

'Negotiated Liberalization': Stakeholder Politics and Communication Sector Reform in South Africa

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Much has been written about the seeming inexorable march of globalization and the power of global capitalism to mold state policies according to its requirements. Yet the nation-state remains the center of political action and social solidarity. Notwithstanding the transformational power accorded to globalization, any given country's public institutions remain more tied to the specific political architecture of states than they are directly determined by the forces of globalization. This can be seen in the communication realm. Old monopoly structures in telecommunications and broadcasting have been giving way to new models of liberalization, competition, and privatization. Such models are pushed by transnational corporations, multilateral organizations, and trade regimes. But though globalization creates pressures, opportunities and constraints, communication reforms are shaped largely by domestic actors through domestic political institutions. Post-apartheid South Africa is a case in point.

The end of apartheid in South Africa entailed not just a political transformation from racial authoritarianism to one person - one vote democracy, it encompassed the

widespread reform of a great many national institutions -- social, political, economic, cultural. How could various government functions, economic sectors, cultural organizations, and the like be stripped of their apartheid pedigree and converted into democratic and accountable institutions capable of serving the needs and reflecting the aspirations of the previously disadvantaged black majority? The economy was and remains the key terrain of struggle in this regard, inasmuch as the economy, more than any other post-apartheid institution, determines the life-chances of now politically enfranchised South African citizens. But accountability in economic institutions is not just accountability to the newly democratic polity; it also now encompasses accountability and adaptation to the "rules" and constraints of the new global economy. Indeed, South Africa's transition to democracy, like many other grand political transitions of the last couple of decades, was a double transition: from authoritarianism to democracy, and from a controlled or command economy to a market system more or less in line with the exigencies of globalization.

Communication was one of the sectors in South Africa to undergo early reform. In broadcasting, telecommunications, and the state information agency, apartheid structures and institutions were replaced by those that at first glance don't look too different from those in most developed nations and that seem to comport nicely with the liberalization "requirements" posed by global capitalism. --That is, mixed systems of public and private service providers, open to foreign investment, with regulatory oversight. But that first glance is illusory. These are deceptively progressive institutions created by a process of "negotiated liberalization," in which a retrograde sector was transformed into a set of accountable institutions -- in both of the senses described above, to the international economy and the new democratic polity -- through a participatory and deliberative democratic stakeholder politics. Negotiated liberalization, a term coined by South African scholars Glenn Adler and Eddie Webster (Adler and Webster (1995, 2000; Webster and Adler, 1999), captures the complexity of the political bargaining among the

state and civil society groups in the reform of key institutions. It shows that there is some room for progressive maneuver in reforming institutions to meet the exigencies of the global economy, and, moreover, that participatory democratic policy-making can make both liberalization and the state more progressive and more legitimate. The latter of is no small importance given the threat that globally-prescribed liberalization poses to new democracies, where, frequently, the process of institutional reform is fenced off from politics and the cost of reforming the economy falls on the backs of the poor and the working class (see Przeworski et al, 1995).

In a nutshell, the reform of the communication sector in South Africa accomplished the following results:

- **Broadcasting:** In the apartheid era, the South African Broadcasting Corporation (SABC) more or less monopolized radio and television broadcasting. A putative public broadcaster but in reality an arm of the apartheid state, the SABC reflected the National Party's political agenda and vigorously promoted apartheid ideology in its programming, editorial practices, and hiring. The SABC was remade in 1993 into a nonpartisan public broadcaster with responsibility to program for all the people in all eleven now official languages. A new SABC Board of Control, now reflective of the diversity of South Africa's population, was appointed to direct the transformation of the SABC toward a democratic and inclusive orientation. Constitutional negotiators created an independent regulatory body to direct the changes and to oversee the broadcast sector as a whole. The Independent Broadcasting Authority, or IBA, licensed scores of new, low-power community radio licenses. Some of the SABC radio stations were sold to private bidders and the IBA authorized a new commercial television service. All have varying public service and local content requirements. The South Africa broadcast system is now a mixed system of commercial, community, and public service broadcasting.

