extract capital from operators and affiliates for reasons of protection or money due for utilisation of a rank (cf. Dugard, 2001: p 87). These are over and above the registration fee applicable when joining the mother-body. The violence that marred relations at the Soshanguve ranks is at least partially attributed to the South African Local and Long Distance Taxi Association (SALLDTA) who allegedly, on more than one occasion, arrived at the rank forcing operators to pay amounts of R30 and R50 respectively<sup>99</sup> for the daily use of the rank. The uneven balance of power in the industry is rooted in the capacity of strongmen to force rivals, as well as those already within the patronage network, into submission. Few operators can afford not to pay as they will lose access to the rank and might even be murdered thereafter. If an operator does not belong to a mother-body, he runs the risk of being murdered by rivals, but membership of a strong mother-body can, similarly, come at an unbearable price.

### **3.7 Funding the compromise**

The memorandum of understanding reached in May 1999 between SATACO and the state advanced four reasons for the need to recapitalise the industry<sup>100</sup>. While the industry was in dire need of stability and control, the unbalanced emphasis mother-bodies and associations placed on the financial burden taxi leadership and the industry was subjected to, reflects to some extent on the type of relationship it was interested in, and which will have secured their participation in the compromise. Emphasising its own role as a mere “partner” in the process, the DoT (DoT, IWG – 4/2000: p 2) stressed that high vehicle prices, the average “life of taxis” (which is more than 10 years), a lack of access to finance, and “inadequate

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<sup>98</sup> . Interview with Andrew Donaldson, (Johannesburg, June 13, 2000) marketing representative, Toyota South Africa.

<sup>99</sup> . Final Report of Enquiry into the Causes of Taxi Violence and Related Unresolved Deaths in Gauteng Province: ([http://www.gov.za/report/2000/taxi\\_violence.pdf](http://www.gov.za/report/2000/taxi_violence.pdf)).



revenue” due to unrestrained competition with other subsidised modes of public transport are the motives behind the envisaged deal between the state and the industry (then represented by SATACO).

Compromises between the state and contenders with the capacity to destabilise governance can be costly affairs, and the institutionalisation of an arrangement, which would balance the centrifugal forces constituting the taxi industry, will be based on access to the vast resources of the state. One of the suggestions of the NTTT then also included a request for R180 million to “... root out corruption and remove unlicensed vehicles from the industry” (*Beeld*, November 11, 1999). The state has accepted to a large extent that its role will mean contributing huge amounts of capital at the risk of a very low return, and in some provinces, notably in Gauteng, taxi associations are entitled to 20 per cent of all routes where the provision of public transport is operating according to a tender procedure (Gauteng DoT media release, August 12, 2000). In this context, DoT official Dipak Patel notes that: “The leverage which the government has over the industry is minimal. We have to resolve systematically the immediate mess in the taxi industry through a combination of incentives and economic assistance if they register” (as cited in the *Daily Mail & Guardian*, January 24, 1997). The moral justification of subsidisation is, first, that the industry contributes to black economic empowerment and, second, that it essentially provides a service to disadvantaged communities. The violence and uncivil contestation of the industry is also largely attributed to historical reasons, such as the interests of the apartheid state.

During 2000/2001, it was estimated that about 126 000 legal (registered) taxis were operating throughout South Africa and the DoT ‘guessed’ that more illegal taxis than legal ones were operating on South African roads (SAIRR, 2000/2001: p 77). The NTTT assesses about half of all taxis to be pirates and thus not registered. Taxis provide transport to an estimated eight million people on a daily basis with an estimated turnover of R15

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<sup>100</sup> . One of the ambitious aims of SATACO was, as part of the recapitalisation process and the expected inflow of large amounts capital – state subsidies as well as fixed foreign and local investments – to establish a finance institution which would, presumably, fund projects of development (such as co-operatives).



million per day<sup>101</sup>. The total value of the industry is estimated to be R15 billion in rolling stock<sup>102</sup>. If the state's envisaged involvement comes to fruition, and is eventually implemented (excluding the replacement of vehicles through the recapitalisation<sup>103</sup> scheme), it will come at a price of approximately R72 million in cash contributions and an estimated R200 million in guarantees<sup>104</sup>. The state hopes to attract private as well as foreign capital to the industry, but unless they are prepared to underwrite agreements, it is doubtful whether any investments, except that of the state, will materialise. Justifying the government spending envisaged it is frequently argued by taxi associations that the amounts are insignificant in comparison to past and current bus subsidies<sup>105</sup>.

Suggestions by the NTTT (Final Recommendations, 1996; 1997), and which were accepted by the state, include that R500 000 be made available by the state to fund "preparation of foundation material" (start-up capital) for trading co-operatives. The state will also have to take responsibility for the expenses to establish a core management team, which will assist with the implementation of the co-operative. The amount foreseen is R500 000 for each co-operative, and two or more co-operatives are suggested for each province. In addition each province will hold a provincial trading co-operative. One national federal trading co-operative will be established. The state also agreed to provide the first budget of each co-operative totalling an expected R450 000. Provincial taxi offices to oversee the functioning of co-operatives in each province will be established and funded at a cost of R500 million<sup>106</sup>.

Sixteen million rand was budgeted by the DoT for staff costs of the 36 co-operatives. The co-operatives will be granted licences to operate a petrol station at a taxi retail installation

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<sup>101</sup> . Dugard (2001: p 129) estimates that minibus taxis transport approximately 65 per cent of all passengers daily.

<sup>102</sup> . Karen Harverson: <http://web.sn.apc.org/wmail/issues/951208/wm951208-17.htm>.

<sup>103</sup> . The recapitalisation process will be elaborated upon at a later stage of this chapter, but deals with the formalisation of the industry.

<sup>104</sup> . Karen Harverson: <http://web.sn.apc.org/wmail/issues/951208/wm951208-17.htm>.

<sup>105</sup> . The DoT was approached for an amount on subsidies, but due to a decentralised subsidy system (which includes provincial and local authorities), no specific amount could be ascertained.

<sup>106</sup> . Except for the detailed figures, much of the information pertaining to the financial ramifications of co-operatives was gained from an interview with Henry Serfontein, financial consultant to Chapman, Koloti, Sebata Consulting.



(TRI) and will have to tender for state contracts. According to agreements reached, they will also negotiate deals with private suppliers of tyres and spare parts, finance houses, *et cetera*, on behalf of taxi owners/operators. The co-operatives are estimated to be functional at a cost of R18 million each and the members of co-operatives are expected to reinvest the proceeds thereof into the industry. Local authorities will be requested to transfer or lease ranks to co-operatives. The ranks will then be considered capital assets, which could be used as collateral to raise credit finance. It is, however, doubtful whether finance houses will regard ranks as collateral as they might never be able to attach the facility from taxi authorities in case of default<sup>107</sup>.

The state will also fund the allocation of a radio frequency to be utilised by co-operatives. The idea is to find private investors for some of these arrangements, but as a last resort the state will fund it. Apart from the seed money to established co-operatives, the state will, furthermore, foot the bill for director's fees as well as the costs of specialist advisors. A controversial suggestion by the DoT was that the state would encourage manufacturers to appoint co-operatives as dealers (*Financial Mail*, February 23, 1996)<sup>108</sup>. Fears were widely expressed that it may well lead to the new vehicle-market being informalised and corrupted<sup>109</sup>.

A suggestion by the NTTT (Final Recommendations, 1996: p 55) which the DoT approved for implementation was that financial institutions and credit bureaus be forced to eliminate all bad debt listings, as the reasons behind the default on payments should be laid at the door of either previous state policy or economic conditions. Obviously, that may well destroy all credibility the industry may have with credit institutions and by January 2002 this was not yet enforced. But, these compromises, between the state and the industry, are an indication of the desperation of the state to accommodate the industry. Many of these

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<sup>107</sup> . Interview with Henry Serfontein (Johannesburg, September 17, 1998), financial consultant to Chapman, Koloti, Sebata Consulting.

<sup>108</sup> . <http://www.fm.co.za/96/230296/BUS.6.htm>.

<sup>109</sup> . Interview (Johannesburg, July 11, 2000) with an anonymous representative of vehicle manufacturer Toyota who decided not tender for the recapitalisation process as it suspected the compromise between large taxi associations and the state excluded them and was based on preferential access.



compromises entail that the state intervenes on a large scale in the private economic sphere, which will not only create enormous uncertainties for capital interests, but also alienate the taxi industry from the formal economy. The industry cannot operate independently from other economic interests and cannot function indefinitely beyond the constraints applicable to the broader economy. Often enforced co-operation has a life and logic of its own, but it is rarely sustainable.

As long as the industry is considered a high-risk investment, vehicle finance will remain problematic. The NTTTT proposed two guarantee funds of R100 million and R10 million to facilitate co-operation with finance houses. The R100 million fund serves as guarantee for finance institutions to offer interest rates of no more than 3 per cent above the prime lending rate. The second, smaller fund is a so-called "stop loss" reinsurance. The idea of a state-guaranteed fund has been widely criticised as such a fund may encourage taxi owners to default on their payments with the state having a very limited capacity to recoup the lost capital, except for withdrawing from financial arrangements previously agreed upon. The state can scarcely afford to suspend its obligations as it could revive the propensity for violence in the industry.

### **3.8 Compromising by formalising: co-operatives as a means to viability**

The terms of reference of the National Taxi Task Team (NTTT) initiated in 1995 by Minister of Transport Mac Maharaj, centred on policy formulation and included the participation of taxi associations on an equal footing with the state (NTTT: Report, 1996). In fact, a number of participants<sup>110</sup> in the process believed that much of the outcome of final negotiations was determined by the taxi associations with the state attempting merely to ply the perimeters of their own role as conveniently as possible for the sake of stability and a workable arrangement. The corporatist nature of the final recommendations of the NTTT is obvious in their report, stating: "It is the NTTT's considered opinion that a

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<sup>110</sup> . Interviews were conducted with two members of SATACO, both of whom prefer to remain anonymous, but they confirmed the point made by several associations opposing SATACO, that the council was co-opted by the state, that it included significant financial inducements and that the representativeness of the council is dubious.



committed partnership has been struck between the key role-players in the minibus-taxi industry and government at all levels" (NTTT: Final Recommendations, August 1996: p 4). It is, however, necessary for such arrangements and their institutions to be relocated beyond the immediate range or control of the state, which means they should gain a status similar to para-statal, thus internalising a degree of autonomy<sup>111</sup> while still utilising the resources of the state to sustain the interests of the arrangement.

The Final Recommendations of the NTTT proposed the establishment of trading co-operatives, which could be incorporated under the Co-operatives Act (Section 17, no 91 of 1981). In response the state considered co-operatives the "...most effective strategy" to formalise the relationship between itself, the taxi industry and the formal economy. Co-operatives are defined as: "[A]n association of persons who have voluntarily joined together to achieve a common end through formation of a democratically controlled organisation making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which members actively participate" (NTTT: Final Recommendations, 1996: p 116). The aim of such taxi co-operatives is to create "...an autonomous association of taxi owners united to meet their common economic, social, cultural needs and aspirations through a jointly owned, democratically controlled enterprise"<sup>112</sup>. The consequences of co-operatives, however, are twofold: They attach the industry to the state through an institutionalised relationship of privileges and obligations and, secondly, they formalise a set of rules and regulations steering the relationship between the private sector elite and those dominating the informal sector of the economy.

As part of this agreement, individual taxi owners affiliate to the co-operatives, rather than the taxi associations. The purpose of individual membership is to prevent stronger associations from monopolising a particular co-operative. However, in practice it remains

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<sup>111</sup> . The last chapter of this study will return to this aspect in more analytical detail, but Local Road Transportation Boards (LRTBs) are an example of where the state realised that corporatist arrangements need spatial autonomy from it while their survival remains dependent upon state patronage.

<sup>112</sup> . Undated information pamphlet distributed to the industry for educational purposes by Chapmen, Koloti, Sebata Consulting.



possible. Each of the nine provinces has a head office and taxi retail installations (TRIs), which are situated in the main regions depending on the needs and viability in those regions. The TRIs serve as depot facility for vehicle repair stations and provide discount negotiated spare parts and tyres to members. Each region has a communication office located at the TRI. The provincial co-operative is then affiliated to the National Co-operative Forum on which each province has two representatives. Individual membership of co-operatives is based on criteria stipulated in the Statute of Incorporation while the Board of Directors is elected via the Board of Control/Provisional Taxi Council.

The role of the state is described as one of "active involvement" (NTTT: Final Recommendations, 1996: p 43). Beyond its presence as role-player, it also has to provide the seed capital for co-operatives to start. Apart from being involved in the decision-making structures, an active commitment includes promotion of the industry, education and the provision of managerial assistance. The idea is for co-operatives to, eventually, financially sustain their own role and activities. In practice, however, it is hard to see how the state can abandon co-operatives should they not be successful. Corporatist arrangements include the periodic re-negotiation of the role and obligation of the participating actors and it is expected that the relationship between the state, the taxi industry and the formal economy will show considerable reorganisation in the future. This reorganisation may well reflect a fair amount of instability and violence as interest formations within the industry manoeuvre to maximise their own status and standing.

The real nature of co-operatives became clear with the recommendation of the NTTT which stated "Government, as promoter of the co-operative, should enter into a contract with the members of the co-operative" (NTTT: Final Recommendations, 1996: p 117). The state has made numerous concessions to the industry, often through SATACO, and virtually all these arrangements are based on three ultimatums the industry has advanced ever since the process of formulation started in 1994: Subsidies, access to policy formulation and a degree of self-regulation. The authority of the state has been compromised in most arrangements whereas control over the industry has been transferred to its own internal arrangements. Due to the frailty of agreements and the exclusion of



some constituencies such as drivers and smaller unaffiliated associations the state had to, during 2000/2001, revert to coercion and closed down a number of ranks, most notably in the North West Province, but also in Soshanguve and Durban (*The Star*, September 19, 2001), a sign of weakness rather than strength. In many respects the process of re-regulating the industry has either stalled or failed completely.

### **3.8.1 Conflict of interests: taxi associations and co-operatives**

Mother-bodies, together with associations are in control of routes and ranks and provide the safety and security arrangements for taxi drivers on their respective routes. The regulation of the industry will, to a large extent, limit the impact of these mother-bodies. This is also the most important reason why registered operators and owners are granted access to co-operatives rather than associations. This not only provides the incentive for pirate taxi owners to become legal<sup>113</sup>, it also takes the emphasis of participation away from the rigidly structured and volatile relations between associations and between mother-bodies.

Much of the conflict in the industry is the consequence of a perceived unfair access to routes, ranks and the preferential nature of state patronage. If they are not structurally organised to circumvent historical divisions and conflicts, co-operatives can easily become the new territory of uncivil contestation and autocratic monopolies. Since most of the interests of the state are in the form of capital it is inevitable that it will be drawn into such conflict, further distorting its role as independent mediator. As the state possesses neither the incorporative capacity nor the regulatory capacity to manage the industry, it is of utmost importance that the capital incentives of the state be seen as fairly distributed by institutions representative of the collective interest of the industry. To a certain extent, the state, like most states challenged by strong societies, does not have much more to add to the equation than the stakes with highest risk value.

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<sup>113</sup> . The procedure initiated in 1996 yielded very inadequate results at the cut-off date which was 31 October 1997 and was subsequently extended and re-extended as part of a "be legal campaign" to as late as 2001. At the end of the first cut-off date, the DoT estimated, conservatively, that 25400 operators were still illegal (cf. DoT, IWG – 4/2000: p 4).



The exclusion of associations as an actor in the co-operative enterprise may well be an insurmountable obstacle to endeavours of formalisation and the envisaged merger between the industry and the private economy. It should also be considered a valid concern of associations. The idea, however, is conceived in the very problematic relationship between associations and taxi operators, which is based on coercion as well as the pressures of exceptionally high stakes<sup>114</sup>. Taxi owners and operators would want to escape from the rule of associations and it would be possible only if the state accepts an autonomous regulatory obligation. Related to this is the practical predicament of more than one taxi association in the geographical domain of a single co-operative. Very few convincing reasons exist to believe that co-operation between strongmen, in a single limited economic entity, will be harmonious in the presence of such high stakes.

These problems demand a trade-off between the state and taxi associations with specific ramifications for the process of policy formulation. To address the problem of pirate taxis, the state intends to provide sufficient incentives for them to register with the provincial registrar. In an effort to appease taxi leadership, owners and drivers are compelled to become members of an association in the first place. In terms of the final recommendations of the NTTT, "[r]egistered associations will [then] be officially acknowledged by the government as the recognised channel for negotiating public policy with the minibus taxi industry, and will be recognised as a channel of assistance into the industry" (NTTT: Final Recommendations, 1996: p 149). The most important regulatory aspect of the transport industry, and which associations were never prepared to negotiate on, is that of control over routes. The concession of the state entails that this will remain the domain of associations, which may well mean that violence also remains a dominant means of contestation in the industry.

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<sup>114</sup> . The NTTT found a way around associations as important role-players in co-operatives in Section 30 of the Companies Act, which prohibits an association of more than twenty persons from managing a business if aimed at gain by its members. In practical terms, however, the violent nature of rivalry between associations made their presence in TRIs intolerable.



In an effort to legitimise the process of formalisation, a strong emphasis was placed on the democratic nature of co-operatives as well as their autonomy *vis-à-vis* the state, but, paradoxically, associations and taxi leadership had to be recruited through economic incentives and benefits via the treasury. The effectiveness and economic viability of co-operatives depends heavily on the participation of large numbers of taxi owners so as to enhance not only their relative economic strength, but also their bargaining power with the elite in the private economy. It is envisaged that members will vote on all significant activities affecting the co-operative.

A number of advantages are included in membership. These are: improved bargaining power when dealing with other businesses, and the reduction of costs as volume purchasing reduces unit costs. The idea is, furthermore, to plough surpluses back into the interests of individual members. As the members are the only shareholders the incentive for quality service at reduced costs provides the fibre for productive management of the co-operative. Benefits to members will include amongst others, the following products and services: vehicle maintenance and service, electrical maintenance, quick fit of spares and parts, a towing service, smart card technology, insurance for vehicles, funerals for members as well as passengers, credit guarantees, vehicle dealerships, tracking and trunking (monitoring and communication services) as well as training and capacity building.

The idea of co-operatives as a means to formalise the industry in both political and economic terms had at least one major weakness: it created the impression that eventually it would detach the industry from those strongmen and 'bosses' who were acting as coercive patrons by altering power relationships in favour of taxi owners and operators. When that process faltered, the indispensability of associations and their leadership forced the state back into a compromise with those most successful in violating civility and control. That compromise was the so-called recapitalisation process.



### 3.9 Recapitalising the industry

Although the concept of recapitalisation of the taxi industry can be traced back to the final recommendations of the NTTT (cf. DoT, IWG – 4/2000: p 1), it is really the culmination of compromises between taxi leadership, most notably those in SABTA (Dugard, 2001: p 23) - represented by SATACO - and the state. However, the DoT needed a unified and representative body<sup>115</sup> of taximen to consolidate mutual compromises with, and formation of SATACO was the state's initiative rather than that of the taxi industry. SATACO was founded in September 1998 and comprised of a federal structure which included 12 mother-bodies and nine provincial taxi councils from all nine provinces. The federal nature of the institution is an obvious effort by associations not to impede on each other's autonomy, a problem that lies at the root of the conflict between associations. It is not certain how broadly representative they are, even though it is claimed that they represent 90 per cent of all associations (*Financial Mail*, February 4, 2000)<sup>116</sup>. But it is well known that approximately 50 per cent of pirate operators burden the industry and are not members of any association, which means SATACO certainly represents less than half of the total industry. No reliable data exists to substantiate the representativeness of SATACO or even that of driver representative institutions. However, the department of transport needed only "sufficient consensus"<sup>117</sup> to continue with the recapitalisation of the industry.

In May 1999, a long process of consultation came to fruition when SATACO, in the words of the DoT, "committed itself as a partner" to the process of recapitalisation (cf. DoT, IWG – 4/2000: p 2). It seems as if the pattern of thought within the DoT was that capital incentives would lure the industry into, at least, a temporary consensus within its own ranks, which would allow the state to proceed with the compromise. During its initial phase it was constituted as an interim institution with the aim of democratising it through "free and fair elections". The ultimate, *albeit* in retrospect naïve, objective was to forge a single representative statutory body. The state must have been aware of the fact that

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<sup>115</sup> . Previous attempts not fulfilling the requirements were: the Organised Taxi Industry, the South African National Taxi Council and the National Transitional Taxi Committee.

<sup>116</sup> . <http://www.fm.co.za/00/0204/currents/bcurrent.htm>.

<sup>117</sup> . Recommendations for the Establishment of a Taxi Body in South Africa (August, 1998: p 12).



complete unity would probably not be achieved under the prevailing circumstances of confrontation and violence between associations and operators<sup>118</sup>, and hoped to settle for a compromise with the most dominant taxi associations. The recommendations that led to the formalisation of SATACO note specifically that the institution is an interim structure that "aims to be as inclusive as possible given the current circumstances"<sup>119</sup>.

Taxis represent only an estimated three per cent of all vehicles on the road, but are involved in 17 per cent of all accidents<sup>120</sup>. During 1998 taxis were involved in more than 70 000 accidents, killing close to 900 passengers and 1385 drivers. Sales<sup>121</sup> of new minibuses peaked during 1990 and have declined since, mainly due to the extraordinary increases<sup>122</sup> in new vehicle retail prices (Goldstone Commission Report, 1994: p 4253)<sup>123</sup>. The average taxi is approximately nine years<sup>124</sup> old and few of them would pass a stringent roadworthy test. Toyota and Nissan minibuses are generally considered unsafe for passenger transport, as they are not designed to operate under the extreme conditions that prevail in the South African transport industry, but rather for Japanese or European conditions. They are designed to carry 18 passengers only, have no storage space, no seatbelts for passengers, and the entrance and exit is impractical for passenger transport. Their petrol engines also have limited durability when compared to those driven by diesel engines.

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<sup>118</sup> . This point was confirmed by a number of respondents interviewed in both the national Department of Transport and consultants in the industry.

<sup>119</sup> . DoT: Recommendations for the Establishment of a Taxi Body in South Africa, August 1998.

<sup>120</sup> . Data obtained telephonically from the DoT. Figures for 1999/2000.

<sup>121</sup> . Department of Transport figures indicate that annual new vehicle sales represent only approximately 2-3 per cent of the new vehicle sales. That should be seen in the context of an industry that transports an estimated 60 per cent of the South African labour force on a daily basis.

<sup>122</sup> . The average purchase price of a taxi in 1982 was R15 000, and sixteen years later (1998) it has increased more than 500 per cent to R100 000 and the value of a new Toyota minibus was R156 000 in 2001, which is often out of range for prospective new taxi owners and is partly to blame for the high rate of vehicle theft in the industry.

<sup>123</sup> . At the hearings of the Goldstone Commission, a Mr Browning gave evidence to the effect that no statistical evidence can be provided for the "decline" in new taxis in the market, mainly due to the fact that all new combis and minibuses sold are grouped in a single figure which then includes those used by families and not for commercial use. Also, a large number of second-hand vehicles enter the market, making it impossible to estimate the exact number of taxis or new entrants into the market.



During November 1999 the South African Taxi Council (SATACO) and the DoT concluded an agreement<sup>125</sup> according to which the battered minibuses would be replaced with new 18-seater and 35-seater buses. The DoT prescribed that to tender successfully, manufacturers should equip taxis with all legally required safety features, fit them with an electronic door controlled by the driver, provide the technical features for smart cards and include sufficient storage space in their design. An "electronic governor" will prevent speeding and the vehicles will be fitted with diesel engines. Taxi owners will be required to surrender their old vehicles to the state for a varying compensation, estimated to be up to R40 000<sup>126</sup>, which will then serve as a deposit on the new minibus. The new taxi owners will then be registered and allocated routes and ranks. At the time, the DoT<sup>127</sup> and SATACO<sup>128</sup> were to, together, approve the new taxis for which the manufacturers will tender.

The state made claims that such a registration will also lead to fiscal control as taxi owners will then be registered as taxpayers, which must be doubted as taxi bosses have indicated on various occasions during their negotiations with the state that no regulatory compromise should include imposed taxation<sup>129</sup>. It is, furthermore, claimed by the NTTT (Final Report, 1996: p 123) that subsidisation is necessary to supplement the inadequate profit margins of

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<sup>124</sup> . DoT: Recommendations for the Establishment of a Taxi Body in South Africa, August 1998.

<sup>125</sup> . An interim memorandum of understanding, which dealt with the recapitalisation of the taxi industry, was already concluded during May 1999.

<sup>126</sup> . They do not have to purchase a new taxi and are allowed to take the money and leave the industry. The idea is to remove all old minibuses from the industry over a period of four to five years.

<sup>127</sup> . The relationship between the state and SATACO had always been controversial and the claims of the representativeness always questionable. Under these pressures the relationship could be sustained only with great difficulty and in the May 19, 2001 edition, *The Star* newspaper reported what was generally discussed in the DoT as well as in the taxi industry: allegations of the misappropriation of funds flew fast and furious and the Department of Trade and Industry (DTI) intervened to prevent further abuse of a highly suspect 'loan' to SATACO. Joe Mabaso, the then chairman of SATACO, had the lame excuse that legal costs for a leadership dispute had to be settled and the 'loan' was the only money available. He also claimed to have informed the DTI and the Development Bank of SA. The latter forwarded the money, but later opened a fraud charge against SATACO (*The Star*, May 19, 2001).

<sup>128</sup> . It is quite possible that the composition of SATACO can change and vary over time, but at its conception it comprised eleven federal structures (mother-bodies).

<sup>129</sup> . Interview with Sibongo Tjale (Johannesburg, May 13, 2001), a member of SATACO. This point was confirmed by DoT officials and consultants directly involved in the negotiation process.



the industry. Apart from the fact that such a contention should be questioned, it is doubtful whether any revenue will be forthcoming from an industry so 'cash-strapped' that it needs subsidisation. Taxis generally do not operate on routes where the profit margin does not justify the provision of transport. Bus companies are less regular, but are subsidised by the state, and if better regulated they could easily provide the necessary transport on less congested routes. Mother-bodies and taxi<sup>130</sup> associations are known to have a high net income, while most taxi owners can be considered of middle income<sup>131</sup>. Proper regulation and constrained behaviour may well resolve the problem of liquidity in the industry. The issue of subsidies remains an important bargaining chip for taxi owners and the state desperately needs a justification for investing heavily in the prospects of a compromise.

During May 1999 the Gauteng MEC for Transport announced that an arrangement between the provincial government and SATACO which included subsidies for all taxis has been concluded. A second concession<sup>132</sup> the provincial government made was that taxis in the six demarcated<sup>133</sup> areas of the province would be participating in the formalisation of legislation pertaining to the industry. By November 1999, the state had to send in troops and police reinforcements, and close a number of taxi ranks in Gauteng. Few agreements within the taxi industry last beyond the day of signature. The stakes are not only high; the industry is too fragmented to enter into compromises with the state. It is also obvious that SATACO is effective in negotiating concessions with the state, but less effective in enforcing arrangements beyond its own members. The obvious reason for this is related to the question of representation (legitimacy), the number of constituencies left marginalised by the process (such as drivers, but also pirate taxis), and the dominant role the state played in the compromise that led to the formation of SATACO in the first instance. Even

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<sup>130</sup> . A limited number of taxi owners have as many as 12 permits, often using them for several different vehicles.

<sup>131</sup> . Most of the interviews done over a period of two years (1997 – 1999) indicated that taxi owners make a monthly net profit of between R3000 and R5000 per taxi. It depends on the route, rank, the condition of the taxi and who the owner is, but profit margins can be substantially higher (some claimed as high as R10 000) or marginally lower (3% claimed of lower than R3000).

<sup>132</sup> . It was also agreed that the state and the industry will pursue joint business ventures, but that would be a long-term strategy.

<sup>133</sup> . The Gauteng province was demarcated into six districts: Greater Johannesburg, Lekoa Vaal, East Gauteng, Kyalami, Pretoria and West Gauteng.



in the month following the formation of SATACO, challengers to the preferential and beneficial relationship between it and the state emerged. A number of taxi associations formed the National Taxi Alliance (NTA), with a claim equal to that of SATACO: that it represents the majority of associations in the industry. The NTA expressed concerns mainly with the recapitalisation process and perhaps it was no coincidence that they rose to importance in the same month the short-list of successful tenders for vehicle manufacturers was announced. In September 2001, SATACO and NTA merged into the South African National Taxi Council, but days later a splinter group aligned to the NTA announced that it 'disassociated' itself from the newly formed body<sup>134</sup>. It expressed the fear that the new 'unrepresentative' body may be granted statutory status, excluding NTA from both policy-making structures and the benefits of being recognised by the state as an indispensable partner.

It seems logical that the formalisation and recapitalisation of the industry will not be concluded without a very broad degree of consensus between strongmen, mother-bodies, associations and the representatives of pirate operators. Even if that consensus is motivated by financial interests and thus temporary and prone to frequent bursts of violence, instability and division. In this regard a representative institution such as SATACO serves a fundamental purpose. The recommendations of the NTTT and the principle of co-operatives, to a large extent, shifted the emphasis of power away from the mother-bodies to associations and even further down to operators. SATACO is the product of efforts by the state (and certain interests within the taxi industry) to civilise its relationship and it thus serves a very specific purpose. The strongmen in the industry are well aware that state subsidies and access to state resources can only be facilitated after a compromise of their short-term interests. Such compromises, however, can only be sustained if the incentive for civility is nourished by continued advantages of constrained behaviour. Which probably means regular access to the state's resources<sup>135</sup>.

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<sup>134</sup> . Getaway: <http://www.cartoday.com/livenews/news/01/09/18.6.asp>. SALDTA and the Lehlabile Taxi Association staged a walkout at the merger conference, expressing dissatisfaction with procedures during elections. The real reason, however, seems to be that they contested four positions on the new executive committee without winning any.



The basic justifications for compromises between weak states and strong societal formations are embedded in opportunism similar to the normative edifice of survival in the informal political economy. Compromises are, at a very banal level, a bribe on behalf of the state and the dominant regime to ensure the durability of, firstly, the system of governance and, secondly, the preferential access to policy formulation and distributive arrangements enjoyed by the dominant contenders. A practical manifestation of such a process is the shares that were offered to both an adviser to the DoT and the DTI as well as to SATACO by a smart-card manufacturer in exchange for preferential treatment in the allocation of a tender. Fully aware of the 'fraud', the DTI decided not to act against its preferred bidder. It was only when the relationship between the DTI and SATACO went sour in 2001, and the latter became excluded from the advantages of state patronage, that SATACO protested the preferential access of a foreign bidder in the recapitalisation process. Until then, the opportunism and deliberate preferential access to state resources, a salient feature of the relationship between the state and the taxi industry, was tolerated in the interests of the greater good presented by a regime compromise<sup>136</sup>.

### 3.10 Conclusion

Whereas the apartheid state endeavoured to resolve the conflict in the taxi industry through deregulation, the democratic state was seeking a solution by compromising on the rules, regulations and values regulating state-societal relations in the context of constitutional prescription. As a practical solution, cum stalemate, the answer is rooted, at least partially, in the state successfully extending a corporatist compromise which will accommodate the dominant actors in the industry, both in the formulation of policy process as well as the

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<sup>135</sup> . During 2000 the DoT (IWG 4 – 2000: p 8) estimated the cost per province, as regards to the recapitalisation process, as follows: Eastern Cape (R14, 7 m); Free State (R11, 55 m); Gauteng (R53,1m); KwaZulu Natal (R23,1m); Mpumalanga (R12,3m); North West Province (R13,65m); Northern Cape (R750 000); Northern Province (Limpopo) (R10,5m); and Western Cape (R10,35m). This amounts to R150 million and the allocation is done according to the number of registered taxis per province.

