Political economy and middle-income transitions

John M Luiz

“The State is to make what is useful. The individual is to make what is beautiful.”

Oscar Wilde

1. Introduction

Trying to capture Charles Simkins’ contribution to political economy in South Africa borders on the impossible. It is wide-ranging and includes his seminal work in political philosophy and liberalism, understanding the complexities of the labour market, land, inequality, human capital, demography, identity, nationalism, and political transitions. What binds his work together is an insightful intuition, a strong theoretical base grounded in economics, sociology, political science, philosophy, anthropology and history, and a methodological astuteness. He perceives data differently, and whilst many others master econometric techniques and how to process results, he lets the data talk. No fancy tricks necessary. In fact, his inaugural lecture at the University of the Witwatersrand (Wits) had no econometrics, no tables or figures (clearly the days before PowerPoint). He is the smartest person in the room. He is never the most outspoken and never the first to speak, but when he does it is with a penetrating insight. And I should mention he does not entertain fools. He regularly cites Friedrich Schiller: “Against stupidity the gods themselves contend in vain.”

I have known Charles for 25 years. We first met in 1991 when I was a student in his Honours class on Income Distribution. He had been working on his income distribution model for South Africa, produced under the auspices of the Urban Foundation. It was an important piece of work and was used extensively in policy and academic work leading up to the South African transition of 1994. We were about 20 students in his class and the reading list was long, complex and demanding. It started with the political philosophy of Rawls and Nozick, moved on to social choice theory and its axioms and Sen, and on it went – poor young economists exposed to ideas from the other social sciences, sadly for the first time. I next sat in on his course on Political Economy which again stretched our economics training as we focused on middle-income transitions and democratisation. I mention these two courses as it gives a sense of the range of this academic. I also do so because so much of Charles Simkins’ contribution to political economy is not written up in traditional academic outlets. It is in discussions, seminars, speeches, off-the-cuff remarks, policy documents, background papers, and then, yes, also journal articles and books where his influence is felt widely. As such my discussion of his work relies on all of the above, of 25 years of being his student, and later his colleague and friend. My focus here will be on a small slice of his work.
2. The scope and methods of political economy

This was the title of Charles’ 1991 inaugural lecture at Wits and broadly covered two major themes. As regards the first theme, he discusses what political economy is and what its methods are, and I am going to summarise the first part of the lecture because it is so seldom that this sort of discussion is held in South Africa. He states that:

political economy has to do with the study of the interface between the political and economic systems. These always interact, but their interaction assumes a particular interest at a time when everything seems to be at stake. Of course, cooler historical analysis always unearths fixities and the working out of slow, long-term trends during even the most revolutionary periods. An accurate account of circumstances therefore requires that the sources and effects of both continuity and change be identified and analysed. This is not a simple task. Familiarity with a number of different approaches to the analysis of social issues is needed. So are both the gentle quality of perceptiveness and the tough quality of courage (p. 39).

In this lecture he identifies three major phases of the development of political economy. The first dates from the nineteenth century with the work of David Ricardo, John Stuart Mill and Karl Marx. Within this classical analysis he differentiates between the liberal and Marxist political economy and the distinction between positive and normative analysis. Whilst accompanying Marx’s economic theory is a political theory of class conflict, Mills’ liberal project entailed making the case for enlightened public policy and respect for individual freedoms. In South Africa these contrasting approaches have dominated our understanding of the relationship between capitalism and apartheid which, oddly enough, Charles seems to have successfully side-stepped in his writing. The introduction to the book with Merle Lipton was probably the closest thing he wrote on the subject and his view is that the advent of universal franchise was capitalism breaking the fetters of a system based on compulsory racial classification.

The second phase was associated with the rise of Keynesian economics and the welfare state. This entailed a new purpose for monetary and fiscal policy, namely that of maintaining full employment and the political consequence of that being the “Platonic Guardian state” and the strengthening of the centrist consensus. This thinking has been instrumental to post-apartheid ANC socio-economic policy aspirations which has fluctuated between admiration of the Swedish welfare state and the East Asian developmental state. Both of these have been invoked without any consideration for the historical particularities of these cases and for the trade-offs and social contracts that each entailed, but that is a different paper.

