



ON *NEO-LIBERALISM* AND CLASS STRUGGLE

THEORETICAL AND EMPIRICAL REFLECTIONS ON SOUTH AFRICAN *POST-APARTHEID* URBAN AND HOUSING STRATEGIES

PART ONE - INTRODUCTION

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1. INTRODUCTION.

During the 1970s, 1980s and 1990s I studied the development and implementation of housing and urban strategies in South Africa. I put what I learnt into practice through working in the NGO sector during South Africa's transition from *apartheid* to democracy.

Neo-liberal ideology came to dominate much of the thinking around development in government and corporate circles in post-*apartheid* South Africa. This ideology deemed that much of what I had studied and learnt was beyond the boundaries of respected policy/strategy debate. Yet after 25 years of democracy, and *neo-liberal* inspired strategies, we have heightened social conflict and dissatisfaction in South Africa.

Much of it has to do with the perceived inadequacy or lack of housing, services and work opportunities in metropolitan South Africa. This is despite the expenditure of millions of Rands by South African governments on consultants to develop housing and urban development implementation strategies. The terms of reference for most of these services were based on *neo-liberal* assumptions.

For the past quarter of a century I participated as one of thousands of consultants. All our progressive policy and strategy reports and analyses appear to have had minimal if any impact. When strategies consistently fail it is time to go back to the drawing board. And reflect on the ideology on which these strategies are based.

2. NEO LIBERAL IDEOLOGY

This series of papers are my critical reflections on *neo-liberal* ideology. They are also an attempt to rescue my theoretical insights as a scholar and apply them to developing a different strategic framework within which to develop urban development strategies that integrate housing into the broader political economy.

Neo-liberal ideology is alive and well as the dominant discourse amongst contemporary South African government and private sector elites. The purpose of these series of papers is to expose the scientific lacunae in this ideology. And thereby to demonstrate the anomalies to which it leads. The papers aim to demonstrate the need for a conceptual break with *neo-liberal* ideology. This is critical in order to create a framework within which urban and housing strategies can be *re-thought* in conjunction with *political struggle* and *economic restructuring*.



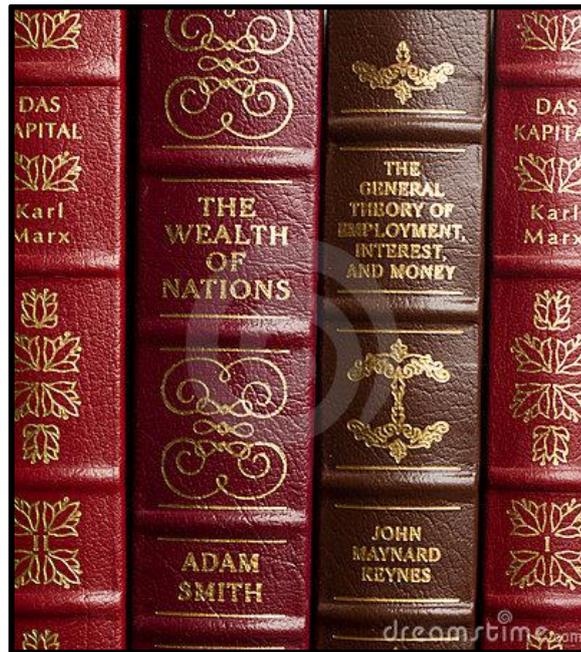
My reflections in these papers are based partly on my readings as a scholar of urban development, economics and politics. They are also based on my experience providing strategic services to government on urban and housing policy. My intention is to stimulate a debate about how we understand the government's urban and housing policies. I hope that this debate is critical. By that I mean that we critique each other's viewpoints. And don't simply listen and accept what we say to each other. I think critical reflection on different (and differing) truths, advances social knowledge. Knowledge development is an uneven, sometimes drawn out process. Uneven in the sense that it can (and often does) lead to confusion. And sometimes the seeming destruction of knowledge.

Schopenhauer's saying resonates with me. "All truth passes through three stages. First it is ridiculed. Second, it is violently opposed. Third it is accepted as being self-evident". Think of the once dominant system of *apartheid*, its denigration of the truth expressed by the *anti-apartheid* struggle..... And, the fact that today in polite company there is no-one who says that he or she supported this pernicious regime..... Now we are all *neo-liberals* What I have referred to above reflects the struggle between the ideas of different social forces.