<sup>136</sup> . Interview with Khanyisile Khosa (Pretoria, June 12, 2001), a member of SATACO and a DTI official, Braam Kruger (Pretoria, June 13, 2001). The story was also covered comprehensively by Marvin Meintjies, a reporter of *The Star* (May 4, 2001).



execution thereof. In exchange, it is expected that the industry will conform to a multi-variable compromise where no single set of regime preferences dominates. Such a compromise may well be contrary to the pluralist perceptions of democracy prevailing in the Constitution as it will be founded upon preferential access between the state and its indispensable partners, but the corporatist project - at least temporarily - stabilises social and economic relations, as well as enforcing civility in the social relations within the industry. But, like old habits, old relations are hard to undermine and even harder to destroy. Historically embedded relations of patronage have to be replaced by more proficient and feasible alternatives. The state or the corporatist institutions formulated on the basis of the compromise, has to sustain the incentives to conform to that compromise as well as the survival strategies currently guaranteed by historical, social and coercive relations.

The following chapter investigates corporatist theory as one of the contending theoretical discourses prevailing in South Africa and it is suggested that corporatism be understood in the context of regime theory to enhance its analytical and explanatory value. The compromises between the post-apartheid state and the taxi industry are important features of such an approach.



## CHAPTER FOUR

### 4. CORPORATISM: THE SOCIAL RELATIONS OF CORPORATIST REGIMES

The African state which seems to be an inadequate representative or reflection of class confrontation in society consequently becomes a non-dynamic entity in society. Its primary role thus becomes that of maintaining "order" for its own sake...

- Nyang'oro (1986: pp 50 – 51) -

In fact, it is legality that is marginal; extra-legality has become the norm.

- De Soto (2000: p 23) -

#### 4.1 Introduction

The suggestion was made in the previous two chapters that the relationship between the post-apartheid (democratic) state and the taxi industry is founded upon compromises between the state's structures of policy formulation and its indispensable partners within the taxi industry. These compromises are formalised and institutionalised and may well become a dominant feature of the state's means of sustaining itself during times of crisis and it certainly constitutes an important characteristic in both the policy formulation process and the state-building process.

But, these processes and institutions occur in the context of a liberal democratic constitution. It has become accepted throughout the international political economy that democracy is a noble ideal to aspire to, and perhaps more specifically so with regard to the developing world with their 'emerging' free market-type economies. To scholars of democratic theory, the conceptual confines of democracy are relatively clear and determined as based on the interests of the individual, regular rituals of citizen participation (elections), accountable (institutionalised) representation, and an acceptable degree of civil liberties and civil



contestation<sup>1/2</sup>. Similarly, it is obvious that a great deal of consensus prevails with regard to perimeters of the dominant economic regime (i.e. the market economy) (cf. Gellner (1992: p 71)<sup>3</sup>, and rogue elements questioning the universal requirements of the market do so at their own peril, even if they have to, as De Soto (2000: pp 8 – 9) describes it, vigorously ‘pursue capitalism in the absence of capital’. This consensus, however, does not necessarily ensure the durability of democratic initiatives. In the context of eighteenth-century industrialisation, Polanyi (1958: p 233) warned that free markets can unleash the satanic mills on society, as it nurtures the ideological strains of fascism. Similarly respected scholar, Donald L. Horowitz (1991: p 88) thought it necessary to remind South Africans that: “The very first obstacle to democracy is the common tendency to think it will be easy to obtain...”.

The research question, therefore, not answered satisfactorily and which remains in dispute is: What makes democracies sustainable? While for the purpose of this study a more appropriate question would be, what makes political systems sustainable, especially those conceived in the need for compromises as the basis for political accommodation, (whether democratic or not), it is well worth dwelling on the question in the context of democracy<sup>4</sup>. Przeworski (1997: p 107) devoted a significant part of his academic life to this question and concluded that a democracy is sustainable “... when its *institutional* framework promotes *normatively desirable* and *politically desired* objectives...” (my italics). It sounds simple enough, but once

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<sup>1</sup> . See Dahl (1971; 1990), Martinussen (1997), Huntington (1984) and O'Donnell and Schmitter (1989) who, with varying emphasis, concur as regards to the conceptual and operational confines of liberal democracies.

<sup>2</sup> . The concept ‘contestation’ has its origins in Schumpeter’s (1942) contribution to the intrinsic ‘features’ of a democracy, essentially focussing on competition, but the idea was further elaborated upon by amongst others Dahl (1971), who suggested the slightly varying emphasis implied by contestation. Alvarez *et al* (1996), for instance, distinguish between regimes that tolerate limited, but regularised competition from those where a particular set of values and interests has a monopoly, or dominate, through its “threat or actual use of force”. The latter is then described as contestation while the former falls in the conceptual domain of competition.

<sup>3</sup> . Gellner (1993: p 44) refers to the “global disruption” caused by the “dominance of one cognitive and technological style”, which underlies the market and liberal capitalism.

<sup>4</sup> . Chabal and Daloz (1999: p 31) find the focus on meta-narratives such as democracy, development theory or modernisation to be ‘sterile discussions’ with a rather limited comparative value. According to them a “more concrete approach” would be “to study the actual behaviour of leaders and other political actors in relation to the rest of the population. What they should have added to this approach is the requirement to investigate the processes and procedures (regimes) which sustain the elite and their relations to society.



this ideal is operationalised it becomes obvious that it may just be what has been the Achilles heel of democratic aspirations throughout the African continent. The attributes of a sustained democratic process include freedom from arbitrary violence, the provision of material security, equality, justice and the capacity of the institutions of governance to limit the impact of crises on the *populis*. Societies organised successfully on the basis of these attributes are usually stable political entities with high levels of social consensus and significant enough economic growth cycles to sustain that consensus.

The emphasis is thus on institutional capacity. Which leads us to the next question: What type of institutions will reflect the capacity to facilitate and sustain the democratic process? Even before we seek to answer this question, it is important to stress that this initial emphasis on institutions (in either state or society) is not a statist theoretical neglect of the consequences the fabric of society has on the state. To the contrary: echoing the analysis of Migdal (1996: pp 91 - 105), it must be maintained that states influence societies as much as societies influence states<sup>5</sup>. The activities and nature of formations within society (exogenous circumstances) may well have adverse consequences for the capacity of institutional arrangements to address and resolve political conflict and economic contestation (cf. Chazan and Rothchild, 1989: p 168). It is, also, not possible to have a democratically organised society without the presence of a democratically inclined state. Unless, of course, if the idealistic (mythical) arrangement of anarchism as a form of social order is advanced as a feasible option. Once the maxim of a state-societal symbiosis is accepted we can focus on the type of institutional arrangements that will foster the rules, regulations and values (regime) applicable to citizens.

Przeworski (1997: p 107) confirms the dilemma faced by scholars of state-societal relations, and the institutions that govern these relations, when he insists on the correlation between "specific institutional arrangements" and their "performance". The next stage of analysis provides for the problem: If normative assumptions and dispositions about the preferred (appropriate) institutional order remain inconclusive (which they are) and the available empirical evidence (of its compliance and compatibility with, for instance, conditions in

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<sup>5</sup> . The important point of critique on the remarkable work of Migdal (1988; 1989) is that it neglected regime theory as an analytical framework for analysis.



developing political economies) is either inadequate or conditional, how do we resolve the relational conundrum between institutional attributes and the durability of democratic practices?<sup>6</sup> It may be assumed that the importation of liberal institutional forms of social organisation, electoral participation and the separation of powers *et cetera*, are necessary, but it certainly is not sufficient for the survival of democratic institutions and rituals (cf. Alvarez *et al.*, 1996: p 4). In South Africa the state has, to a large extent, accepted its institutional limitations as well as its inadequate capacity to regulate uncivil contestation into a democratic consensus. It not only ceded its authority of regulation to the strongmen (associations and mother-bodies) within the taxi industry, it also formalised it through compromises which reflect on its capacity to apply a universal set of rules and regulations. As a justification, these inadequacies are often, partially quite rightly, blamed on the political heritage of the apartheid state or prevailing monetary constraints, but the challenges pertaining to state autonomy, distributive justice and imperfect democratic institutions are also given. It is as a consequence of these challenges that new democracies often have to expand their regime perimeters beyond their (constitutional) institutional configurations by internalising less than democratic compromises in order for them to reproduce their own existence.

Conflict about the nature of the conditions determining labour relations and the concomitant struggle over the distribution of surpluses are the obvious areas in which the post-apartheid state had to adjust its liberal constitutional role for the purpose of social stability. Corporatist arrangements, which under these conditions assume an impartial state, therefore, are directly and specifically related to the process of production, and for all its shortcomings then also yielded substantial stability and sufficient consensus to allow for a significant reduction in the violence and destruction associated with labour relations in the past<sup>7</sup>. These arrangements may not necessarily be congruent with liberal democratic notions of governance and the market

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<sup>6</sup> . It will be valuable to keep the criteria pertaining to the "origins" and "consequences" of political regimes, as suggested by Alvarez *et al* (1996: p 144) in mind. Amongst other criteria, they suggest it should reflect an "exclusive reliance on observables" rather than "subjective judgment". While such an approach undermines the tendency to classify political economies as corporatist or not corporatist, it supports the notion of contending preferences within a single political and economic domain.

<sup>7</sup> . The jury is still out on whether this consensus is due to successful bargaining relations at Nedlac or whether the effective co-optation of the "labour aristocracy" facilitated it. It is worth noting that a number of labour leaders are currently occupying senior positions in the state, government and the Reserve Bank. A number of them went into business themselves.



and its justifications may be questioned, as such arrangements are founded upon *preferential access*, but as an exercise in state-formation it provides for the *efficiency* and *predictability* which encourage private capital investments in production and social development.

Corporatist theory tends to place the state as central to the notion of democracy and state-societal relations, but it also undermines the tendency to see states and societies as dichotomous and internally cohesive categorical entities (Mozaffar, 1989: p 47). Operationally, it merges the domain of the state with that of society through institutional arrangements with very specific economic consequences, while, conceptually, corporatism doesn't relate to the entrenched pluralist prescription of separating the spheres of politics, economics and society<sup>8</sup>. Important is that its institutional arrangements are facilitated for reasons that have to do with inconsistencies in the relationship between state and society and the skewed distributive practices of the economy<sup>9</sup>.

The institutional configuration of corporatism thus resembles a deliberate process and procedure of state-formation, particularly so in the context of developing political economies and the concomitant necessity of continuous regime transition. The fragmented nature of systematic patronage and the weblike structure of social and policy configurations, necessitate the devolution of authority and decision-making, even if it is at the expense of the state's autonomy. States moulded in the milieu of liberationism often find their traditional constituencies reluctant to ideologically (or merely for reasons of survival) disengage from the ruling party, and as the state requires a degree of autonomy to balance its representative obligations with the process of accumulation, it rearranges traditional relations to become bonds of preferential access<sup>10</sup>. Whereas regime features such as patron-clientelism do not

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<sup>8</sup> . See Gagliano and Du Toit (1996: pp 50 – 53) for the so-called “liberal view” on state-societal relations.

<sup>9</sup> . Stepan (1978) suggests that corporatism is primarily an elite response to crises. While the assumption would be a very broad one and subject to varying operational interpretations, in the context of market economies and consolidated democracies, it is certainly a valid if arguable supposition.



involve a structural redefinition of the state<sup>11</sup>, corporatist regimes invent new institutions of control and distribution in the public sphere to balance economic rationale with the thrust towards representation and distribution from within society<sup>12</sup>.

In areas such as the taxi transport industry consensus and compromise have equally been rather elusive, with the industry reflecting a plethora of diverging interest formations preying on a complex history of social disintegration and the prospects it holds for preferential access to the state as well as private resources. As was argued earlier, rural institutional decay and rapid urbanisation provide the historical context of this social disintegration. Subsequently, the protracted conflict in the taxi industry ended up embedded in the fragmented nature of informal urban<sup>13</sup> politics and the concomitant contraction (constituting a crisis as regards to growth cycles) in the formal sectors of the economy. The authoritarian (apartheid) state

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<sup>10</sup> . According to Chabal and Daloz (1999: pp 156 - 157), the durability of liberation movements in the realm of multi-party contestation is related to the fact that Africans construe political life on the "communal rather than individual framework". While the argument is not exactly earth shatteringly new, it confirms the presence of and relation between Weberian interpretations of political order (such as that presented by Bratton and Van de Walle (1997) and a contending rationale. In their criticism of Bratton and Van Der Walle, it is argued that: "[Their] notion of citizen is very precisely one which would be taken to be Western (or Eurocentric) in that it implies a degree of individual differentiation in society which is almost nowhere to be found in Africa". This confirms the argument that the rationale which determines political and elite behaviour in Africa should be defined in terms of what political actors believe for themselves, as opposed to a considered belief in the behavioural requirements of, for instance, a consolidated democracy. From this perspective then, Chabal and Daloz justify their proposition of the 'political instrumentalisation of disorder' and, similarly, from which this study suggests that 'disorder' may well exhibit a degree of generic stability which allows the hegemonic project (the corporatist regime) to be sustained.

<sup>11</sup> . Systematic patronage appears to be a salient, but institutionally unobtrusive feature of states in developing political economies. Perhaps so due to its association with corruption, but also due to its moral justifications, which are founded in the pursuit of black empowerment and a preferential distributive justice.

<sup>12</sup> . Mozaffar (1989: p 169) makes an all too abbreviated allusion to corporatism as a feature of regime-discourse, arguing that the prospect of a continual re-negotiation of 'power and issue' makes the "comprehensive corporatist regime... problematic". Under conditions where corporatism dominates the state-society discourse, he may well be correct in his assessment. In the context of contending regime preferences, the corporatist regime as complimentary or an alternative to liberal utilitarian arrangements of social control, explained as a series of formal and informal arrangements functional in the absence of both consensus and state autonomy (in dominant spheres of society), it broadens the state-building discourse.

<sup>13</sup> . De Soto (2000: p 4f) refers rather cynically to the urban (political) economy as the haunt harboring the "economy of the dead". While opportunity (mainly in the form of assets) is in abundance in informal urban political economies, the ability to produce capital is severely constrained by the absence of 'codification' and 'representation'.



provided the impetus for informal economic activities to proliferate as it constrained the mobility of individuals to migrate to alternative strategies of survival in the formal economy. It then, subsequently, contributed to the political criminalisation of both the industry and in a broader sense the informal political economy, as it, through legislation congruent with the ideological regime preferences of an authoritarian state, restricted its natural maturation. Facing two options, the National Party government, instead of extending the realm of the state through compromise and accommodation, legislated control of its contenders, such as strongmen in the taxi industry, beyond the institutional reach of the state. Subsequently, the democratic state endeavoured to replace *coercion* with *accommodation*, but with its institutional capacity effectively challenged it has to rely on arrangements of compromise. Corporatist regimes, the salient manifestation of formalised compromises on policy formulation and execution, thus become the most viable alternative in the quest for state-building and the survival of the ruling elite.

This chapter reflects on efforts by the post-apartheid state to consolidate its control over society. It briefly investigates the conceptual perimeters of corporatism and the corporatist regime, and argues that the continual redefinition (re-negotiation) of its regime perimeters - Chazan and Rothchild (1989: p 168)<sup>14</sup> refer to it as the consequence of ever "shifting alliances" - has become a very important strategy for the South African state to mould the necessary social stability conducive to universal economic principles. This strategy of the state, often considered its disintegration, may well be the edifice of its formation (Bayart, Ellis and Hibou, 1999: p 111). An important point, which is made throughout this study, is that the conceptual and operational confines of corporatism extend beyond the formal economy and the process of production. The taxi industry was conceived in the rigours of informal survival, and efforts by the democratic state to compromise with it on both policy formulation procedures and the eventual regulation of the industry, ensured that the informal political economy became as much part of the formal edifice of policy formulation structures as corporatist institutions such as the National Economic Development and Labour Council

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<sup>14</sup> . Importantly, they (Chazan and Rothchild, 1989: p 168) note, as Chabal and Daloz (1999: p 123) would later, that: "While frequently incohesive, these alliances which are one of the reasons for the continuous urge to re-negotiate the perimeters of the policy formulating regime, have proved far from random".



(Nedlac) or even business conglomerates. Therefore, if the prospects for social stability and economic predictability are considered fundamental to democratic governance, the analysis of its institutional features should include the interests of the state in extending its democratic (hegemonic) project to the informal political economy. As regards theory, perhaps the most important presumption that will be made is that, conceptually, societal corporatism and the notion of a corporatist regime actually have very little in common. In fact, they stem from two different theoretical traditions, and could best be described as two contending regime theories in a single political economy. The former concept illustrates the nature of interest aggregates functional in the broader context of consensus, whereas the latter allows for the type of compromise which is a typical feature of the democratic state in South Africa and its contenders for social control (such as the taxi industry).

#### **4.2 Corporatism as discourse**

The conceptual contents of corporatism have always been a highly contested terrain for scholars with a theoretical interest in the discipline of political economy, and doubts are frequently raised whether it can actually give analytical expression to state-societal relations in Africa<sup>15</sup>. The reason is obvious: corporatism is, in theory at least, predominantly associated with the underlying dynamics of class conflicts and the contest of access to, and control over, the process of production (cf. Adam, 1999: p 266)<sup>16</sup>. But, as the process of industrialisation is, with exceptional pockets of progress, a foreign reality on the continent, the African political economy has yet to give practical expression to the Marxian class discourse. Furthermore, the sociologically multivariate nature of African society and the political interests of the state are not nearly theoretically exhausted and scholars are, understandably, reluctant to impose grand narratives conceived in the industrial revolution or Western, consolidated democracies on the developing political economies. Thus, to what extent, does corporatist theory provide an

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<sup>15</sup> . See Selassie (1989), Turner (1989), Hutchful (1989) and Chazan and Rothchild (1989).



analytical frame of reference for state-societal relations in Africa, and does it have the explanatory depth and conceptional width to reach as far as the informal political economy of South Africa, of which the taxi industry is such a typical feature?

While in pluralist theory the state is merely assumed, in corporatism it is considered pivotal to state-societal relations. The state shapes social relations as well as the institutions that mediate those relations. To a large degree, the function of the state provides the state-society dichotomy with analytical profundity. Williamson (1985: p 54) operationalises the structural edifice of corporatism as embedded in 'the role of the state in augmenting social relations and compromises, the dominant features of the economy, the institutional facilitation of state-societal relations and the configuration of social structural differentiation'<sup>17</sup>. In an effort to move beyond the conventional, descriptive confines of corporatism, Mozaffar<sup>18</sup> identifies three key issues pertaining to corporatist theory. These 'key issues' not only contextualise corporatist theory by applying 'domesticated' conceptual perimeters, but they also add historical and relational dimensions to the state-society dichotomy. In this regard Mozaffar emphasises the meaning of corporatism (its conceptual perimeters), the nature of the state and the historical (and socio-political) factors shaping the dynamics of corporatism. The rest of this chapter will address these three issues.

#### **4.2.1 The conceptual confines of corporatism**

During 1974 Philippe Schmitter published an article in *The Review of Politics*<sup>19</sup> which not only revived the prospects of corporatist theory being applied as a "comparatively analytic" frame of reference, but also sought to unearth a universal conceptual and operational

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<sup>16</sup> . Corporatism is no alternative to Marxists as it compromises the interests of the working class, and the conflicting interests of classes cannot be overcome other than through a revolutionary realignment of the political economy. In spite of this, as Panitch (1996: p 6) observes: "The term corporatism is used more positively on the South African left than anywhere else I have ever known in my many years of studying tripartite structures". The Gramscian criticism that institutional arrangements between labour and capital are pacifying the revolutionary inclination of workers seems to escape the left in South Africa.

<sup>17</sup> . Also see Mozaffar (1989: p 49) for an elaboration on this.

<sup>18</sup> . Also see Mozaffar (1989: p 50) and Chazan and Rothchild (1989: pp 168f).

<sup>19</sup> . Review of Politics 36, no 1.



consensus which would enhance the utility of corporatist theory. Studying, what he calls "corporatist systems"<sup>20</sup>, Schmitter attempts to provide a conceptual explanation devoid of ideological narratives by investigating corporatism "in terms of its praxis". From this followed his famous definition of corporatism as: "[A] system of interest and/or attitude representation, a particular modal or ideal-typical institutional arrangement for linking the associationally organised interests of civil society with the decisional structures of the state" (Schmitter, 1974: p 33).

Rather controversially Schmitter (1994: p 86) also makes the point that the institutional longevity of corporatist systems of interest representation is not necessarily less stable or limited in terms of its durability than that of pluralist ones. Surely, however, such an observation of comparative systems of interest representation is based only on the consolidated political economies of Western Europe and North America, and while conceptually beyond the liberal utilitarian rendition of a democracy, operationally still well within its realm as a regime<sup>21</sup>. If juxtaposed, the contrast becomes obvious: the corporatist compromises of Latin America, and certainly those that prevail in parts of Africa, are conspicuously less stable and significantly less durable than those in the northern hemisphere (developed political economies).

In rather general terms, Dahl (1971: p 22) identifies two dimensions of effective and democratic governance: *general participation* and *contestation*. In an effort to make provision for the societal texture of developing political economies Schlemmer (1999: p 281) adds an additional dimension when referring to a "foundational pact"<sup>22</sup> between contending elite which provides guarantees for vital interests<sup>23</sup> operative beyond electoral representation. If

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<sup>20</sup> . "Corporatist systems" as a concept resembles the notion of the *corporatist state* or the possibility that the relational edifice between the state and society are homogeneously determined by compromises to the exclusion of conventional systems of representation such as political parties or legislatures. However, if "corporatist systems" reflects on the "conceptual affinity" between corporatism and pluralism, the reference to systems is understandable, if not acceptable. This point will be further discussed later in this chapter.

<sup>21</sup> . This point will be exhaustively argued and justified in this and the next chapter (Chapter Five).

<sup>22</sup> . Also see Karl (1990) for a similar discussion.

<sup>23</sup> . Lewin (1994: p 44) refers to these interest formations as "intense minorities" who consider themselves to be excluded in a system of equal representation.



these pacts are inclusive and sustain stability, they protect the integrity of the regime, be it democratic or not (cf. Lewin, 1994: pp 59 – 79). The logic of such institutionalised guarantees should, however, not necessarily be interpreted merely as a form of protection to capital interests against the “tyranny of the majority”, but could also serve as an elaboration upon existing systems of representation. Whereas electoral systems of representation provide for the horizontal incorporation of individuals and constituencies, these ‘foundational pacts’ provide for a vertical extension of interest representation. For these vertically configured relations to sustain their impact on policy formulation, they need the endorsement of the representative institutions of governance, as well as extensive consensus within society. While the tendency is to argue for foundational pacts to include so-called minorities (“sub-societies”<sup>24</sup>), the argument could, similarly, operationally be extended to associational interests functional beyond the state’s control and to the detriment of the democratic process.

Schmitter (1974: p 89) explains corporatism as those relationships that represent specific and functional interests between state and society. These interests evolve spontaneously from the dominant organisational configurations within society. Their preferential status *vis-à-vis* other interest formations is legitimised on the basis of representing interests which are important to the reproduction of social and material survival. However, their presence within the institutional domain of policy formulation is legitimated by “recognition” from the state. The state also intervenes in their organisational composition and functioning by insisting on the adherence to specified rules, regulations and norms. The formal and legal perimeters of co-operation and the degree of mutual autonomy are specified by a reciprocal arrangement between the state and those elite representing societal interests. Important, though, is that in terms of Schmitter’s definition, corporatism as a process is essentially driven by a vertically structured arrangement between the elite. The state reserves the domain of coercion while the societal elite are expected to have sufficient control over their members to enforce arrangements and agreements. These contending formations, furthermore, embody no overlapping membership or affiliation<sup>25</sup>. The “organisational closure” (Mozaffar, 1989: p 51)

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<sup>24</sup> . The term “sub-societies” is used by Schlemmer (1999: p 143) to described minority constituencies. In this context he refers mainly to the issue of race and ethnicity.



of societal interests generally confirms the observation that corporatism reflects on the managerial capacity of the state and the collective management of the dividends in the market.

Schmitter (1974: p 96) also defines corporatism as a political subsystem of interest mediation, which is, as a theoretical discourse reflecting on social order and democracy, almost diametrically opposite to pluralism. In theoretical terms, it provides us with an analytical frame of reference (as opposed to a methodological one) to investigate the patterns of relationships that exist between societal formations (associations) and the state under varying social and economic conditions<sup>25</sup>. Operationally, corporatism is reflected in the activities of permanently organised and specialised associations that pursue their members' interests by influencing and contesting collective choices in the process of policy formulation (cf. Schmitter, 1986: p 342). It is, however, the *relational* edifice binding the associational interests of society to that of the state which consolidate corporatism as a regime.

Bianchi (1986: pp 507f), on the other hand, advocates a greater degree of compatibility between pluralism and corporatism. African states that are drawn into corporatist compromises are not acting so at the expense of pluralist regime preferences, but in addition to them. To these states, corporatism is useful in times of economic crises or when social formations are becoming a threat to the durability of the state. Most African regimes display a persistently heterogeneous configuration of regulation, intervention and representation, and various regime-types may prevail in a single political economy. The ebb and flow of economic decline and social contraction, which seems to be the distinguishing feature of African political economies, do not allow for less than pragmatic approaches to crisis and conflict resolution. A very relevant question in this regard is: can pluralism and corporatism co-exist in a single political domain, and if so, what is the nature of the conceptual and operational interface between the concepts? Asked differently: Do they *co-exist*, or is there a degree of *affinity* between them which indicates a conceptual and operational merger between them?

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<sup>25</sup> . This contention remains a controversial one when corporatism is merged with the notion of regime theory, emphasising its (re)distributive attributes and functionality (as opposed to a system of interest representation), under post-colonial conditions.

<sup>26</sup> . See Schmitter (1974: pp 96-97) for the discourse from which this argument emanates.



Corporatism, then, can be postulated as both a method of *interest mediation* and a means of *social regulation*. Both these “methods” correspond conceptually with Schmitter’s definition of corporatism, but for the purpose of this study it is preferred to consider it as a strategy of social regulation<sup>27</sup>. The reason is obvious from the case study that we apply: Weak states, by nature of their ineffectiveness, implicitly encourage social formations to extend their dominance to the domain of the state. The state is not merely mediating between strongmen in the taxi industry, it attempts to institutionalise a distributive regime that will address the violent contestation in the industry. It (the state) is also not only regulating the relationship between strongmen in the industry, it seeks to share its monopoly on violence with the industry by, first, raising the financial incentives for strongmen to participate and, second, compromising its monopoly on social control. Corporatist regimes, thus, represent shifting relational boundaries, especially when applied to the diverse organic composition of developing political economies. All three of the mentioned operational attributes might reflect on corporatist practices, depending on the historical and socio-economic configurations that prevail. That is the main reason why corporatism should be studied in the context of its *praxis*, in other words: in terms of empirically verifiable phenomena. The type of social relations in which the taxi industry was conceived and the consequences these relations have for the notion of authority are central to this discourse.

The corporatism discourse reflects considerable criticism and cynicism from various analytical dispositions. Advocates of a rigid conceptualisation of corporatism argue that going beyond presupposed perimeters makes the term intrinsically amorphous and sacrifices theoretical substance and significance. Schmitter (1974: p 93) bemoans the “nominalistic anarchy” the concept has become embroiled in and Hutchful (1989: pp 17-25) cautions, sceptically, that the uncritical application of corporatist theory (especially by scholars of African politics) will erode the “tenuous utility” thereof. To complicate matters further the fluidity of the concept is theoretically stretched by some scholars, including Schmitter, with

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<sup>27</sup> . Corporatism as a “system” of interest mediation does appear in African politics. Nedlac is an example thereof, but is a marginal feature in the institutional configurations regulating state-societal relations.



dimensional additions such as 'state', 'societal' and even 'neo-corporatism'<sup>28</sup>. Interesting suggestions have been advanced to deal with this "approximation" of the conceptual confines of corporatism. Prinsloo (1983: p 14) argues that the concept does not describe or imply a static "situation" but rather an "... axis of development or a set of dimensions". The implication is that particular institutionalised arrangements can be described as more or less corporatist, "...or more or less advanced in the process of corporatisation..." (Prinsloo, 1983: p 14), depending on the extent of participation of interest formations in the process of policy formulation. Friedman (1996: p 88), amongst others<sup>29</sup>, suggests that the term 'concertation' be utilised instead, as it "... describes continued bargaining between the three parties [state, capital and labour], but in a way which runs parallel to other, pluralist, forms of activity..."<sup>30</sup>.

Having said that: Schmitter (1974: p 86) raises serious concerns about a whole range of theoretical assumptions about corporatism. He, for example, insists that the operational confines of corporatism cannot be delimited to a "single particular political culture". While such assumption can be supported almost intuitively because of the very nature of this study, it is worthwhile to note that the conceptual perimeters Schmitter prescribes would not embrace corporatist arrangements stemming from the principle of *compromises*, but only those configured as fundamental to *consensual democracy*. The nomenclature typical of Schmitter's discourse, such as "interest representation", "institutional arrangement", associationally organised interests" and "civil society" have all historical, theoretical and conceptual confines

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<sup>28</sup> . Chazan and Rothchild (1989: p 170) contribute to the complexity of the discourse by distinguishing between "inclusionary" (populist) and exclusionary (bureaucratic authoritarian) forms of corporatism, as is associated with Latin American theories of co-optation and accommodation. In addition they refer to organic-absolutist (the early modern state in Western Europe) and neo-traditional corporatism which conforms to the Fourth World political economies of some African countries.

<sup>29</sup> . See Adam (1999: p 264). Apparently, 'concertation' as a mode of interest representation was first used by German Chancellor Erhard, after which Schmitter started advocating it.

<sup>30</sup> . Concertation as viewed by Schmitter (1982) assumes the incorporation of interest groups into the policy formulation and implementation domain. The understanding is then that 'elements of centralisation' and monopolies (which entrench preferential access) are not only empirical, but are verifiable historical trends conditioning inter-group contestation for the inevitable arrival of concertation. Also see the reflections of Lijpart and Crepaz (1991: p 235) on Schmitter's analysis of concertation. It is worth noting that Schmitter as well as Lijpart and Crepaz consider concertation to fall within the conceptual realm of democratic corporatism and it is therefore confined to political economies archetypal of consensus democracy. In that sense, it is noticeably distinct from the corporatist regime, which is functional beyond the sphere of consensus and is subjected to the principles of opportunism and compromise.



embedded in a very specific political culture – pluralism and liberal democratic notions of social order and justice – which is associated with consensual democracies and the occasional necessity of regulatory arrangements. Obviously, under such conditions, it is assumed that the organisational tissue that binds state and society together, as well as the social formations within society, reflect important attributes of the concept *political culture*.

It is, thus, no irony that for many theorists<sup>31</sup>, employing the conceptual confines adopted by Schmitter eventually leads to equating liberal democracies with “full-blown corporatist societies” (Ball and Peters, 2000: p 128). The notions of civility, social capital, consensus, individualism, *et cetera*, are inherent to liberal democratic procedures of governance and largely reflect a homogeneous system of social organisation (political culture). Schmitter’s claim to having defined corporatism in terms of its ‘*praxis*’ is thus only true if it is accepted that this *praxis* is manifested in a narrowly defined operational realm; which is that of consensus democracies and industrially matured political economies. It is more likely that he understands corporatism, specifically the societal version thereof, as the institutionalisation of exceptionally well-organised or economically influential interest formations into the process of policy formulation. Such an incorporation of interests into the policy formulation process, however, barely suggests the presence of contending regime preferences, and the need for compromises to sustain the normative architecture of the state and the nation. It, however, also does not insinuate a merger of conceptual interpretation, or even operational *praxis*, between corporatism and *laissez-faire* theory<sup>32</sup>. As Offe (1985: pp 227 – 228) argues, corporatist arrangements often undermine the parliamentary process, and cause fiscal problems by inflating the importance of their interests and the exclusiveness of arrangements - often at the expense of less well-organised interests<sup>33</sup>.