The third phase is associated with the rise of economic theories of democracy, public choice theory and new ideas relating to public finance and ownership. It questioned the ability of the state to act as guardian and gave rise to New Political Economy, which utilises economic methods and rational choice theory to explain political economy.
Reflecting on developments in political economy since Simkins wrote this piece has caused me to ponder. Can we identify a distinct new phase or has the pendulum simply swung back to earlier influences? There was the almost automatic Keynesian response to the Great Recession, with very little consideration of the alternatives implied by the New Classical theories of the 1980s and 90s which had been so triumphant prior to this crisis. There is also the renewed project to explain long-term inequality and the functional distribution of income. Whilst Piketty’s work has entreated comparison to Marx, Ricardo might be a more appropriate comparison. Maybe human history is best not thought of as a linear evolutionary process of stages towards utopia, be it that of Marx or Fukuyama, but rather a pendulum shift not between right and wrong, but between alternates of sense and nonsense, to misquote Carl Jung. Or maybe that what we have seen since the third phase is a fragmentation of ideas with no intellectual dominance?

This is important as these ideas, as Keynes reminded us (and I misuse his statement), whether they are right or wrong, are “more powerful than is commonly understood. Indeed, the world is ruled by little else.” In South Africa, public policy has often been beholden to some defunct economist with a particular worldview. Acknowledging the ideas and influences underpinning this or the roots of this thinking, better allows us to engage in an analysis of the current political economy.

I asked Charles what he thought comes next in terms of the development of political economy. There are two things about his response which struck me. The first is the profundity of his political philosophy or personal code. It seems almost contradictory – liberalism and a “socialist” aspiration emanating from the same belief structure. I was reminded of a trip to China in the early 2000s, where cities were plastered with giant pictures of Mao and Deng side by side. Perplexed I asked local business people how they could reconcile these two visions and they, equally perplexed, asked me, why not? So how did Charles respond (and I am going to leave the non-publishable bits out of it but those who know his humour will surmise): “The Reagan/Thatcher thing is over. What comes next is less clear. Keynes thought that economics was not about civilization, but about the possibility of civilization. He thought we could devote progressively less time to toil and more to self-cultivation.” This reminded me of Oscar Wilde’s essay *The Soul of Man under Socialism*. Wilde advocates socialism, which “will be of value simply because it will lead to individualism” and “substituting co-operation for competition, will restore society to its proper condition of a thoroughly healthy organism, and insure the material well-being of each member of the community.” Wilde goes on to write that for “the full development of Life to its highest mode of perfection, something more is needed. What is needed is Individualism. If the Socialism is Authoritarian; if there are Governments armed with economic power as they are now with political power; if, in a word, we are to have Industrial Tyrannies, then the last state of man will be worse than the first.” And lastly, Wilde concludes by writing: “Man has sought to live intensely, fully, perfectly. When he can do so without exercising restraint on others, or suffering it ever, and his activities are all pleasurable to him, he will be saner, healthier, more civilised, more himself.” This is the code of Charles Simkins and the end goal must result in meaningful change and, to quote
Wilde again: “The proper aim is to try and reconstruct society on such a basis that poverty will be impossible.

But in the same breath as Simkins was reflecting on his political philosophy he immediately brought it back to practice and said: “you will know about the Oxford study of the vulnerability of a 1 000 occupations to automation of some sort or another. Badly handled, that will lead to impoverishment of a great many people. Well handled, it could finance a social dividend – a basic income grant to which income from market activities could add. And one might get there by degrees. One thought in the South African context is to get the Expanded Public Works Programme to construct hangar structures for the NEETS (Not in Education, Employment, or Training), at which a whole bunch of activities could take place, from sport and dance, to vocational testing and training, to community work, with a small attendance-based allowance – the extension of the child support grant to youth. The emphasis would be on the productive use of time, the new answer to the unemployment problem.” That is the nature of Charles, immensely grounded in a strong intellectual foundation but always for the practical purpose of human betterment.

3. Middle-income countries in transition

We now move to the second theme of Charles’ inaugural lecture (p. 44) which has dominated much of his later work, namely the study of “semi-developed countries as they struggle for economic growth, the elimination of mass poverty and, at the political level, for democratisation and the reduction of reliance on coercion.” One can immediately detect the strong connection back to Wilde. I am going to structure this section around some of the themes he raises in that lecture.