- **Telecommunications:** In the old days the South African Post Office operated the state telephone monopoly as an economic infrastructure for apartheid, servicing, for the most part, whites and business. Exhibiting the kinds of budgetary, efficiency, and monopoly boundary operating problems that state-owned telecommunications companies experienced worldwide in the 1980s, the white minority government initiated a process to modernize the structure of South African telecommunications in 1991 when it created Telkom as a state-owned telecommunications enterprise separated from ministerial control. Through a stakeholder consultative process, the ANC-led democratic government revamped and completed the process, creating a regulatory body, the South African Telecommunications Regulatory Authority, or SATRA, to oversee the sector. The legislation that established SATRA also plotted a phased liberalization of the sector, opening its various service markets to competition gradually over a period of several years. Resisting both big-bang privatization and retention of full state monopoly, the new policy permitted a foreign telecommunications consortium (a partnership of Telekom Malaysia and US-based SBC Communications) to take a 30% minority stake in Telkom to bring an infusion of capital and expertise. Telkom now has extensive universal service obligations as a condition of its license.
- **The state information agency,** which went under different names over the years (most recently SACS, the South African Communication Service), served as the PR mouthpiece of the apartheid government. Its main function was to disseminate information about South Africa abroad, to massage the image and undermine criticism of the apartheid state in the international media. The information agency also engaged in sub-rosa efforts to influence the South African press, by serving as the official conduit of information during the unrest of the 1980s. In an earlier ploy, the information agency secretly bankrolled an "independent" English-language paper. This was the "Muldergate" scandal

of the late 1970s, whose exposure had important consequences in shifting the balance of power in the National Party to the moderates under the leadership of PW Botha. SACS, an institution more connected to intelligence than to communication, was eliminated by the government in 1996. For space reasons, this paper will not discuss SACS.

While the reform of the South African communications sector brings its institutions well in line with liberal democratic international trends and models, in fact South African communication institutions are more progressive than the models they appear to ape. This is due largely to the distinctive internal political processes that established the new communication policies and to the unusually open nature of the South African state during the transition period. Contrary to current conventional wisdom of top-down, state-directed liberalization, the reforms were built via participatory democratic practice that engaged civil society and the state in policy-making. And this process derived less from any unvarnished ANC commitment to participatory democracy than to the strength of a strong political culture of "consultation and transparency" linked to the practices of the trade unions and the township civic organizations during the internal insurrection of the 1980s (see Horwitz, 2001).

The conventional wisdom of political "transitions"

The new conventional wisdom among scholars of political transitions is that a successful transition from authoritarianism requires a pact, a set of compromises between hitherto bitterly contending elites that essentially leaves the fundamental structures of capitalist society in place. Largely because of the control that the old regime elite exercises over the machinery of state -- particularly the military -- the pro-democratic forces in the opposition most often must offer concessions in exchange for democracy. The fear of a coup limits pro-democracy options. Hence most successful transitions produce a dispensation that is economically and socially conservative, and which ensures the

loyalty of the propertied classes (see, e.g., O'Donnell & Schmitter, 1986; Przeworski, 1991).

As if this axiom of political constraint was not enough, the economic forces and institutions of an increasingly globalized capitalism create strong pressures to reform import-substitution industrialization policies -- now considered to be largely archaic -- to comport with the new market. These pressures are, of course, particularly strong since the fall of the Soviet Union and the disappearance of a counter-hegemonic power and model to global capitalism. The economies of new democracies are usually not just out of step with contemporary global economic practice, they are frequently in serious decline and disorder at the moment of political transition (Haggard & Kaufman, 1995). But securing economic reforms is not easy in developing countries, as they breach the basic social compromise inherent in historically state-directed corporatist development, to wit, the class coalition of industrial and export interests that paid the price of social peace with concessions to the urban masses (Walton & Seddon, 1994). Indeed, as democracy takes hold and becomes consolidated in these transitions from authoritarianism, economic policy is often sealed off from politics. Only by insulating economic reform from the chaos of distributional claims, so the logic goes, can coherent and necessary economic policies be successfully undertaken. This axiom is a key component of the so-called Washington consensus on political and institutional reform.

The Washington consensus emphasizes fiscal and monetary discipline, outward (export) economic orientation, tax reform, liberalization of product and financial markets, deregulation and privatization, and marketization of state activity (Williamson, 1994). This set of policy proscriptions has become a talisman, a mantra, for virtually all key players in international economics, including the US government, the IMF and World Bank, the big consulting agencies, the WTO (Waterbury, 1992; World Bank, 1995). Global organizations try to impose these policies on developing nations as a condition of granting a loan or negotiating a trade agreement or a promise of foreign direct

investment. As suggested above, the policy proscriptions require a standard set of political practices. Essential reforms can only be secured if the reform process is protected from "special interest groups." Organized labor is usually understood as the special interest group par excellence. Labor's key role in democratic transitions seems to be to stabilize them by binding its constituency to democracy at the cost of surrendering the pursuit of social and economic gains. And while labor is excluded from the politics of policy reform through its demonization as a disruptive special interest group, even legislatures are sometimes kept out of the policy-making process. In this reckoning, economic reform requires what amounts to the quiet suspension of democracy. The state fabricates top-down reforms that revamp the economy consonant with current "best practices," that is, in ways that also align it with the interests of global capital. While intensely critical of the Washington consensus, some scholars on the left in effect admit its power under the analytic rubric of the tyranny of globalization. This, after all, is what TINA -- the acronym for "there is no alternative" -- comes down to.