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<sup>31</sup> . Also see Panitch (1979) and Jessop (1980).

<sup>32</sup> . See Schmitter (1974: p 96). The contention of Schmitter that “pluralism and corporatism share a basic number of assumptions” founded upon the “importance of formal associational units of representation”, “functionally differentiated interests”, “entrenched oligarchy”, the “declining importance of territorial and partisan representation” and the merger between the public and private policy domain, reinforces the suspicion that his definition of corporatism reflects on variants of pluralism rather than distinguishing it from them.



A further problematic phenomenon for Schmitter (1974: p 91) as far as corporatist theory is concerned, is the inclination to "submerge" the discourse "in some wider political configuration such as the *organic state* or the *authoritarian regime*" (my italics). The notion of an organic state reflects largely on the historical and prescriptive attributes of the liberal democratic state (of which pluralism is but one rendition) whereas the authoritarian regime is as a general theory certainly operationally too nebulous to uphold a semblance of theoretical specificity and inductive applicability. It is obvious that a study which does not foresee a "consolidated"<sup>34</sup> outcome to compromise and contestation, in a democratic South Africa, cannot convincingly pursue either disposition as fundamental to state-societal relations.

What is, however, fundamental to the conceptual constitution of corporatism, are the origins, functionality and nature of interest formations. It seems that the configuration and mode of operation of societal interest formations ultimately define both the conceptual and operational confines of whatever version of corporatist theory is applied to a particular circumstance. In a functional sense corporatism entails a rather clinical exchange of *bargaining* and *compromise* with the objective to maximise social stability and, ultimately, accumulation, even in the informal political economy. The resultant arrangements determine the respective proportional allocations of profits and stipulate the conditions that will facilitate the process of production and accumulation<sup>35</sup>. The corporatist process is "...both necessary and possible because of a functional interdependence – the fact that the individual organisations can claim autonomy, but not self-sufficiency from each other – and because each occupational group enjoys

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<sup>33</sup> . Pluralism should not be used as conceptually synonymous with the notion of a *laissez-faire* political economy. Pluralism can refer to either the principles of consensus or those of compromise (as fundamental to contestation and control). *Laissez-faire* refers to political economies where the principle of consensus dominates interest aggregation and, consequently, policy formulation.

<sup>34</sup> . The notion of a *consolidated democracy* refers to consensus as fundamental to contestation and social control, and it is in contrast to the type of pluralism associated with corporatist regimes that requires compromises to facilitate interest aggregation, policy formulation and, in more general terms, state-societal relations.

<sup>35</sup> . It is worth noting the point made by Ihonvbere and Shaw (1989: p 83f) that "corporatism in Nigeria is inseparable from uneven development and [uneven configurations of] accumulation. The argument is advanced both in the context of the formal and informal political economy. While their analysis is embedded in the class perspective, they confirm the importance of compromise and preferential access by noting an observation of Olufemi (1986) that, "The urge to make millions contributes to the ease with which militant or radical members of society are easily co-opted into the ruling class".



sanctions relative to others, consisting in the ability to withhold a crucial service (labour power, capital investment, etc.)” (Schmitter, 1974: p 23). Analysed this way it is, at least theoretically, quite possible to construe the corporatist process as devoid of a historical or social context. Because, if the rules, regulations and values of the constitutional and regime perimeters are accepted on the basis of equal citizenship (such as in consolidated democracies), it is possible to apply very rigid conceptual perimeters to corporatism.

Despite this conceptual tolerance for diverse formulation, the definitions of corporatism provided by most scholars remain, essentially, restricted to the process of production, accumulation and the redistribution of capital. As a heuristic exercise, it too often ignores the varying regime preferences that determine the institutional nature and relations inherent in new democracies. Hutchful, (1989: p 17) makes the point that the over-emphasis on the legal-constitutional attributes of corporatism is a theoretical heritage of modernisation theory, which disregards the social contexts of states. The established industrial economies of the developed world habitually scrutinise crises in developing economies from the paradigm of modernisation and view state intervention as either authoritarian or contrary to the universally preferred impulses of the market. The struggle of the nascent state to consolidate its regime perimeters is then chastised as unwanted intervention inhibiting democratic practices and economic growth. The conceptual perimeters of corporatism thus become fluid when they deviate from a purely *functional* principle to include a *relational* dimension.

#### **4.2.2 The conceptual affinity between corporatism and consensus democracy**

Efforts to find empirical evidence for a conceptual and theoretical linkage between corporatism and consensus democracy are too controversial to go uncontested. Hans Keman and Paul Pennings (1993: p 23 ) take issue with a number of aspects of Lijphart and Crapaz’s (1991) research. According to them a universal contention inherent to the research process and comparative politics is the justifications for the conceptual and operational parameters composed. As corporatism is subjected to varying conditions and the diverse histories of political economies, it is only logical that the operational attributes will be inconsistent and consequently also the conceptual definition thereof. Thus, unless the various authors



employed in the research project find a universal commonality in their understanding of corporatism and its dynamics, it is futile to claim empirical consistency and, therefore, a generally applicable theory<sup>36</sup>. Where they do agree with Lijphart and Crepaz is that *consensus democracy* and *corporatism* “may well have something in common” (Keman and Pennings, 1993: p. 173). This ‘commonality’ is manifested in the “crucial feature underlying both concepts”, which is collective decision-making “by means of compromise and co-operation” between the social partners. Apart from the fact that neither Lijphart and Crepaz, nor Keman and Pennings allow scope for the particularity of developing political economies, they neither foresee corporatism as a regime discourse. It is also interesting that all of these authors tend to blend the conceptual perimeters of consensus and compromise<sup>37</sup>. As either consensus or compromise is the dominant feature of the decision-making process, it is unlikely that both can be equally dominant, and that the corporatist compromise typical to developed political economies comes to fruition in a consensual context as regards to the perimeters of the regime. The regime is not up for contention, but merely the distributive merits of the process of production. Consensus democracies can thus not be described in terms of compromises.

Consensus democracy is manifested in a formal, institutionalised procedure, and very much with the parliamentary system of liberal democracies. The rules of justice and social order are clear (often formalised in a written or unwritten constitution) and based on civility, consensus and the considerable presence of social capital. Corporatism, including all its variants, refers to the incorporation of preferred (indispensable)<sup>38</sup> societal actors beyond the parliamentary process. Both phenomena (corporatism as well as consensus democracy) reflect a willingness/necessity to incorporate and accommodate as the logic of accommodation. While ‘logic of accommodation’ suggests a degree of “commonality”, the empirical substructures of the two concepts are vastly divergent. A very important point made by Hans Keman and Paul Pennings (1993: p 275) is that a particular political economy does not have to be either

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<sup>36</sup> . Cf. Mozaffar (1989: p 54). Mozaffar concurs essentially with this point of view, when referring to the conceptual problems generated by any degree of fluidity in corporatist compromises, in other words when policy formulation (and thus the operational perimeters of the corporatist regime) is continuously subjected to re-negotiation.

<sup>37</sup> . Chabal and Daloz’s (1999: p 157) distinction between the “communal framework” vis-à-vis the “individual framework” could be relevant to the debate as the latter appears to be a consequential feature of corporatist regimes and the former of consensus democracies.



consensual or corporatist, it can also be “adversarial and pluralist”. Adversarial and pluralist is perhaps the best way to explain the nature of the corporatist regime.

The reason why the structural affinity between corporatism and consensus democracy is such a contentious issue is, if true, it is expected that the same role players (strongmen, representatives of societal interests, the elite, political parties, *et cetera*) and institutions (the executive, the legislature, civics, war lords, *et cetera*) would be relevant to whatever is contested (cf. Cox, 1994: p 296)<sup>39</sup>. Exactly the same argument holds true if a particular political economy is described as both *adversarial* and *pluralist*. Adversarial and pluralist also do not necessarily imply that *participation* and *contestation* in a developing political economy are devoid of any democratic content. Often these concepts are held together due to the prevalence of a mutually beneficial regime framework, which may well be a democracy - such as South Africa. It will, however, not be possible to describe such a regime as fundamentally principled on consensus, but rather on compromise. Compromises often entail non-consensual (though not necessarily unconstitutional) arrangements, as temporary stalemates (formalised compromises) are aimed at averting a zero-sum outcome, and they are accepted as a necessity (historical or sociological) to preserve the hegemonic project. Note, not to enhance the process of production or even the greater good, but the reproduction of political survival. It is also this necessity to preserve the regime which grants social forces which intrude on the state's autonomy access to the formal and legal institutions and rituals of social organisation. This operational linkage is important as far as the theory of corporatism is concerned, but even more so as far as the conceptual affinity between corporatism and pluralism is concerned.

The theoretical consequences of the preceding line of argument are a descriptive exploration of corporatism with the emphasis on the regime perimeters. This is also exactly the problem Cox (1994: p 296) has with neo-corporatist theories, and also the work of Schmitter, in this regard. Cox argues that shifting the emphasis from the “form of the state” to “the process of policy-making” was merely an effort by Schmitter<sup>40</sup> and his “disciples” to avoid admitting

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<sup>38</sup> . Chabal and Daloz (1999).

<sup>39</sup> . The examples in brackets reflect on developing political economies, with specific reference to South Africa.



that corporatism is inherently undemocratic. It was, argues Cox (1994: p 297), also an effort to avoid the criticism directed at Schmitter's 1974 article that it has no theoretical relevance for developing political economies. These empirical and theoretical shortcomings of corporatist theory, and especially the neo-corporatist-version thereof, attracted criticism from Marxists and pluralists alike. It was obvious that Marxists would deplore the lack of a class analysis, but, strangely, pluralists failed to understand what would distinguish pluralism from corporatism if the latter refers primarily to the functionality of interest formations, as opposed to a 'form of state'. It would have been helpful if corporatist theorists defended their theory by emphasising the relational dimensions of interest group contestation, which would not only allow them to distinguish corporatism from pluralism, but also to enhance the analytical depth of corporatist theory by including the notion of the corporatist regime.

#### **4.2.3 Conventional approaches to corporatism**

The 'common sense', of extrapolating a discourse conceived in the realm of modernity, becomes obscure when applied to the complexities of accommodation and compromise in developing political economies. As a consequence, it often does not make much sense to explore corporatist theories as portrayed by Lijphart, Crepaz, Williamson and Schmitter beyond the confines of developed political economies. This chapter, therefore, considers some of these "conventional approaches" to corporatism very broadly and then attempts to explain corporatist theory as a regime rather than a constellation of consensus and representation.

Lijphart and Crepaz (1991) consider the conceptual relationship between corporatism and consensus democracy in 18, predominantly consolidated, western democracies and attempt to provide an empirical measurement for testing this relationship. To them, the question is

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<sup>40</sup> . Cox (1994: p 111) refers specifically to an article co-authored by Schmitter and Lehmbruch, *Trends Towards Corporatist Inter-mediation* (1982), which, he argues, harbours an implicit view that corporatism appears in western systems of governance on a voluntary basis and thus not as a consequence of the unilateral imposition of the state's interests. Such an assumption must be entirely flawed as, in terms of Schmitter's famous definition, under conditions of corporatist intermediation the state 'recognises' or 'licenses' – even 'creates' – its own social partners. Such a dominant role for the state does not fit in with pluralist notions of social organisation and certainly does not concur with the operational confines of consensus democracy.



whether corporatism is “systematically linked” with other democratic institutions and processes. Their main proposition is that corporatist structures of interest representation are conceptually related to consensual types of democracy, whereas pluralist notions of social organisation (reflected in multi-party systems) are related to majoritarian systems of governance. They base their hypothesis on the observation that a correlational relationship exists between the degree of corporatism and the degree of consensual configurations of governance. Fundamental to their observation is the contention that the nature and functioning of political parties, the electoral system, as well as the executive and legislative structures of governance occur in distinct clusters (in western democracies), but it generally does not attach interest formations within society to these clusters<sup>41</sup>. In other words: policy outcomes are not necessarily a culmination of the collective (institutionalised) responsibilities between the process of governance and the organised interests of society.

According to Lijphart and Crepaz (1991: p 98), ‘democratic corporatism’ has two conceptually distinct meanings. It, firstly, refers to an “interest group system”, which reflects on the way in which societal interests are organised and the nature of contestation between these groups. Secondly, it reflects on the process and mechanisms facilitating the incorporation of interest formations into the process of policy formulation and also its implementation<sup>42</sup>. An important point made by Lijphart and Crepaz is that both “meanings”, however distinct, “tend to occur together because corporatism in the narrow sense is almost a necessary condition for concertation”<sup>43</sup>. As it requires a significant degree of consensus to take root<sup>44</sup>, corporatism precedes concertation in time, with the former then generating the required consensus in the context of a formalised and institutionalised arrangement.

Isolating the causes of corporatism from the main proposition of this chapter (that corporatist regimes, such as those between the state and rogue actors in the taxi industry, and the broader

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<sup>41</sup> . Also see the debate of Chabal and Daloz (1999) on the rationale and logic which determine the behaviour of the elite and the prospects it holds for democratic consolidation and policy formulation.

<sup>42</sup> . Schmitter (1994) refers to this as “concertation”.

<sup>43</sup> . See Friedman (1996) for an elaboration on the notion of concertation and the operational confines of the concept.

<sup>44</sup> . According to Schmitter (1994: p 33) the relationship between corporatism and concertation entails a “structural compatibility”.



informal political economy, have become an inevitable feature of state-societal relations in South Africa), it is possible to provide an alternative proposition reflecting on the conceptual attributes of the notion of democracy. The research question remains essentially the same: What type of political processes and procedures facilitate the relationship between the state and the taxi industry (or other contending forces within society), and, similarly, the social relations within society, in a democracy such as South Africa? What are the nature and dynamics of *representation* as the substructure of decision-making? To provide theoretical depth to the 'alternative hypothesis', it is important to distinguish between *consensus* democracy and *compromise* democracy.

Williamson (1989: p 151)<sup>45</sup> provides two "explanatory variables" as guidelines, but it is, especially if the theory is extrapolated to state-societal conditions in developing political economies, quite possible to further add a number of variables. Firstly, he notes the degree of influence of the political left in the process of governance. It can be seen from history that the presence of labour movements on the left of the political spectrum, especially if they benefit from an electoral, or any other privileged access to governance, advance the prospects of corporatist bargaining and institutional compromise. The second variable is that of the geographical size of the country. The tendency is that smaller countries experience less socio-economic differentiation<sup>46</sup>. Less socio-economic differentiation obviously reflects on the degree of consensus that prevails and the lack of necessity to compromise on principle. It confirms the argument of Lijphart and Crepaz (1991: p 56) that corporatism has a conceptual interest in consensus democracies, rather than pluralist democracies<sup>47</sup>. For the purpose of this study, the following variables can be added:

- The nature of the process of democratisation;

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<sup>45</sup> . Also see a discussion of this in the article of Lijphart and Crepaz (1991).

<sup>46</sup> . Interestingly, Katzenstein (1985) describes corporatism as a form of protection against the interests of the larger role-players in the international political economy. In the South African context, proponents of liberal democratic notions of social order and governance often perceive corporatist compromises as at the peril of economic growth and the presence of long-term fixed investments.

<sup>47</sup> . For the sake of the main proposition of this chapter it is important to note that pluralist democracy, at least conceptually, precedes consensual democracy. Consensus democracies have more social capital and incentives for civil contestation than pluralist democracies. Explained this way, corporatism thus reflects on representation rather than on the nature of contestation.



- the normative architecture of society (the interplay between liberationism and liberalism is an important feature in this regard);
- the extent to which social capital accumulated during the struggle is reinvested in the institutions regulating contestation;
- the degree to which scarcity determines not only social relations, but also the distributive and extractive capacities of both state and society, *et cetera*.

Taking into account these attributes of social organisation and contestation, the conceptual attributes of 'democracy' are altered significantly.

Schmitter's 1974-definition of corporatist institutions leaves us with a very wide range of political and economic arrangements that could be classified as corporatist. Williamson (1989: p 11), in an effort to provide a more 'structured' understanding of the dynamics of corporatism, emphasises a number of guiding principles<sup>48</sup>. However, if these guiding principles are applied to states in the process of regime transformation (from authoritarian states to liberal democracies) they generate a whole range of new theoretical dilemmas. In all fairness it should be noted that Williamson predominantly refers to corporatism as the institutionalisation of the process of production (between state capital and labour). The limits of his theory for transformative states should thus be contextualised. It is, however, useful to consider these principles critically for their appropriateness in a developing political economy such as South Africa.

First, Williamson advances the idea that with corporatist relationships the state licenses the involvement of selected social formations by acknowledging their public status. The problem with this principle in transformative states is that they rarely possess the minimum capacity to contain the parochial interests of rogue social formations. Conferring public status equally, or even selectively, thus varies from very difficult to almost impossible. Political leadership in transforming states is often well aware of the destructive capacity of strong societal forces, such as ethnic or taxi warlords, if excluded from the process of policy formulation and the state continuously strives to incorporate them and/or their constituencies into its realm of



control. Should the interests of these constituencies not be compatible with its own, the state will endeavour to co-opt the leadership through economic inducements. Public status is thus not only conferred very selectively, but often almost on an *ad hoc* basis and as a consequence of destructive capabilities of indispensable societal forces.

The second principle advanced by Williamson is that power relations within these (strong) social formations are hierarchical and top-down. It may well often be the case, but the nature of power relations, within social formations in developing political economies, are seldom homogeneous and predictable. In fact, in South Africa, the heritage of the liberationist political culture rarely allows for top-down power relations. In the taxi industry power relations are embedded in a fusion of coercion and patronage and, therefore, not necessarily hierarchical in the clinical sense of exhibiting diverse, but clearly distinctive interests. It should be emphasised, though, that even within social formations pursuing their ideals through less than civil or democratic methods, the principle of consensus and/or compromise is considered important.

Thirdly, the reciprocal relationship inherent in corporatist arrangements demands that social formations be able to enforce compliance with agreements on their members. Also this principle generally seems to be enforced with great difficulty, but it certainly remains a minimum requirement for any *stable* corporatist compromise. Perhaps the single most fundamental problem to the facilitation of peace and civility in the taxi transport industry is the inability of negotiators to convince their constituencies of the advantages of compromises. Too often compromises reached and announced with fanfare collapse only days later. The Goldstone Commission (1992) found that compromises are often not only temporary, but are granted in an effort to gain an advantage from which to reorganise uncivil contests. Lafarence Nkosi, operating his taxis in the KwaZulu Natal midlands, admitted that the conflict resolution teams often provided an escape for taxi warlords who unsuccessfully sought to monopolise a taxi rank or route.<sup>49</sup>

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<sup>48</sup> . See Schreiner (1994: p 8) for a discussion on Williamson's working model of corporatism.

<sup>49</sup> . Interview (Durban, September 18, 2000).



Fourthly, corporatist arrangements, *predominantly*, include social formations related to the process of production. The word 'predominantly' is used here because corporatism is conceptually associated with the process of production. But, the correlational relationship between *social stability* and *economic effectiveness* in transformative states requires a broadening of the conceptual perimeters of control. It, thus, extends the need for corporatist compromises well beyond the process of production. The historical reason for this reductionist association of corporatism with the process of production is the perception that social formations directly related to the process of production are more likely to successfully *ensure* their participation in the process of policy formulation. The meteoric rise of the service economy and/or the informal economy and its direct relation to the survival of both the state and the formal political economy is something earlier theorists could not anticipate. In pluralist democracies corporatist theory is operationally much closer to the process of production, but in transformative states, which lack both the advantages of a civil society and an industrial political economy, conventional approaches to corporatism as a discourse restrict its analytical value.

Atkinson (1994: p 10) suggests as a further guiding principle the conventional wisdom that corporatism relates to substantive rather than procedural issues. However, the very nature of corporatism provides for a continuously transforming regime as new social formations gain access to corporatist agreements, while others grow or decline in stature and status in society. Under conditions where the confines of the regimes' rules and values are continuously contested, corporatism, *per se*, relates to a fusion between substantive and procedural issues.

So, if we persist with the rather narrow confines of these principles, very few institutionalised arrangements between state and society would be conceptualised as corporatism. The fact is, the transformative state will have varying, structured power relations and compromises with different interest groups and elite within the same polity. The state is generally expected to have control over their associates in policy formulation, but often does not have such control and might even be dominated, or 'coerced', into re-negotiating the perimeters of its regime



(cf. Migdal, 1996: p 55)<sup>50</sup>. Obviously, this should provide for fluidity in the conceptual constitution of corporatism if only to augment its analytical value.

#### **4.2.4 Concertation: fusing pluralist interests with the principle of compromise**

Friedman (1996: p 10), in an effort to make the divide between corporatism and pluralist notions of distributive justice less distinct, notes that in the context of South Africa, corporatism is conceptually an inappropriate description and does not provide a clear understanding of the likely relationship between the state, society and economic interest formations. According to him it would be more appropriate to use the term 'concertation', which in a way runs parallel to pluralism even though it still subscribes to the attributes of a formalised relationship between the state, capital and labour. Friedman (1996: p 10) further advances the point that the prevalence of corporatist tendencies does not necessarily imply the exclusion of other interest aggregates aimed at influencing state policy. The state, as a party to all corporatist arrangements, still has to justify agreements and policy formulations as part of the electoral procedure. It is thus obliged to ensure that corporatist agreements engender legitimacy beyond the constituencies of its associates. Therefore, not only is it possible for corporatism and pluralism to co-exist, in *praxis*, they are at least also compatible.

The notion of concertation accepts that agreements are not necessarily formalised or documented, and interests are modified in response to each other's position. It thus allows for a great deal of fluidity in the process. But, it also requires the prevalence of significant amounts of social capital, an impartial mediator and, consensus amongst those outside the arrangement that it contributes to the greater good of all. A relatively well-established set of procedures and the legitimisation of the mediating institutions may well substantiate the notion of concertation, but then the conceptual perimeters of the corporatist regime are not stretched further than the process of production, and certainly not as far as the informal political economy. For instance, how do you address the problem that parties to the arrangement enter the process on the basis that they are recognised as 'indispensable

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<sup>50</sup> . Migdal's point that the state is best analysed as a formation within the realm of contending societal forces, affirms the argument.



participants'? How do you involve organised interests with pluralist dispositions of social order and justice to contribute or conform to the compromise with indispensable participants? These questions relate to corporatism as a regime rather than the mere formalisation of preferential policy formulation structures.

The only plausible answer is that conceptually corporatism as a regime recognises the presence of diverse preferences of social order and justice, and compromises are delimited to specific areas of contention. The rigid variant of fixed institutions and predetermined regulations functions well if applied to the process of production, but does not reflect on the pragmatic considerations required by shifting allegiances, varying organisational strengths, and features of violent contestation which are particular to the informal political economy. The conceptual confines of corporatist compromises at Nedlac and those between the state and the taxi industry do not harmonise. Thus, concertation, as a variant of corporatist theory, is valuable, but it tends to obscure the complexities of corporatism as a regime.

#### **4.2.5 State corporatism and societal corporatism**

State corporatism<sup>51</sup> implies a unilateral imposition of institutional arrangements from above while societal corporatism emerges as a consequence of associational activity in society. Societal corporatism is, however, not necessarily an indication of democratic processes at work. Hutchful (1989: pp 26 – 27) portrays both state and societal corporatism as an institutionalised reaction to forms of political participation and social organisation that contest the *status quo*. Both versions of corporatism are thus theoretically linked to a "hegemonic crisis". Schreiner (1994: pp 8-9)<sup>52</sup> notes that state and societal forms of corporatism are similar despite the fact that one system is based on repression and the other on consensus. Both imply privileged or licensed access to the policy formulation procedure, denied to other associations. Secondly, the state often manipulates, or even determines, the leadership of these associations (cf. Mozaffar, 1989: p 55), and, thirdly, compliance with arrangements within associations is enforced top-down and may include penalties or coercion. The first two

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<sup>51</sup> . The theoretical history of state corporatism is often traced back to its most renowned exponent: the Nazi state of Germany.



similarities are applicable to the conditions of a transformative state such as that of South Africa, while the third is disputable. Corporatism in South Africa relates to the notion of societal corporatism, but for slightly different reasons than those advanced by Schmitter.

#### 4.2.5.1 Societal corporatism

Mozaffar (1989: p 53) explains social corporatism as an “evolution of liberal pluralism”<sup>53</sup>, which presupposes autonomously arranged interest formations. Not only do these associational interests operate beyond direct state control, but they also possess the institutional and material resources to act as a countervailing influence *vis-à-vis* the power of the state. Under such conditions the role of the state is primarily that of an independent mediator and regulator of contestation and the distribution of surpluses. The institutions through which compromises are negotiated represent the architecture of justice and social order, while the preferential access of state-licensed interests is sanctioned on the basis of the broader consensus in society about the greater good such arrangements represent.

If these compromises are confined to the process of production and they prove sufficiently stable to entrench the rules guiding the relations of production, the compromise may well enhance the competitive edge of these economies in the international political economy and sustain the conditions conducive to long-term fixed investment. Supporters of liberal (societal) corporatism argue that it has been successfully introduced in many market economies as a mechanism of greater efficiency and productivity. Following Gramsci<sup>54</sup> and the conception of a “middle class hegemony”, Hutchful cynically argues that such a (liberal) variant of corporatism is construed upon the illusion of a state “possessing the appearance of arbitrarative neutrality”. It, consequently, involves various technocratic procedures of conflict resolution and is based on the rationality of separating ideological constraints from economic rationalities. Where corporatism arises from the context of economic crises and a weak state,

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<sup>52</sup> . Also see Schmitter (1979).

<sup>53</sup> . Schmitter (1994: p 65) refers to “incipient” pluralism, implying that pluralism gradually evolves and comes to fruition under specified conditions.

<sup>54</sup> . See Gramsci (1978; 1982).



the separation between ideology and economic rationality becomes problematic<sup>55</sup>.

The infrequent prevalence of aspects of societal corporatism in South Africa, however, is neither the product of state initiatives nor the culmination of (consensual) civil society initiatives. Rather, it is the product of societal pressures that the state would ignore at its own peril. The corporatist process of policy formulation, in the same way as patronage, reflects a heritage of resistance to state *coercion* (authoritarianism) and *co-optation* (a cynical description of the relationship between liberal economic actors and state interests), and it also finds the rituals and values of pluralism lacking in terms of their capacity to forge an acceptable perception of justice and social order. Thus, while the rules and rituals of corporatist arrangements in the South African political economy are reminiscent of Schmitter's 'societal corporatism', it is morally resented by both liberationists and liberals, and only preferred as the last alternative to a zero-sum outcome<sup>56</sup>. Therefore, in its most conventional description, societal corporatism is operationally confined to polities exhibiting a significant degree of consensus and social capital (civility), a dictum to which the dominant actors in the South African political economy rarely subscribe. As for the informal political economy, which is the organisational and economic realm of the taxi industry, it remains excluded until the process of formalisation (i.e. the consolidation of consensus and its associate, civility) comes to fruition.

#### 4.2.5.2 State corporatism

State corporatism is rooted in the history of authoritarian regimes. The state initiates corporatist arrangements because it either has control over or seeks to gain control over the

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<sup>55</sup> . It is worth noting that corporatism as an ideology features strongly in the state-society discourse of nineteenth-century Europe. At the time corporatism was advanced as an innate and formalised merger between the interests of the state and society. A merger, essentially, aimed at addressing the dehumanising effects of liberal capitalism so unambiguously reflected upon by, amongst others, Polanyi (1999), as well as its ideological competitor, which Mozaffar (1989: p 166) refers to as the "fissiparous conflict of Marxian socialism".

<sup>56</sup> . See Friedman (1996) for an overview of the various perspectives of liberationists and liberals. The central and contentious argument is whether labour is part of the process of production (a possibility resented by liberationists) or not, and the interventionism entailed by the preferential access of labour (resented by liberals) in the economy.



process of production, which includes the flow of goods, capital and technology<sup>57</sup>. Control in these areas allows the state to dominate the provision of survival strategies and extend its sphere of influence over strong societal interests. African states rarely possess the coercive<sup>58</sup> or organisational capacities to dictate such corporatist arrangements. To a certain degree, they do control the flow of international capital, trade and technology, but, the growing criminalisation of the state and the informalisation of the economy are taking place in the context of a predatory international political economy, and capital, trade and technology are consequently controlled by forces beyond the reach of the state<sup>59</sup>. Extreme examples of this are the Great Lakes conflict, as well as the war in Angola, which are perpetuated by the illicit international diamond trade<sup>60</sup> with the military elite (within as well as outside the state) and dominant social forces (with private military capabilities) determining the features of corporatist compromises. The point is: the patrimonial and often weak kleptocratic states of Africa are increasingly faced with internal struggles over scarce resources with strongmen involving themselves in conflicts beyond the national borders (Reno, 1998: pp 11 - 98 ; Shaw, 2002: pp 56 - 109)<sup>61</sup>. Consequently, the internationalisation of their informal political economies compels the state to extend its extractive capacities to illicit trade and the criminal spheres of the international political economy<sup>62</sup>.

These states are thus only capable of limited variants of corporatist arrangements with social formations, which themselves stand to gain from their preferential access to policy

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<sup>57</sup> . Nazi Germany seems to be the most appropriate example of state-initiated corporatism. State corporatism is most effective in the presence of significant social capital, something of an anomaly due to the authoritarian state that is required to come to fruition.

<sup>58</sup> . Coercion in the absence of ideological hegemony (a variant of social capital) is inadequate in the pursuit of state control over capital and production.

<sup>59</sup> . Shaw and Nyang'oro (1989: p 12) note that the military in some African states, such as is the case with Nigeria, is often used to "salvage corporatist arrangements from excessive democratic and anarchic pressures". Note: this is not the regulatory involvement of the state, but the unilateral intervention of the military, operative beyond the state (in the form of a *coup d'état*), protecting preferential (undemocratic) arrangements.

<sup>60</sup> . During March 2001 the Namibian government, in a public radio broadcast on the NBC (Namibian Broadcasting Corporation), admitted to ownership of a mine and mining concessions in the Democratic Republic of the Congo, which serves as 'collateral' for the presence of its troops fighting rebel forces (Namibian, March, 20 2001).

<sup>61</sup> . Reno (1998) and Shaw (2002) provide an elaborate discussion of states in Africa and the weaknesses thereof which they attribute to the internationalisation of crime and corruption.

<sup>62</sup> . See Reno (1995; 1998), Bayart (1999) and Shaw (2002).



formulation, but more specifically the resource base of the state. Often these compromises provide domestic interests entrance into the formal political economy or access to international capital. The South African taxi industry is a perfect case study where a state is courting international capital and technology investments (in vehicle production) as an incentive for strongmen in the industry to compromise their dominance in the informal economy. It is highly questionable whether they would enter into any compromise if it does not entail the investment of external resources from which they benefit directly, preferably the sources of the state<sup>63</sup>.