The first is the problem of uneven development and effective national unification, especially in deeply divided societies. He states that in these situations more energy goes into attempting to maximise differences in the welfare of “in” and “out” groups than in maximising joint welfare. The ideal outcome is one where ethnic boundaries become less salient but, ominously, given the current rise in racial tensions in South Africa, he warns that this is likely to be the work of decades or even centuries. Interestingly, he does not mention the role of cross-cutting cleavages or explicitly the middle-class project. Starting with the seminal book by Barrington Moore, Social Origins of Dictatorship and Democracy, the middle class growingly has been seen as a key stakeholder in transitions to democracy and in acting as a guarantor of some level of political stability. They often have the most to lose – the rich have assets that are mobile and the poor have no assets to protect. Furthermore, a large middle class allows for the development of cross-cutting cleavages which may transcend ethnicity or race and help in the construction of alternative identities. In a series of papers by Fedderke, de Kadt and Luiz (2007, 2008) we examine the theme of ethnolinguistic fractionalisation (ELF) in the context of South Africa over the course of the twentieth century. Not only do we study whether ELF has an impact on economic growth, we also look at the webs of association between various socio-political and institutional variables and
find that ELF itself is affected by processes of economic modernisation. In other words, economic progress can impact on identity constructs.

Simkins writes about the importance of growing incomes in environments of class and ethnic struggles. Using the work of Przeworski he states that class compromise is made possible by two simultaneous expectations: “workers expect that their incomes will rise over time, while capitalists expect to be able to devote some of their profits to consumption.” Where there is severe class conflict, expectations about the future become uncertain, workers become more militant and capitalists disinvest. In this environment he sees one of three forms of resolution (p. 46): “stabilising external intervention, negotiation or renegotiation of a social contract or the strengthening of the position of one or other class by a shift towards conservatism or revolution.”

In the current South African environment we see the latter two at play with a call to re-examine the grand compromise which was reached in 1994 and for the construction of a new social contract, and on the other side a growing call for an economic revolution. Simkins returns to the issue of class and race in his 2010 essay “On South African identity”, in which he predicts a “continued reliance on nationalist sentiment” by government, and “bread and circus politics” and a growing preoccupation with “faction management” as the ruling party attempts to prevent the factions from tearing the organisation apart and instead plays the factions off against each other so as to prevent any from becoming too powerful. Prophetic words, it seems.

The second theme is that of the relationship between economic inequality and political conflict. The Kuznets prediction was that as an economy develops, market forces first increase and then decrease economic inequality. Simkins states that there is growing doubt that inequality necessarily increases during the early stages of development, but it is much clearer that it tends to decrease during the later stage. I suspect that Charles may have different thoughts about this today and it may be related to the rapid structural changes in the world economy and in the nature of production that have taken place since 1991. For example, Piketty has challenged the Kuznets hypothesis, though not the first part but rather the latter part of the curve. He argues that the rate of capital return in developed countries is persistently greater than the rate of economic growth, and that this will cause wealth inequality to increase in the future. South Africa’s inability to reduce inequality since the transition (and indeed it may have worsened) again would challenge Charles’ statement. As regards the relationship between economic inequality and political conflict, Simkins argues it is complex: at lower levels of GDP per capita revolutions have much to do with land inequality, but as regards semi-developed countries the evidence is contradictory.

The third theme concerns the bearers of the capacities for economic development. This is a subject that appears frequently in Simkins’ work, as I find references to it throughout. In many respects it was the key theme of his 1993 co-edited volume on state and markets in post-apartheid South Africa. In 2000 (pp. 15-16) he writes:

> When it comes to policy instruments, state capacity is the key concern. One thing the current government has in common with its apartheid predecessor is a tendency to overestimate what the state can achieve. (This commonality arises as a consequence of
a sort of *amour propre*, a comfortable self-justifying ideology, when a nationalist movement captures the state and uses it as an instrument for group enrichment. In the end, however, limited state capacity softened apartheid. It might also soften some of the less desirable policies of the new government.) Policy proposals in contemporary South Africa which require much state capacity to monitor and to intervene must be looked at with some scepticism when it comes to predicting their effectiveness.

I suspect this concern is as much a function of Wilde’s warning of the threat of “Industrial Tyrannies” as it is of an issue of state capacity. But Charles is no libertarian and argues that in no society is capacity likely to be wholly located within the state or the private sector: “Instead, rather complicated networks able to mount major initiatives may straddle both the public and private sectors.” Again prophetic words emerge in his 1991 lecture on bureaucratic-authoritarian states in semi developed countries: “it may even be the case that some parts of the state continue to act with leading components of the private sector to manage economic development while other parts of the state induce periodic crises by losing macro-economic control” (p. 48). The three finance ministers in the space of a week in 2015, the secret intelligence documents on the National Treasury, and competing narratives on South Africa’s economic path by different economic ministries should cause pause.

