

A glacial shift to the middle may leave extremists in the cold

We discussed the May local govt election results in a special note we published two weeks ago. On further reflection, I want to add another perspective.

In that note we stated that SA seems to be moving towards a two-party system. Even so, the DA has a very long way to go before it will have a serious shot at taking over the government of the country. To make any progress along that way, it has to appeal to the majority of all South Africans.

Socio-economics

Who are “all South Africans”? Perhaps the most important description is that 51% of SA households earn less than R50 000 per annum. Think of it, just over R4 000 per month (2008 numbers, it might be worse now given the 1 million job losses due to the 2009 recession). The political implications of this number are huge. The DA will have to find an offering in rhetoric as well as in policy, which can appeal to this majority of South Africans. It used to be an unashamedly middle-class party, but socio-economic realities, and its own ambition of becoming a majority party, will increasingly cause the DA to position itself as a lower-middle class party.

The intriguing thing is that it seems to me they have already started doing that.

More social grants

In this last election campaign the DA certainly employed a different rhetoric and language, embraced the toyi-toyi and claimed the mantle of Mandela and non-racialism. The approach brought results. In policy terms their stance has been much more radical.

In their 2009 election manifesto the DA proposed an income support grant of R110 per month (the document is available on its website) to be paid to all South Africans earning less than R46 000 p.a. who do not already receive a grant. As far as I know it is the only political party proposing an extension of the social grant system.

The current system is well known. Children up to the age of 18 get a children’s allowance (R250 pm) and persons over 60 an old age pension (R1 140 pm), both subject to means testing. There are some disability, foster care and other grants paid to people in between the ages of 18 and 60, but children and old-age grants constitute 87% of all grant beneficiaries, and 73% of monies paid.

The DA’s proposal will obviously lead to a dramatic widening of the social security net with concomitant cost implications, but for now let us focus on the politics of the proposal. We now have the contradictory situation that in the ANC there is not much political appetite for an extension of the social grant system, but the DA officially proposes it.

For the DA to take such a position is counter-intuitive, but it is simple evidence of its attempt to position itself in the socio-economic context of SA. Positioning is not only about rhetoric, language and symbols but also about substantive policy proposals.

Move to the middle

What seems to be happening here, is a movement to the middle. The DA started life as a party in favour of free markets and a capitalist economy. As its support base changes whilst it woos a different voting public, it will increasingly become less capitalist and more social-democratic. It will marry capitalism with a social agenda.

The ANC, after starting out in the new SA as a party of the left, has likewise moved a considerable distance to the middle. It still refers to itself as a “party of the left”, but like the social-democratic parties of Europe, it has embraced a number of moderate economic positions.

That journey is not complete. Post the elections the ANC is now also confronted with the choice of becoming a party of Black nationalism ala Jimmy Manyi and Julius Malema or a party marked by the non-racialism of a Mandela.

Success lies in striking a sensible balance between markets and the socio-economic needs of voters. No political party can escape the power of the bond market ... as a variety of parties from the left and the right are learning the hard way in Greece, Spain, Portugal and Ireland. Capital and currency markets have to be wooed, just as voters have to be wooed.

But success also requires a sensible balance between the competing demands of different groups of voters. It is not enough to rely just on one side.

Two ways to ensure security

This move to the middle occurs against the background of an old divide between liberals and social-democrats.

The liberal view is that society’s best protection lies in protecting the individual, which will ensure protection for all. What is needed is strong rule of law, property rights, equal opportunities for all and a free market economy. The state’s duty is simply to maintain these conditions, and security and societal progress will follow.

The opposing view argues that societal progress and security will follow when a critical mass of citizens enjoy the fruits of social spending (education, health, a social safety net) and a helping hand from the state to access opportunities.

To the middle

It strikes me that in SA this divide is artificial. We need both. Globally, the debate is moving in that direction too.

John Williamson, father of the famous (or infamous) “Washington consensus” wrote in 2003 that policy should also look at the social agenda (employment, poverty, income distribution, mobilising the poor for growth) and the efficiency of institutions. That was a marked shift from his original thinking, which was all about privatisation, deregulation, lower taxes, abolition of exchange control, removal of subsidies and so on. (Kuczynski & Williamson, 2003).

Amartya Sen pushed the argument further with his notion that freedom from discrimination and deprivation is a pre-condition for growth and development. (Sen, 2001).

In the democratic countries of the world no right wing politician will propose dismantling the social security net. (Ask the US Republicans, who recently proposed radical changes to Medicare). Instead, right wingers vent their anger on immigrants and other easy targets. On the other hand, no left winger will tamper with the basic market disciplines. Instead, they focus on Green issues and CO2 emissions.

So What?

The movement to the middle is rather glacial, and the completion of the journey by no means certain or guaranteed. But the more the fight moves to the middle the harder it is to take extreme positions. Julius Malema had to defend himself against the charge that he cost the ANC minority support. Jimmy Manyi looks increasingly isolated. In the DA-governed jurisdictions budgets and programs will have to reflect the needs of the poor.

In SA successful government is conducted in the middle. As South Africa's political heavyweights practise this truth, society as a whole will become more and more stable.