There are problems with both the political elite-pacting axiom and the axiom of globalization's imposition of economic reform when applied to South Africa. To be sure, crucial elements of elite-pacting were at play in the compromises struck between the National Party and the African National Congress, in ways that approximate the conventional wisdom of political transitions. The ANC felt compelled to guarantee both existing property rights and the security of tenure (including the payment of pensions) in posts for civil servants, as well as the near-complete independence of the central bank (Republic of South Africa, 1993a: sections 28, 236, 245). However, the focus of the conventional elite-pacting analysis is too narrow in South Africa's case. It neglects the role of the trade unions and civil society organizations in the anti-apartheid struggle and slights the other constituent parties in the "tripartite alliance" of the ANC, the Congress of South African Trade Unions (COSATU), and the South African Communist Party (SACP). While the ANC was in exile, the democratic transition in South Africa was

fundamentally the product of a general internal mass movement, whose actions and internal participatory political practices set the transition's political agenda. The unions, fighting with the white regime on behalf of labor rights for blacks, were a central player in the anti-apartheid democratic movement. Black civic organizations campaigned for improved living conditions in the townships and opposed municipal authorities foisted on them by the apartheid state. Though clearly linked to the ANC in spirit and general ideology, the unions and the "civics" were autonomous manifestations of self-organized activity. The internal anti-apartheid movement of the 1980s under the umbrella of the United Democratic Front (UDF) not only engaged in mass insurrection, it also provided the kinds of alternative structures and mechanisms that shaped the transition and continue to affect the public debate and the process of consolidating democracy in South Africa.

While the problem with an analysis focused on elite-pacting is that it does not explain enough, the economic globalization argument explains too much. It would be absurd to deny or belittle the pressures on a developing country by powerful international institutions like the IMF or the WTO, not to mention the "invisible hand" of currency speculation and investment strikes, now more easily abetted by ubiquitous finance and communication networks. But constraints and pressures do not dictate policy outcomes. Globalization is not an omnipotent force utterly depriving states of maneuvering room in their choice of development policy. Opening a formerly closed economy or a state-owned enterprise to the global market does not necessarily mean whole-hog liberalization and the blood sacrifice of national companies to more efficient and rapacious foreign corporations. Liberalization can be negotiated, in ways that aim to open up closed and often inefficient institutions while minimizing huge price hikes and their attendant social disruption, or without causing widespread labor layoffs -- that is to say, without the cost of reform falling, as it so often does, inordinately on the backs of the poor and the working class. Privatization, a key feature in the economic reform toolkit, is often simply a means to improve a government's balance of payments, or, worse, a political

tool to hollow out the state sector. But privatization, depending on its intent and implementation, can also be a way to revitalize a stagnant, even corrupt, state-owned enterprise.

Against the conventional wisdom of the Washington consensus, the reform of the South African communications sector was an example of a kind of negotiated liberalization. The specific politics of the transition period -- the weakened apartheid state between 1990 and 1994, and the not-yet-consolidated democratic state dominated by the ANC between 1994 and 1996 -- made the state unusually open to participatory politics from below even as it was pressured by international forces from above. Reform succeeded in the communications sector not because technocrats were insulated from politics, but because reform efforts proceeded by way of participatory and deliberative democratic mechanisms. Those democratic mechanisms came not so much from the political elites -- even the ANC -- but from the labor movement and the civic organizations that comprised the popular struggle and internal insurrection of the 1980s.

South African civic politics and stakeholder consultation

Labor's role in helping bring down apartheid has been documented by many scholars (Friedman, 1987; Baskin, 1991; Waterman, 1991; Seidman, 1994). COSATU's disciplined militance in the 1980s was an important factor in convincing National Party stalwarts and leading businessmen that whites could no longer dictate South Africa's future alone. COSATU's strong organizational mechanisms of internal democracy, of reporting back, and accountability between the leadership and the rank-and-file also influenced the participatory democratic tenor of the latter stages of the anti-apartheid struggle (see Baskin, 1994). Together with the township civic associations, the labor movement sparked the spread of "stakeholder forums" in the initial transition period after the ANC was legalized in 1990. Constituted outside of government, in effect forced upon government by anti-apartheid civil society organizations, the forums functioned as

broadly consultative bodies where stakeholders, from business leaders to township dwellers to NGO representatives to old apartheid government bureaucrats, met to discuss how to transform a particular government function or industrial sector and bring services to the people in keeping with emerging democratic principles. The legitimacy of the forums rested precisely in the fact that they took place outside the regular channels of the old government. At the same time, the government felt compelled to participate in the forums because any policy government might undertake risked being vetted by the anti-apartheid alliance through strikes and street action if it proceeded without agreement from the forums.