The final theme is that of the transition from authoritarian to democratic rule. The relationship between economic development and democracy is complex. Lipset in 1960 (49-60) argued that:

The more well-to-do a nation, the greater the chances that it will sustain democracy...

[F]rom Aristotle down to the present, men have argued that only in a wealthy society in which relatively few citizens lived at the level of real poverty could there be a situation, in which the mass of the population intelligently participate in politics and develop the self-restraint necessary to avoid succumbing to the appeals of irresponsible demagogues.... A society divided between a large impoverished mass and a small favoured elite results either in oligarchy (dictatorial rule of the small upper stratum) or in tyranny (popular-based dictatorship).

Sorensen (1993: 25-40) identifies four possible preconditions for democracy. The first is associated with modernisation and wealth. The second concerns political culture (the system of values and beliefs that defines the context of political action). For instance, it has been claimed that Protestantism supports democracy whereas Catholicism, Islam and Confucianism work against it. Certain cultures emphasise authority, and appear to promote intolerance. Sorensen’s third set of preconditions for democracy is associated with the social structure of society. Barrington Moore (1966) concluded that it is the bourgeois which has worked for democracy, whilst Therborn (1977) maintained that democracy has always been brought about in popular struggles against the bourgeoisie. A final set of preconditions is made up of external factors: the economic, political, ideological, and other elements that constitute the international influences and pressures. But the most overwhelming factor that has been studied is related to economic development and its impact on political systems, although this has by no means provided a
conclusive response. Huntington (1991) states that theories relating these factors to democracy are all very plausible, but each variable is likely to have a relevance to only a few cases. Democratisation in each country is the result of a combination of causes which may be unique.

Przeworski et al. (1996: 41) argue economic prosperity does not cause democratisation but does reduce the likelihood of democratic breakdown. They show that poor democracies are extremely fragile and very vulnerable to economic crises. In his lecture Simkins argues that economic policy in support of democratisation must meet two conflicting demands, namely the ability to limit claims that will damage productive capacity whilst simultaneously delivering sufficiently against the expectations of politically aware groups to hold their acceptance: “Both external economic circumstances and internal political conflicts are capable of rendering impossible the striking of a viable balance between these requirements with the result that the process of democratisation aborts” (p.50). Interestingly, Charles states that there is evidence that democracies not only handle economic crises as effectively as authoritarian regimes but also achieved a better record of avoiding these crises. He concludes: “The puzzle turns out not to be the fragility of democracy, but its vitality” (p. 51).

One of the things which is remarkable about Simkins’ analysis from 1991 is how well it holds up and how much it relates to and informs contemporary themes in political economy. I am going to discuss three of these in the next section, namely debates on illiberal democracies, middle-income traps, and of course South Africa’s continuing transition.

4. **Implications of Simkins’ work for contemporary themes**

4.1 Illiberal democracies

In a 1997 piece in *Foreign Affairs*, Fareed Zakaria coined the term “illiberal democracy” to describe a system in which, although elections take place, citizens are deprived of civil liberties and knowledge about the activities of those who exercise real power. The term gained further traction outside the academic arena when Prime Minister Viktor Orbán of Hungary in 2014 stated: “the new state that we are constructing in Hungary is an illiberal state, a non-liberal state. It does not reject the fundamental principles of liberalism such as freedom, and I could list a few more, but it does not make this ideology the central element of state organisation, but instead includes a different, special, national approach.” He spoke of the rising stars of the global economy and singled out Singapore, China, Russia and Turkey.

This leads directly into a current debate between Diamond (2015), Levitsky and Way (2015) and more indirectly, Mukand and Rodrik (2016). Diamond (2015: 142) argues that the world has fallen into a “democratic recession” since 2006. He maintains that there has been “no net expansion in the number of electoral democracies, which has oscillated between 114 and 119 (about 60 percent of the world’s states).” And that the number of both electoral and liberal democracies began to decline after 2006 and then flattened out. Levitsky and Way (2015: 50) disagree and
state that perceptions of a democratic recession are rooted in a flawed understanding of the events of the early 1990s which amounted to a “perfect storm” for dictatorships. As states collapsed, lacking resources, and external allies the result was “pluralism by default”. The over-optimism which compared this to Huntington’s *Third Wave* was mistaken as these supposedly new democracies were never truly democratic and were not developing toward democracy, but were rather what is termed “competitive authoritarianism”. This affects many countries which would have been included in Simkins’ use of the term semi-developed and thus has bearing. They conclude their paper with a statement which bears a remarkable similarity to that of the one I have already cited by Simkins in 1991: “Arguably, then, the real story of the last decade is not democracy’s ‘meltdown,’ but rather its resilience in the face of a darkening geopolitical landscape. This resilience merits further study. Understanding its sources may help democracy advocates to prepare for the day when the wolf of authoritarian resurgence does, in fact, arrive.”