State corporatism varies according to the historical conditions that shaped the relationship between state and society. Firstly, the democratically elected, but institutionally transforming South African state is too weak to rigidly impose co-operation or compromises on the most dominant societal forces. For the purpose of social stability and the protection of its own legitimacy, it has to provide the space for manoeuvre demanded by strong societal forces, including a role in policy formulation. Secondly, and related to the first reason, is the fact that the state, or at least parts of it, is largely *captured* by the dominant sectors of the liberation movement. For reasons related to their collective history, very little political distance exists between the Congress of South African Trade Unions (Cosatu) and the ruling African National Congress (ANC). Similarly, it is not possible for the ANC-led government to unilaterally enforce its autonomy over civic organisations, taxi association bosses, vigilante movements, war lords or even organised crime syndicates. The liberationist tradition provides for overlapping political leadership between the state and societal forces, and strong moral sympathies exist within formal policy formulation structures for the socio-political aspirations and activities of various of its contenders. Thirdly, if the role and dominance of pluralist notions of social organisations, prevailing in the international political economy, are accepted, surely, it is not in the interest of the state, for the purpose of becoming integrated into the

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<sup>63</sup> . In its conventional sense, foreign investment tends to redefine political and economic relations of dominance and dependence (Reno 1998: p 128). The type of coercion and dominance associated with the relational edifice of informal political economies does not appeal to market operators, and neither will actors in the informal economy find a relationship which unilaterally dictates their access to resources palatable. The type of foreign capital that does prey on developing and informal political economies, is opportunistic in nature and monopolistic in intent.



global economy, as well as for the purpose of reproducing its own existence, to enforce any type of state corporatism. The South African state is thus internally as well as externally caught up in pressures that diminish its capacity to dictate corporatism from above.

#### **4.3 Corporatism in developing political economies**

Studies in the history of African politics as well as the contemporary discourse on the democratisation of regimes in Africa generally do not focus on corporatist structures of social control and policy formulation. The reason is very simple, as is argued by Bratton and Van de Walle (1997: p 65): "African leaders rarely used bureaucratic formulas to construct authoritative institutions and seldom granted subsidiary spheres of influence to occupational interest groups within civil society". Strong functional interest formations are, therefore, unusual in African politics and the political elite tend to view them with suspicion and as a threat to their own interests. Invariably then, they seek to undermine the growth and cohesion of organised political and economic formations which function independently from the states' control and patronage.

As was explained earlier in the context of the taxi industry and both the apartheid and bantustan states, African states attempt to dictate the perimeters of social behaviour through disproportionate capital investments in its coercive apparatus and the distribution of state-sponsored survival strategies through extended networks of patron-clientelism. These networks pacify discontent and entrench the presence of the state in the activities of dominant social formations. They, thus, provide the relational adhesive that integrates the interests of the state with those of society. However, the universal interests of free-market economics and liberal-democratic regime preferences demand the incorporation of discontent through either *consensus*, which they prefer, or *compromise*, which they reluctantly tolerate. Since the 1980s, states in developing political economies found it increasingly difficult to discard the impact of universal regime preferences on local political economies, and with a simultaneous domestic surge towards political democratisation they were compelled to re-evaluate their intuitive resistance to pressures from within society. For the state in South Africa, corporatist



arrangements became a fundamental means of conditioning social relations conducive to growth and stability.

However, while the state is central to the facilitation of corporatist relations, it is by no means a unilateral endeavour<sup>64</sup>. The processes that shaped social relations and the formation of societal interests also determine the nature of corporatist arrangements. Post-authoritarian states often find their historical constituencies beyond unilateral control, as shared historical experiences obscure the real autonomy of the state to mediate between conflicting interests. Societal interests that acquired their preferential status as a consequence of their destructive capacities in the struggle against the authoritarian state are less inclined to accept the weak democratic state as impartial mediator<sup>65/66</sup> because the *threat of coercion* does not raise the *cost of failure*.

Post-apartheid South Africa has been a very important divergence from the norm as far as trends in African political economies are concerned. From the outset the process of democratisation in South Africa entailed not only a re-evaluation of the structures of governance, but also the moral justifications of policy outcomes. Consensus, however, remains a rather elusive phenomenon in pre-industrial political economies, and South Africa with its history of divisive social engineering is no exception in this regard. The absence of broad-based *consensus* reduces state-building alternatives to corporatist *compromises*. It

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<sup>64</sup> . Shaw (1982) as well as Nyang'ro (1989) postulate corporatism as a form of rule characteristic of dependent, peripheral political economies, which is essentially congruent with the discourse followed in this study. Their direct association of corporatism with authoritarianism is problematic though. In the case of South Africa, corporatism co-exists in the context of a broad regime with other perceptions of justice and social order, such as pluralism and systematic patronage. South Africa is indeed a democracy, what type of democracy is what is contentious. Also see Callaghy (1984) and Turner (1989) for an analysis in this context on corporatism in the then Zaire (Democratic Republic of the Congo – DRC).

<sup>65</sup> . Ake (1985: p 28) reflects on the mediating roles of weak states in developing political economies, and with reference to Nigeria, he contends that: "The Nigerian state is not constituted as an independent public authority largely because of the limited development of commodity relations. Lacking autonomy, the Nigerian state cannot effectively mediate political conflict... and the high value placed on power has rendered Nigerian democracy rather notional; everyone is concerned with survival and with power; and rights tend to be co-extensive with power".

<sup>66</sup> . Also see Ihonvbere and Shaw (1989) for a discussion of corporatism in Nigeria and the role of the state as 'impartial' mediator in conflict resolution. A similar argument can be applied as regards the distributive requirements of privilege and entitlement.



should be noted that in certain areas of policy formulation, significant consensus allows officials to formulate policy, while other areas are subjected to contest about both the procedure and the envisaged outcome of policy. These corporatist compromises are then consolidated through various forms of co-optation and capital inducements aimed at strengthening new relationships between the state and its adversaries, but also between strong formations within society. The cost of maintaining order comes at the price of a compromise on social control (including the process of accumulation), and the resources controlled by the state.

#### **4.4 Corporatist regimes: merging representation and intervention**

Under social and economic conditions as complex and multivariate as those that prevail in emerging market-economies, or unconsolidated democracies, it will be sensible to continue beyond the perimeters of identifiable inconsistencies (such as skewed supply and demand trajectories of monopolistic markets, or crises such as the unfettered speculation on international markets at the expense of developing economies) in the pursuit of the origins and necessity for corporatist practices. Corporatism is often operationalised as a merger between private ownership and public control. The result of merging the interests of capital and those of the state into a single set of rules and regulations then also implies a symbiosis of *representation* and *intervention*. To pluralist notions of social order and control this presents a crisis as it allows for the state to intervene in the flow of goods and services while it also reflects negatively on the broad consensus that is assumed by liberal democracies. Pluralist democracies will only pursue corporatist arrangements if representative institutions of policy formulation fail to resolve a (temporary) crisis, and the crisis is related to the maximisation of accumulation (cf. Stepan, 1978: p 55). In this regard, new democracies and emerging political economies have less of a choice: corporatist compromises (as a means of accommodation) are not only alternatives to skewed market forces, but also a strategy to stabilise the hegemonic project.

To make our analysis of corporatism in Africa even more complex, it is important to note that in newly-established democracies the role of the state as *impartial mediator* during a crisis



and/or conflict is almost always disputed. The controversy as regards 'the interests of the state', ranges from elitist to populist, from liberal to liberationist. Even within established corporatist institutions it is regularly disputed whether the state represents the *general will*, and depending on the nature of the crisis and the prevailing socio-political conditions, the role of the state is regularly re-evaluated. Even though economic interests tend to dominate the corporatist agenda, social formations operating beyond the formal economy often are the greatest threat to not only capital accumulation, but also to the *authority* and *autonomy* of the state. New democracies continually have to re-negotiate the participation of a plethora of rogue societal-based forces and these negotiations are often re-evaluating the perimeters governing corporatist compromises. These forces may be directly or indirectly attached to the informal economy, but may well have interests in both the formal and informal spheres of the economy. The durability of new democracies and the resilience thereof depend heavily on the state's capacity to augment arrangements of control and to establish its authority as an impartial mediator in disputes, also beyond the formal economy.

Thus, for the purposes of this study, it will be useful to pin down the operational perimeters of corporatist regimes as the *institutional* and *relational manifestations* of *antagonisms* generated by a perceived uneven or unjust *distribution of scarce resources*. Such a formulation would then also include the previously theoretically neglected informal political economy. The threat these antagonisms hold for the process of accumulation persuades both the public and private spheres to formalise a hegemonic project by compromising on the perimeters of social control. The state subsequently entrenches corporatist practices through statutory prescriptions and/or written and signed compromises aimed at regulating agreements and the consolidation of the rules and norms of distribution. The state, however, does not act as an impartial mediator, but merely as authoritative configuration (equal to other participants) distributing the advantages of the compromise. In consolidated democracies, it is presupposed that the state occupies the interface between contending forces and represents the ethos of civil contestation (presumably the general will). It then enforces compromises from participants through its capacity to dictate its own regime preferences, thus raising the stakes of failure for all concerned parties. In the context of corporatist regimes no such conditions exist, and neither is it considered important.



In the context of industrial economies, it has been argued convincingly that the incentives for corporatist practices are embedded in the need to replace the inconsistencies, or crises, in *laissez-faire* economics. This entails regular involvement (only of regulatory nature or as mediator) by the state in limited and predetermined spheres of the formal economy; a strategy employed to consolidate the competitive edge these economies hold over emerging-market economies. However, unlike in new democracies, this deviation from pluralist notions of social order in industrial economies does not require a trade-off between *consensus* (pluralism) and *preferential access* (corporatism). Preferential access can thus indeed be embraced in the normative confines of the general will (consensus), as it assumes a compromise with interests beyond the immediate stakeholders and the operational perimeters of pluralism and corporatism merge to facilitate a stable, competitive domestic political economy.

Rather ironically, but for some obvious reasons, the post-apartheid state has managed to entrench the statutory confines of formal economic contestation, and the institutions, such as Nedlac, regulating economic relationships have been negotiated and, to a large extent, it civilises the fierce rivalry that characterised the process of production during apartheid. The measure of success the state achieved with corporatist initiatives in the formal economy provides the impetus for similar compromises in the informal economy and beyond. The arrangements of control applied to the labour market and those aiming to regulate the violent taxi industry have similar intentions: the incorporation of renegade forces into the institutional domain of the state. The main differences, however, are: corporatist arrangements related to the process of production require a state intervening on a *regulatory* level, whereas incentives for compromise by the informal economy are, additionally, embedded in the prospects of access to both the *redistributive* and *manipulative* capacities of the state. If social formations are successful in latching onto these capacities of the state, the ironic situation develops where society is intervening in the affairs of the state and not *vice versa*.

The conditions preceding corporatist accommodation are then related to economic, but also to social survival strategies, and reflect on the rituals of distribution in an environment of relative



scarcity. Conditions of scarcity often determine the levels of civility in a zero-sum contest for resources and participation in the distribution of rights and privileges. The fundamental need for political and economic stability (a precondition for capital accumulation) compels the state to intervene and to institutionalise a network of relationships, not only between strong competing social formations, but also between itself and dominant formations within society. Often systematic networks of relationships already exist within society, or between lower order bureaucrats (implementers<sup>67</sup> of policy representing the state) and social formations (representing multiple centres of social control) and need only to be formalised<sup>68</sup> for the purpose of penetrating the realm of the state. It is, therefore, also the objective of corporatist manifestations to facilitate the processes of social control beyond the confines of economic interests. The perimeters of corporatism are then elaborated upon to include both mutual *regulation* and mutual *intervention*.

This then, also constitutes the problem that arises when corporatism is applied as a methodological approach, as opposed to an analytical approach, to the understanding state-societal relations in extraordinarily informalised developing political economies. In praxis, corporatist regimes do not comply with the conceptual confines of grand theories, but that does not mean that corporatist trends cannot be clearly identified and investigated. Regimes are not only institutionalised, they also include a relational fabric (of social order and control), which is less salient and less obvious, and, therefore, reflects a process and procedure beyond the pluralist devotion to 'institutionalism'. Schreiner (1994: p 10), quite rightly, asks whether such a model (which implies fluidity in its conceptual confines) qualifies as a theoretical paradigm. Maybe not, but the idea is also not to develop a comprehensive theoretical paradigm which would generalise and explain state-societal relations under all conditions. It is more important to identify corporatist tendencies and utilise them as an analytical and comparative frame of reference, providing for a multivariate understanding of the complex nuances of state-societal relations. In the context of the transformative state, and the dynamics

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<sup>67</sup> . See Migdal (1987; 1988; 1996) for an elaborate description of the role of implementers (of policy) in the decay of state autonomy.

<sup>68</sup> . See Migdal (1987; 1988; 1996). In the context of Migdal's analysis, this formalisation is functional beyond the institutional realm of the state and reflects a "triangle of accommodation" merging the interests of renegade social forces with those of lower order bureaucrats.



of a relationship between the state and strong social forces continuously seeking to renegotiate the rules, regulations and values of the regime, it is therefore useful to define corporatism as: A system of representation *attaching* strong social formations to the state through formalised, as well as informal structures of *policy formulation* and *distribution*, with the aim of pacifying excessive rivalry or conflict *within* society, but also *between* state and society. Such a definition allows for a frame of reference, not only for the informal political economy, but for all political and economic phenomena (such as the taxi industry), to become a feature within the state-building project.

It should be stated that this definition is appropriate for analysing relational traits between states and societies characterised by insufficient consensus and where regime compromises are important features of state-societal relations. Different conditions to these may well dictate a slightly adjusted conceptual content. What is important, though, is that the definition focuses on empirically verifiable, observable, phenomena with apparent relational and/or institutional attributes.

In an effort to legitimise its systematic and authoritarian control over blacks, the apartheid state pursued institutional arrangements reminiscent of state corporatism. However, even though an ironic relational continuity often attaches authoritarianism and transforming regimes, the aftermath of apartheid led to a totally different dynamic in the relational matrix between state and society. This relational matrix entails conditions conducive to a type of corporatism dictated by the demands placed upon the state by a vibrant and fragmented society, and it unfolds in the context of a weak state transforming from authoritarianism to democracy. The state's monopoly on violence is, thus, not only curtailed by its democratic aspirations, but also by the potentially destructive capacities of society. The role of the state, therefore, represents a fusion between its *mediating* and *regulatory* functions, but these are not areas of sole jurisdiction for the state. The state is often only a party to the arrangement, a very important one though, as it represents the distributive competency of authority. The point is: No consensus prevails as to either the state's impartiality or its coercive capacity to enforce general compliance with agreements between rival forces. In many respects, the social and economic architecture of South African society resembles a weblike (fragmented)



configuration, lacking the civility (compliance with agreed upon regime) and consensus (social capital) to internally arrange the outcome of contestation over scarce resources. While the taxi industry seems to be a perfect example of this fragmentation, numerous other social formations (such as vigilante formation Mapogo-a-Mathamata, gangsters on the Cape Flats and organised crime) operate on the interface between the state and economy (fermenting their survival strategies in the informal economy) with the deliberate objective of penetrating the policy domain of the state from below. As an all-encompassing narrative, neither state nor societal corporatism would provide sufficient analytical resolve to explain or describe state-societal relations and policy outcomes under conditions associated with weak states confronted by strong societies.

When one applies the notion of a corporatist regime to weak states, contracted economies and the fragmented societies of newly-conceived democracies, the rationale (as well as complexities) of extending the theoretical perimeters gain substance. The necessity for corporatist agreements prevails in most emerging market economies (developing countries), *albeit* often in spheres other than the process of production, and rather than addressing a temporary disequilibrium of market forces, it relates directly to the survival of the state.

#### **4.5 Corporatism, power and coercion**

One of the distinguishing features between corporatism as an institution and corporatism as a regime reflects on the emphasis of power-relations and coercion. Sklar (1987: pp 19 – 40) asserts that power relations are more a determinant in the state-societal relations of developing political economies than in the process of production. In developed political economies the state has a monopoly on coercion and, as it licenses preferential access to societal formations, it also mediates the process impartially. The focus of both coercion and power is thus in the realm of the state. In developing political economies, the state does not manage the process with a similar degree of autonomy. However, if corporatist practices are to be successful, it is inevitable that the state will have to exhibit a significant capacity to determine the rules and regulations of the process.



Corporatist practices that play out in the context of contending regimes are functional under somewhat different circumstances from those associated with institutionalism. The point that the delineation of historical conditions is central to corporatist regimes has been made. However, the eventual social configurations that necessitate corporatism regimes are central to the understanding of power and coercion. Both the types of institutions that regulate social relations as well as the processes that facilitate those relations are important areas of analysis (cf. Mozaffar, 1989: p 58). The societal-based institutions regulating the informal environment of the taxi industry are greatly different from those that determine the features of unionism. The character of taxi associations and their mother-bodies is determined by internal strife, power battles and coercion, whereas unions are less dependent on violence as a means to resolve issues of internal dominance. Returning to Migdal (1988; 1996) and the state-society dichotomy, it is imperative to understand the corporatist regime as a relationship in which both state and society mould each other into a specific role and behaviour. The emphasis of power and coercion is not necessarily vested in the state. In fact, the corporatist regime is often dominated by the coercive capacities of the social partners, as opposed to those of the state. That is also the reason why corporatist regimes are the consequence of a formalised relationship between the state and 'indispensable partners'. As the state cannot afford the withdrawal of social participants from the process, and it is itself not considered an impartial mediator, the emphasis of control over the process (power) centres beyond the state.

What, then, are the incentives for both the state and its social partners to maintain a degree of cohesion within the regime? First, the social partners of the state are often also its contenders for social control and as neither party has the capacity to enforce a monopoly on violence, the corporatist regime allows them to balance their respective interests. Secondly, the state relies on compromises to sustain its survival and the social formations consolidate their position *vis-à-vis* its rivals. Thirdly, while social formations often demonstrate a comparative advantage in the use of violence, the state still controls significant resources, to which access is crucial to the interests of strongmen and patrons. Fourthly, whatever the interests of social formations may be, their position as strongmen in society requires substantial material resources to pacify and sustain their clientele, and to protect their domain of control from contenders.



#### 4.6 Authoritarianism and corporatist regimes

What are the prospects for systematic authoritarianism to take root within the corporatist regime? The answer may well be that corporatist regimes are inherently authoritarian, mainly due to their sectarian preferences in the distribution of resources and the allocation of preferential access to opportunistic/destructive interests. Authoritarianism should, however, be distinguished from dictatorial trends that involve the use of excessive force to subdue contenders. It should also be distinguished from the centralisation of control in the executive aimed at consolidating decision-making beyond localised struggles. Important in this argument is that the 'social configurations of power' be considered a 'political form', as well as a 'political process' (cf. Mozaffar, 1989: p 58). Authoritarianism implies the state utilising a monopoly on violence to the detriment of both *consensus* and *compromise*. However, authoritarianism may well become a dominant regime with the sanction of the majority of society and even the electorate. This type of authoritarianism sustained the ruling parties in many African countries. It includes the electoral dominance of a single party (often founded upon the moral justification of a liberation movement), executive governance, the suppression of compromises with underrepresented interests, as well as sporadic dictatorial behaviour, mostly in an effort to reaffirm clientelist networks at the expense of unpopular (often affluent) constituencies.

The thrust of authoritarianism, as a variable in transforming political economies, is the state's interventionist foray into the formal political economy. Legitimacy in authoritarian states depends heavily on sustaining networks of patronage, rather than on representation or compromise. The state in South Africa controls substantial resources that could be employed to sustain such patronage networks. Networks of patronage in African states, and certainly also in South Africa, tend to exhibit a surprising durability, given the unstable conditions under which they have to prevail. Chabal and Daloz (1999: p 33) refer to the "recycled elite" in Africa and argue that the durability of the elite should be seen in the context of strong personalised power where the cult of supreme master is common currency. It is this continuous recycling of the elite which sustains the hegemonic project. Note for instance the



re-deployment committee of the African National Congress and how frequently officials with a questionable history and credentials in other state departments are transferred elsewhere instead of being removed from the sphere of the state. It also controls significant unilateral leverage over the distributive patterns of resources in the private economy. It is generally accepted, also by private capital interests, that the state needs to distribute its resources selectively and preferentially to consolidate social stability. The symbolic value of power supplements the distributive authority of the state, which contributes to the capacity of the state to assert its dominance and authoritarian behaviour. Authoritarianism certainly is not condoned by the owners/managers of capital, or by those giving preference to pluralist notions of democratic control, but it may well be tolerated as the lesser of two evils. Subsequently, their pluralist preferences subsist as an integral part of authoritarian states.

The South African state can certainly not be described as systematically authoritarian, but authoritarianism does not always have to be systematic, it may appear with or without other forms of regimes. The presence of contending regime preferences under conditions of a weakly instituted state reduce the prospects for systematic authoritarianism, unless the state succumbs to the urge to enforce its monopoly on violence through its coercive apparatus; in which case it becomes dictatorial and not authoritarian in nature. On a continuum, a systematic "balance of power" (compromise between the elite) fits in between democracy and authoritarianism. It is often not in the institutional range of the weak state to pursue either of the extremes. Corporatism as a regime is conceptually closer to authoritarianism (as it relies on preferential access), but operationally it is contrary to authoritarianism (as the social partners of the state become involved on the basis of their threat to the state). Corporatism as the institutionalisation of vertical interests is conceptually closer to democracy (as it broadens representation), but operationally contrary to democracy (as it entails unequal citizenship). However, corporatist institutions may contribute to predictability while corporatist regimes remain fluid and subject to continuous change. Where state-societal relations evolve into corporatist regimes, they do so because the *durability* and *indispensability* of selective constituencies and social forces it does not control are recognised (cf. Friedman, 1995: p 567; Mozaffar, 1989: p 58).



#### 4.7 Conclusion

Corporatist compromises in South Africa are generally constructed in areas where state control is too weak to enforce civility and compliance. The destructive capacities of the taxi industry do not allow for the state to utilise a Weberian monopoly on coercion to enforce compliance. The historical and relational context from which the industry grew to become the main force in the transport industry, further complicates the prospects for compliance with a universally applied regime preference founded upon liberal democratic governance. Often the social partners in the politics of compromise are members of the ruling party's electoral constituency and the application of coercive measures could have unpredictable consequences for the legitimacy of governance. Corporatist regimes do not require a significant degree of state autonomy, and the state is saturated by the presence of a large number of social formations, attached to it through a complex web of historical and interlocking social relations. The gradual fusion between the state and the ruling party further convolutes the dilemma of democratic governance in a developing political economy, but it may well be fundamental to the survival of the hegemonic project. These are all aspects that contribute to the limitations of the state with regard to its incorporative, distributive and extractive capacities, but it also provides the conditions conducive to a corporatist regime.

Societies in developing political economies such as South Africa, are often portrayed as fragmented with multiple centres of social control vying with each other in a zero-sum contest for scarce resources, but that certainly is only one dimension of it. A second dimension reflects on an interconnectedness of shifting allegiances, attached to the state on various levels and through various means. Amongst black South Africans, a significant amount of social capital prevails and it surfaces only to contain the state's extractive capacities and declines when confronted by its distributive capacities. The pluralist constitutionalism that constitutes post-apartheid South Africa, however, is not founded upon civility, compliance and consensus, but rather on informality and an uncoded (informal) political economy. Corporatist regimes, which as a theoretical disposition provide significantly more analytical depth than corporatist theory, reflect on efforts by the state to reconcile the urge to reproduce its own survival with the distributive requirements of society.



In the context of representative politics the corporatist regime undermines the constitutional worth of opposition party politics<sup>69</sup>. Representative institutions such as parliament are obliged to abuse the majoritarian principle and endorse corporatist arrangements in an effort not to destabilise the balance of interests in corporatist compromises. The role of opposition parties as legitimate representatives of societal interests is thus diminished in favour of the hegemonic project. This further reinforces the view that political contestation in a developing political economy is essentially reflected in the outcome of elite compromises. Consequently, the principal threat to the ruling party is not opposition parties, but the diverse nature of its own constituencies' interests. Adam's (1999: p 279) view of corporatism as a guarantee for a "consensual type of democracy", which resolves the majoritarian nature of the South African political system is thus optimistic, to say the least. Corporatism does not always enhance representation, it undermines it and often replaces it with institutions of preferential access which specifically aim to redistribute material benefits by coercing rivals as well as the state into submission. The corporatist regime functions in addition and on behalf of the state, it blurs the distinction between state and society, and it constitutes the thrust of state survival and state formation.

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<sup>69</sup> The question advanced by Chabal and Daloz (1999: p 151): "What word... might be attached to the function of leader of the opposition who, in the real world, has no resources allocated to his position" is simple enough, but a very valid one. If elite contestation is primarily administered by the distributive interests of the dominant formations in the policy process (of which the state is only one), opposition politics will only be functional if considered to hold a destructive potential to the detriment of the hegemonic project. This is also the reason why co-optation is such an important ingredient of elite co-operation in Africa. While they are not the formal opposition, the position of the Inkatha Freedom Party (IFP) and Mangosuthu Buthelezi in the South African cabinet can be advanced as a manifestation of such a proposition.



## CHAPTER FIVE

### 5. PLURALISM AND DEMOCRACY: REINVENTING CIVIL SOCIETY<sup>1</sup> IN A DEVELOPING POLITICAL ECONOMY

The civil society itself is an arena of contestation between contradictory forces and the ability to resolve these contradictions is one of the determinants of its efficacy in the process of democratic consolidation

- Osaghae (1996: p 16) -

Building social capital<sup>2</sup> will not be easy, but it is the key to making democracy work.

- Putnam (1994: p 185) -

#### 5.1 Introduction

Following the proposition in Chapter One that the taxi industry represents a regime contending with that preferred by the state, it was suggested that another important regime

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<sup>1</sup> . Following the discourse of Shils (1991), Putnam (1994), Gagliano and Du Toit (1996), Friedman (1996) and Fukuyama (2000), it has to be maintained that a civil society is conceived in the operational realm of the market and the individual, and also rooted in the social history of the consolidated democracies of North America and Western Europe. Its main attributes are those of consensus, civility and compliance and the principles of equal citizenship.

<sup>2</sup> . Putnam (1995: pp 664 – 683) postulates social capital as those “features of social life – networks, norms and trust – that enable participants to act together more effectively to pursue shared objectives”. Hyden (1997: p 5) defines social capital as “... the educative feature of the growth and practice of self-governing institutions”. It, thus, refers to the connecting tissue between state and society and the values of order, tolerance and consensus. According to Fukuyama (2000: p 66), social capital is reflected in the willingness of individuals, groups or social formations to conform to a universally acceptable value or set of rules. This ‘willingness’ is consolidated by the presence of local rituals and institutions representing the greater good and manifests the consensus as regards to what the greater good embodies. The term ‘social capital’ originated in the work of Coleman and Bates. Putnam then further developed it. The term closely relates to the notion of ‘civility’ advanced by Shils (1991). It also relates to what Montesquieu (see Shils) referred to as virtue. In other words: “love of the republic” and “love of democracy”. The origins of the term can perhaps also be traced to the work of Alexis de Tocqueville who emphasised the correlation between the ‘mores’ of society and its political practices. Tocqueville argued that civic associations reinforce the “habits of the heart” which relates to the effectiveness of democratic institutions (see Zumbado, <http://www.iigov.org/pnud/bibliote/bib10001.htm>).



preference competing for predominance in the South African political economy is the pluralist disposition, or what Hyden (1997: p 163) refers to as the liberal paradigm. Within the democratic project, corporatist regimes and liberal utilitarian regime preferences co-exist and together constitute the structural edifice of state-building.

The South African constitution is often popularly described as a liberal document due to references to the separation of power, the devolution of decision-making to provincial and local spheres of governance and the presence of a Bill of Rights. It is often assumed that the intentions of the negotiating parties were the eventual configuration of a liberal democratic state<sup>3</sup>. The right to free economic activity guaranteed in the Constitution, and macro-economic policy trends in the post-apartheid management of the economy, firmly established the view that market forces essentially drive the South African economy. In the nomenclature of international policy formulators, South Africa is classified as an emerging market economy with a democratically elected government<sup>4</sup>. No reason exists, therefore, not to conceptually compare this African version of liberal democratic governance with those pluralist notions of democracy that currently dominate the international political economy<sup>5</sup>. Yet, the identification of South Africa with the "liberal paradigm" may well be more conceptual than empirical. Shils (1991: p 3) notes that even within the conceptual confines of liberal democratic theory, it is possible to distinguish between "well-ordered" and "disordered" regimes, while Diamond (1994: p 33) refers to democracies that aspire to consolidated liberalism as various forms of semi-democracies. While such viewpoints are based on the questionable assumption that politics can be somewhat more or less democratic - and this chapter will seek to add to the debate in that regard - it is obviously a theoretical presumption sufficiently applied by scholars to warrant a discourse. Suffice it to say at this

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<sup>3</sup> . Cf. Hyden (1997: p 163). Hyden argues that the liberal paradigm has stronger roots in South Africa than anywhere else in Africa.

<sup>4</sup> . Cf. Hanlon (1997: p 1). Many scholars caution against the simplistic application of only two variables, *regular elections* and the prevalence of a *market economy*, in the conceptualisation of democratic theory. They, however, seem to be the most fundamental indicators to the international political economy that the elite in developing countries embrace democratic governance.

<sup>5</sup> . Hyden (1997: p 162) claims that the wave of democratisation that swept over Southern Africa during the 1990s, has largely been based on the "liberal paradigm", including the features typically associated with democracy in the established liberal democracies of North America and Western Europe.



early stage that the overemphasis placed by many scholars on an institutional definition of democracy may well obscure the complexities of the democratic consolidation discourse rather than contribute to it.

It is often assumed that pluralist theory presupposes the principle of *consensus*, which is not necessarily true<sup>6</sup>, reflecting on the nature of societal relations that prevail. It can also be founded upon *compromise*. Many polities are pluralist in nature, even as far as economic contestation is concerned, but that doesn't make them civil societies. An operational configuration of the notion of a civil society will essentially be based on the following indicators: In civil societies, typically founded in *consolidated liberal democracies*, the processes of *interest aggregation* and contestation between *associational formations* are performed on the basis of *consensus*, consensus<sup>7</sup> regarding the regime perimeters and the values reflected by the institutions that regulate relationships not only within society, but also those relationships between state and society. The state essentially fulfils a *regulatory function* within the political economy, while the principles of a *market economy* and *freedom of association* drive the greater good. This consensus, regarding the universal principles of justice and social order, civilises the behaviour of society. Predictable political outcomes ensure the social stability needed for markets to function relatively unfettered, and may maximise the interest of individual enterprise and, therefore, of the political economy as a whole.

A very important aspect of democratic theory is the analysis of political power and its institutional domain. The fundamental configuration of most consolidated pluralist political economies is the separation between the spheres of politics, the market and the arrangement of

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<sup>6</sup> . Mann (1990: p 373) argues that even liberal democracies can only lay claim to "some minimal degree" of consensus. This consensus reflects on the "sharing of general political and pre-political values". In other words: the organisational edifice of democracy, and the values it emanates from, are not re-negotiated under conditions of scarcity or conflict.

<sup>7</sup> . Lipset (1964) suggests that consensus refers to 'ultimate values' (such as equality and freedom of expression), while Dahl (1971) is concerned about the prevalence of conflictual elements (class and ideology) which may threaten the efficacy of consensus. The operational confines of consensus itself are thus subject to various interpretations. The definition of Lipset, and the notion of ultimate values posited by Mann (1990), however, provide for a valuable minimum definition.



associational life. Gagiano and Du Toit (1996: p 47) argue that pluralist notions of justice and social order assume the importance of this separation to mediate the inequality inherent in all liberal democratic systems of governance. Democratic participation is thus based on the principle of equality, whereas, the market and society differentiate between individuals depending on their capacity to compete or to position themselves favourably therein. The only determinant that can address or eradicate this differentiation is the fulfilment of individual interests, which should ideally be institutionally insulated from the political sphere.