The forums both institutionalized the anti-apartheid alliance's efforts to thwart the apartheid government's policy options in a great many areas of economic and social life, and instilled the principles of participatory democracy in all aspects of political life. Representing the direct antithesis to apartheid authoritarianism, the forums embodied a post-1990 manifestation of the UDF/labor/civics program of multiracial participatory democracy and served as a crucible for the emergence of more focused civil society organizations attentive to particular issue domains. This was a bit of a mixed bag for the ANC, whose exiles and prisoners returned to take up most of the leadership positions in the newly legalized organization, and who believed that the internal anti-apartheid organizations, perceived as ANC proxies, should now move aside. The forums were clearly of great political benefit to the ANC in the early 1990s when it was making the arduous transition from an exiled liberation movement to a political party and needed every edge in sparring with a clearly better prepared National Party/South African government. But participatory democracy and the culture of transparency and consultation were almost as out of step with the political inclinations of the ANC exiles, who tended toward statism and a leaders-know-best style, as they were with the apartheid government. The civil society activist groups that energized the stakeholder forums, though intimately allied with the ANC and often a source of expertise for it, in many

instances also served as a brake on the discretion and some of the proclivities of the ANC leadership.

Broadcast reform

These dynamics were initially seen in the reform of broadcasting, the first major state-owned enterprise and state-dominated sector to undergo structural transformation. The future of broadcasting was a major focus of anti-apartheid civil society groups, in part because the SABC was such a hated institution, but also because of the homologous relationships among a free, open, and accessible mass media, the culture of consultation and transparency, and the practice of participatory democracy.

Civil society-based campaigns mobilized public debate on broadcasting through various conferences, seminars, and protest actions, and succeeded in driving the debate toward the acceptance of the idea of a transformed SABC as a non-partisan, independent public broadcaster. The apartheid government earlier had initiated a reform effort in broadcasting through a government commission (see Republic of South Africa, 1991b). Fearing unilateral government action to "marketize" broadcasting in the guise of reforming the SABC along the lines of global best practices, and watching the apartheid government surreptitiously commence the privatization of broadcasting through quiet radio license grants to favored white constituencies, the ANC-aligned civil society media groups pushed the ANC leadership to demand that broadcasting be directly taken up in the main political negotiations, the Convention for a Democratic South Africa [CODESA] (Louw, 1993). Because both the National Party and the ANC saw the question of the control of broadcasting as crucial in the election to come and in the political dispensation to follow, both parties assented. In the ensuing compromise at CODESA, both the National Party and the ANC agreed to an impartial public broadcaster overseen by an independent regulatory authority as the most viable, if a second best, policy option.

The drafting of the Independent Broadcasting Authority Act was then in effect handed over to the "experts" attached to the major political parties. The principal political players had many more immediate questions of political structure to settle at CODESA. This gave a remarkable leeway to some of the activists in the ANC-aligned civil society media groups in the writing of the draft broadcast legislation. Rejecting international market liberal broadcast practices and borrowing progressive features of communication law from several countries, they wrote draft legislation establishing the public broadcaster as the anchor of a mixed system of public, commercial, and community broadcasting. Public service obligations were to be shared by all broadcasters, with substantial local content requirements and tough cross-media limitations to ensure the diversity of ownership and voices. The draft legislation and subsequent law, the Independent Broadcasting Authority Act (Republic of South Africa, 1993b), stipulated that applicants for new commercial broadcast licenses demonstrate substantial evidence of the inclusion of the black majority in the ownership and operation of those enterprises. The future domain of commercial broadcasting could not be exclusively white.

I call these principles post-social democratic, in that they endeavored to create a mixed public-private broadcast system with a substantial non-state and non-commodified presence built into the system's structure. Both state broadcasting and commercial broadcasting, for all their differences, were understood by the civil society media groups to render citizens passive and uninformed. Even traditional public service broadcasting often displays a tendency toward cultural and big-city hegemony, a tendency that was felt to be inappropriate for a new South Africa. The model of broadcasting embodied in the IBA Act sought to avoid the worst aspects of both market and state controls in broadcasting, while pragmatically placing market forces and public forms in a hoped-for creative tension. The triumph of the model rested in no small measure on the fortuitous fact of the deadlocked negotiated struggle between the ANC and the National Party,

representing, in caricature, state versus market. This created a space for the effective intervention of civil society media groups and their post-social democratic vision. This is not to oversimplify the ANC's position on broadcasting and media policy. Like the tripartite alliance itself, there were many tendencies. The official ANC Media Charter (African National Congress, 1992: 67-71) clearly was consonant with the general aims of the civil society media groups (though the charter was a general manifesto and not a concrete policy blueprint). Moreover, the civil society media groups did not stand apart from the ANC, but were constituents internal to the alliance. But there was also an important faction in the ANC supportive of the idea of state broadcasting, notwithstanding the Media Charter.