3. NEO-MARXIST PARADIGM

A comment on my ideological framework is in order. Ideologies are theoretical frameworks through which we make sense of the world. There is no such thing as a pure fact, unadulterated by ideological preconceptions. Nor are ideologies purely subjective, in fact they are profoundly objective, i.e. they function in society as markers of individual (subjective) identity. As Althusser¹ has pointed out, ideologies operate to interpellate individual social agents to their positions within classes, genders, ethnic groups and other social categories (including the 'rebel', 'activist', etc).

¹ See Notes on interpellation.



I studied Marx's Capital (Volume One) as part of the curriculum of a BA Hons Development Studies course during 1979/1980. This shows in both my MA dissertation and PhD Thesis, where social and class struggle are central concepts to the broad social context of the objects of my investigations. I also later read Volume Two of Capital. Prior to the Development Studies course I graduated BA with a major in Philosophy. In the course of my philosophy reading I came across the Hegelian concept of 'dialectical contradiction' and also the manner in which Marx incorporated this concept into his political and economic analyses.

I am by no means a specialist on Marx and Marxism, although I explored the trends in this body of thought during my academic years, and have recently returned to that interest. At the time I used a Marxist problematic of capital accumulation cycles to locate my analyses of *how* housing was delivered and *how* space organised under different *apartheid* regimes. I came to this framework through a critique of other ways of seeing the object of my investigations, namely the segregation and control of residential housing and the later 'unplanning' of urban space.²

² Hendler, P 2015. The Right to the City: The Planning and 'Unplanning' of Urban Space since 1913, Chapter 6 in Cousins, B and Walker, C (eds.) Land Divided Land Restored – Land Reform in South Africa for the 21st Century, Jacana, Auckland Park. These 'other' ways of 'seeing' the housing and urban questions in South Africa were the culturalist assumptions of the National Party government and its supporting institutions, the ontological view of methodological individualism of the ideology of liberalism, and the (limited) reproduction theses of my academic comrades in the *anti-apartheid* struggle.

3.1 CAPITAL ACCUMULATION

The theoretical, scholarly basis of my reflection precedes the ANC's 1994 capitulation to *neo-liberal* ideology. This followed decades during which liberation movements spoke a different language. Then their discourse blended social-democratic, socialist and black nationalist messages. Then I also spoke a different language. My MA dissertation and PhD Thesis were attempted political economy analyses of housing and urban strategies. I tried to analyse these within a theoretical framework of capital accumulation (strongly informed by Marx's Capital). I used specific Marxist conceptual categories to try to analyse housing delivery, housing markets and housing policies. I used the words 'attempted' and 'tried' above because I am now aware of how difficult it is to integrate the facts to demonstrate the efficacy of a theory. Still, both works passed academic muster from independent assessors, so I must have been on the right track.....

3.2 REPRODUCTION OF THE RELATIONS OF PRODUCTION

Central to my MA dissertation were the concepts of 'capital accumulation' and 'reproduction of labour power'. I argued that it was inadequate **only** to focus on the economic and political reasons for the policy for state-provided, segregated working-class rental housing. A group of left anti-*apartheid* academic activists developed the argument that this was to reproduce the labour power required by industry (in its various sectors and fractions). These views formed the *reproduction* approach.

By the 1980s *apartheid* reforms were spearheaded by the privatisation of working-class housing (i.e. home ownership replaced rental housing). The reproduction theorists argued that this formed a political strategy to fragment resistance to segregated local government and indeed to the *apartheid* geo-political system itself. Their logic was that privatisation of housing (i.e. recreating public housing as a commodity, and facilitating the private development of owner-occupied housing) functioned to reproduce social relations as a whole.

3.3 SOCIAL AND CLASS STRUGGLES

At the time the *apartheid* system was in crisis. It suffered a severe legitimisation crisis and *apartheid* rule in segregated townships was increasingly breaking down all over the country, spearheaded, *inter alia*, by **rent boycotts**.