Developed political economies generally make provision for various social security programs, and allow some state intervention to ensure the balance of market forces, thus providing protection to their citizens from the monopolist tendencies typical of the market. Conceptually, therefore, liberal democratic regimes do justify state intervention when the market is threatened by the over-concentration of capital (monopolies) or when the need arises for the state to entrench certain procedures or infrastructure to facilitate the process of production (cf. Gagiano and Du Toit, 1996: pp 53 – 54). They also require the state to ensure, but temper the preferential interests of capital through a disciplinary code for labour and unionism. But, the underlying philosophy of liberal democratic pluralism determines the regime perimeters in these societies and it seems South Africa, at least constitutionally, embraces the ideals of civil contestation, organised interest aggregation as the dominant means of social mobilisation, and liberal macro-economic policies. The reality of democratic consolidation may, however, be somewhat different and is certainly rooted in a historical context not quite favourable to the 'wave of democratisation' (Huntington, 1994: pp 17 – 26) that has engulfed democratic initiatives in Southern Africa<sup>8</sup>.

To gain some understanding of democracy and its consolidation in a developing political economy, it is important to re-evaluate some of the conventional theoretical perspectives on African politics. It is equally important to do a reality check on the requirements for an

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<sup>8</sup> . The "third wave" of democratisation, is generally considered to have commenced in 1974 in Southern Europe. In a number of instances, it led to the liberation of European colonies, such as Mozambique and Angola. Even though the dynamics of liberationism in Zimbabwe and South Africa are slightly different (at the time of change the 'struggles' were against domestic – white – 'colonisers'), the process certainly provided impetus for radical change of regimes throughout Southern Africa.



embedded liberal democratic dispensation and the extent to which the South African political economy is compatible with these requirements. It often seems as if old concepts are reinvented to suit new conditions and challenges, and in the process the contents of concepts are altered to suit prevailing conditions. In the following chapter the conceptual origins of a civil society are explored and are then applied to contemporary trends in the South African political economy. An important distinction will be made as far as the fabric of African society is concerned; that of interest aggregation versus social movements as vehicles of mobilisation (cf. Weffort, 1994: pp 37 – 38)<sup>9</sup>. The question to ask is: can civil society be born from the social relations in which dominant social and economic formations, such as the taxi industry, are conceived? These are relations of compromise with adversarial and liberationist assumptions of justice. If not, what should the nature of interest aggregation be and what type of social relations are conducive to the construction of a civil society?

The dominant philosophical disposition in the international political economy of the twenty-first century is that of liberalism. More specifically, that version of liberalism which relies on *laissez-faire* economics to come to fruition. The three most important concepts underlying the normative architecture of this philosophy are that of civility, compliance and consensus. These concepts are conceived in and sustained by sufficient and generous quantities of social capital. Social capital is the one ingredient fundamental to a consolidated civil society which may also prevail in the presence of the authoritarian state. But, social capital can fail, and it seems to fail more regularly under conditions of regime transformation when clientelist networks are rearranged and the state becomes unresponsive in terms of either or both its coercive and distributive functions<sup>10</sup>. In this context South Africa seeks to implant a specific regime-type called democracy (which may or may not be a liberal democracy), and it is in this context that the outcomes of political and economic transformation from authoritarianism to a democratic dispensation should be evaluated. It is, furthermore, in this context that the state has to

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<sup>9</sup> . Weffort (1994: p 54) refers to the Latin American example, arguing that democracy as a movement *per se* presents enormous space for participation, and almost unlimited access to policy and decision-making, while the liberalist “institutional” method of interest aggregation and representation “presents a very narrow and ineffectual space for expressing... participation...”.

<sup>10</sup> . These are the conditions from which Dahl (1971) constructed the idiom of democracy as the outcome of a process in which adversaries deem co-existence and co-operation less costly than mutual destruction.



compromise with strong societal formations, such as the taxi industry, which is intent on negotiating and re-negotiating the rules and regulations of the political game. It is, thus, inevitable that the evaluation will take place in the context of a state-society dichotomy (a discourse which can only be related to pluralist theory in an ironic sense), as the failure of both social capital and the regulatory functions of the state have been fundamental to the theories of democracy in Africa in particular and the developing political economies of the world in general.

## **5.2 Pluralism and fragmented societies: “movements” versus “civil privatism” (interest groups)**

The conceptualisation of civil society is often obscured by the fact that contending theorists consistently use the same historical context to explain diverse outcomes. Both liberal pluralists and those that foresee compromise as fundamental to the conceptual composition of civil society will be able to make peace with De Tocqueville's (1961: p 101) description of civil society as a function of *active participation* on the part of citizens in *egalitarian institutions*. Cohen and Arato (1992: pp 18 – 19) broaden the notion of ‘active participation’ to include “social movements” and contend that an over-emphasis on “civil privatism” (interest groups), as a means of interest aggregation, entails nothing more than a sort of “political apathy” and is founded upon perverted and “utopian” assumptions about the “internal structure of civil society”. However, while Cohen and Arato are not explicit about the nature of the regime which harbours civil society (they don't seem to think liberal democracies are the only domicile of civil societies), it seems as if they conclude that sufficient consensus should exist about the perimeters of the regime. Movements such as those founded upon liberationism are thus ‘sufficiently inclined’ to conform to the normative architecture of the democratic regime for the latter to tolerate the tendency of rivalling perceptions of justice and social order to continually seek a redefinition of the regime's organisational perimeters. It sounds like a contradiction in terms, but Cohen and Arato's assertion that demands made upon the regime actually strengthen consensus, which is the operational thrust of liberal pluralism, suggests some conceptual stretching. Contestation that allows interest groups or social movements to continuously re-evaluate the rules, regulations and values of the political game can hardly be



conducive to political and economic predictability. It certainly opens the political playground to continuous opportunism for the simple reason that nothing is sacred. Under conditions of scarcity, porous principles cannot contain extreme interests.

The historical context and the dynamics of 'social movements'<sup>11</sup> are important. Movements tend to base their demands on the principle of the communal *right*, and those rights are conceived in either coercion or social capital which is very particular to that specific movement's perception of justice and social order. It is in this context that rights are defined. While both *rights* and *interests* fall within the conceptual domain of the liberal utilitarian tradition, the notion of rights as fundamental to liberalism precedes the notion of interest aggregation. The contest about rights should essentially be resolved before (civil) interest groups can continue with the contest of representation and the rules of distributive justice.

Social movements are often defined as *per se* autonomous from the state, but the real question is, to what extent is the state autonomous from social movements? As Sachikonye (1995: p iv) rightly remarks, "[S]ocial movements are organised social groups which are mobilised from below in pursuit of goals that challenge the established order of things, especially that of political forces with a stake in the state" (cf. Lindberg *et al*, 1992: p 88). Societies dominated by social movements should, therefore, be distinguished from societies who facilitate policy formulation through interest organisations based on the individual, as only the latter provides the conditions conducive to a civil society. The criticism of Ekeh (1994: p 11)<sup>12</sup>, that the exclusion of social movements from civil society is at the risk of not exhausting the scope of associational life, is thus not really warranted and should be seen in the context of his inclination to define civil society in terms of its opposition to the (colonial) state. The desire of social movements, such as liberation organisations and even those social formations in the informal political economy, successfully contesting the state's domain of authority (of which the taxi industry is a prime example), and who seek to either capture the state (or parts thereof), or to renegotiate their presence within the regime, excludes them from the

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<sup>11</sup> . See Lindberg *et al* (1992), Cohen and Arato (1992) and Sachikonye (1995) for an in-depth analysis of social movements in the context of democratic theory.

<sup>12</sup> . Also see Wamba-dia-Wamba (1997) for an argument similar to that of Ekeh (1994), Osaghae (1996) and Lunga (1996).



operational definition of 'associational life' and, therefore, from the conceptual confines of both civil society and the market. If forces such as the taxi industry are to become a contender in a market economy, they not only will have to surrender their preferential status as indispensable accomplices to compromises, which are at the expense of equal citizenship and market forces, but also cede their authority to regulate themselves on the basis of coercive practices and violence.

### **5.3 The state-society dichotomy as a framework for analysis**

The theoretical separation of interests between the social, political and economic spheres of the political economy remains in contention. This is especially so in developing political economies. While this separation of spheres is conceptually associated with pluralist theory, and remains fundamental to the consolidation (of democracy) discourse, it can only be incorporated into the discourse of Migdal, Daloze and Chabal and Bayart (who all emphasise the value of the state-society dichotomy as a framework for analysis) with a great deal of conceptual stretching. While the state-society dichotomy has become fairly universally accepted as an analytical frame of reference - as opposed to an exaggerated or unbalanced emphasis on either institutions of regulation or social relations - little consensus prevails with regard to how regimes should be institutionalised and what normative conceptual confines should represent these regimes. Continuously changing divisions (some of which are historical) and sociological fault lines too often determine the outcome of contestation and compromise to allow for a sufficient degree of conceptual extrapolation.

In both the Latin American and African context of the 1950s and onwards a number of theoretical paradigms were descriptively applied as an explanation for the destructive nature of post-colonial state-societal relations on these continents. The dominance of the market and liberal notions of social organisation in North America, as well as the gradual erosion of the welfare state in favour of *laissez-faire* modes of post-world war reconstruction in Western Europe, led to a logical preference for theories of political and economic modernisation. Modernisation as a theory thus dominated scholarly work on



developing political economies for at least two decades (until the late 1960s, early 1970s), while orthodox versions of class theory provided little explanatory value for the unique and complex social relations of developing political economies which are devoid of an industrial base of significance.

An important attribute of the theories of development preceding the 1970s was their comparative analysis of democratic regimes<sup>13</sup>. The durability of new democracies was assumed to be subject to universal yardsticks and quantifiable requirements, which left comparative systems-analysis as a research method exposed to criticism of being deterministic and positivistic. Modernisation theory predominantly rested upon the assumption that the process of political and economic development is essentially a linear process, and effective state building is the final conclusion of universal, non-traditional values throughout society. This (assumed) homogeneity is founded upon the maximisation of individual interests and a plurality of associational life functioning within the perimeters of consensus regarding the rules, regulations and values of the political game. But, the collapse of the post-colonial state and the fragmentation of society in Africa suggested that modernisation theory provided little understanding of the dynamics of weak states confronted by fragmented societies, especially, the extent to which the international political economy contributed to the decay of the institutional capacities of states in pre-industrialised societies<sup>14</sup>.

The dramatic collapse of governance in Africa and the rise of patrimonial rule<sup>15</sup> provided many scholars with what was considered to be an obvious problem: international

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<sup>13</sup> . The work of Almond and Verba, *The Civic culture* (1963) is generally accepted to have introduced comparative analysis by examining political attitudes and values as an independent variable. However, with exception of Mexico, their work focussed on Western political systems. As a method and means of analysis, though, the quantification of social theory became an important yardstick for the validity of scholarly worth.

<sup>14</sup> . See Diamond *et al.* (1988: p xii). The era of modernisation theory as the intellectual foundation of political development came to an end during the very early 1970s, and the work of Dahl, *Polyarchy: Participation and Opposition* (1971), is, certainly, one of the most important works on democracy of the political development decade.

<sup>15</sup> . See Chabal & Daloz (1999: p xix) for an in-depth overview of the patrimonial features of state formation, and how the 'instrumentalisation of disorder' actually provides the operational perimeters of governance in developing political economies.



capitalism and the neo-colonial state. For the next two decades (1970 – 1988), which, more or less, coincided with the radical polarisation of the global political economy into a bi-polar ideological dichotomy, dependency theorists paraded variants to their theme, with no obvious solution in sight for the *problematique* of democratisation in developing political economies. Even though the dependency theory had its origins in the aftermath and disillusionment brought about by the collapse of the bureaucratic authoritarian states of Latin America, it was, as a frame of reference, generally applied to all spheres of the so-called Third World, which included Africa. The main maxim of the theory was that the “inherent strains” of economic dependence upon industrial economies would obstruct whatever prospects for development the Third World would generate (cf. Diamond, *et al*, 1988: p xiii).

Dependency thinkers, furthermore, shared their disillusionment about the post-colonial state with modernist thinkers, but emphasised, like class theorists, the role of industrial economies in undermining the process of state formation in developing political economies, often referring to the ‘underdevelopment’ of these political economies. According to Wallerstein<sup>16</sup> (developing) states create institutions to reflect the class forces which are functional in the international political economy. Similar to modernisation and class theory, dependency sought to extrapolate a universal theory to developing states while ignoring the complexities inherent in individual states and societies (cf. Reno, 1998: p 17). In a rather eclectic manner, a class-based theory was applied, shifting the emphasis of the classic Marxist assumption of ‘contradictions in the international capitalist system’ away from the point of production to the institutional realm of the state. Orthodox Marxism is thus calibrated to fit the context of contending nationalities, with the nation-state picking up the tab for the social costs incurred when the legitimacy and accumulative functions of the state are undermined by the separation between the state and the process of production (cf. Alford and Friedland, 1990: p 317). If class formation explained anything, as it is claimed, the outcomes of democratisation (whatever its nature) and the so-called

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<sup>16</sup> . See Wallerstein (1980; 1989).



consolidation thereof, would have been much more predictable<sup>17</sup>. Eventually, their infatuation with Marxist theories of development would prevent them from moving beyond a statist approach and the discourse on democratisation moved beyond them<sup>18</sup>.

The most recent discourse to seek explanatory value for the concepts modernisation and democracy in developing political economies is the postmodernist interpretation of globalisation. Theoretically, globalisation illustrates the interrelatedness of the means and methods of socio-economic survival through the metaphor of the global village, where contestation of whatever nature is determined by the overall efficiency of the individual, which is then universally applied. The rules and regulations in the global village are driven by the advantages of technology and easily accessible information, while the normative assumptions underlying both morality and social engineering are secondary to the requirements of the market and its consequential prosperity. To postmodernists, it is obvious that conventional postulations of democratic governance, especially in the developing political economies, cannot survive the imposition of a *universal* regime based on a *universal* conception of justice and social order.

Proponents of globalisation make a similar mistake by explaining neo-liberalism as the single most definitive variable in the process of state formation in developing political economies<sup>19</sup>. The barrage of criticism on globalisation, mainly from class theorists, reinforces the notion that both theoretical strains are moulding African politics to fit their respective theories, rather than *vice versa*. The perverted relativism of postmodernism, under a guise of a critique on globalisation, removes all scientific prospects from the debate by denying the value of *empirical* observation<sup>20</sup> and the *universal* prospects

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<sup>17</sup> . Orthodox class theory, for obvious reasons, has very little to argue about the democratic aspects of the state, as its (the state's) relationship with those controlling the process of production compromises them and, secondly, it is imperative that the state will eventually recede, in favour of control by the proletariat.

<sup>18</sup> . See Offe and Ronge (1990) for a comprehensive discourse on Marxist theories, and their application to developing states.

<sup>19</sup> . See Gellner (1993: p 71) for elaboration upon this point.

<sup>20</sup> . Postmodernists, argues Gellner (1993: p 44), allege that empirical observation is impeded by cultural limitations, and a lack of understanding for the motivations of the Other. The universality of principles and factual observation is thus questioned as generalisation which can only obscure reality and rarely contribute to it.



knowledge holds for development theory. However, even theorists who accept the inescapable presence of globalisation and universalism seem to be aware of the need to move from an overly state-centred emphasis to a dichotomous-logic that includes both the dynamics of *social relations* and the *regulatory functions* of an effective state (Mamdani, 1995: p 2). It is also obvious that grand narratives were limiting in their analytical capacity, and while extrapolation remained crucial to being able to predict political and policy outcomes, a new pragmatism towards the contextualisation of development needs to take root.

### 5.3.1 The reinvented state-society dichotomy

However, diverting from applying a well-defined methodological paradigm to the varying nuances inherent in an analytical approach complicates explaining the state-society dichotomy as a theory. About the only prevailing aspect of consensus, as regards to the state-society dichotomy, is that the problem cannot be understood by emphasising either one of the concepts in isolation. What exactly the social, political and economic structure should entail that attaches the state to society is an open question, as are the questions related to autonomy, authority and the regime boundaries within the dichotomy. Gagiano and Du Toit (1996), who analyse the prospects of a consolidated democracy in South Africa from the vantage point of the state-society dichotomy, identify two strains prevailing within the South African political economy: *liberal democracy* (pluralist)<sup>21</sup> and *liberationist* (social democracy). These strains dictate the moral, political and institutional configurations, which seem to be shaping state-societal relations. What is important, though, is that very little attention is being paid in South Africa to the composition of state institutions, except to note that they should be impartial and effective. The “family feud” is about the morality these institutions represent, with specific reference to the morality of distributive practices. That is one of the reasons why this study maintains that state

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<sup>21</sup> . It is not clear whether those giving preference to liberal democratic principles of political competition necessarily foresee it as the result of a universal consensus. It may well be that liberal notions of social order and justice are the result of both consensus and compromise. There is, thus, a conceptual fusion between liberationism and liberalism as both agree on a degree of interventionism, while disagreeing on the (operational) extent and dynamics thereof.



formation can be best understood in the context of regime rivalry, rather than only in the institutionalisation of consensus or even compromises. If it was in the interest of strongmen in the taxi industry to institute a lasting consensus or an ever-prevailing compromise, the notion of the institutionalisation of interests as the dominant architecture of the democratic project was feasible, but it seems taximen and warlords wish to negotiate the perimeters of the political game as frequently as their interests vary, depending upon *ad hoc* circumstances.

In this respect, the state-society dichotomy, however valuable, can easily obscure the complexities of state behaviour, and the vectors that constitute state-societal relations. It is crucial to consider the variables which influence decision-making outside the formal corridors (“wandelgange”) of authority. If the concept *state* was replaced more often with *authority*, the intrinsic nature of democratic theory would be altered for the better. Most research currently done in South Africa perceives strongmen to be a real threat to state formation and assumes that the intentions of the state are to rid itself of the undue interests and criminal rogue forces. What if we turn this logic on its head and argue that the process of state formation essentially resembles regime compromises between the elite, and that strongmen, therefore, are central to state formation. They become part of the state, with or without the sanction of society. State formation is thus not only the strengthening of institutional capacities, but also the confirmation of systematic patronage and the formalisation of social relations. State autonomy is then compromised, and ironically, is expected to nurture the requirements of stability, growth and the survival of the hegemonic project.

#### **5.4 Pluralism and the autonomous state**

Pluralist theory is historically and conceptually confined to society, the economy, and its organisational features, while the state and its functions were considered as merely regulatory of nature, and the less the state involved itself beyond its purpose of impartial regulator, the more efficient the process of governing a democracy. The state was, therefore, not considered a variable of analytical value and was “assumed” rather than “explained” (Mozaffar, 1989: p



46). More recently, however, with the growing emphasis on developing political economies, the capacities of the state to execute its regulatory functions became crucial to the idea of sustaining newly conceived liberal democratic initiatives. As democratic practices are embedded in the broader institutional network not only of the state (Gagiano and Du Toit, 1996: p 56), but also that of society, the relative strength of the state has become an important focus of the discourse. In ideal terms, strong states represent a single set of regime rules, of which both the normative and empirical perimeters are entrenched (consolidated) by the state's capacity to enforce compliance and conformation on renegade social formations. The relationship between a strong state and an effectively regulated society is founded upon general compliance, equal participation and a broad-encompassing legitimacy (Gagiano and Du Toit, 1996: p 56). As the value of participation is applied equally to all citizens, a sense of general compliance is nurtured through generous amounts of social capital (willingness to conform to the greater good), which sustains the legitimacy of the regulatory obligations of the state.

Democratic states have to be strong states and their operational attributes and capacities are obvious. Following Migdal (1988; 1989), Gagiano and Du Toit (1996: p 58) postulate strong states as representing the "apex of a pyramidal structure, which co-ordinates the multiple survival strategies pursued by its members, in a complementary and mutually supporting way". The institutional edifice of the strong state is endowed with the legitimate capacity to penetrate and regulate all processes and procedures of survival in a non-interventionist manner. Strong societal formations conform to the regime preferences of the state on the basis of their legitimacy and the degree of consensus which prevail regarding the functions and obligations of the state. This consensus about the role, functions and purpose of the regime, together with normative values of the greater good, represent the confines or perimeters of the regime. It is also this consensus from which the autonomy of the state emanates. It allows the state the necessary autonomy to, forcefully if needed, extend its control over renegade social forces. More importantly, though, is that the autonomy of the state is not a homogeneous quality that applies equally to all spheres or departments of governance (Davidheiser, 1992: pp 463 – 464). Various societal actors operate at varying distances from the influence of the different institutions comprising the



state and *vice versa*. In developing political economies, this dynamic is specifically problematic.

However, a measurable degree of (state) autonomy is *important* for augmenting liberal democratic (pluralist) regime rules, especially so in developing political economies. But, to distinguish it as a necessary condition is to add to some of the idealistic conceptual features of pluralist theory. In a number of successful European democracies, corporatist-type arrangements regulate the relationship between the state, capital and labour. These arrangements *per se* intrude on the domain of dominance, and the reserved area of autonomous activity, of the state<sup>22</sup>. In all societies, including the strong liberal democracies of the First World, business conglomerates and capital in general enjoy privileged access to institutions of policy formulation. This does not only imply a degree of sectarian privilege, it also implies that some social forces, more specifically those related to the process of production, are not only closer to the state than others, but are granted preferential access by the state itself. The state, thus, not only allows for intrusion on its autonomous domain, but the majority of the members of civil society often sanction it. As a point of criticism against the liberal (pluralist) political economy, it could be argued that this preferential access has profound implications for the notion of equal citizenship. Often theorists who argue from the perspective of transformative states will agree to this, but stress that access to the economic sphere is not the only criterion for equal citizenship<sup>23</sup>. Citizens who, due to structural impediments, do not have the capacity to systematically manipulate resource allocation and distribution often have access to the political system, which grants them preferential status as citizens (the political sphere), even if that does not manifest in material advantages in the short to medium term<sup>24</sup>.

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<sup>22</sup> In the context of Eastern European states, argues Davidheiser (1992: pp 463 – 464), it is imperative for the state to allow for bottom-up (institutionalised) penetration to avert the prospect of revolution by exclusion. Even in the South African context this is an important point. As was argued in Chapter Four (on corporatism), a balance between contending regimes is only possible by compromising the regime perimeters of the state.

<sup>23</sup> Cf. Friedman (1996), and Gagliano and Du Toit (1996).

<sup>24</sup> A simplified version of this argument is that while white South Africans control the economy, blacks control the political system. The redistributive capacities of the political system are hampered by the monopoly control of whites over the economy, but the conditions of growth and maximisation are shaped by the extent to which surpluses are made available to appease the political demands of blacks.



However, if one accepts consensus as a consequential feature of democratic consolidation implies a measurable spatial autonomy to allow for the dominance of state-sponsored strategies of survival, such acceptance also suggests that pluralism may operationally not be altogether compatible with the transformative state. This does not mean that consensus pluralism cannot be present in transformative states. It may well co-exist, and compete, with other normative perceptions of justice and social order, such as corporatist regimes and systematic patronage. Consensus in developing political economies is more often impeded by structural inequalities or status differentiation. Important questions in this regard are: how is democracy constituted under such conditions and how, then, do we define such a democracy?

## **5.5 Pluralism, equality and differentiation**

Social, economic and status differentiation are typical attributes of liberal democratic (pluralist) democracies. The capacity of the dominant regime (as is the case with liberal democratic regimes) to transcend material and social constraints, warrants a partial justification for this differentiation. In liberal democracies, this capacity comes to fruition in the successful pursuit of individual interests, within the perimeters of civil norms of contestation. Gagliano and Du Toit (1996: p 51) stress the point that this differentiation is presented by pluralism (especially the liberal democratic rendition thereof) as dispersed, rather than cumulative. The consequence of dispersed inequality is that "individuals or groups have privileged access to only one socially available value". The separation and balance of forces between politics, economics and society requires that a group or individual will, generally, not have access to more than one 'socially available value', such as material wealth or political power<sup>25</sup>. What is important though, is that no dominant social formation has preferential access to the process of policy formulation, as that will undermine the balance of forces

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<sup>25</sup> . This argument, which relates to 'consensus pluralism', is undermined by the principle of legitimate preferential access (to political decision-making) enjoyed by capital interests, a feature common in so-called consolidated democracies (liberal democracies). The controversy erupts, however, when the same principle is applied to societal-based (political) interests. The important point is that the natural divergence of interests between state, society and the economy, as presented by liberal theory, is very much debatable.



between wealth, status and power and the equal value of all groups and individuals. As Gagliano and Du Toit (1996: p 52) conclude: "[Liberal] democracy is possible only if there exists a fairly strong institutional separation of the realm of politics from the overall system of inequality in society".

Obviously, such categorical presumptions of 'differentiation' will be theoretically controversial. Cohen and Arato (1992: p 20) take issue with what they call "... the sacrosanct freedom of contract or property right", referring to the notion of an economic society in the context of a "rights orientated liberalism". The pitfalls of relativism loom as the authors merge concepts in an effort to explain 'workerism' as inherently liberal. Presumably, workerism, as a social movement, then falls within the conceptual realm of a civil society. In fairness to them, it should be noted that their work does not necessarily incorporate the complexities of transformative states, and definitely not those in the contemporary developing world. If the application of practical considerations for theoretical assumptions justifies anything, the problem can be simplified by arguing, like Mengisteab (1995: p 163), that post-independent states emerged as a consequence of popular political struggles and society demands from the state that they be liberated from poverty by merging political society with economic society. Essentially, that is what relations of patronage entail.

On this note, let us return to an earlier assumption: Some institutional arrangements within the South African political economy go beyond the accepted preferential access of capital to include strongmen and interests of a political nature. The arrangement between SATACO and the state fits perfectly here. SATACO, in much the same way as other taxi mother-bodies, may well be an important feature of the transport economy, but it is as a societal formation which the state will ignore at its own peril that SATACO, the indispensable partner to the arrangement, earns it status in the compromise. These arrangements often fall within the theoretical paradigm of corporatist compromises, perhaps more so in the context of (corporatist) regime compromises. The question is: Is this the 'short-circuiting' (Friedman, 1996: p 102) of the operational confines of democracy and the policy formulation process? In other words, do corporatist practices, especially those outside the process of production, fall outside pluralist notions of social order and therefore beyond democracy? Firstly, this question



may imply that democracy is conceptually equated only with pluralism, which would be inaccurate. The liberal notion of democracy is only one variant of pluralist theory, and the institutional merger of elite compromises, where the political economy is managed as a project to avoid a zero-sum contest, may be less than democratic, but it falls well within the realm of pluralist theory. Secondly, corporatist arrangements related to the process of production appear in most consolidated democracies as the product of a consensus-based process. It can, therefore, be considered a compromise between the political elite and the economic elite within the conceptual confines of a democratic regime. The rules and regulations within these corporatist relations are prescriptive (in other words they are determined by the state and the constitutional regime) and do not exclude or protect preferred interests from its contenders. It is thus not only a matter of pluralist and corporatist regime rules co-existing within the democracy discourse, corporatism may well add to the architecture of democratic arrangements, thereby contributing to individual interests through arrangements that condition the maximisation of resources. However, as was argued earlier, the debate is blessed with an added perspective when these formations, such as the taxi industry, are political by nature (or operative in the informal political economy), and when access to policy formulation is to the detriment of the contenders of those preferred as role-players in the compromise. Under such conditions, the assumed consensus (prevailing within society and which is founded upon the utilitarian value of the preferential arrangements and compromises) becomes eroded. These arrangements, then, do not fall within the vertical realm of democratic institutions and practices.

This raises the question about emerging market economies or developing economies and the inequalities straining the prospects for social stability in such societies. The obvious conclusion as far as pluralism is concerned, is that these inequalities will be addressed through predetermined programmes of state regulation (not intervention) and the natural tendency of markets to provide opportunity for the improvement of personal interest. In fact, most liberal democratic states are continuously involved in the eradication of structural inequalities through social security programmes and investments in cultural and educational infrastructure. But, the construction of institutional processes of decision-making, beyond the obligation of conditions conducive to maximising the interest of the individual, is discouraged. In this



regard, the accommodation of societal strongmen - and the preferences of their constituencies – would be a prime example of a merger between power and status. Not only can it potentially undermine the rationality of market activities, but it also allows for preferential access to state institutions and its resources, thus having a deleterious effect on the principle of individual equality. Therefore, a state which blends status and power, does not provide equal citizenship to all members of society.

It should be clear that liberal pluralist theory, often incorrectly, only makes provision for the requirements of very specific societies: those founded upon consensus regarding the rules, regulations and values of the political game. The assumption that differentiation is dispersed in well-formulated interest aggregates with access to only one 'socially available value', presupposes not only a historically embedded (universal) consensus, but also the prevalence of formalised aggregates of social capital. The informal political economy of South Africa, similar to African societies in general, shares neither such a history nor the required amount of consensus and institutionally (state institutions, that is) generated social capital. African societies are, as a rule, not civil societies<sup>26</sup>, even though certain aspects of civil society may be emerging as a consequence of the pressures of minority social formations or directives from within the international political economy. The presence and nature of interest presentation by vigilante formations, ethnic warlords, organised crime syndicates, gangsters and taxi bosses, competing in a zero-sum contest and under conditions of scarcity, however, suggest that they are pluralist societies of a very specific kind. The prevalence of contending regime preferences saturating the interface between the family and the state, indicates a society based on coercion and compromise (fragmented society), rather than consensus and regulation (civil society). The institutional configuration of social order and the structure of social organisation in African societies may well fall within the empirical realm of pluralist theory, but it relates to fragmentation rather than congruence.

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<sup>26</sup> . See the operational definition of a civil society provided in 1.1 of this chapter.



## 5.6 The economy of civility and the role of the state

It is hardly imaginable that the *laissez-faire* nature of the liberal pluralist economic order can operate efficiently in the absence of a significant consolidation of social capital. Fukuyama (2000: pp 16 –17) suggests that markets need predictable conditions in order to avoid unpredictable fluctuations in their fortunes, and ‘social capital’ civilises the behaviour of both labour and society in general<sup>27</sup>. Markets also require economic differentiation, an appropriate infrastructure, and a competitive and educated labour force to come to fruition. In this the state has a very specific role to play. As Gagliano and Du Toit (1996: p 53) argue: The state intervenes in shaping the conditions conducive to market forces by “... [removing] social impediments to the deeper penetration of market structures into society...”. The relationship between state regulation/intervention and pluralism is an ambiguous one. In a rather ironic way, it is in the interest of pluralist notions of economic organisation that the state should involve itself where a disequilibrium (for instance in the form of monopolies) emerges between the demand and supply features of the market<sup>28</sup>. Ironically, however, capital may encourage the state to restrain labour from involving itself in the rules and justice of distribution. Thus, while the state is discouraged from intervening in the market economy, it is encouraged to intervene in the affairs of society. Labour representatives, obviously, argue that since they are part of the process of production<sup>29</sup>, they can’t be prevented from contesting its surpluses. The fact is, however, labour, in much the same way as social movements demands an interventionist as opposed to a regulatory state, while in developing political economies, at

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<sup>27</sup> . Fukuyama (2000: pp 16 – 17) argues that ‘trust’ acts as a ‘lubricant’ that civilises social behaviour. Going beyond Fukuyama, it is argued here that social capital also solidifies the interactive tissue between diversified interests. Free market societies reflect the necessity and presence of aggregated interests, as opposed to social movements and opportunistic mobilisation against the formal political economy from within the informal political economy.

<sup>28</sup> . A classic example of this is the intervention of the United States government in the computer software market during late 1999 and 2000. Microsoft was, as a consequence of a perceived exploited monopoly, urged to divide the concern into three separate economic entities.