With the general structure set, the political battles in broadcast policy shifted somewhat after the 1994 election from one that pitted the ANC against the National Party to a struggle within the ANC alliance over the size of the SABC station holdings -- a complicated question not reducible to the conflict between statist versus post-social democratic visions, but nonetheless with clear elements thereof. Many supported a large SABC because of the need to deliver broadcast programming to all South Africans and in the eleven official languages. But others supported a large SABC because they still at bottom conceived the public broadcaster as, essentially, a state broadcaster. And with the top leadership of the SABC in the hands of trusted ANC comrades, many felt that the public broadcaster should remain expansive. At the very least, many proponents of the large SABC portfolio flirted with the "developmental" theory of the media, in which the media are to augment and assist, not criticize and disparage, governmental efforts at reconstruction and nation-building (see Siebert, Peterson & Schramm, 1956; McQuail, 1987). The SABC was conceived as a cardinal ally in the nation-building project. The SABC itself lobbied heavily for a large portfolio but envisioned the broadcast system, particularly in television, as essentially market-driven. Anticipating -- correctly -- that little money would come from government, the SABC planned for two of its television

channels to become commercial, and would cross-subsidize the third, public service channel with their proceeds. In contrast, those who argued for a smaller SABC portfolio, including the Independent Broadcasting Authority and several of the civil society media groups, fought for a leaner SABC better able to concentrate on its public service mission, and for more opportunities for new broadcast innovators -- including private commercial broadcasters -- particularly at the regional or provincial level. But, they argued, public service obligations and local content requirements should be imposed on all broadcasters so as to establish an overall public service broadcast system, rather than to ghettoize public broadcasting as the sole responsibility of the SABC.

Party politics did not disappear from the debate over the size of SABC's portfolio, and their dynamics played a major factor in the debate's resolution. Because the National Party had consistently strived to diminish the power of the SABC after 1994 (which included a constant and malignant public denigration of the new SABC as the ANC's mouthpiece) and to create more space for private broadcasters, the ANC's instinctual political response was to protect the public broadcaster and bolster its portfolio. The civil society media groups had almost nothing in common with the National Party's market-based broadcast policy vision, but they found themselves on the same side of the SABC portfolio fight. This would prove to be a factor in the distancing of the ANC leadership from the civil society media organizations. With the ANC leading the way, Parliament rejected the recommendation that the SABC portfolio be trimmed from three television channels to two (Republic of South Africa, 1995a). Parliament restored some of the radio stations to the portfolio as well. A large SABC was seen as necessary to do its part in the tasks of reconstruction and nation-building. Here, however, the dismal budget situation inherited from the last white government doomed even the positive feature of this vision. With housing, education, and health care desperately in need of public monies, and with a sizeable portion of the budget precommitted to honoring state pensions as per the transition agreements, the government declined to allocate funds to an

institution that had a proven source of funding. Advertising for decades had constituted the primary source of SABC's funding, and under the new ANC-led government it would continue to do so. But the reliance on advertising to fund SABC's three television channels and numerous radio stations could only pit the SABC's public service mission against its desperate need for revenue, thus reinforcing the commercializing dynamic in broadcasting found worldwide (see, among others, Dyson and Humphreys, 1990). Paradoxically, the combination of the transition agreements and the ANC's statist tendency served to reinforce the power of the market in South African broadcasting. Still, the basic structure of the post-apartheid broadcast system embodied a post-social democratic cast.