This contrasts sharply with the view of Diamond (2015: 148-149) where he sees the “hollowing out democracy” as a result of a rise in “neo-patrimonial” leaders who think they can get away with eroding checks and balances, overriding term limits, and accumulating wealth and power for themselves and their clients. He warns that the condition may be worse than commonly understood and singles out South Africa:

Another problem is that the pace of decay in democratic institutions is not always evident to outside observers. In a number of countries where we take democracy for granted, such as South Africa, we should not. In fact, there is not a single country on the African continent where democracy is firmly consolidated and secure — the way it is, for example, in such third-wave democracies as South Korea, Poland, and Chile. In the global democracy-promotion community, few actors are paying attention to the growing signs of fragility in the more liberal developing democracies, not to mention the more illiberal ones.

I will return to this theme when we discuss South Africa below.

### 4.2 Middle-income traps (MITs)

MITs refer to the experience of countries which achieved high economic growth rates in the past but which have become marooned in this middle-income zone in which their growth rates decline and they struggle to transition to high-income status. Studies find that 35 out of the 52 middle-income countries (MICs) in 2010 were in an MIT and South Africa was firmly amongst those trapped. The large number of countries in MITs suggests that there is something structural about the nature of MICs which results in them becoming marooned in this zone. They are able to generate high growth to transition into middle-income status but then are unable to jump to the next phase. Alternative explanations have been proposed as to why MITs arise. But the basic economic idea is that they find themselves struggling to compete with the low wages of low-income countries and the technological aptitude of advanced countries. The political science literature comes at this discussion from a different angle. The focus here is less on structural

---

1 This section draws directly on Luiz (2016) – permission granted.
changes within an economy as it develops, and more on the political consequences and drivers of economic processes.

Simkins has always been interested in the process of countries transitioning – transitioning both politically and economically and what happens during this process. Whilst I do not find reference to him mentioning middle-income traps, he often spoke about the complexities of the “zone of transition” and how intricate the interaction of political and economic forces are for semi-developed countries.

This literature on the relationship between economic and political outcomes has a direct bearing on the analysis of MITs. It proposes that economic progress may elicit socio-political change; and that political systems themselves have consequences for overall stability and the capacity of countries to grow economically. Given that MICs are moving between low and high-income status, they are especially appropriate as a unit of analysis. It is then of little surprise to witness the ongoing political and economic travails of this group and the fact that so many appear to find themselves marooned in this zone of transition.

Samuel Huntington (1970: 319) argues very strongly against the tenets of modernisation. He maintains that: “It is not the absence of modernity but the efforts to achieve it which produce political disorder. If poor countries appear to be unstable, it is not because they are poor, but because they are trying to become rich.” He suggests that the poorest nations tend to be less prone to violence and instability than those countries just above them, but that wealthy countries tend to be the most stable. In other words, you either want to be poor and content in a low-level equilibrium, or rich and content in a high-level equilibrium. But trying to move between these two equilibria triggers processes of social mobilisation which can result in political and economic extremism. This ties in with our MIT literature as it suggests that countries between low and high-income status are subject to extraordinary pressures of social and institutional change which result in high levels of volatility – the outcome of which is uncertain. Fukuyama (2014: 7, 531) relates Huntington’s thesis to the case of emerging markets (our MICs) and says that the problem that many face is one of social change outstripping existing institutions. As economies grow, different social structures emerge and new technologies disrupt the status quo. How institutions are able to accommodate these new actors influences the ability of a country to transition from low income to high-income status. Where institutions are unable to accommodate the new scenario, it can lead to either political decay or a stable system of clientelism and elite coalitions built around the distribution of rents. Politics then centres on state capture and zero-sum games over rent distribution rather than productive activities.