<sup>29</sup> . See Polanyi (1944: p 184). In an ironic way, the merger of labour with the process of production may lead to what Polanyi referred to as the “commodification” of labour. If labour is primarily part of the process of production, its rights are delimited to those similar to a commodity. The question is: how functional is its presence? It is only when workers’ rights are functional within the context of an interest group, within a broader society, that they extend beyond commodification.



least, the private economy is prone to withholding capital investments unless the state demonstrates the willingness to impose civility and compliance upon society.

Liberal pluralist notions of economic order are, very specifically, associated with a strictly disciplined labour regime. Capital not only needs a very educated and productive pool of labour to draw from, it also relies on very predictable behaviour patterns on the part of labour to maximise its interests in local as well as foreign markets. The owners and managers of capital at times provide a range of incentives for discipline by raising the stakes of instability. Contributions by capital managers to private medical aid schemes and pension funds make the risk of not being part of the labour force often unbearable. In most pluralist regimes, labour is only remunerated as long as it is either productive or withholding its labour for statutory prescribed reasons. The conditions of the relationship between capital and labour should, ideally, be determined by the state, but not to the extent that they impede the unconditional functioning of market forces. The presence of fixed investments, especially foreign fixed investments, in developing political economies depends heavily on this precondition. Interventionism is thus only tolerated by liberal economics if it advances the stability and predictability in the labour force and enhances the effectiveness of the market.

However, corporatist arrangements which are enforced in the presence of a legitimacy crisis in developing states, grant labour access to policy formulation and, therefore, the capacity to shape the marketplace regime, a type of preferential access to state functionaries and policy which is often resented by capital owners and managers. Capital interests prefer to consider labour as part of society and not as part of the process of accumulation. To them the economy is merely extracting from the diverse (in terms of skills and status) spheres of society those qualities it needs to function. It is, therefore, no irony that consensus pluralists (liberal democrats) and their preferred economic arrangements, consider corporatism as an interventionist endeavour on the part of the state to encroach on its sphere, and to undermine *differentiation*, an important ingredient in the effective functioning of markets.

In contemporary South Africa, a greater acceptance of corporatism on the part of business is rooted in, firstly, opposition to the monetary regime of the previous apartheid state which



prevented capital flight with strict exchange controls, and secondly, the potential destabilising consequences of bargaining with a labour force that shares ideological interests with the state. Developing political economies rely on what Huntington (1994: p 17) calls "performance legitimacy", that is stability which requires both economic and social justice. The merger between the two entails a compromise between supposedly centrifugal interests (in both the economy and society), a compromise that comes to fruition in corporatist arrangements. Corporatism is thus a necessary condition for both capital and labour to compromise on conflicting interests, and both are very aware of it, even if capital considers it an impediment to growth and labour resents the compromises on what it presumes to be basic human rights.

The important point to make is that markets rely on states to mould societies into an exploitable domain and they rely on the state to establish international relations conducive to economic trade and expansion. Its proper functioning is dependent upon a strong, autonomous state, which could generate significant consensus, in the absence of social capital, and protect markets from society (in the form of its dominant configurations) encroaching on it. Both markets and civil society are thus shaped by the state. In developing political economies it is accepted that initial state-building arrangements would be founded upon compromises, after which the state has to implant and consolidate those compromises. The state-society dichotomy originated in this dictum. But, all societies initiate democracy and civility from a different vantage-point, and follow a different route. That is why the process of consolidating democratic principles of governance is such a contested terrain.

Rustow referred to this emphasis on democratic principles as the conclusion of a "prolonged and *inconclusive* struggle"<sup>30</sup> after which the elite compromise their own interests rather than exhausting their resources in battle. Rustow<sup>31</sup> may well be correct, but the question which remains is: what type of democracy is conceived in a compromise among the elite? Or, more important even, how does this compromise become the norm of interest articulation and contestation? The answer probably lies in the capacity of the elite to foster generous degrees of social capital which will assist society in its endeavour to conform to greater good (become

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<sup>30</sup> . As quoted in Pempel (1999: xi).

<sup>31</sup> . See Rustow (1970) for his original argument on states and the stages of transition to democracy.



civil) as opposed to subjective interests. Civil society is thus not a necessary condition to democracy, but it certainly is a sufficient condition. Democracy can be sustained in the absence of civil society. It may just be a very complex process, and rather than consolidating, its contents may well be continuously under threat or renegotiated. On the other hand, the relationship between the market and civil society is historical and obvious. There is, however, no necessary relationship between the market and democracy<sup>32</sup>. Either can occur in the absence of the other. The question is: can it be sustained if it is not consolidated in a liberal state-societal dichotomy?

### 5.7 Civil societies: beyond the state-society dichotomy

The notion of a civil society has a somewhat complex history<sup>33</sup> and the value of summarising it here is questionable. It is also a conceptual 'irony'<sup>34</sup> that the perimeters of civil society have always been primarily defined in terms of its relationship to the state. In contextualising the civil society discourse it is notable that during the nineteenth century, the European state sought to "emancipate itself from the absolutist and paternalistic state" by asserting an identity congruent with liberalism for itself (Cohen and Arato, 1992: p 29). By the end of that century, the impact of industrialisation proved unbearable in the "satanic mills" of, especially, Great Britain and a new description of civil society, based on the interests of those marginalised to "poor houses", emerged. As Polanyi (1958) observed, civil society was defined in terms of its resistance to the ravages of the capitalist market society. This is in contrast to contemporary theorists (especially those arguing from a liberal perspective) who define society by distinguishing it from the state. In many respects history repeats itself in the South Africa of the twenty-first century. But, instead of the two definitions appearing in only two different historical contexts, in South Africa preferences

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<sup>32</sup> . A comparative study by Diamond *et al* (1988: p 176) concludes that democracy is not incompatible with low levels of socio-economic development. It would be quite possible to consider both Botswana and South Africa as examples of this.

<sup>33</sup> . As Shils (1991: p 5) notes, "civil society" is a concept of "ancient jurisprudence" already present in medieval philosophy where it was distinguished from ecclesiastical institutions. The church represented the state at the time, and the differentiation between state and societal interests remained the defining attribute of 'civil society' through the ages.

<sup>34</sup> . "Ironic", because, as Hyden (1996: p 28) notes, the "lack of a fit between societal and state norms, is at the root of the failure of the African state".



for both definitions appear in a single, but fragmented political domain. This dualism in the discourse can, perhaps, best be understood in the context of *transition*, from one regime-system to another. For some, this transition is subjected to the resurrection of civil society, for others the process of transition is a logical consequence of a civil society at work. Important, though, is that the relationship between the state and civil society is manifested in a (state-society) dichotomy, with no consensus about which variable precedes the other in time.

In the African context, Mamdani (1995: p 3) asks the question: What is civil society? Does it exist, or is it emerging? When he asked these questions in 1995, they were highly contentious questions. Since then, Gagiano and Du Toit (1996), Friedman (1996) and Osaghae (1996) amongst others, provided the debate with some depth and clarity in the South African context by emphasising the historical discourse from which it evolved. Also in the international sphere, the growing emphasis on the state-societal paradigm drew numerous scholars such as Bratton and Van de Walle (1998), Fukuyama (1999) and Shils (1991) to the debate. In fact, before the reintroduction (reinvention?)<sup>35</sup> of the state-societal dichotomy<sup>36</sup> significantly more consensus existed regarding the nature of civil society and its conceptual perimeters. The point made by Harbeson (1994: pp 10 – 11) that no clarity prevails with regard to the “nature and forms of state-societal interdependence, in both theory and practice” is taken, and will be addressed later as part of a theory of compromise and corporatist accommodation. It is, however, exactly this relational vacuum in the dichotomy which obscures the conceptual, as well as the operational perimeters, of both the state and society in developing political economies. Roniger (1991: p 44 & 1994: p 7) and Held (1987: pp 267-299) suggest a modernist and liberal, but valuable minimum assumption about the interdependence between state and society by asserting that a strong

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<sup>35</sup> . The concept of a civil society re-entered the democratisation parlance late in the 1970s when the polarisation between the post-colonial state's interests and those of society became apparent to democracy theorists. How the concept actually came to dominate democratic theory in African politics will be elaborated upon later.

<sup>36</sup> . See Migdal (1988; 1996). The shift from a state-centred approach to the state-societal dichotomy gained significant momentum through the work of Migdal. It should, however, be noted that the current emphasis on a state-society dichotomy is nothing new, but merely a reinvention (or redefinition) of a theoretical phenomenon with a long history.



civil society necessitates not the demolition of the state, but rather acts as its legal constraint by subjecting it to public accountability. The question that remains is: how applicable is such a definition to the dynamics of state-societal relations in developing political economies?

Much of the state-civil society debate preceded the contemporary developing political economies. As such, the presumption of associational interests preceding the formation of the state is often the context of an industrial political economy, with society moulding the dynamics of the state and rules of social control. Pelczynski (1988: p 363) remarks in this regard that few concepts have changed as much, and "travelled so far" as the notion of a civil society, while still being applied universally. We will therefore proceed from a more recent context. The debate on what exactly a civil society is and who and what organisations belong within the conceptual perimeters of a civil society, shows a to-be-expected lack of consensus in democratic South Africa. A brief overview of the fabric and contending interests in South African society is enough to convince most observers of the complexities of contestation and control and the heterogeneous architecture of its political economy. Most actors with contending regime preferences in South Africa include themselves within the realm of civil society by equating their normative disposition of justice and social order with democracy. Ironically, even the left<sup>37</sup>, amongst them the labour movement, argue vehemently to be included as members of civil society. But, the South African political economy harbours many paradoxes, one of which is the affinity the left has for corporatist arrangements of interest formulation, which, some would argue, exclude them from the conceptual realm of civil society. Perhaps it is not ironic that the despised site of the "struggle of each against all" (civil society) (Bottomore, 1983: p 73; cf. Young, 1994: p 35) was seen by Marxists as a phenomenon "emerging from the ruins of a corporatist medieval society". Both systems of contestation and control (corporatist

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<sup>37</sup> . The irony is that Hegel, Marx and Gramsci all equated civil society with middle-class (bourgeois) society, whose moral values and fabric should be destroyed rather than be aspired to. Gramsci deviated slightly from his classical Marxist predecessors (perhaps by being less deterministic) in that the associations (within civil society) act to entrench the hegemonic dominance of the capital owners by virtue of their ability to control civil society.



compromises as well as civil societies) entail a moral betrayal of socialist democracy and compromised the value of proletarian citizenship.

However, Harbeson (1994: p 13) finds this inclination to define civil society in "institutional terms" problematic. It is questionable whether institutions only can be seen as the formalisation of individual behaviour. Institutions are often creatures of their own making, and may well be contrary to individual or societal interests. Harberson<sup>38</sup> suggests that political and social behaviour be defined by non-institutional means as the authoritative allocation of values, which is not in itself authoritative. The contention is that such a definition addresses the problem of the institutional fusion between state and society and should assist in explaining the notion of autonomy. However, it may well provide empirical simplification while obscuring the operational confines of civil society. The extent to which the organisational fabric of society actually represents its interests is an obvious complicating variable<sup>39</sup>. We will, therefore, remain within what has become the dominant trend and analyse civil society in terms of its institutional fabric. Thus, the minimalist definition of Chazan (1994) explaining civil society as "those organisations arranging the collective and individual interests of society", seems the most appropriate.

Recent events such as the dominance of the globalisation discourse and its concomitant accentuation of individual enterprise, again raise the question about the nature of civil societies and their role in state formation. For many the debate reminds of a return to modernisation theory. In this context an agitated Mamdani (1995: p 4) asks critically<sup>40</sup>: "[I]s not the discourse of 'civil society' a restatement of an earlier perspective, that of 'modernisation' theory with its notion of the 'traditional' as the problem and the 'modern' as its salvation?". The problem Mamdani identifies is confirmed by the debate in South Africa about which social formations function within the perimeters of a civil society and

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<sup>38</sup> . His definition draws on the work of Easton (1953: p 132) who defines political and social behaviour as the "authoritative allocation of social values".

<sup>39</sup> . Harbeson (1994: p 14) goes as far as explaining civil society as a "dimension of society".

<sup>40</sup> . See Roniger (1994: p 6). For many the cultural chauvinism inherent in the concept of civil society is confirmed by its association with urbanism, science and civil epistemology, which are ingredients in modernistic theories of survival and development. Mamdani (1995) is a very forthright opponent of this perceived chauvinism.



which should be classified as outside. Friedman (1996: p 33) argues extensively on why political parties<sup>41</sup> do not comply with the normative conception of a civil society, and then advances reasons why the interests of capital and labour comply with the operational definition of a civil society<sup>42</sup>. The operational fluidity of a civil society is best described by the ambiguous explanation provided by Shils (1991: p 7) when, referring back to the nineteenth century, he argues; “[T]he term ‘civil society’ has been used to refer to a part of society and to refer to the entire society which possesses such a part. That part has not been found in all societies and so not all societies have been civil societies”.

If, for a moment, the political trends eroding the liberalisation of the South African political economy are set aside, the question can be asked: can a civil society emerge over time, as a final conclusion of predetermined processes, and what processes and conditions should prevail for civil society to come to fruition? As a starting point it should be stressed that the notion of a civil society has a particular history and it is, therefore, shaped by specific historical conceptual boundaries. As Young (1994: p 33) rightly notes, “[C]ivil society is not a neologism of social scientific imagination, but a term carrying its own intellectual history”. This “history” cannot be escaped from in contemporary explorations for new, ‘Africanised’ conceptual frontiers<sup>43</sup>. In fact, it is not possible to Africanise civil society. In that regard the criticism of Mamdani (1995: p 4) is quite valid: the notion of a civil society is not only descriptive, it is also deterministically prescriptive. Therefore, African societies seeking to

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<sup>41</sup> . According to Friedman (1996: p 133), political parties are not part of civil society as they actively seek to capture the state. Which is not exactly true. They merely seek to regulate the functions of the state, and do not seek to change the regime perimeters of the state. If political parties represent *movements* as opposed to *interests*, they may well be a threat to the state and the regime and, therefore, be beyond a civil society. In the South African context, the role of political parties is a contested terrain, with the ruling party openly campaigning as primarily a movement, representing presumed fundamental rights rather than interests.

<sup>42</sup> . The question of whether labour falls within the domain of a civil society is related to the question of whether it is part of the process of production or part of society. Again, if they are part of the process of production, they essentially become a *movement* with the emphasis on *rights* – and not interests – which eliminates them from the realm of a civil society.

<sup>43</sup> . See Osaghae (1996: p 11) for an elaborate attempt to “establish the African parameters of civil society”. Perhaps the greatest mistake made by Osaghae and others who challenge the “western experience” is that they incorporate both ‘social movements’ and associational interests into the conceptual realm of a civil society.



become consolidated democracies must mould themselves to fulfil the requirements of a civil society.

That does not imply African political economies are obliged to follow exactly the same route to development as Western European democracies, but the outcomes will have to be similar. It also does not mean that African societies can be neither democratic nor stable, it simply means they do not necessarily qualify as civil societies. South Africa is an important case in this regard. It certainly is largely democratic<sup>44</sup> and a fair amount of political stability exists, but that does not make it *per se* a liberal democracy or institutionally consolidated<sup>45</sup>. The very nature of political contestation, the fragmented nature of society, the preference for corporatist regimes as a means of political and economic accommodation and the importance of patronage in the distributive regime of both the state and the informal political economy, suggest that the organisational framework of society does not reflect the architecture of a civil society, and the state can be rightly described as weak, sometimes even absent<sup>46</sup>, in various areas of society. This is related to the question whether in South Africa the connective tissue between state and society contains the necessary social capital to conform to a single set of rules, regulations and values (consensus) or an inclusive compromise. The combination of a suspended state, a society devoid of sufficient social capital, and conditions of scarcity, are the features of disintegration and collapse. The irony, and the point which is argued here in the context of the taxi industry, is that such a situation can be balanced, *albeit* precariously, through predatory relations of patronage and a blend between pacification<sup>47</sup> and coercion<sup>48</sup>, but, obviously, not indefinitely.

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<sup>44</sup> . A distinction should be made between a *democracy* and a *consolidated democracy*. The operational perimeters of a consolidated democracy will be considered as part of the discourse on civil society.

<sup>45</sup> . In a *Mail & Guardian* article (October 24, 2000) entitled "Democracy without the people" Bob Mattes of the Institute for Democracy in South Africa (Idasa), argues that: "[A] Constitution, relatively well run elections, and stable, elected representative institutions do not make a complete democracy". Data from a survey conducted by Idasa indicates a wide-ranging dissatisfaction among South Africans with the institutions of governance. The consequence of that is, of all countries in Southern Africa surveyed, South Africans are the least likely to seek participation in policy formulation due to what Mattes refers to as the "deficiencies in citizenship".

<sup>46</sup> . Hyden (1997: p 55) refers to a "suspended state", meaning a state that exists, but without the institutional capacity or the political will to regulate social relations.

<sup>47</sup> . Pacification is imbued through calls for loyalty to the liberationist ethos, national security or by identification of a common enemy.



General consensus exists that the institutions of the state have to be effective, durable (perhaps even consolidated) and democratic (regular electoral contest and perhaps also change) for civil society to mature. Under such conditions, the relationship between state and society could best be explained as a symbiotic exchange of interests, and the state needs a degree of autonomy to shape the regime perimeters of civil society. Civil societies exhibit an integrated relationship between individuals and the state through a range of intermediate social institutions (Rose, Mishler and Haerpfer, 1997: p 86), functioning beyond the intervention of the state. These intermediate institutions are protected by the prescriptions of justice and social order in the *Rechtsstaat* (cf. Shils, 1991: p 16). The normative architecture of civil society is thus shaped and maintained by the state<sup>49</sup>. Civil societies conform (showing a large degree of civility<sup>50</sup>) to the rules and norms of behaviour (the architecture of social capital) reflected in the contract between state and society (the constitution). The pillars of civil society are civility, consensus and compliance, which are founded not only upon *trust* in the institutions of governance, but also in the *intermediate institutions* shaping civil society and individual relations. These attributes are manifested in *civic competence*, reflecting active electoral *participation* and the *accountability* of representatives (Rose, Mishler and Haerpfer, 1997: p 86)<sup>51</sup>.

Thus, if the eventual outcome of regime transformation in South Africa is to be liberal democracy, it will entail a massive scheme of alienating individuals from their collective definition into individual actors in both the market place and the political sphere. Political interests will have to be accrued and mobilised on the basis of individual pursuit (Hyden, 1997: p 163)<sup>52</sup>. Gagliano and Du Toit (1996: pp 54 –55) suggest the “individualisation of membership within the different spheres of society [as] a precondition for the establishment of

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<sup>48</sup> . Coercion in its initial phases is manifested in regulatory legislation, changes to the Constitution, disregard of basic freedoms or deliberate disengagement from the social responsibilities of the state.

<sup>49</sup> . Shils (1991: p 9) observes in this regard that “[C]ivil society does not include the state , but it presupposes its existence”. The peculiarity of this state is vested in its “limited powers”.

<sup>50</sup> . See Shils (1991).

<sup>51</sup> . Cf. Almond and Verba (1963).

<sup>52</sup> . This process is obviously contrary to what Hyden (1997: p 39) refers to as the “communalisation” or the “re-communalisation” of interest articulation, which seems to be fundamental to the popularised South African narrative of an African Renaissance and the mythical nostalgia reflected in the cultural architecture of Ubuntu.



a civil society". This individualisation of interests has, in South Africa, been the subject of criticism from liberationists and neo-Marxists alike who believe that individualisation is contrary to the collective empowerment of black communities and that it preys on a distorted morality of meritocracy which favours those in control of the markets, namely whites (Mamdani, 1995: p 55).

To the contrary, Friedman (1996: pp 92 –93) suggests the concentration of economic power in the hands of the elite<sup>53</sup> is actually strengthening civil society. His argument is similar to that of Davidheiser (1992: p 473) who maintains that greater permeability (accessibility) of the state's policy formulation mechanisms will weaken the revolutionary prospects in state-societal relationships. If the right to organise and associate is applied equally to all, including the private owners of capital and labour, everyone will have access to the economy, including labour. However, as capital tends to see labour as part of the economy (a commodity) and not part of society, the state has to intervene to entrench an equilibrium between them. A monopoly by capital owners in the process of distribution will not only have severe social and political consequences for society as a whole, but also for the state's endeavours to consolidate its legitimacy. The South African state may also intervene as a consequence of the moral codes it shares with labour, or any economically marginalised part of society. The dynamics of black empowerment are an extension of this rationality. Moral and ideological redress blend the distinction between political, social and economic interests. And, as it is considered a necessary condition for justice, it postpones the consolidation of liberal democratic principles of governance.

The majority of black South Africans may well equate black empowerment with the implantation of the democratic project. With the violence in the taxi industry, essentially, the result of the apartheid state's authoritarian inclinations, coupled with the industry's shared history with the segregationist labour policies of Nationalist Party rule, it is positioned firmly in the liberationist and black empowerment realm. Essentially it implies preferential access for blacks (and therefore the taxi industry, but also other rogue societal formations, such as youth movements, vigilantes, etc) to either the resources of the private economy or those resources

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<sup>53</sup> . Union leadership is presumably included as elite.



controlled by the state<sup>54</sup>. It also implies access to decision-making structures that could facilitate and enhance the empowerment of a 'historically disadvantaged' constituency, in this case a racially-based constituency. It thus merges the interests of selected societal formations with those of private capital (blurring the distinction between society and the economy), and it also merges the interests of society with those of the state. Even if South Africa has a fundamentally liberal democratic constitution, black empowerment is obviously not a liberal pluralist project at all. In fact, with no obvious time schedule for black empowerment, no guarantee exists that the state would eventually revert to liberal (consensus pluralism) notions of social and economic organisation. The selective entrance the black elite enjoys may even reinforce the current discrepancy between economic classes as they protect their special status from competitors, even from interests within the black community.

Giliomee and Simkins (1999: p 25) argue that the "... emerging black bourgeoisie (elite) is currently the ANC's most solid constituency". It is obvious, as their special relationship with economic enterprise may well largely be the consequence of the state's patronage. That does not imply that the black elite would have had no access to economic success should empowerment not determine distribution, it simply confirms the state policy in this regard and the moral commitments of the state to enforce economic redress by substituting the liberal pluralist regime in favour of a pluralist but not liberal "hegemonic project". Because social stability requires a compromise between the state and the (black) elite, the "hegemonic project" enjoys precedence over economic growth. Liberal pluralism, however, is not about *compromises* it is about *consensus*. Compromise politics and compromise economics are the attributes of the corporatist regime expanding at the expense of consensus and civil societies. The hegemonic project of the South African state is, therefore, essentially embedded in the architecture of the corporatist regime.

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<sup>54</sup> . This version of preferential access comes to fruition through tender requirements, which stipulate regulations for black empowerment, or indirect pressure on white controlled conglomerates to provide access to ownership of companies through mergers, share-options or directorships. Contrary to the ideals of neo-liberalism, the fusion between political power and economic interests also provides capital owners with direct access to aspects of the market which otherwise would have to be competed for.



## 5.8 Civility, compliance and consensus

Shils (1991: p 35) makes civil society, as the foundation of pluralism, even more exclusive and reasons that civil societies exhibit a high level of *civility*<sup>55</sup>, based on *compliance*<sup>56</sup>, with the regime preferences (as manifested in the Constitution) agreed upon between state and society. Advancing from the point that South Africa is still in the process of internalising and consolidating democratic practices, it is often argued that a very limited consensus prevails with regard to the rules, regulations and values (regime) of the relationship between state and society<sup>57</sup>. Consequently, it is argued that strong societal formations find the elusiveness of consensus frustrating and show their doubts about the legitimacy of the regime - dictated by the constitution - by threatening to withdraw from state initiatives of mediation and control in favour of less civil (non-conforming) methods of bargaining and contestation. Labour unions, civic representatives, business representatives and taxi strongmen have all, at various times, threatened the democratic institutions of governance with permanent withdrawal, not only due to the lack of consensus between the contending partners, but due to the suspected impartiality of the regime rules and the state itself<sup>58</sup>. The degree of justice with which the redistribution of scarce resources is manipulated is thus questioned. Strong societal formations and movements only rarely withdraw from regulatory institutions, they more regularly question the legitimacy of such an institution and often seek to replace such institutions with alternatives of their own, thus moving beyond the state and its regime dictates<sup>59</sup>. The point is really simple: consensus precedes compliance (founded in the rituals and formalities of social capital), which, again, is a precondition for civility, and the normative values

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<sup>55</sup> . Civility, according to Shils (1991: p 12), is manifested in the "public spirit" or "virtue" that appears in particular political regimes and entails identifiable "moral qualities" and "beliefs".

<sup>56</sup> . Compliance is the antithesis of the "implicit consent" (Du Toit, 1990: pp 2 – 3) that appears in authoritarian regimes and which creates the impression of social peace.

<sup>57</sup> . Cf. Mattes in *Mail & Guardian* (October 24 - 31, 2000).

<sup>58</sup> . This point has been argued extensively in Chapters Two and Three. The extent of state and corrupt involvement in the taxi industry renders state institutions, and their initiatives, ineffective at best and as temporary compromises at worst.

<sup>59</sup> . Paramilitary hit squads protecting routes from unwanted competition, and the control of mother-bodies over routes and municipal ranks, substantiate this point as regards to the taxi industry.



represented by the institutions regulating social relations should, ideally, be beyond the necessity for compromise.

If these exclusive attributes of Shils are accepted, liberal pluralism and the birth of a civil society can only come to their full conclusion once the state has effectively enforced *compliance* by all social forces with sectional interests. Compliance is generated by the prospects of the state providing strategies of survival on the basis of a shared status of citizenship, with the rules of the regime equally applicable to all. It is obvious that it will require not only a very effective, legitimate and capable state, but also a state that can resist excessive demands for preferential access (uneven justice) by strong social forces and actors. The state will not only have to individualise social behaviour and interests pertaining to survival, it will also have to formalise social control to include the vast informal political economy. From the basis of this, it is often argued that for the state to be able to deal in a non-partisan manner with the demands of society, it needs a degree of legitimate *autonomy*, granted to it by a broad *consensus* in civil society about the rules and values of the regime. Subsequently, sectarian or parochial interests will conform to national interests, which allow for civility in the relationship between state and society. As Shils (1991: p 10) notes, the concept of a civil society allows for diversity, "but not by all and any means whatsoever".

Friedman (1996: p 80) adds an additional attribute to civil society and argues that its institutional components do not seek to *capture the state*, or parts of it. The tendency of liberationists, and scholars such as Bratton (1994: p 52), to explain civil society predominantly in terms of its opposition to the state, becomes problematic and needs further explanation. While civil society interests do not seek to capture the state, or even pursue public office, they do endeavour to influence policy formulation and decision-making through emphasising the national importance of their particular interests. It is not only labour in South Africa which emphasises their indispensable presence in corporatist compromises, strongmen in the taxi industry, equally, argue that their importance to the



national economy is such that they not only have to be partners to the policy process, but also to the execution and implementation of policy<sup>60</sup>.

'Capturing the state' would, in all probability, also include attempts to formalise corporatist institutions of policy formulation, because in essence, corporatism implies that strong societal-based interest formations at best gain preferential access to the decision-making domain of the state or, at worst, *dominate* decision-making within state structures, often to the detriment of the popularly perceived national interest<sup>61</sup>.

### 5.9 Social capital as a precondition of civility and civil society

The relationship between individual interests and the institutional edifice of civil society is central to the notion of social capital and representative governance (Rose, Mishler and Haerpfer, 1997: p 85). Bayart (1999: p 32) operationalises 'social capital' as the ensemble of configurations and the texture of relationships that are the outcome of a long historical trajectory in the relationship between states and societies. The conceptualisation of social capital by Putnam (1995: pp 664 – 683)<sup>62</sup>, who coined the phrase, is very similar, but refers more directly to individual relations. He postulates social capital as those "features of social life – networks, norms and trust – that enable participants to act together more effectively to pursue shared objectives". The process of nurturing and entrenching social capital could well be referred to as nation-building, a term which is open to conceptual abuse as it muddles up with sectarian definitions of what is in the national interest and who/what constitutes the nation. In theoretical terms, if social capital is to involve a degree of consensus, it will have no scope for the conceptual ambivalence of 'national interest'.

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<sup>60</sup> . Chapter Three dealt extensively with this in the context of the taxi industry.

<sup>61</sup> . Corporatism can, however, also be based on consensus when its prevalence is sanctioned by society in general. As a means of interest representation it then falls within the realm of civil society. What is important is that preferential incorporation should not be due to the threat such institutions hold for the regime if excluded from the redistributive mechanisms of the state. The real difference in behaviour of special interests seems to be directly correlated to the prevalence of social capital in social behaviour.



The functionality of social capital is confined to the measure of trust individuals or society assign to their relationship with the institutions of the state. Individuals may arrange social relationships on the basis of affection<sup>63</sup>, but societies depend on mutual trust to generate sufficient social capital to constitute a nation. If societies or individuals distrust the institutions of the state, they tend to insulate themselves from the state. Similarly, when individuals cannot compete and arrange their interests on the basis of trust, they arrange their survival in the context of contestation, as opposed to competition. An important attribute of social capital is that it refers to *social connections* and the relations between individuals and communities, including, but also beyond, mere political interests. Consensual social relations precede the prospects of consolidation. Rose, Mishler and Haerpfer (1997: p 85) illustrate it quite aptly as a causal relationship starting with social connectedness and ending with civic democracy:

*Social connectedness* → *civic engagement* → *social trust* → *civic democracy*

Social capital (connectedness and trust) thus precedes interest aggregation, which again precedes civic democracy (civil society). The role of the state is to provide the incentives for social connectedness, which cannot be the product of compromises. Weak states, which seem to be inherent to developing political economies, lack the capacity to promote a uniform and equitable citizenship, which frustrates the possibility of interconnectedness. It is hard to imagine the birth of a civil society under such conditions.

### 5.9.1 Conditions conducive to the failure of social capital

Not all societies that are successfully organising their survival beyond the authoritarian state develop sufficient social capital to sustain cohesive interpersonal or intra-community relations during the transformation from authoritarianism to democracy.

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<sup>62</sup> . Also see Putnam, *et al* (1994).



While some communities sustain their cohesion during regime transformation others may end in "social failure". Rose, Mishler and Haerpfer (1997: p 85) use the analogy of market failure or the failure of state institutions to illustrate that societies or communities might fragment or degenerate into uncivil forms of social contestation, complicating co-operation and the production of collective goods<sup>64</sup>.

If complete societies exhibit traits of a breakdown in social capital, the state becomes the focus of conflict, often leading to the reinstatement of authoritarianism (Roniger, 1994: p 7). The weak states of Africa have habitually isolated themselves from the uncivil demands that are conceived in contracted social capital. Banfield (1958: p 77) describes it as "amoral familism" when communities succumb to the criminalisation of their own survival strategies, which is partially due to the unresponsiveness of the state. Under such conditions, the moral economy that sustains survival is substituted for a zero-sum contest within society, and also between state and society. The emphasis of social relations becomes material as communities are ravaged by deprivation. Following this, a similar pattern develops in state-societal relations<sup>65</sup>: systematic patronage saturates the distributive obligations of the state, and those individuals and communities that fail to penetrate the benefaction of state-sponsored survival strategies revert to criminal or violent conduct.

### **5.9.2 Social capital under conditions of authoritarianism**

When informal political economies are not criminalised or enmeshed with the authoritarian strains of a weak state, they generally do not rely on the state to further their interests. Under such conditions, it also has very little direct impact on policy

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<sup>63</sup> . Bayart (1993: p 44) chastises Hyden (1980) for arguing that the *tontine* (a Nigerian version of the *stokvel*) functions on the basis of affection. Often members of a *tontine* (or *stokvel*) are friends of friends, and thus mere acquaintances, rather than friends. Trust rather than 'affection' is applicable.