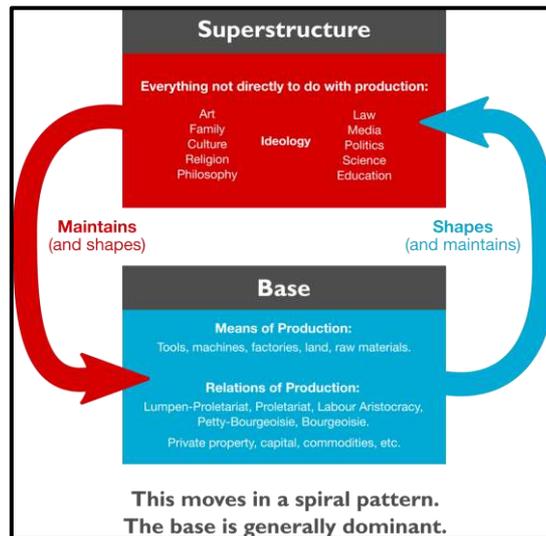
The reproduction argument identified home ownership and commodification of housing as an attempt by the *apartheid* state to create a class of homeowners who would be disciplined by their debt to banks, and therefore desist from political protest actions against the system as a whole.

I critiqued the reproduction analyses, showing that they were one-sided.

3.4 MODE OF PRODUCTION OF HOUSING

My argument was that a **fuller** understanding required also an analysis of **how** the state had delivered rental housing (in the 1950s, 1960s and 1970s), and **how** the private sector was delivering homeownership in the 1980s and 1990s. I started to explore this in my MA dissertation. I took this exploration further in my PhD Thesis.

To do this I demonstrated the economic processes of producing and distributing housing (as a commodity). I framed these processes in Marx's cycle of the expanded reproduction of capital accumulation: Money-Commodity-Commodity'-Money' (or M-C-C'-M').³ In other words I was theoretically linking the policy function of housing to the changing regimes of capital accumulation in the building and development industry in the *apartheid* and *neo-apartheid*⁴ economies.



I utilised Marx's characterization of capital accumulation. In doing so I assumed the underlying categories of 'labour-power', 'use value' and 'exchange-value', the *labour theory of value*, as well as the centrality of *class struggle* to political practices under capitalism. It is important that I clarify this, because these concepts are critical to my current exploration of the limits and possibilities of urban and housing strategies. At the time I argued that my critique of the reproduction theorists also had political and policy implications. Specifically, a capital accumulation focus opened up the doors for considering a

³ Where C' and M' refer to the expanded value of the produced and distributed commodity (housing) and the expanded value of the money paid for these commodities (i.e. housing prices). The difference between C and C' is the surplus value created by the workers, over and above the value of their labour power. The difference between M and M' is the profit shared by the contractors and private developers.

⁴ I use the term '*neo-apartheid*' to identify a period between 1979 and 1994 when a reformist wing of capital and the state attempted to reconfigure the *apartheid* geo-political system, by granting greater security of tenure to a category of black 'insiders' without conceding the franchise to them. And without dismantling the constellation of different states set up by the various *apartheid* governments. The reformists struggled within the state apparatuses against a hegemonic group that rigidly applied the notion of geo-political segregation and 'temporary sojournership' of black South Africans in 'white' cities and towns. I date the turning point of this struggle to the 1973 decision to reintroduce home ownership in white areas for black South Africans. The reformist wing of apartheid gained ascendancy following the widespread and persistent township revolts that were triggered by the events in Soweto on 16 June 1976.

restructured building and development economic process, to enable decent and affordable transportation and housing for the working classes.⁵

Marxism provides a framework for analyzing material conditions of life, instead of simply assuming that the economy and the democratic state are *sui generis*⁶, and that we should desist from a *radical* analysis of both. I have also read – and continue to read – outside of the Marxist paradigm. There are classical political economy theorists and economists who defy the conventional wisdom of an ontologically irreducible ‘economy’ and ‘state’. And there is sometimes little difference between what they and some Marxist analysts of political economy are saying.

My current challenge is to draw on both a political-economy and a Marxist theoretical tradition to make sense of the current urban and housing situation. More importantly, these frameworks provide a platform off which to explore strategic alternatives, because they assume that our current polities and economies are *human-created, and can therefore be reconstructed*.

3.5 POLITICAL ENGAGEMENT AND DETACHMENT

During the 1980s I was part of a group who established an urban sector NGO, Planact, in 1985.

Planact was a think tank for civics, trade unions and later the unbanned liberation movements (mainly the ANC). It tried to build capacity in the civic movement in its negotiations with local government during the democratic transition.

In Planact we explored the meaning of the term “development”. We tried to give it a progressive interpretation. This led to us formulating strategies and institutional structures to shape housing and urban development markets. We based these on the assumption of “taking land out of the market”, a very *un-neo-liberal* thought.