Mancur Olson (1982: 75), writing on the complexities of collective action and how this affects bargaining by interest groups especially during periods in which new orders are attempted, says that new institutional frameworks are difficult to establish:

The interest of organizational leaders insures that few organizations for collective action in stable societies will dissolve, so these societies accumulate special interest
organizations and collusions over time. ... These organizations ... have little incentive to make their societies more productive, but they have powerful incentives to seek a larger share of the national income even when this greatly reduces social output. ... The barriers to entry established by these distributional coalitions and their slowness in making decisions and mutually efficient bargains reduces an economy’s dynamism and rate of growth.

There is therefore no guarantee that good institutions drive out the bad in an automatic, evolutionary process through modernisation. At these critical dislocative junctures there is a need to leap (a big push – a critical effort) beyond evolutionary dynamics. In recent history we have seen only a few MICs make this leap to a new equilibrium state. Often this leap itself is a function of some form of massive social upheaval. Charles Tilly makes the point concerning Europe and why it was the first to industrialise when he wrote: “War made the state and the state made the war.” Or, as Thomas Jefferson once observed: “the tree of liberty must be refreshed from time to time with the blood of patriots and tyrants” (quoted in Olson, 1982: 141). Extreme violence is not the only way and the four countries which have in recent years escaped the MIT did so without a revolution (South Korea, Taiwan, Hong Kong and Singapore). Their authoritarian states were able to manoeuvre and accommodate a new political dispensation, but one which was built on the existing economic model. The reason for this is that they were able to gain legitimacy by continuing to generate high levels of economic growth. For MICs facing slowdowns there is the prospect of aspirations running ahead of capability and generating high volatility. Another important characteristic of these four successes is that they all had relatively equitable income and wealth distributions at the outset of their take-off phase, which allowed for a focus on economic growth.

How is the pressure for distribution affected by economic and political systems and how is this related to MICs? Huntington (1970: 326) states that “some measure of economic development is necessary to provide the means for instability.” It is this economic dynamic which triggers the effects of instability. In MICs with high levels of inequality there are questions about the appropriate level of redistribution and this creates tensions between those who are net contributors to state revenue and those who are the recipients of public goods – between those who are in favour of the status quo (the current insiders) and those who call for radical change (the outsiders), and between macroeconomic conservativism and macroeconomic populism. Economic growth brings these challenges to the fore as it highlights the winners and losers as a result of this structural change. As societies change, so politicians also redirect their political positioning so as to capture the emerging median voter.

This all points to the importance of the interplay between the political and economic dimensions which are always at play but where the consequences are particularly pivotal as countries transition from one stage to another. Thus, trying to untangle the causes and consequences of MITs necessitates a closer examination of the underlying processes of social mobilisation and
how this connects with existing institutions. This a central theme of Charles Simkins’ work and in the next section we look at how it connects to his main preoccupation, namely the South African development project.

4.3 South Africa’s transition to?

There are two particular books I want to single out, both of which Simkins co-edited. The first with Lipton in 1993 and the second with Giliomee in 1999. A wide array of books appeared between 1989 and 1993 about the forthcoming transition in South Africa. Many of the authors wrote about the apartheid dividend and delivered wish lists about what needed to be done. Within this mix appeared what I believe was the most sophisticated book about this at that time. Lipton and Simkins (unlike many others) did not assume state capacity, and argued that: “If South Africa is to avoid the unnecessary costs and conflict that will result from economic mismanagement, there will be a need for more accurate assessments of the state’s capacity and of the possibilities for its constructive deployment of that capacity.” That was the premise of how they looked at the options open to South Africa as it faced transition. It was a sobering perspective with a strong political economy perspective. The second, with Giliomee, is even more remarkable and directly confronts the dangers of the peculiar political party system South Africa would face for decades to come, namely that of potential one-party domination:

Democracies derive their resilience and vitality from the fact that the rule of a particular majority is usually only of a temporary nature. ... *The Awkward Embrace* studies democracies of a different kind; rule by a dominant party which is virtually immune from defeat. Such systems have been called Regnant or Uncommon Democracies. They are characterised by distinctive features: the staging of unfree or corrupt elections; the blurring of the lines between government, the ruling party and the state; the introduction of a national project which is seen to be above politics; and the erosion of civil society.

What sets both these books apart is that they were ahead of their time in reflecting conundrums that South Africa would face years before they necessarily became apparent.