<sup>64</sup> . Keane (1988: p 55) argues that civil society (presumably due to the degeneration of its social capital and the consequences of the market) may well "haemorrhage to death" as it allows opportunism and uncivil contestation to diffuse the intended cohesion in state-societal relations.

<sup>65</sup> . Rose, Mishler and Haerpfer (1997: p 121) refer to this phenomenon as "exploiting the exploiters". As patronage becomes systematic, it entails the institutionalisation of informal networks that are used as social capital against the state.



formulation and the formal processes of governance. At the risk of falling prey to a measure of romanticism, it would be possible to describe black South Africa under apartheid as rich in social capital, depending on mutual trust, bonded by a common adversary, but criminalised by an authoritarian state. Rose, Mishler and Haerpfer explain such conditions as that of a “negatively integrated society”. To survive outside the state and to preserve the autonomy of their social capital, black South Africans had to remain within the distributive realm of the informal political economy – and beyond the institutional reach of the state - in order to avoid the divisive interests of the apartheid policies. Formalisation would not only have led to the statutory criminalisation of their survival strategies, but also to the impoverishment of their relational cohesiveness and social capital. In a rather ironic way, it is the constraints the actors in the informal political economy experienced - in its endeavours to access the distributive arrangements of the state - that conditioned its social capital internally.

Social capital, when functional in the political domain of an authoritarian state, can be fragmented or corroded by oppressive political or economic circumstances, which again either lead to corrective measures being taken by society (through informal justice systems) or the rise of vigilantism. Such fragmentation represents countervailing forces of social control<sup>66</sup>, usually attracting the focus of the authoritarian state due to their lack of legal recognition (cf. Rose, Mishler and Haerpfer, 1997: p 90). The weak state, however, reacts in various ways to such a phenomenon. The deregulation of the taxi industry by the apartheid state, which really only meant the withdrawal of the state from the industry, conditioned the emergence of countervailing forces and the erosion of social capital through uncivil economic contestation. The “social failure” epitomised by the violence in the taxi industry is as much the consequence of political as economic conditions. As a form of social organisation these ‘countervailing forces’ (Bayart, 1999: pp 39 – 41) develop interests that may or may not coincide with that of the societies from which they stem. They also, to a large extent, reflect behaviour similar to that of

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<sup>66</sup> . Strongmen, in the terms of Migdal (1988; 1989; 1996). According to Bayart (1999: p 40), Weber compares these formations with the Mafia and the Chinese secret societies that create the need for protection which they themselves then offer to satisfy.



the authoritarian state while claiming to represent a progressive version of black empowerment and distributive justice. Their behaviour is legitimised by the "injustices" of the authoritarian state or, in the case of post-apartheid South Africa, their exclusion from policy formulation and the effects of the market economy. In the parlance of Rose, Mishler and Haerpfer (1997: p 90), the prevalence of formations exploiting the state's resources to ends very different from its goals, is indicative of a "stressful" society. The edifice of stressful societies is the weblike configurations that are manifested in dispersed centres of social control and which are diametrically contrary to the notion of a civil society.

### 5.10 Conclusion

The reinvention of the notion of a civil society, together with the dichotomous dynamics of theoretical analysis, presents democracy in South and Southern Africa with an almost unattainable objective: It demands civility and considerable social capital in the presence of a relatively weak state functioning under conditions of persistent economic scarcity. It also seeks to implant the logic of '*consensus* contestation' and resents a hegemonic project based upon institutional and regime *compromises*. The former, however, has no historical tradition in developing political economies, whereas the latter is a dominant feature of informal means and methods of arranging social and economic survival in developing Southern Africa. The idea of a 'consolidated democracy' in Africa has no theoretical history and rests upon conjectures and extrapolation from social conditions remarkably different to those that prevail on the African continent. It is also clear that the dynamics of African politics resemble a democratic project constructed upon elite compromises in a zero-sum contest.

Liberal pluralism remains conceptually alien to the principles of compromise preferred by the strongmen, mother-bodies and association leadership within the taxi industry, but it also continues to be the philosophical disposition and reality which confronts the future survival of the industry. The liberal democratic inclinations of the state, its *laissez-faire* economic policies and the market-orientated nature of capital-flows, require if not consensus, lasting compromises. The taxi industry not only was conceived in, and evolved from, what is referred



to earlier as zero-sum conditions. In the aftermath of apartheid, the industry's destructive capacities and historical relations with structures of authority at the level of policy implementation, augmented its future location within the sphere where policy is formulated. To understand the ironic cohesiveness of both liberationism and the taxi industry, the relational edifice in which it is embedded, systemic patronage, needs to be considered.



## CHAPTER SIX

### 6. SYSTEMIC PATRON-CLIENTELISM AND REGIME CONTESTATION

This trend of fundamental transformation within various political arenas often involves the disempowerment of the state and the empowerment of civil society and mediating mechanisms of political access and organisation, which may have a major clientelistic dimension. Especially (but not only) in societies laden with social inequalities, public policies – whether distributive, regulative, or extractive – are potentially discretionary and thus open to clientelistic use and abuse.

- Roniger & Günes-Ayata (1994: p vi) -

[The] existence of a well-organised patronage system which distributes political goods quite widely may make government seem accessible and responsive at least to those citizens who benefit.

- Lodge (1999: p 25)<sup>1</sup> -

#### 6.1 Introduction

If consensus remains elusive to corporatist regimes and the compromises it requires to come to fruition, what relational adhesive attaches the role-players in such a 'instrumentalisation' of disorder, to use the words of Chabal and Daloz (1999)? If consensus is not the connective tissue binding the state to its contenders in the taxi industry, what is?

During the late fifties and sixties the existence of networks of patronage dominating the regulations of social and economic relations between state and society was often portrayed in academic literature as the epitomes of pre-industrial modes of political organisation<sup>2</sup>. Literature at the time emphasised social relations of patronage as marginal, interpersonal

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<sup>1</sup> . See Lodge (1999) on the nature of democracy and the institutional configuration of the state in post-apartheid South Africa.

<sup>2</sup> . See Schmidt *et al* (1977), Gellner and Waterbury (1977), Eisenstadt and Lemarchand (1981), Clapham (1982), and Eisenstadt and Roniger (1984). These authors elaborate on the earlier focus on clientelism and 'systemic patronage' and the notion thereof as a pre-industrial means of social organisation.



(between a single patron and one or several clients) and as a semi-institutionalised phenomenon of social organisation. During the last three decades, however, the study of patronage as a dominant normative disposition of social order in modern and bureaucratic societies has gained momentum (Roniger & Günes-Ayata, 1994: p 3). Primarily because it has become obvious that, firstly, systematic patronage is not confined to the margins of the relationship between state and society, secondly, it does not disappear with the initiation and growth of democratic political systems and regimes (cf. Eisenstadt & Roniger, 1995: p 202) and, thirdly, it has become obvious to scholars of state-societal relations in developing political economies that patronage explains more than merely the nature of social relationships; it also explains the dynamics of state-building<sup>3</sup>, and sheds light on the nature of authority in contracted political economies. As it seems to be the case with South Africa, and particularly so as regards to institutions of policy formulation and when dealing with more volatile social forces such as the taxi industry, it often appears to coexist and compete, *albeit* uncomfortably, with alternative regimes such as corporatist regime arrangements and variants of democratic pluralism<sup>4/5/6</sup>.

## 6.2 The conceptual and operational confines of (systemic) patronage

As with corporatist regimes and pluralism, some scholars consider patronage as more than a mere distributive regime, and two essential operational pillars are emphasised to reflect on the systemic (institutionalised) nature thereof. Firstly, the degree of *contestation* it

<sup>3</sup> . Reno (1998: p ix) argues that "these phenomena [both corruption and patronage] have become widespread and integral to the building of political authority in parts of Africa...". Furthermore, Reno notes, the 'new' perspective on political patronage challenges existing assumptions about "how political actors calculate their interests", especially those assumptions based on theories of rational behaviour or the utilitarian perspective thereof.

<sup>4</sup> . Clark (1994: p 121f) based his research on case studies in the United States of America and points to the fact that patronage and clientelism prevail in "... every political system, but its amount, specific nature, and legitimacy vary enormously". Also see Fletcher (1994: p 145f) for a similar analysis of clientelism in the provincial politics of Canada.

<sup>5</sup> . Roniger (1994: p 212) stresses the importance of the point that even when patronage is functional within a pluralist or liberal democratic domain, it remains informal, in "dialectical confrontation" with the formal (i.e. constitutional principles and institutions of both the market and the state), and devoid of an institutional base.



involves and, secondly, the extent of *inclusiveness*<sup>7</sup>, which allow not only for stability during the process, but also legitimise it, especially when the process precedes formal policy<sup>8</sup>. Roniger (1994: p 3) sets the operational perimeters of the most recent interpretation of patronage, as it prevails in developing political economies, in describing it as a “logic of social exchange [...] built around asymmetric but mutually beneficial and open-ended transactions and predicated on the differential control by social actors over the access and flow of resources in stratified societies”.

In spite of the consequences of systematic patronage for the autonomy and authority of the state, as well as the impact it has on the equitable distribution of resources and the structure of social relations, it is tolerated in most African political economies and even initiated by functionaries of the state to the extent that it becomes part of the ‘legitimate’ fabric of social organisation. The systematic and extreme variant of patronage is what Chabal and Daloz (1999: p xviii) quite aptly describe as the political instrumentalisation of disorder, where political actors maximise their returns “on [a] state of confusion, uncertainty and even chaos”. ‘Disorder’, however, should not be conceptualised as reflective of irrational behaviour, but rather that it converges in a perverted but methodical “opportunism”, or in the words of Chabal and Daloz (1999: p xix): “... the realm of the informal, uncoded and unpoliced”. Societies characterised by incisive structural divisions of race, class and ethnicity seem to be specifically vulnerable to the residence of this ‘perversion’ (Klitgaard, 1994: p 491)<sup>9</sup>. The transformative state, consolidating in the context of the *laissez-faire*

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<sup>6</sup> . Jackson and Rosberg (1982) make a similar point, but wrongly suggests that relations of patronage are to be equated with patrimonialism and, therefore, appear in societies during a transitional period and prior to the establishment of constitutional government.

<sup>7</sup> . See the classic work of Dahl (1971) in which he distinguishes between neo-patrimonial regimes in terms of, first, the degree of political “contestation” (competition) and, second, the degree of political “participation” (inclusiveness of the process). Neo-patrimonial regimes are *per se* preying on clientelistic networks to sustain their weak and vulnerable extractive and distributive capacities. If work of Weber and Dahl concur, it is with regard to their description of neo-patrimonialism as referring to patrimonialism when fused with a degree of institutionalism and thus the formalisation of relationships of preference within democratic systems.

<sup>8</sup> . Martinussen (1997: p 195), in the context of democratic theory, adds the operational requirement of the prevalence of civil and political liberties. Such conditions and requirements, however, fall in the operational competency of theories of “consolidated democracies” and, thus, outside the theoretical realm of a socio-political ‘compromise’ or informal, uncoded arrangements.



(pluralist) regime preferences of the international political economy (in the *disempowered state* debate), provides the political-economic conditions for patron-clientelism to thrive in (cf. Reno, 1998: p 217f). As for society (in developing political economies) and its structures of authority, which are often conceived in a criminalised informal political economy, or in the words of Reno, (1998: p 218) "... the non-bureaucratic organisation of warlord politics", political and economic survival strategies are directly related to the extent of access to state officials and state resources.

Bayart (1993: p xvii) explains systematic patronage in Cameroon in the metaphor of *la politique du ventre* (the politics of the belly). In Nigeria the normative perceptions of distributive justice linking the state and informal societal formations are referred to as "sharing of the cake", and in South Africa the metaphor "gravy train" refers to direct access to, almost unlimited, state resources. Bayart argues that to dismiss this form of politics as mere corruption, or the institutional decadence of the state, is to make a serious analytical mistake. In a way the semantics of the metaphor refer to the consequences of scarcity, but also to the extent that the phenomenon is institutionalised<sup>10</sup> and enmeshed in the African political culture. On an institutional level, patronage leads to the bureaucratisation<sup>11</sup> of the political economy, effectively internalising the phenomenon, but it also applies to the desire to accumulate, to gain political and economic opportunity, and to advance the social mobility of individuals or preferential constituencies.

Confirming a point made by both Landé<sup>12</sup> and Bayart, Eisenstadt & Roniger (1995: p 209)

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<sup>9</sup> . Klitgaard (1997: p 13) refers, rather cynically, to such states and societies (typical of developing political economies and the processes which lead to their underdevelopment) as being subjected to the insurmountable conditions of "bribes, tribes and markets that fail".

<sup>10</sup> . It is often claimed that Africa lacks the institutionalisation of its regimes, which would allow it to 'construct' civility and social order. Chabal and Daloz (1999) analyse this view at length, and come to the interesting conclusion that was elaborated upon in Chapters Four and Five. This claim, or assumption, should be seen in a narrow instrumentalist context, since African regimes are indeed institutionalised. It is simply that the functionality of these institutions is not necessarily compatible with liberal-democratic theories of social order and justice.

<sup>11</sup> . Hyden (1990: p 260), reasons that the bureaucratisation of African political economies is directly related to the need to accommodate (institutionalise) those relations of patronage "... that do not lend themselves to reconciliation through some form of utilitarian calculus".



argue that patron-client relations are not necessarily a phenomenon prevailing at the periphery of rituals and institutions of social order, but often constitute an aspect central to the institutional fabric within the state as well as society. They conclude as follows: "[The] complex social arrangements known as patron-client relations denote, in their fullest expression, a distinct mode of regulating crucial aspects of institutional order: the structuring of the flow of resources, exchange and power relations and their legitimisation in society".

Roniger & Günes-Ayata (1994: p vi) take the point even further, arguing patron-clientelism stands in a dialectical confrontation with the dictates of democratisation, which is also the primary reason why the consolidation of democratic governance in developing societies should be investigated as an interplay between structural and cultural factors. Often, the legitimisation of pluralist norms of social and economic organisation is culturally in conflict and contrast with prevailing preferences for patronage as the dominant distributive code, and the process of state formation intended to advance pluralist (liberal utilitarian)<sup>13</sup> preferences is at the expense of symmetries founded upon historical networks of patronage. The politics of favour, which are fundamental to the survival of the state in many developing political economies, are not conceptually or operationally compatible with the liberal pluralist distinction between public and private domains.

As it expands in functionality and importance, patronage functions on various levels within both the formal and informal political economy. It becomes a means to connect private life with public institutions, especially when the institutions of the state are perceived to be unresponsive and neglecting their redistributive obligations. Secondly, it draws peripheral communities, whose relative worth is encumbered by, amongst other factors, the market, into the realm of political and economic influence. Thirdly, it allows for a pragmatic avenue of controlled freedom in an environment where access to the political system and economic participation is resolved by robust and unrelenting competition in the struggle for access to power, resources and services (Roniger, 1994: p 10).

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<sup>12</sup> . See Landé (1983) for an indepth analysis of this point.

<sup>13</sup> . To circumvent the possibility of ambiguity, the conceptual affinity between systematic patronage and pluralism (similar to that between corporatism and pluralism) should be noted. This 'affinity' was elaborated upon in Chapters Three and Four.



The starting point is perhaps to accept that patronage is not a pre-modern phenomenon due to evaporate with the constitutional introduction of pluralism, industrialisation and increased mobilisation<sup>14</sup>. Conventional wisdom has it that in societies wherein patron-client networks of perpetual contest, resource manipulation and regime instability dominate political and economic contestation, the universalistic civil freedoms embedded in pluralism are not only frequently violated, but often successfully undermined (cf. Roniger, 1994: p 4). The augmentation of a civil society, a prerequisite for a consolidated democracy, is structurally undermined by the localised and sectional dynamics of patronage and clientelism. From this follows the cliché that systematic patronage not only falls outside the conceptual realm of democracy, but that it effectively undermines the equilibrium between distribution, extraction and civil contestation.

This chapter seeks to investigate the operational perimeters of systematic patronage against the backdrop of relations within the South African black taxi industry, but also the ways in which it attaches the strongmen and association leadership of the industry with the structures of authority and distribution within the state. In such a context, the term 'systematic' can be misleading as the theoretical emphasis of patron-client configurations of social control, exchange and distribution do not only refer to the political system in which the state dominates relational activities, but also beyond the confines of state control. Patronage does not only attach society to the state, it is also an important means of arranging power relations that oppose the state, or those relations that balance power and status within society and the economy.

### **6.3 The social relations of systematic patronage**

In modern political economies the main source provided by patronage is that of special influence or access to special information (cf. Chabal & Daloz, 1999: p xx). As societies

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<sup>14</sup> . Rossetti (1994: p 87) alludes to the conventional wisdom that "... constitutional protection is the critical feature that guarantees security and impedes the consolidation of networks of personal subjugation to patrons". Without such guarantees, "... the autonomy of civil society" - assuming civil society has once been consolidated - is corroded by the "elite's control of the markets".



are generally uninformed (perhaps more so in developing political economies) about the processes and procedures of distribution and services to which they are entitled, patrons fulfil the function of knowledge and induce a familiarity with the system and its advantages. An important aspect of relations of patronage is the principle of monopoly. Only if patrons possess exclusive access to valued resources can they draw clients into their realm of control. The association of patronage with corrupt practices of distribution provides state and party officials with a considerable incentive to become patrons. Patronage networks expand rapidly as a consequence of the prospect of excessive spoils, but as the phenomenon broadens to become systematic, it also becomes fluid and complex (see Reno, 1994: p 218)<sup>15</sup>.

Political economies transforming from an authoritarian regime to a participatory regime where contestation is founded upon the equality of citizenship are, at least in the initial phases, weak in spheres beyond central authority, and they often remain weak because of their contracted capacity to escape the encroaching presence of strong social formations bound to the state through patron-client type relations. While political and economic liberalisation is entrenched in the South African constitution as well as in the semantics of those central to the decision-making process<sup>16</sup>, it should be noted that constitutional (liberal-democratic) transformation does not, necessarily, entail an alternative political culture from those, often destructive, forces that in the first place initiated the transformation to the new regime. Patronage is as much a part of African (and South African) political heritage as are ethnic, religious, class and racial divisions. The taxi industry is a clear example of how, in the aftermath of apartheid, those relations of patronage which were moulded in the moral context of liberationism, have merged with the social relations underlying informal social and economic survival. This merger often obscures the "transactional nature of the

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<sup>15</sup> . Reno (1994) argues that the relations of patronage, which have become such a significant feature of governance and policy formulation in developing political economies, may well have come to fruition due to "... the capacity of organised groups to force rulers to heed their demands". Patrons are, thus, not only as dependent upon these relations for their own survival as their clientele are - including those of the institutions they represent - they are often 'coerced' into reciprocity.

<sup>16</sup> . The repeated affirmation by Minister of Finance, Trevor Manuel, and the Governor of the Reserve Bank, Tito Mboweni, that the macro-economic fundamentals are in place as regards monetary and fiscal policy, not only confirms South Africa's commitment to market economics, but also implies restraint spending on social services in an effort to contain the budget deficit.



relationship”<sup>17</sup>, but at the same time it also reinforces the reciprocal dynamics thereof as it blends informal survival with the fabric of formal governance, a ‘blend’ which becomes institutionalised and underlies policy formulation and state-societal relations.

The process of constitutional democratisation often leaves societies alienated from, and with a huge amount of distrust towards, the new political rituals and institutions. Even more so if the redistributive capacity of the state is inhibited by deficiencies in its extractive capacity and in the absence of transnational capital projects (fixed foreign investments). As a consequence, communities seek alternative forms of justice and democracy<sup>18</sup>, and systematic patronage seems to be the most obvious culturally compatible alternative.

#### **6.4 The institutional configurations of patronage**

An optimistic but very valid line of reasoning suggests that patronage, in the same way as corporatism and pluralism, “gives societal formations a vested interest in maintaining the state” (Clapham, 1982: p 2), by allowing the state to balance its own interests with those of renegade social forces. A more realistic, albeit pessimistic, view would be that, while it maintains a measure of stability, systematic patronage also undermines institutional capacity-building (see Reno, 1998: pp 1 - 6). It may well contribute to the formation of corporatist regimes, but it certainly undermines liberal utilitarian notions of social order and justice. If it is argued that patronage facilitates or enhances the political elite’s capacity to govern a polity, patronage in much the same way as corporatist regimes, becomes *instrumental* to the formalisation of the state-society dichotomy. Thus, patronage has the capacity to function as a sort of a trade-off in developing political economies, averting the

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<sup>17</sup> . Clapham (1982: p 144) makes a similar point that once persistence (repetitive relations) is established, the transactional nature of patronage becomes both reinforced and disguised.

<sup>18</sup> . It is with a great deal of hesitance that the concept ‘democracy’ is employed here since, as Kohli (1991) has argued in the case of India, and this study contends throughout, the democratic regime form is not necessarily associated with a measurable stability, as the interventionist state, harbouring numerous clientelistic interests, also encourages opportunistic contenders to seek entrance to the domain of social control. Such a form of democracy will entail a one-dimensional description, relying only on the participatory aspects thereof.



potential for violence. Corporatist regimes are, in an even more obvious way, a trade-off to avert violence in a polity that lacks civility, social capital and consensus (Roniger and Günes-Ayata, 1994: p vii). Systematic patronage can, thus, be best described as a system of exchange instrumental to the compromises that regulate contending perceptions of distributive justice under conditions of scarcity.

Patron-client relations are rarely presented as an erratic or spontaneous reaction to *ad hoc* needs. To the contrary: they reflect a well-entrenched set of social relations with rules, regulations and values. The relations of coercion and mutual dependency, which are the main attributes of patronage, are institutionalised in the sense that they become an ingredient and extension of the socio-cultural matrix of state-societal relations. The prospects of survival for the state's regime in developing political economies are directly related to the legitimisation generated by a continuous reconfirmation and acknowledgement of mutual relations of trust and dependency. In democratic South Africa patronage has become formalised and legitimised through statutory prescriptions, the moral justification being redress and black empowerment (cf. Simpson, 1988: p 387)<sup>19</sup>. It has, therefore, become part of the institutionalised fabric of policy formulation and the relational features of state-societal relations. The ruling party and the moral disposition of it as the psychological home of the oppressed, provide the institutional vehicle through which systematic patronage is driven, while the ethnic and racial nature of electoral outcomes reinforces the justifications for racial preferences in the institutional edifice of the state's organisational and distributive obligations.

Throughout this discourse it was assumed that relations of patronage depend on the prevalence of either *trust* or *coercion* and are contextually bounded to very specific conditions. These relations are related to the continuous need to acquire additional resources of survival and, ultimately, the confirmation of existing strategies of survival. Relations of patronage, thus, refer to dependency, unequal power and the structural need for social relations to underpin social and economic interaction. Unlike market relations,



patronage can never be purely functional: it also represents a specific set of values, often redistributive values (Roniger, 1994: p 9). Patronage, similarly to the corporatist regime, becomes partially functional as a consequence of clearly identifiable socio-economic conditions predominantly associated with the absence of a universal set of governing principles, but which are firmly moulded in a rather typical economic and political history.

The phenomenon (systematic patronage) also has a voluntary prescription. However, it is about as voluntary as the relationship between the managers/owners of capital and labour. Entry into the relationship may be voluntary, but remaining in it entails both privileges and obligations, and in the same manner in which labour relations tend to be intrinsically unequal, patronage implies a degree of coercion. Escaping from the relationship entails the fulfilment of a range of obligations, but as it is essentially a relationship of mutual dependency any unilateral interruption can lead to confrontation and, as is the case in the taxi industry, violence. In the context of uncivil contestation and the zero-sum contest over resources, clientele who divorce their obligations towards a friend usually become a foe. In rural settings, patron-client relations will exhibit a greater degree of continuity than in more complex, urban societies. The fragmented social fabric of urban poverty requires of both strongmen and clientele to continuously search for more liquid and profitable relations. The need to employ coercive practices to entrench initial obligations, thus increases correspondingly<sup>20</sup>. The relationship between taxi owners and taxi drivers referred to in Chapter Three (3.6.1) is an important point of reference in this regard. The failure of the compromise between SATACO and the state during the late 1990s, can, at least partially, be attributed to the failure of drivers to latch to the state as master-patron in the face of the oppressive labour policies that have marred relationships within the industry since the inception of democracy in 1994. But, also the high turnover of leadership which former police inspector, Brayn Fraser<sup>21</sup>, refers to can be attributed to the incessant search for more liquid and profitable relations.

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<sup>19</sup> . Simpson's (1988: p 132) understanding of patronage as an informal system of justice which breaks no laws, but "... merely raises questions about [the] proper moral [...] conduct in government" is most appropriate.

<sup>20</sup> . See Hall (1974), Scott (1976) and Roniger (1994).

<sup>21</sup> . See Chapter Three (3.2). Fraser remarked in an interview that more than eighty per cent of the taxi bosses he dealt with over a three-year period were dead.



#### 6.4.1 Coherent relations versus transactional relations, and legitimacy

Clapham (1982: p 18) identifies two conceptually inimical attributes of clientelism: *coherent* relations and *transactional* relations. Coherent relations are voluntary, inherently systematic and enduring. It may well suggest a degree of social capital underlying the exchange of privileges and obligations. Transactional relations tend to be fluid, prone to short-term interests and subject to continuous rivalry between patrons. The latter form of clientelism is also associated with coercion and conflict, especially under conditions of scarcity where patrons are dependent upon a well-functioning clientele system to sustain their position of power and influence (cf. Escobar, 1994: p 72f; Martinussen, 1997: p 194)<sup>22</sup>. Coherent relations are operationally associated with agrarian societies while transactional relations are typical to informal (peri-urban) and urban political economies. The latter are often a sign of institutional decay within the state or authority, while the former may contribute to social control and economic exchange.

These two concepts have specific analytical value when they are utilised as an independent variable hypothesising the concept legitimacy. It must be obvious that clientelist politics can never be the foundation of the state's pursuit of legitimacy. The relationship between patrons and clients is an arrangement of exchange that does not contribute to institutional legitimacy, especially if the arrangement is subject to coercion and represents sectarian interests. Similarly, compromises among elite represent a stalemate between conflictual interests and not the regulation of universal interests. The pursuit of legitimacy is conceptually closely related to the notion of universal interests, while the need for systematic reciprocity (relations of patronage) are embedded in dispersed and preferential interests. However, coherent relations of clientelism also reflect a degree of consensus about the redistributive obligations of patrons and the entitlements of clients. Systematic

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<sup>22</sup> . Martinussen (1997) advances the important contention that networks of patronage, if broadly embedded, may well successfully sustain the system of governance. As was argued earlier in this thesis, it may also, as is the case with South Africa, together with systematic compromises, sustain the façade of democracy, especially when functional in conjunction with pluralist and constitutional features of democracy.



patronage based on 'coherent relations', therefore reflects high levels of non-modern legitimacy.

Is it, then, possible to conceptually merge the legitimacy of patrons with that which ensures the survival of the modern state? Affirmative action and black empowerment are constitutionally justified policies pursued by the South African state, and the vast majority of South Africans is likely to believe that the state has preferential obligations towards its black citizens. Entitlements are, therefore, redistributed according to sectarian requirements rather than universal requirements and this is congruent with the liberal principles of the constitution. Under such conditions, it is typical for capital owners and managers to attach their interests to black individuals (patrons?) who then grant them access to the state's goodwill and resources<sup>23</sup>. These individuals (or groups/companies) may not necessarily be bureaucrats or decision-makers, but they enjoy preferential access to the state by virtue of being "previously disadvantaged" and black. Historical justifications, therefore, serve as moral justifications for deviating from universal requirements, conferring the status of legitimacy upon systematic preferential access. Informal means and measures of social control are thus merged with institutional and liberal utilitarian notions of justice and authority. As was argued in the two preceding chapters, these inevitably erode the conceptual principles of consensus and the consolidation of social capital.

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<sup>23</sup> . Escobar (1994: pp 65 – 68) makes the rather unorthodox point, based on her research on peasant communities in Columbia, and their relationship to the state as master patron, that some communities may well have to choose between "abstentionism" or "co-optation" within the state's networks of patronage. This logic is equally true in the case of South Africa, but at a different level of analysis. Due to the exclusionist consequences of redress and black empowerment, white capital managers and owners are left with one of two options. They can cede a significant share of their market value to black entrepreneurs, where the goodwill of political authority provides a temporary haven, or they face the wrath of the state's interventionist policies, in other words exclusion from the participatory process. The proponents of the market are, thus, forced to pursue their interests through or in conjunction with the clientelist networks of the state.



#### 6.4.2 The social capital of liberationism, systematic patronage and the façade of justice

Coercion is also partly the reason why patron-client relations evince a strong continuity, often originating in colonialism and prevailing under conditions associated with the façade of justice in new transitional democracies. The combination of *voluntary entry* and *continuity* may well be associated with the efficiency and social stability which emanates from the historical presence of social capital, which it may well be as social capital is not exclusive to pluralist or liberal democratic systems of social order and justice. The fact that both corporatist regimes and systematic patronage can present significant amounts of cohesion and social capital, make them operationally compatible with the façade of democracy, even though conceptually they reflect an institutional order diametrically contrary to liberal pluralism. Social capital underlies even undemocratic states, of which theocratic states seem to be an example. But, systematic patronage is fundamentally dependent upon social capital to persevere during periods of economic and political change.

Patronage is, furthermore, a very important relational pillar of liberationism. The normative disposition of justice and social order reflected in the liberationist tradition has certainly inspired a significant degree of social capital. Even if that social capital has been mobilised against the authoritarian state and included an uncivil contest with the regime perimeters dictated by the apartheid state, it remained the basis of consensus, trust and cohesion within an identifiable socio-political entity. Patronage is conceptually included in the realm of liberationism. In fact, liberationism is one of the normative justifications for patronage. The liberation movement can, thus, lay claim to significant amounts of social capital, even though it is excluded from the domain of a civil society<sup>24</sup>. That is one of the reasons why the prevalence of social capital is a necessary but not sufficient condition for the entrenchment of a civil society. Liberationist intellectuals who vehemently argue their

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<sup>24</sup> . In Chapter Five it is argued that social formations or strongmen representing constituencies that seek to capture the state or parts thereof, fall outside the operational realm of civil society.



inclusion in the operational realm of civil society often confuse the conceptual perimeters of civil society with that of social capital.

The point is often made that the liberationist disposition of the ANC can only dissolve once the historical effects of racial supremacy have been eradicated. Which means the moral justification of preferential access can be perpetuated until it loses its functional (instrumentalist) value to the process of nation-building. Implicit in this argument, however, is the acceptance of the limited nature of social capital in the South African society, while the usefulness of associational interests formations as a mode of social contestation are questioned. Consequently, an alternative institutional configuration must include a prescriptive interventionist regime, if the natural interactive forces of society do not present it. But, instead of arranging social and economic interaction to society as a whole, political parties (liberation movements) who entrenched their electoral legitimacy, as opposed to their legitimacy of representation (based on equality), tend to invest only in those institutional configurations that will contribute to the perpetuation of the ruling party's interests. Where associational interests do serve a purpose, they are expected to merge their interests with those constituencies that operate within the realm of liberationism<sup>25</sup>.

Systematic patronage and the reciprocal bond of liberationism, for various reasons, often fail to arrange the efficient flow of privileges and obligations, which necessitate corporatist regimes to formalise distributive patterns. It is usually those relations of patronage that rely principally on coercion, rather than trust, which compel the state, or strongmen, to consider 'formalising' systems of patronage. The rigidity of coercive patronage is the predominant reason for the violent retreat of clientele from the hold of strongmen, especially when the advantages of the relationship are unilaterally determined under conditions of extreme scarcity or greed<sup>26</sup>. The shift from systematic patronage to the formalisation of corporatist regimes allows clientele to seek a realignment of their own relations, especially those they

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<sup>25</sup> . Preferential access to tenders is the most obvious area of enforced mergers, but it also underlies the legitimacy of educational institutions and is particularly prevalent in the service economy.