Telecommunications

In telecommunications a slightly different set of forces came to bear on the process of reform, though the overall political dynamic closely resembled that of broadcasting. Like broadcasting, telecommunications were targeted for liberalization and privatization by the last white government (see Republic of South Africa, 1989). The apartheid government's hope to privatize South Africa's telecommunications parastatal (the term for state-owned enterprises) was widely interpreted as a gambit to maintain white control in the event of a future black majority government. The effort was defeated by labor opposition and the ANC's threat to renationalize, but the government did manage to pass a more limited reform bill in 1991, whose provisions generally comported with the worldwide trend in telecommunications policy. Telecommunications were separated from posts, and the ministry would no longer operate the telecommunications parastatal. Parliament created a new telecommunications company, Telkom, that, though state-owned, was expected to behave like a normal, private corporation (Republic of South Africa, 1991a). But the legislation did not, and given the overall politics of the transition period, could not, create a comprehensive policy for the sector. A stakeholder forum

failed to coalesce in telecommunications until 1994, and this meant that there was no arena in which the major players could engage in debate and negotiate new policy during the transition years. The upshot was that the environment within which Telkom was to operate was left undefined. As a consequence, telecommunications policy served as a flashpoint between the ANC alliance and the government between 1990 and the 1994 election. Amidst great controversy, the government licensed two cellular telephone providers in 1993. But to gain the ANC alliance's acquiescence, one of the licensees had to include a substantial percentage of black shareholding. The cellular deal initiated an important pattern in black economic empowerment and the deracialization of the economy, where state tenders and contracts are used to foster private black capital. Another consequence of the cellular story was that the rapid introduction and success of cellular telephony provided real-world evidence -- especially to ANC leaders -- that competition could be beneficial.

Following the 1994 election and the formation of a Government of National Unity led by the ANC, Pallo Jordan, the new (ANC) Minister of Posts, Telecommunications and Broadcasting initiated a GreenPaper/White Paper policy process. Jordan's initiative institutionalized and gave government blessing to the broad consultative policy-making processes that had been the hallmark of the internal anti-apartheid movement and were reinscribed in the stakeholder forums. The National Telecommunications Policy Project (NTPP), the mechanism created to carry out Jordan's policy initiative, clearly represented some version of corporatism, but participation was general and open, not restricted to large, powerful institutional stakeholders, typical of classical corporatism. Another distinguishing feature was that for much of the process government played a rather circumspect role. Government was there, in the personage of Minister Jordan, initiating the process, selecting (in consultation with the newly formed telecommunications stakeholder forum, the National Telecommunications Forum) the persons to facilitate it, and providing very general policy guidelines. The broad policy guidelines essentially

followed the election results (a 62.6% ANC victory) and the compromises of the political transition: commit the sector fundamentally toward the provision of telecommunications service to the previously disadvantaged while providing the kinds of sophisticated services to business that are essential to economic growth and job creation. But for the most part government was not directly active in the telecommunications reform process, in part because Minister Jordan did not trust his own bureaucracy (another instance where the political transition agreements protecting the apartheid civil service had consequences), in part because he was committed to deliberative democracy. Jordan evidently believed a better policy result would come from the structured interaction of public and open negotiations among stakeholders.

In this regard the telecommunications reform process followed the Reconstruction and Development Programme (RDP), the tripartite alliance's post-apartheid political-economic policy framework, in both spirit and in deed. The RDP document, pressed upon a somewhat reluctant ANC by its COSATU and South African Communist Party alliance partners, the civics, and other civil society organizations, called for the direct inclusion of civil society in policy-making, and conceived the new democratic state as a social power that would facilitate, at the minimum, Keynesian-based economic development directed toward the previously disadvantaged. The RDP document explicitly directed the new government to work with the stakeholder forums (African National Congress, 1994: 120-121). Reflecting the political and economic orientation of the RDP, Minister Jordan's National Telecommunications Policy Project consisted of an open, consultative set of discussions and negotiations conducted largely within the realm of civil society, and wherein the principle of universal service stood at the core. In the struggle to reform South African telecommunications a homology could be identified between the goal to equalize access to information and communication embodied in the commitment to universal service, and the understanding of democracy as, in part, expanding the number of active participants in the process of public deliberation and

expanding the social basis of communication generally. Like the broadcasting struggle, the post-social democratic effort to reform telecommunications displayed a kind of Deweyan pragmatism, where democracy was both a goal and a means.

The first phase of the stakeholder reform process in telecommunications resulted in a set of politically and technically viable compromises embodied in the White Paper on Telecommunications Policy, in which Telkom was given a limited period of exclusivity to meet extensive network expansion obligations. The White Paper plotted a sectoral liberalization in which various service markets would be gradually opened to competition at explicit time intervals over a period of six years. A strong independent regulatory body, the South African Telecommunications Regulatory Authority, or SATRA, was to oversee the sector generally, license new entrants and administer the liberalization timetable, and settle the inevitable disputes that would result from bold policy reform. As in broadcasting, new business entrants in telecommunications would be expected to include the previously disadvantaged in ownership and operation as a condition of licensing (Republic of South Africa, 1996b). The telecommunications White Paper thus envisioned another mixed system in which state and market forces were balanced against each other in a hoped-for creative tension to expand service, and in which a timed liberalization would abet black entrepreneurship. Telkom, the large and dominant state-owned telecommunications provider, was reaffirmed as the sector's main actor, but conditions for contestability and accountability were established at several junctures and explicit provisions for competition were written into the policy document. The liberalization timetable was to be fixed in legislation so as to build certainty into transformation and elicit "buy-in" from the sector's players. SATRA's independence was to guard against improper ministerial interference. The establishment of a Universal Service Agency represented an additional institutional check to keep SATRA's attention focused on the universal service goal. Universal service, of course, meant the obligatory