In 1993 we were all smitten with what the new state would be able to do and needed to do, and this was entrenched in the Reconstruction and Development Programme. Yet by 1996 the party was over and the issue of state capacity loomed large and GEAR made its appearance – suddenly new perspectives were needed on the relationship between state and the private sector and how they needed to complement one another. Likewise in 1999 we were all still basking in the light of President Mandela, as he prepared to stand down, and of the miracle of the transition. Little thought was being given to how one-party dominance could lend itself to all forms of corrupt(ed) outcomes. It is this ability to see issues and understand their implications before others do that sets Simkins apart. Read how in his 1991 lecture (p. 53) he outlines what is needed in the academic project:

At the political level, an advance in the positive account of what our political system is becoming is most urgently needed. Accounts of competing normative positions and the
similarities and differences between them abound. So do narrative accounts of particular political episodes. But a deeper analysis of fundamental concepts – power in its various aspects, the nature and dynamics of transition, the incentives facing various actors and their strategic choices, the real scope and prospects for legality and, above all, whether steering capacities are being lost or gained by the political system – virtually all remain to be carried out in a convincing fashion. On the quality of the terms on which the new public order is created will depend the efficacy with which the private sector can function and evolve. For this reason, and because it requires rather more than animal spirits, it is the quality of what goes on in the public sector that is the test of the degree of civilization achieved in any society.

Alas I would argue that much of this still remains to be carried out in a convincing manner.

As I was preparing to write this essay and was reading through his body of work, one of the things I tried to do was examine his writing in the 1980s and 1990s to gain a sense what his expectations were and to what extent they have materialised. Where was he overly pessimistic or optimistic and how was that informed, and how has theory stacked up against the South African experience? So I asked him and he responded as follows:

There were some people who thought that they had died and gone to heaven in 1994. I was not one of them. You will have picked up a certain edginess in what I wrote from the mid-1980s for about a decade. Indeed, the reconstructing liberalism series was a response to a darkening world of hidden chains of command and agendas, of manipulation, and a general air of pragmatic and often unprincipled accommodation to a changing political order. A kind of political cowardice set in amongst the intelligentsia, from which it has still not recovered. … At the [Helen Suzman Foundation], I am back where I was in the late 1960s and 1970s – an appalled outsider. The ignorance, the lack of grasp, direction and hope, the greed, the sleaze, the undermining of law and the constitution, and now the racial fault lines opening up in a truly scary way.

I pressed him on two issues which have always been important to him, namely human capital and health. Why have we not been able to do more? I expected a complex philosophical answer and he answered:

On school education, I think a lot of time was wasted on a wholly unrealistic romantic progressivism, completely beyond the reach of teachers. At least here, the pendulum has swung back, though accountability is still seriously lacking. Where are the inspectors who could tell after a day in a school what was wrong and what had to be done to fix it? In health, what happened to Matron?

It is this mix of practical realism and extraordinary intellectual ability that makes Charles so difficult to categorise.
Levitsky and Way (2012) explore the sources of durability of party-based authoritarian regimes in the face of crisis. They analyse four countries where the parties of liberation entrenched themselves in the political fabric of those countries, namely Zimbabwe, Zambia, Mozambique and Kenya. I am by no means implying that South Africa has a party-based authoritarian regime but we do have a dominant party system which is the party of liberation, so it is worth examining. They argue that “while elite access to power and spoils may ensure elite cooperation during normal times, it often fails to do so during crises. Instead, the identities, norms, and organizational structures forged during periods of sustained, violent, and ideologically-driven conflict are a critical source of cohesion—and durability—in party-based authoritarian regimes.” In the wake of the economic morass that South Africa has been in for the past few years, it is worth considering this analysis as we see some of the elite clinging onto their source of patronage for dear life, whilst others hedge their bets against a sinking ship and still others associate themselves with potentially new kingmakers. As one Zambian politician put it, “only a stupid fly … follows a dead body to the grave” (Levitsky and Way, 2012: 871). They go on to say revolutionary cohesion has a best-before date (long before “Jesus comes back”, as per Jacob Zuma) and that when the transition occurs, ruling parties must find alternative bases for stability. Most obviously is economic growth or alternatively institutionalised mechanisms of leadership succession (p. 880). They call for the study of alternative bases of regime stability. Some would argue that the increasing racialisation within the South African political economy represents one such attempt to further entrench power.

There is on occasion a sense of foreboding in Simkins’ work and unfortunately it has often proved right. In a recent paper (de Kadt and Simkins, 2013: 122-123) the authors discuss the political economy of pervasive rent-seeking and conclude that the dangerous scenario for South Africa is as follows.