When I left the NGO I put these concepts on ice. In the “new” South Africa there was little use for them. Suspending my critical judgements enabled me to immerse myself in private sector work, latterly as self-employed. After 2004 I provided strategic consultancy services almost exclusively to South African governments. These services were in respect of the urban development and housing strategies adopted by the government. I worked within the framework of a market economy and a developmental state. I assumed there would be an incremental empowerment of communities and improvement in people’s

⁵ In this regard see McCarthy, J 2012 (from 1987). Research Notes and Commentary - Paul Hendler’s Rethinking of the Social Geography of the Black Townships: A Brief Reply, South African Geographical Journal, 69, pages 86 to 92; see also Hendler, P 2012 (from 1987). Understanding the Formation of the Built Environment— Methodology, Theory and the Interweaving of Capital Accumulation and Social Reproduction: Response to McCarthy, South African Geographical Journal, 71, pages 56 to 59.

⁶ Meaning that the essences of the economy and the state are irreducible to other factors, in the way that religious people understand God.

lives. And albeit in a small way, I would make an important contribution to this. This, despite evidence to the contrary. The xenophobic attacks of 2008 finally woke me up from my Rip Van Winkellian slumber.

Since then South African society and the world have become more economically and socially unstable and warlike. I have returned to a political economy analysis (including but not limited to Marxism), now enriched by theories of *energy and resource depletion* and *climate change*. My thinking has also been enriched by experience in the private sector. First through working in a corporate consultancy. Then in my own business.

4. DIFFERENT WORLD POSSIBILITY

We are a society in crisis.

I assume that all of us are concerned with leaving the world a better place than we found it. I am moved by the words of Sam Gamgee in the Lord of the Rings.⁷ Towards the end of the story Frodo Baggins tells Sam that the burden of liberating the world from evil is too much. He can't go on. Sam however says that he finally understands why their heroes never gave up. He says, and I quote

“Folks in those stories had lots of chances of turning back only they didn't. Because they were holding on to something. FRODO: What were they holding on to Sam?
SAM: That there's some good in this world, Mr Frodo. And it's worth fighting for”.



I remain inspired by grassroots democratic practices emerging in the trade unions and civics during the 1970s and 1980s. This was a time when the elites of our society faced a deep legitimization crisis. This followed a combined national and international challenge to the racial capitalist system known as *apartheid*. Between the 1976 Soweto Revolt and the 1994 historical compromise, popular grassroots power shook the *apartheid* state and social system to its roots. What the *anti-apartheid* movement in the country was saying was that a different world was possible. That movement birthed the idea that ordinary people were capable of running local administrations, developing radically new development

⁷ Sam's speech in Lord of the Rings.

policies. In the meantime, established (white) elites negotiated a deal with an emergent new black elite, and the rest, as they say, is history.

Our challenge is to decide what we can do to alter the course of history. The *neo-liberal* strategies that we all *willy nilly* participate in, are ineffective in addressing poverty, unemployment and inequality. (What Sampie Terreblanche refers to as PUI⁸). PUI persists for the vast majority of our people. When strategies fail to achieve their stated goals, it is irrational to persist in repeating the same strategies. Developing new, effective strategies is no simple matter. Strategies are not simply derived from practice. They also reflect fundamental ways in which we make sense of the world. We develop knowledge of the world not simply through observing events. We also “invent” (construct) these events. We do this through deciding “what” to think about. And “how” we think about that. The “what” and the “how” constitutes a thought pattern. One of these patterns is *neo-liberal* discourse. “Rethinking” is when we invent new thought patterns. We need to rethink the nature of current urban and housing questions in South Africa. This means clarifying theoretical patterns we use to construct urban and housing crises.

So, my talk this evening is about theoretical discourse. It is not about practical, implementable plans. We need to understand the “isness” of the situation through a different thought pattern. Then we will be better placed to develop “ought-to-do” strategies. This talk is about socio-economic structure, political power and class domination. I am not trying to tinker within the existing system, rearranging the deck chairs on the *neo-liberal* titanic. Having said that I will suggest areas that we can map out for the development of concrete urban and housing strategies.

We will need to interrogate these in order to develop clearer plans that could be implemented. More important we will have to struggle to develop political practices that both adopt and refine/develop our strategies. These struggles will need to happen within our own organisations as well as against a dominant and dominating public discourse.

⁸ Terreblanche, S 2002, A History of Inequality in South Africa 1652 – 2002, University of Natal Press, Pietermaritzburg and KMM Review Publishing