<sup>26</sup> . The volatile relationship between taxi drivers and the association-leadership elaborated upon in Chapters Two and Three, is an important example in this regard.



consider contrary to universal entitlements. The explosive relationship between taxi drivers and taxi operators is an example of clientele who were marginalised as a consequence of the extremely coercive nature of the relationship. Taxi drivers are generally perceived to be under intense financial pressure, while taxi mother-bodies are financially not only very strong, but enjoy direct and privileged access to both the resources of operators and the state. The desperate search of drivers for new patrons, which would allow them access to the benefit of state patronage during the recapitalisation process of 1999/2000, is an example of the rearrangement of patron-client relations when new institutional configurations, in this case the corporatist regime, between the state and taxi strongmen, disturb established ones.

### 6.5 The economic configurations of patronage

An important operational condition and requirement for systematic patronage to take root is that a particular group or individual has a monopoly regarding the accumulation and/or distribution of scarce resources. This monopoly disadvantages those outside of the beneficial realm of distribution to the extent that relative deprivation<sup>27</sup> becomes a determining vector of social and economic behaviour. An important requirement is that patrons should possess the capacity to provide access to whatever is inadequately supplied by either the distributive machinery of the state or that of the market. In return clients should be in a position to justify the benefits advanced by patrons. It does not necessarily entail a material obligation or even political/electoral support, it can also be in the form of a confirmation of historical bonds, moulded in either class, economic, race or ethnic modalities.

The contracted growth capacity of developing political economies is often attributed to the preferential distributive justice of patronage and the extent to which it inhibits equal contestation and, consequently, the entrepreneurial spirit which drives the market (Bratton

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<sup>27</sup> . According to Dahl (1971) relative deprivation refers to the tension that exists as a consequence of the discrepancy between *expectations* and the *capacity* to fulfil those expectations. It thus refers to the tension between the two concepts and the extent to which individuals or groups are prepared to seek recourse allowing them to narrow the operational distance between the concepts.



and Van de Walle, 1997: p 67). Patronage systems are marred by an inherent paradox: the incompatibility between the state's redistributive practices and the requirements of the process of accumulation. Similar to corporatist arrangements, systematic patronage in developing political economies is associated with the inadequate capacity of states to exercise legitimate control through the provision of universal strategies of survival. The state's survival thus becomes dependent upon selective interest representation at the expense of national interest. As policy formulation is broadened to include dominant societal interests, which may or may not be a threat to the process of governance, the magnitude of bureaucratic control becomes bloated, with exponential financial consequences.

In South Africa the division between those outside the state's patronage networks and those inside runs parallel to historical lines of socio-economic class and race<sup>28</sup>. Not only do these historical divisions serve as a justification for preferential access to the state and its resources, they also polarise existing divisions. As the state is obliged to intervene in the economy on behalf of its preferred constituency, the domain of economic interests and that of political power are merged<sup>29</sup>. Dominant formations within the formal economy seek to protect themselves from rival interests by "buying" access to state or party officials. Consequently, the interventionist obligations of the state become an increasingly important feature in the economy. Exclusion on the basis of historical impediments compels private capital interests to seek mutually beneficial relations with either functionaries within the state or the preferential constituencies of the ruling party<sup>30</sup>. Relations of patronage,

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<sup>28</sup> . As Martinussen (1997: p 192) reasons, Marxists will argue to the contrary. According to them the market economy is sustained on the basis of their preferential relationship with decision-makers within the state who have been corrupted at the expense of the marginalised and specifically labour. In South Africa, the macro-economic policy of the post-apartheid state, which favours the white-dominated markets, is often advanced as a prime example of this line of argument. It makes the current presence of communists in the government all the more confusing.

<sup>29</sup> . Sandbrook (1986: p 87) describes the main interventionist functions of the (developing) state as the provision of a legal framework to guarantee security of (private) property, maintaining public services which will facilitate the process of production, and the regulation of foreign relations to enhance the national benefits it may have. Essentially, these requirements endorse the notion of pluralist provisions of social control, which is problematic to weak African states, and does not contribute significantly to an analytical framework for state-societal relations.



subsequently, become systematic, reciprocal and restricted to direct rewards; it restrains the augmentation of universal values, obligations and responsibilities. In short: it undermines the development of social capital, entrepreneurship and equality.

Societal formations and strongmen, especially those in the informal economy, who are excluded from systematic relations of patronage, will seek to force their way into the system by coercing the state into compromises. They also vie with the state for control over constituencies and establish their own networks of patronage beyond the bureaucratic and extractive reach of the state. As their prominence in society proliferates, the extractive capacity of the state diminishes while its distributive capacity declines. As a consequence, it fails to sustain patronage networks and social control relocates beyond its control. Under these conditions, patrimonial<sup>31</sup> states divert their limited resources to their coercive capacities. That, together with the flight of long-term investment capital, had been the main catalyst behind the demise of the apartheid state. With variation, this scenario prevails and lingers on the fringes of the political arena in democratic South Africa and played an important role in the frailties associated with new democracies pursuing the liberal utilitarian path of consolidation. The violence between rival associations in the taxi industry has virtually always, as was argued in earlier chapters, gained momentum after a formal arrangement on the regulation of the industry was reached between the state and the most violent associations. As formal agreements, which more often contained arrangements of financial access, had to be negotiated with those most likely to incapacitate the state's authority, those excluded considered violence a viable means of forcing themselves into the realm of state patronage.

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<sup>30</sup> . These dynamics should be distinguished from the relationship between the implementers of policy and strongmen which Migdal (1988, 1989, 1994) refers to. These bonds of patronage provide the connecting tissue of the hegemonic project and occur at the level of policy formulation, as opposed to the level of policy implementation.

<sup>31</sup> . Following a line of argument advanced by both Bayart (1993) and Linz (1975), it is worth cautioning against a "Weberian model of Sultanism" which uses the notion of a post-colonial state interchangeably with that of a patrimonial state. It often leads to an exaggeration of the developing state's capacity to "expropriate" the process of production and/or private interests. The mere fact that the state is seeking to balance a plethora of compromises with its own regime preferences, undermines the notion of a post-colonial state as no less than a patrimonial configuration of a master-patron and subdued clients.



In conclusion, an important peculiarity about the nature of capital investments in Africa should be stressed. Reno (1998: p 7) makes the point that despite the internal strife that characterised local politics in most unstable sub-Saharan countries<sup>32</sup>, they attracted the largest share of the total international capital that flowed to the region during 1994–1995. Similar investment patterns followed during the next five years, until 2000. It is no irony that, with the exception of the Democratic Republic of the Congo (DRC), where strongmen and rivalling warlords are predominantly involved in the international illicit diamond trade, the other recipients, such as Angola, are mainly oil exporters, an industry thoroughly corrupted and informalised. Thus, while instability and systematic patronage do not necessarily deter foreign capital, it tends to converge in industries where state coercion guarantees them a monopoly.

#### **6.5.1 The state and its monopoly on resource mobilisation and allocation: reforming and consolidating**

In developing political economies it is inevitable that the state will be the primary patron of resource mobilisation and allocation. The pluralist debate maintains that the consolidation of civil society obliges associational interests to wrest these functions and capacities away from the state by replacing those survival strategies it (the state) provides with alternatives based on the maximisation of individual interests. The strengthening of the market is thus one way of corroding the patronage of the state<sup>33</sup>. A second would be the devolution of state power to provincial or local structures of governance. However, developing political economies are specifically weak at the fringes of social control and, with the centralised structures of the apartheid government out of reach for strongmen and patrons, their

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<sup>32</sup> . See Reno (1998); cf. Bratton and Van de Walle (1997). Reno (1998: p 186) notes that of the \$20 million in private capital inflows to sub-Saharan Africa (excluding South Africa), more than half went either to Sierra Leone, Liberia, the Democratic Republic of the Congo (DRC) or Nigeria.

<sup>33</sup> . The idea of strengthening the market mechanisms to circumvent the attraction the state's resources have for patrons and clients alike is fraught with optimism, mainly due to the fact that in developing political economies the trend is to monopolise the most lucrative facets of production and distribution rather than to provide the conditions for diversifying the interests of accumulation. Private capital in contracted economies demands such a monopoly to compensate it for the high cost/risk of the initial investment in infrastructure, while the state tolerates it due to the scarcity of fixed investment capital. Patron-clientelism is conceived in such preferential treatment.



traditional area of focus has been the local structures of the state. They are thus well adept in effecting relational ties with state officials at the periphery. It is no coincidence that, in developing political economies, these areas of resource distribution are the most corrupted and also the most successfully challenged by the democratic state's contenders. As Hyden (1997: p 1f) notes: 'Devolution is no panacea', and the devolution of resource allocation and distribution may well lead to the strengthening of patrons and strongmen and not to the empowerment of local communities or associational interests. Both the privatisation of resources and the prevalence of parallel authority diverts resource distribution beyond the immediate reach of the weak state, while the rules of allocation are, in any case, not determined solely by the state.

The monopoly the state enjoys in resource mobilisation and allocation should be seen in the context of regime transformation and democratisation. Also these procedures and processes should be emphasised as part of a much larger equation of intrinsically related variables, namely the international political economy. However, the most valid question in developing political economies is: To what extent is the state further weakened and even undermined by persistent calls for the relocation of the obligation of resource allocation, a non-negotiable requirement of international lending institutions? States that rely on systematic compromises with rogue formations in their national domain to weave a network of social stability, and those in need of interventionist measures to balance the various forces of social control, are dependent upon their prerogative to mobilise and allocate resources to consolidate a degree of legitimacy. Such states are, however, caught in a paradox: their reluctance to empower bureaucracies beyond central structures of authority taints their credibility, while the devolution of these competencies leaves such states vulnerable to the corruptive pressures generated by 'triangles of accommodation'. Where market-reforms have been instituted due to Bretton Woods-prescriptions, the extent to which these have generated sufficient growth to balance supply and demand is questionable, at least so in the short to medium term. In fact, developing political economies often associate them with economic contraction in the formal economy and endemic opportunism in the informal economy.



The pluralist discourse suggests that economic reform will coincide with the consolidation of democratic governance. The criterion for successful political reform is thus consolidation and that of economic reform is growth (cf. Przeworski, 1995: p 70). The organic relationship between the political and the economic is thus evident in the non-negotiable requirement which transfers the state's monopoly over resource allocation and mobilisation to associational interests. In the process, developing states have to divorce themselves from the systematic prevalence of the informal, reciprocal relations which sustain a significant degree of predictability and stability. That, however, leaves them vulnerable to the volatility of unruly patrons in the informal economy, and with only the alternative of coercion as a means of social control. Having said that, it seems impossible for weak states to continuously accommodate distributive conflict in their domain of control and governance, and, at the same time, remain adequately dominant to dictate the perimeters of a civil society (i.e. compliance, civility and consensus). For developing political economies to sustain the balance of forces (the hegemonic project, which seems to be the most viable alternative to democratic consolidation), they are dependent upon a monopoly of control over the allocation and distribution of resources. They need to be interventionist rather than regulatory, because the dynamics of social control under conditions of transformation require compromises due to the absence of consensus.

### **6.5.2 Public, private and the oligarchy of pluralism**

Whereas this study often refers to the relationship between systemic patronage, corporatist regimes and liberal pluralism as contending regime preferences, in practice these three regimes can also become utterly ensnared to the extent that they almost feed on one another. Pluralist traditions of distribution become contaminated in developing political economies because of their need for political affirmation (a condition which arises due to the encroaching nature of recalcitrant social forces, labour movements and/or individuals), and strong patrons rely on political and economic monopolies to sustain their clientele-structures. The volatile nature of relationships within the taxi industry is certainly exacerbated by the efficacy of strongmen in maintaining and enlarging their coercive monopolies. These monopolies can hardly be sustained without access to the authoritative capacities and structures of the state,



especially to the coercive and material aspects of state control. It is safe to say that such monopolies are a feature typical of developing political economies. Conceptually, corporatism is intended to facilitate the efficient flow of goods and services, and strongmen often rely on the privileged access to the transport market, provided through corporatist compromises (with the state), to increase the value (material as well as in terms of status) of their monopolies. As the relationship between the rival perceptions of justice and social order becomes systematic, popular perceptions tend to resign themselves to the normative values such a system represents. An uneven redistribution of resources is not perceived to be unjust and personal enrichment is viewed as the redress of historical injustices. Redistributive practices have a particular status in both society and the state. A Weberian interpretation may portray particular relations merging public and private spheres as corrupt, but giving the circumstances and history of state-societal relations in a particular polity, it may incur no legal sanction or even deviate from the dominant perception of distributive justice (Knight, 1996: pp 119 – 120).

## 6.6 Conclusion

So, what would lead to the demise of patronage as a dominant configuration of distribution and exchange? Perhaps an answer to the question should also reflect on what is to replace patronage as system of control. Pluralists argue for reliance on market conditions, while proponents of corporatism and concertation advance institutional compromises as a more just and effectual means of redistribution. Patronage is fundamental to the 'legitimacy of delivery', which is at the heart of the developing state's survival. The institutions of 'electoral legitimacy' (representative institutions, including the bureaucracy) have no record of ensuring the state's survival. The objectives of *institutional corporatism* correspond operationally with variants of pluralism and, thus, fall within the conceptual realm of institutions of 'electoral legitimacy'. The objectives of *corporatist regimes*, however, are consistent with the 'legitimacy of delivery'.

To a certain extent the institutions of 'electoral legitimacy' and those facilitating the 'legitimacy of delivery' constitute compatible, and not contrasting, preferences of justice and



social order. Both configurations are important to the state, ensuring its reproduction. As they co-exist in a relationship of mutual dependency, rather than competing configurations of social order and justice, it would be more prudent to relate specific case studies to their institutional justifications, rather than examining the extent to which institutions of electoral legitimacy successfully replace those associated with legitimacy of delivery, or *vice versa*. Scholars of South African politics often seek to answer the question of how institutions pertaining to the *legitimacy of delivery* can replace the institutions of electoral legitimacy as the axis of policy formulation<sup>34</sup>, especially those debating the prospects for political pluralism and democratic consolidation to be the final result of regime transformation in emerging market-economies. Perhaps a more relevant approach would be to investigate the compatibility of the two configurations and what type of relationship between them would allow sufficient market-related growth to sustain a balance of elite interests. The nature of contestation within the taxi industry, and also the relational dynamics which determine the compromise between the state and the taxi industry, gives no indication that, eventually, it will be transforming into interest aggregates competing within a single regime for the surpluses generated in an atmosphere of consensus and civility. It seems to be intentions of neither the political elite, nor the strongmen and mother-bodies negotiating on behalf of the industry. The democratic regime is embedded in a historical, relational compromise of coercion and reciprocity which has become not only systemic, but generates the social capital which sustains the democratic process.

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<sup>34</sup> . See in this regard the work of Giliomee and Simkins (1999), and the large volume of work by various scholars such as Du Toit (1995), Gagiano and Du Toit (1996), Friedman (1999), Cruise O'Brien (1999), *et cetera*.



## CHAPTER SEVEN

### 7. CONCLUSIONS AND AREAS FOR FURTHER RESEARCH

Most of the taxi violence can be traced back to the executive officers of the various mother-bodies... The senior executives of these associations decide who can use what route and what taxi rank, and how much the privilege will cost them.

- Barron (as cited in Dugard, 2001: p 17) -

#### 7.1 Introduction

In June 1999, the cabinet endorsed a recommendation by the national Department of Transport (DoT) that South Africa's ageing taxi fleet of an estimated 26 000 vehicles be replaced through a process of 'recapitalisation' by 2005 (SAIRR: p 208). The ultimate aim of the recapitalisation compromise between the state and the industry is that of providing larger and safer buses, but also establishing an industry which will be responsible for its own regulatory framework through which to discipline its members, associations and mother-bodies. As was contended in Chapter Four, it came at a price for the state (the Cabinet at that meeting also approved a R3-billion budget, to get the process going), and at the expense of a compromise to its own regulatory obligations as the industry remained in control of the allocation of routes and ranks, and maintained, steadfastly, that its members would not register with the national treasury<sup>1</sup>.

By 2001/2002, the state's initiatives of recapitalisation of the industry, however, did little to instil the much needed stability in taxi transport. Apart from the endemic and ongoing violence of assassinations, rank disputes and route conflicts, the National Drivers' Organisation (NATDO)<sup>2</sup>, initiated violent demonstrations against the compromise between

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<sup>1</sup> . Dugard (2001: p 17) notes that in the aftermath of apartheid, taxi associations have resumed their previous political roles of organisation and protection, a clear sign that the new compromise (including the NTTT arrangements of control and the recapitalisation process) will be difficult to implant and even more difficult to manage.



the industry, then represented by SATACO, and the state. Claims by the drivers were of possible 'job losses due to the bigger taxis' envisaged for the recapitalisation process, and vague assertions of fears for the economic efficiency and viability of the industry. But, what may well be the underlying cause of their fears is that the recapitalisation process will disturb historical symmetries fermented in struggles for survival, acrimonious relations, and truces and compromises between drivers on the one hand, and owners and powerful associations on the other. The mooted smart-card system will, almost definitely, disrupt the economic and social mobility of drivers, an advantage they gained through pilfering at the expense of taxi owners, but which opened the door to ownership of their own taxi, and which balanced the coercive aspects of the owner as patron with the few benefits of remaining a dutiful client. This is one example of such 'disturbed symmetries', but in fact, the recapitalisation process is nothing more than old compromises (on the regime rules), which are threatened by new compromises and realignments of relations of power, status and coercion.

In the mean time, research on the violence in the industry has focussed on the dramatic and the sensational, as opposed to the historical and the social relations in which the violence and disorder were conceived. For instance, Dugard (2001: p 1) observes: "The continuation of violence into the democratic era is mainly the result of the success of violence as a means of extracting profits, as well as the inability of the post-apartheid state to contain violence". Her contention has merit, but its explanatory value is severely impeded by its 'institutionalist' focus, a typical feature of utilitarian (pluralist) conceptions of social order and justice. The logic of her line of argument is that consensus exists on how taxi owners, associations and mother-bodies should compete for the spoils of the transport economy and that the state has an impartial role and obligation to regulate it through its institutional competence. Such a disposition explains neither the reasons behind the violence in the industry, nor the origins of the death and destruction it causes. Furthermore, it will be almost impossible to deduce any theory as regards either the state

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<sup>2</sup> . It should be emphasised that NATDO is mainly operative in Gauteng and very specifically in Soweto. While branches also occur in the North West Province and KwaZulu Natal, it essentially remains limited to the conflict hotspots in Gauteng.



or the type of society which will mould sufficient stability and order to maintain the democratic aspects of governance in South Africa.

## **7.2 Revisiting initial propositions**

The propositions advanced were as follows:

The first proposition advanced with the inception of this study was that policy formulation with regard to the taxi industry reflects a compromise (based on preferential access) with regard to the rules, regulations and values of the regime. From this a secondary proposition was deduced. It was argued that if such an assumption is extrapolated to the broader political economy of South Africa, its democratic architecture is best explained as a network of compromises, constituting a hegemonic project, between various components of the state and societal-based actors. The formal process of policy formulation as regards the taxi industry reflects a compromise with significant ramifications for the eventual outcome of the democratic project. It was claimed that such compromises occur throughout the political economy and merge authority within the state with that which prevails in society. The institutional and relational edifice of these compromises is, then, best described as the operational configurations of the hegemonic project. Dugard (2001: p 22) quite rightly notes that the processes upon which the compromise between the state and the taxi industry are constructed lack "momentum, co-ordination and clout". But that's the very nature of compromises of corporatist regimes. Because, as Chabal and Daloz (1999: p 44) note, negotiating about the rules of the regime, and the instrumentalisation of the regime, is an ongoing process and appears to be reminiscent of disorder, as it is founded upon stalemates, truces and the relations of reciprocity. The formalisation of such compromises will not emerge from the practices and procedures of governance which, as is dictated by the liberal utilitarian constitution of South Africa, is associated with the notion of equality (of citizens), the state's obligations of regulation and control, and its assumed monopoly on violence.



When SATACO withdrew from the recapitalisation process during April 2000, Lawrence Venkile (DoT project manager), in an interview with Dugard (2001: p 46) explained the temporary withdrawal as a case of "... grandstanding in order to strengthen SATACO's bargaining power *vis-à-vis* the financial spin-offs from the restructuring processes". Unfortunately, the continued violence that mars the industry makes it seem as if the benefit of the compromise is rather moderate for the state, but that goes to the heart of corporatist regimes and is the result of compromising with 'indispensable' partners. The focus of the mother-bodies and strongmen in the industry remains the public purse, as that is about the only aspect of state regulation that they have restricted access to. But, that is usually the focus of systems of patronage, in general, and more specifically so under conditions of scarcity.

A further aspect of corporatist compromises, which is clearly evident in the taxi industry as well as the locality of authority in the state-society dichotomy, is merger between societal interests and those of officials and/or departments within the state. In other words, the institutions and obligations are penetrated from 'below' and the conflicts that prevail in society are elevated to the level of the state. The large number of officials and policemen, which former minister Mac Maharaj refers to in Chapter Three as being intrinsic to the reasons for the violence in the industry, provides the evidence for the relational adhesive which merges crime and informality with authority. This is also the reason why Migdal (1996: p 44), *albeit* somewhat by implication, suggests that the state in developing political economies should be analysed as a part of society.

The second proposition suggested to guide the research process was that the merger between the criminalised informal political economy and individuals in positions of authority within the state results in the prevalence of 'parallel structures of authority' which disperse state patronage preferentially and shift the emphasis of social control from the state to patrons in the informal sphere of survival. Going beyond Migdal, it was argued in Chapter Four that the operational edifice of corporatist regimes is constructed upon the relational features that prevailed (historically) between society and the structures of authority within society, including the institutions of coercion within the state. The second proposition refers to the



merger between the criminalised informal political economy (conceived under conditions of authoritarianism and sustained in the aftermath of apartheid) at various levels of authority. The level advanced by Migdal (1988) and explained as "triangles of accommodations" remains appropriate, but it is the merger between state and society at executive level which has the capacity to influence the formulation of policy and the distributive patterns which evolve as a consequence of such policy. The corporatist regime stems from this level of accommodation.

The third proposition was the postulation that the taxi industry of South Africa and/or aspects thereof, represents a regime contending with that proposed and preferred by the state. The practical manifestation of such a proposition would be that the industry significantly wrested both the obligation of social control and the state's 'monopoly on violence' away from both its administrative and coercive apparatus of governance. The second proposition is related to the third as it reflects on the extent to which the state's regime rules and preferences are compromised when the industry and structures of authority within it wrest the state's monopoly on violence and obligation of social control from it. It was argued extensively in Chapters Two and Three that the capacity of the taxi industry to present itself as an indispensable partner (a status achieved mainly due to its own para-military capacities and those gained by merging with, amongst others, officials in the South African Police Service), allows it to force the state into compromises on extraction (they don't pay taxes and the state has done very little to suggest that, for instance, the recapitalisation process will enforce such a rule), but also on national policy as regards the distribution resources. As for the latter: the national treasury will fund the recapitalisation process. The function of policing and social control remains in the domain of the taxi mother-bodies who allocate routes and ranks and, without a sense irony, charge exorbitant fees to taxi owners and drivers to use the national road infrastructure.

It is this fusion between state and society, between the states coercive apparatus and the interests of strongmen and the mother-bodies of the taxi industry, which gives the strongest indication that the consolidation of democracy remains an elusive prospect. The alternative which remains for the state is to construct a balance of forces (a hegemonic project)



between it and the taxi industry (but also between it and other strong societal-based formations), which would ensure sufficient stability to allow for the macro-economic agenda to be a liberal, market-orientated project. That, then, is also the most appropriate way of explaining the current relationship between the state and the taxi industry: a stalemate (truce) between contending forces, based on a compromise, or the prospect of a compromise.

### **7.3 The problem of extrapolating from the taxi industry to a 'frame of reference'**

In Chapter One it was proposed that the most feasible approach to this study would be to construct a frame of reference, as opposed to following a strictly methodological approach. With the commencement of the research process, it did not seem the right thing to restrict explanation of either the taxi industry or state-societal relations in South Africa by extracting from a single discourse only. For example, the question whether South Africa is a consolidated democracy not only suggested a preconceived agenda, but seemed of lesser importance than the question about what the nature of South Africa's democracy is. In this context, a 'frame of reference' allowed for a comparative analysis (of theories) and, consequently, increased the explanatory value of observations.

The argument referred to by Yin and Cambell (1994: p 33), and which points to the fact that critics of the case-study method believe that as it is based on a small number of cases, or for that matter on a single case-study, it can offer no, or only limited, grounds for establishing reliability or generality of findings, remains valid. In a study on the "civic divide" of contemporary Italy, Putnam (1993), in an attempt to explain a single variable (social capital), drew his conclusions from a large number of case-studies and surveys. In this thesis it is endeavoured to study the taxi industry by examining what Babbie and Mouton (2001: pp 280 – 281) refer to as "...multiple variables [...] taking multiple perspectives into consideration, with the aim to understand the influences of multilevel social systems on subjects, perspectives and behaviours". This study, however, deals with the taxi industry and the theoretical extrapolations are, certainly, a terrain open to contest.



Putnam (1993: p 44) claims that contemporary institutional performance - of the state, but also societal-based institutions - is not only related to civic traditions (including social relations), but traditions as far back as the 19<sup>th</sup> century. As in the Italy of the 19<sup>th</sup> century, the relationships in the taxi industry are embedded in the deep socio-political divisions of conflict and violence<sup>3</sup>. It was maintained throughout this thesis that the key to understanding the nature of compromises, the process of state-building (in a hegemonic project), and the relationship between the state and the taxi industry, is an understanding of the historical relationships from which such compromises and institutions of authority emanate.

Lastly, one of the methods that was applied to address the problems emanating from a single case study, was to investigate the similarity between, for instance, the taxi industry and other violent social formations, such as vigilantism, organised crime syndicates and gangster organisations. Throughout the study, reference is made to these, as well as to the relational adhesive which binds these formations together and to the state.

#### **7.4 Areas for further research**

The very valid criticism referred to by Yin and Cambell (1994: p 33) that challenges the use of a single case study, suggests that a larger number of case studies will enhance the value of the research process. The extrapolations from the industry to theories of state-building and democracy stand much to gain from further case studies, such as religious groups (the Zionist Church in the Limpopo Province is an example, but also groups such as PAGAD – People Against Gangsterism and Drugs), organised crime formations, vigilantism and gangster organisations.

As for the taxi industry itself, mother-bodies remain an inaccessible enigma. Apart from the well-founded suspicion that they are the main force behind the violence in the industry, very little is known about individual mother-bodies and their motivations for both violence

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<sup>3</sup> . See Morlino (1995: p 176) for reflections on both the work of Putnam (1993) and the conditions which gave rise to civic relations in modern Italy.



and compromises. The phenomenon of the strongmen in the industry and how they come to occupy the positions of status and power will also further the understanding of the industry.

As regards to the theory, corporatism as a regime-theory and its analytical value for state-societal relations in developing political economies remain under-researched. Patronage as discourse has lost its analytical appeal for scholars for reasons that have little to do with analytical merit. As this study has shown, it remains an integral part of social and political life in the South African political economy, and, surely, has fundamental analytical profundity for developing political economies. The discourse needs to be revived.

In the international context Fukuyama and Putnam have done important work as regards the concept social capital. In South Africa, Lodge (2002) used the South African National Civics Organisation (SANCO) as a case study and published some work on the topic. Comparative to the importance of concept, significantly more work can, fruitfully, be done in this regard.

## **7.5 Conclusion**

This study has been successful in explaining the taxi industry as an important feature in the state-building project in South Africa. The conditions in which it was conceived are reflective of the history of state-societal relations in contemporary South Africa. The continuity between authoritarianism and democracy became evident as the study progressed, and confirmed the value of the emphasis that was placed on history and social relations as determinants in the research process. While this thesis revived old concepts and redefined others, it contributed to the discourse on democracy in South Africa by offering a different approach, which may well contribute to democratic theory in developing political economies.



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- Bryan Fraser (Pietersburg/Polokwane, September 14, 1997)
- Fanie Rautenbach (Pietersburg/Polokwane, February 13, 1998) \*
- James Zulu (Johannesburg, July 7, 1998)\*
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- Andrew Anderson (Pietersburg/Polokwane, September 19, 1998)
- John Chue (Giyani, September 23, 1998) \*
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- Jan Erasmus (Pretoria, April 19, 1999)\*
- Inspector Bertie Viviers (Johannesburg, September 3 – 5, 1999)\*
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- Piet Geringer (Pretoria, September 13, 1999)



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- Andrew Donaldson (Johannesburg, June 13, 2000)\*
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- Moses Tshabalala (Pietersburg/Polokwane, October 12 – 14, 2000)\*
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## OPSOMMING VAN STUDIE

Hierdie tesis ondersoek die sosiale verhoudinge wat die taxi industrie van Suid-Afrika verbind aan die staat, maar ook aan ander sosiale en politieke vorminge binne die samelewing. Die assumpsie is dat ooreenkomste en institusionele verordeninge wat voortvloei uit dié verhoudinge 'n integrale deel vorm van die diskoers wat staat en nasie-vorming onderlê, maar ook die teoretiese veronderstellings van die sogenaamde burgerlike samelewing. Die studie gee dan ook, eerstens, 'n empiriese en deskriptiewe omskrywing van die vernaamste kenmerke van die taxi industrie, asook die historiese momente wat aanleiding gegee het tot die huidige verhouding tussen die staat en die industrie. Tweedens word drie teorieë aangebied ter verklaring en interpretasie van bepaalde tendense in genoemde verhoudings. Pluralisme, korporatisme en sistemiese patronaatstelsels as kompeterende veronderstellings en teorieë van reg en geregtigheid word voorgehou as die dominante teoretiese diskoerse. In kritiek op die teorieë, maar ook ter aanvulling van bepaalde identifiseerbare tekortkomminge in die verklaringskapasiteit van die teorieë, word regime teorie ingewerk en veral korporatisme word konseptueel verbreed om voorsiening te maak vir die pertinente teenwoordigheid van informele oorlewing, 'n spesifieke kenmerk van ontwikkelende politieke ekonomieë. Van die belangrikste gevolgtrekkings van die studie sluit in, eerstens, dat die samelewing in Suid-Afrika nie sondermeer voldoen aan die konseptuele en historiese veronderstellings van 'n burgerlike samelewing nie. Ten tweede dat die wyse waarop die staat homself verbind aan die samelewing dikwels kenmerke toon van die opportunistiese verbintenisse van patronaatskap wat dan ten gevolg het dat formele verhoudinge ten beste omskryf kan word as kompromieë: 'n institusionele verordening wat buite die konseptuele parameters van konsensus en pluralisme val. Kompromieë is kenmerkend ten koste van die outonomie van die staat en sentreer hoofsaaklik rondom die sydigse verspreiding van daardie oorlewingsstrategieë wat die staat veronderstel word eweredig te versprei. Indien die beginsels van 'n liberaal demokratiese bestel voorgehou word as 'n konstitusionele uitgangspunt, soos dit wel in Suid-Afrika gedoen word, kan spesifieke operasionele gebreke en afwykings in die beleidsformulering wat demokratiese stelsels onderlê in Suid-Afrika, identifiseer word. Hierdie studie belig sodanige gebreke deurlopend en spesifiek aan die hand van die taxi industrie.