expansion of telecommunications service to blacks and to historically black geographic areas (see Horwitz, 1997).

It was the stakeholders who essentially hammered out the telecommunications White Paper, but they did so within a tightly prestructured political framework established by the electoral victory of the ANC and the policy environment fabricated by the RDP. This was why even the white business interests had to embrace universal service as the fundamental orientation of the reform effort. The central sticking point was whether Telkom should remain entirely state-owned or whether some portion of its equity could be sold to an international telecommunications operator. This issue highlighted tensions within the tripartite alliance, as labor had proclaimed a no privatization stance and insisted upon separate discussions with government regarding the disposition of state assets as a general policy. Yet without some large infusion of capital and new management skills, Telkom would not be able to succeed in the fundamental mission to expand telecommunications service to blacks. Government reentered the politics of telecommunications reform in a direct fashion when Cabinet considered the White Paper. Here, like the space created by the stalemated negotiations between the ANC and National Party in the broadcast arena earlier, the divided nature of the Government of National Unity Cabinet actually eased the acceptance of the telecommunications White Paper. The ANC alliance could support the White Paper because it retained the state-owned Telkom as the key player in a sector reoriented toward the delivery of universal service; the National Party could support the White Paper because it plotted the opening of the sector to competition. Indeed, the fact that the National Party strongly backed competition made it politically difficult for those market-oriented ANC cabinet ministers to side with the NP against the central thrust of the White Paper. The fact that the White Paper came to Cabinet under the general imprimatur of the RDP meant that its civil society - stakeholder consultation pedigree had to command respect from the ANC, even from those who quietly wished for more extensive privatization and a quicker path to

competition. And that was important, as was soon to be underscored when telecommunications reform entered into a second phase.

Soon after the publication of the telecommunications White Paper in March, 1996, general political dynamics shifted. In short succession, the government closed the RDP ministry and replaced Pallo Jordan with Jay Naidoo as minister of Posts, Telecommunications and Broadcasting. Parliament passed the final version of the Constitution and the National Party announced its withdrawal from the Government of National Unity. Economic performance had been generally disappointing, and in 1996 the currency fell in value. The ANC replaced the RDP with the more orthodox Growth, Employment and Redistribution (GEAR) macroeconomic policy, and turned away from the politics of consultation. The turn away from consultation manifested itself in the telecommunications arena with the reassertion of ministerial authority. The Minister substantially altered the language of the draft legislation on telecommunications policy. The bill Minister Naidoo brought to Parliament removed the White Paper's liberalization timetable in favor of ministerial discretion, and diminished the functions and independence of SATRA. The new draft elevated the role of the ministry in the substantive regulation of the sector. Just as the White Paper had been written under the political imprimatur of the RDP, the telecommunications bill was written under the political imprimatur of the GEAR. GEAR comprised a largely orthodox macroeconomic policy of deficit reduction and fiscal and monetary discipline. GEAR paid strict attention to the budgetary implications of government-delivered services. Parastatals should not lose money; indeed, they could be a new source of revenue through privatization (Republic of South Africa, 1996a). GEAR was predicated on the assumption, following the "Washington consensus" on economic policy, that if the government demonstrated its credibility to such discipline, private investment, particularly direct foreign investment, would materialize. To pull GEAR off, the ANC leadership, again following the

Washington consensus script, insulated the politics of GEAR's adoption from participatory democratic structures.

The changes to the telecommunications White Paper were consonant with the spirit and timing of the government's adoption of GEAR and reflected the move toward centralizing power in the now ANC-identified government. The telecommunications bill's reassertion of ministerial control gave Minister Naidoo more flexibility in the search for a partner for Telkom (an ability to trade a higher sale price for greater concessions on exclusivity) and more leeway to bring labor and black economic empowerment groups into an overall settlement. This had its desired effect. With the muted acquiescence of COSATU, the government was able to sell a 30 percent stake of Telkom to an international telecommunications consortium of SBC Communications and Telekom Malaysia. Government held out another 10 percent of Telkom for black economic empowerment. Of the \$1.2 billion the consortium paid for the 30 percent stake, \$1 billion was to stay in the telecommunications sector.