Dynamic rents lower the growth rate. The struggle for rent at all levels intensifies. Stagnation follows with growing radicalization in the political sphere. Ultimately, the system lurches into an experiment which would at once close down democracy and cause the economy to collapse. Difficult global economic circumstances and high levels of domestic inequality increase the risk of this scenario. Long periods of dominant party rule have induced a cultural adaptation to rent-seeking. A long period without political alternation results in “rent encrustation”, and is likely to be conducive to the formation of anti-democratic preferences and sentiments on the part of incumbent office bearers who are recipients of rent.

This scenario is a real danger and one which I have touched upon above in the MIT discussion.

I have written elsewhere (Luiz, 2014: 240-241) that the South African post-apartheid dispensation was a negotiated settlement between elite groups that left the majority of the population without “voice”: “They were pacified through the introduction of an elaborate welfare system which does not seek to address their dispossession but rather seeks their silence. The black establishment was bought through the promise of black economic empowerment (BEE) which gave a small black elite the chance for rapid economic mobility, and big white capital was co-opted in return for
the drop of nationalisation and radical redistribution as a policy option.” In Luiz (2016) I refer to the work of Olson (1982: 75) on the difficulties of collective action when new orders are attempted. He suggests that during these transitions few organisational interests will dissolve and instead countries fudge a consensus by accumulating more special interests and collusions. This was the reality of South Africa’s transition and these accumulated interests have little incentive to make their societies more productive, but instead have strong incentives to seek a larger share of the national income for themselves. I argue that this may explain why vested interests may opt for a low-level equilibrium which is stable and guarantees existing interests over one which increases social output. The outcome of this is a continued under-performance of the economy.

The social and political consequences of this are deeply concerning, as de Kadt and Simkins allude to in the above-referenced paper. It is in another context that Simkins appeals to liberalism in his 1991 lecture but note the sense of foreboding:

Against the intolerant, coercive forces in our midst, liberalism would do well to take its stand on the two central concepts of Immanuel Kant's moral philosophy: individual autonomy and universalisation. Unshackling individual fates from state-imposed racial identities is a great step forward to the achievement of individual autonomy. But the liberal programme will not be realized if social structure continues to dominate individual capacities in determining what people may become. The creation of an open political system and attending to poverty are both central. There are many who claim that the denial of the former is an essential requirement for achieving the latter. Neither international experience nor a close reading of our domestic circumstances supports such a view.

5. Conclusion

At a recent lecture in Budapest, Ivan Krastev (Chairman of the Centre for Liberal Strategies) warns against the global forces that are questioning liberal democracy. This is even happening in the centres of democracy, where former “winners” in globalisation now see themselves as the “losers”. This has resulted in the rise of nationalist sentiment and a questioning of the free flow of capital and people in the EU and the USA. In an apparent choice between identity and liberal democracy, people are opting for the former to “protect” themselves from the forces associated with globalisation. As the USA and EU turn inwards, it strengthens the forces of the “alternative” as presented by “illiberal democracies”. In some semi-developed countries we see rising protests but unfortunately these are not resulting in the establishment of liberal democracies, but instead we are seeing the existing dominant parties turn more authoritarian and clamp down on civil liberties. A return to our sense of foreboding?

Going back to Simkins’ inaugural lecture of 1991, he states that “analysis is to be undertaken with a practical end in mind” (p. 39), namely that of shedding light on how to increase popular living standards. He writes that this has been his personal choice to pursue an end over a theoretical orientation. What I think he has been able to do so well is to do both. His work has always informed
policy, but it has been grounded in theory and that is what differentiates a true intellectual from current popular “analysts”.

Charles Simkins’ contribution to political economy and to the social sciences more broadly in South Africa has been profound. It has not been conventional and he himself says that it “does not conform to the ideal type of the modern professor … [and rather caustically] When I forgot, … others were kind enough to remind me.” For Charles it was not about the number of outputs; he did not play that academic game: “Not the fruit of experience, but experience itself is the end”. For Charles, and I quote: “The ecstasy of research is Jacob wrestling all night with the angel and emerging a different person. All else is the academic equivalent of neat form filling.” I am grateful that you did fill in forms but I am more grateful for the times I had the opportunity to sit in your seminars or chat around a dinner table, as that is where you get to see the wrestling in action.

I asked Charles what he thought his most important work was and his response is an appropriate way to end this piece. He said casually “I don’t know.” And then stated: “Written pieces are brain readouts at particular points, and the moving finger, having writ, moves on” (with apologies to Omar Khayyám).

6. References