The contest over the independence of SATRA assumed outsized importance because it represented a fight over the power of the state in the new South Africa. At this stage in South Africa's evolution, so went the argument, there was a need for the government to direct the telecommunications sector toward addressing "the imbalances of the past." The position had some salience, particularly given the long fear that SATRA might be captured by the old white business interests. But the alignment of the ministry and black economic empowerment groups in the effort to weaken SATRA pointed to something more: the general ANC political strategy represented by GEAR, which was to increase the power of the state and use the state for development by way of establishing patronage for a politically loyal black bourgeoisie through selected privatizations, tenders, and contracts. In the end, this gambit in telecommunications was turned back to some degree through the interplay of deal-making in coalition party politics. The final legislation reinscribed many of the elements of the White Paper, including the restoration of some

independence to SATRA. The appearance, if not the reality, of a stronger, SATRA resuscitated the post-social democratic vision that was attached to the telecommunications White Paper.

The telecommunications reform process was full of small paradoxes. It was the ANC that, after both consolidating power and finding government relatively helpless before the decline in the value of the currency in early 1996, moved to embrace significant features of the Washington consensus and the "TINA" discourse. It was labor and the civil society media groups that effectively modified the government's position in the telecommunications policy arena. Labor's unyielding demand for universal service essentially succeeded in framing the discourse in the telecommunications reform process. At the same time, labor's seemingly retrogressive stance favoring a state monopoly in telecommunications had a paradoxically progressive effect. In the context of business' call for immediate privatization, liberalization, and competition (a position also promoted endlessly by the EU, the US, and the WTO), labor's position forced a political compromise that maintained a strong Telkom as an interim exclusive service provider and established a timetable for liberalization -- all within the discourse of universal service. Yet it was COSATU's membership in the tripartite alliance that enabled the ANC government to secure labor's acquiescence on the privatization question and to put forward an offer on telecommunications to the World Trade Organization. To complete the series of compromises, labor and civil society pressure undoubtedly played a role in keeping the proceeds of privatization connected to social needs. One billion US dollars were pumped into the sector to contribute to universal service -- not diverted for general deficit reduction as had been explicitly envisioned in an early planning document on the disposition of state assets and was implicit in the GEAR macroeconomic strategy (see Cameron, 1995; Republic of South Africa, 1995b).

Toward a conclusion

I have characterized the reform of broadcasting and telecommunications in South Africa as an example of negotiated liberalization. The reform of South African communications proceeded by way of a complex set of compromises among the state, political parties, labor, and civil society groups through remarkably open forms of participation in policy-making. The resulting communication institutions were largely accountable both to the new democratic polity and to the norms of global markets, and embodied what I have called a post-social democratic vision. What perhaps marks the South African example as unique is that such policy-making exercises took place in the context of a strong labor movement (with union density at about 50%, far greater than most labor movements in countries transitioning to democracy), an energized and intellectually acute set of civil society organizations, and a strong culture of consultation and transparency that derived from the internal mass democratic anti-apartheid movement. Although I have highlighted the importance of civil society in this exercise in policy-making, it was not a matter of civil society activism per se. Successful civil society struggle depends on a state open to such interventions. Participatory politics works when the state is hospitable to such politics. In the 1990-1994 period the state was open because it was in fundamental transition and was being continually contested; in the 1994-1996 period the state was open because of the way that the RDP embodied the sometimes politically conflicted, but in the larger sense politically complementary aims of the tripartite alliance, in particular the accommodation of the stakeholder forums and other forms of participatory democracy. In other words, effective civil society participation needs both strong state and viable, hospitable points of political entry (see Evans, 1997).

The success of the South African communication sector reforms, while notable, should not be taken to mean that such negotiated or bargained liberalization is easy. The constraints and development paths established by globalization are, if not iron-clad, nonetheless indisputable and powerful. As has been suggested, the ANC-led government

has moved toward rather orthodox macroeconomic policies to accommodate these constraints, much to the dismay of its labor and communist party alliance partners (see, e.g., Marais, 1998). Labor has not been particularly successful in its interventions in macroeconomic issues such as exchange controls and tariff reforms in recent South African policy. As Webster & Adler (1999) suggest and the communications reform process illustrates, movements resisting liberalization may be able to create new institutions through which they process their demands. In turn, these institutions may be able to create new rules of the game, allowing a kind of bargained liberalization in which prominent groups renegotiate the terms on which a country engages with the global economy, establishing a new balance between market and society, and even, perhaps, pointing toward a new class compromise.

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