

Business and the South African Transition
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Abstract

This paper explores the under-appreciated role of business in negotiated transitions to democracy. Drawing on our interviews of key South African business leaders and political elites, we show they played a vital role in enabling politicians to break out of the standoff in which they had been trapped since the 1960s and move the country toward the democratic transition that took place in 1994. Business leaders were uniquely positioned to play this role, but it was not easy because they were internally divided and deeply implicated in Apartheid's injustices. We explain how they overcame these challenges, how they facilitated negotiations, and how they helped keep them back on track when the going got rough. We end by drawing out the implications of our findings for debates about democratic transitions elsewhere.

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When do economic elites support transitions to democracy? An influential answer, whose proponents range from Barrington Moore to Carles Boix, is that it depends on how threatened they are by the prospect of it. When the costs of escaping are high, as they are for farmers and other landowners, those in mining, oil and gas, other extractive industries, or anything else where leaving means losing your assets, then economic elites find democracy frightening. Newly enfranchised poor voters will be able to tax their assets if they do not expropriate them, redistributing the proceeds for their own benefit. It is not surprising, therefore, that these elites typically look askance at democracy. But elites who rely on technical skills, commercial knowhow and relationships, or other resources that are not tied to their country can expect to enjoy greater leverage because their productive assets cannot be seized or trapped.¹ This difference helps make sense of the fact that landed aristocracies, farmers, and others who depend on fixed assets typically back authoritarian governments and resist expanding the franchise, whereas commercial elites fight democracy less often. Sometimes they actively support it.

The role played by business elites in South Africa's democratic transition stands out as an exception to this pattern. Farmers behaved as the conventional model predicts, but others who also faced high exit costs did not. In particular, white businesses leaders in mining and related sectors of the economy took major risks, paid substantial costs, and worked hard to usher in democracy. So did leaders in the financial sector who also faced high exit costs, given South Africa's confiscatory exchange control regime. White business leaders began supporting democratic change before establishment politicians did, even though they had been major beneficiaries of apartheid and they knew that they could not decamp abroad without abandoning billions of dollars worth of assets. They knew, moreover, that a democratic transition would end their near monopoly control of the mining, industrial, and financial sectors of the economy, and that it would threaten their comfortable existence in suburban cocoons. And, in a country famous for high levels of poverty and staggering inequalities of income and wealth, they anticipated that democracy must surely bring redistributive policies that would cost them dearly.

Yet, starting in the mid-1970s, South Africa's white big business leaders began seeking accommodations with black workers that they knew would foster pressure for radical political change. They lobbied parliament to legalize black trade unions. They began illegal talks with the banned African National Congress (ANC) leaderships in South Africa and in exile in the mid 1980s, and they formed an organization – the Consultative Business Movement (CBM) – to formalize and advance those talks and to pressure the government to open negotiations on regime change with the ANC. The CBM's leaders also conducted hundreds of workshops to convince skeptical stakeholders that there were viable economic models for a unified democratic South Africa. They brokered informal negotiations between ANC leaders and the government, and they provided the secretariat for the formal multiparty political negotiations that followed. When those negotiations collapsed, the CBM supplied back-channel shuttle diplomats to pick up the pieces and help the

principals reach a final agreement. Business leaders were also vital to the success of the first democratic elections, where their activities ranged from providing financial and logistical support for the balloting to managing spoilers bent on boycotting the elections in hopes of scuttling them.

Whence this anomaly? Some might say that there is less to it than meets the eye. Growing resistance from the liberation movement combined with South Africa's global isolation had made the status quo costlier to sustain by the 1980s. Maybe the business leaders who got behind democracy were just reading tealeaves: getting ahead of the curve of inevitable change. Perhaps, but this ignores the fact that beleaguered economic elites in authoritarian settings often fight democracy anyhow. Rhodesian business did not dump Ian Smith when he launched his quixotic gambit to stop democracy in 1965. Latin American economic elites have backed repressive authoritarian regimes that few could have thought sustainable in the medium run. Today, many Israeli business leaders recognize that demography is rendering its legitimating ideal of a Jewish democracy an oxymoron, but it is far from clear which way they will jump when events sever the tenuous umbilical cord that still tethers them to it. Some of them have organized business groups to press for political change, but they have not become significant political players partly because they are unwilling to think the unthinkable – let alone act on it – in ways that South Africa's business elites did once they accepted that anything short of a universal franchise in a unitary state had become a pipe dream.

South African business's role in the democratic transition was all the more pivotal because of its negotiated character. The costs of sustaining Apartheid accumulated steadily after the police massacre of 69 unarmed blacks at Sharpeville in 1960, which had triggered the government's banning of almost all black opposition and the ANC's embrace of armed struggle in response. But this did not mean that there would be a negotiated settlement. Protracted civil war or an increasingly repressive state were widely canvassed possibilities. Many thought them more likely. Well into the 1980s, the government remained bent on defending the ramparts of a white revanchist state. On the ANC side, influential leaders remained wedded to the armed struggle even as their prospects of success dimmed after the bankrupt USSR withdrew military and financial support in 1983. Here, too, comparative evidence reminds us that low odds of success need not force people to change strategies. Hamas sticks with its military strategy even though it has no plausible prospect of winning a military victory against Israel, contributing to the continuing deadlock. In South Africa, white business leaders pushed the line that a negotiated settlement was preferable to the stances that both the government and the ANC had long embraced, and these business elites sought actively to shape the content of the settlement that was eventually negotiated.

Business also played a vital role in bringing it about. Even as talks began, influential government hardliners and radical ANC leaders continued resisting the compromises that would be needed for a settlement. As a result, political negotiators on both sides had to do a delicate dance: find common ground and then convince, coopt, or marginalize the potential spoilers on their flanks. This also

involved selling the plan to skeptical grass roots constituencies that the spoilers sought to mobilize against the emerging settlement.² Doing all this required sworn enemies to trust one another, taking great personal risks at critical moments in the negotiations. Nelson Mandela and FW De Klerk displayed unusual leadership skills that were vital to that success.³ But their interaction did not happen in a vacuum, and in any case it would not have been enough. Subordinates, notably their chief negotiators Cyril Ramaphosa and Roelf Meyer, had to trust one another as well. Business leaders helped foster that trust and then sustain it at difficult moments when negotiations collapsed and violence threatened to spiral out of control.

Our goal here is to explain why South African business leaders committed themselves to this vital, if improbable, role and to explore the implications for the study of democratic transitions. We begin, in part I, by discussing why business leaders abandoned their apolitical stance in favor of direct political engagement that started with lobbying for the legalization of black trade unions and then evolved into a proactive search for paths out of the worsening political stalemate. In part II we detail business openings to the ANC that started with behind-the-scenes contacts in the early 1980s but were soon replaced by well-publicized meetings between business executives and leaders of the liberation movement, both underground and in exile. This is followed, in part III, by an examination of business leaders' efforts to convince De Klerk and other key cabinet ministers that a viable new dispensation could be negotiated with the ANC. In part IV we turn to the vital but elusive ingredient of trust, showing how business leaders deployed their relationships to foster it and then reinforce it through the activities of the CBM. Part V focuses on business's role in the run up to the 1994 election, when they provided financial and logistical support and helped manage spoilers – principally the Inkatha Freedom Party (IFP) which was threatening to boycott the election and continue the civil war. In part VI we turn to the motivation of South African business leaders who adopted these various roles and the unusual structure of business that helped their effectiveness. This leads to a discussion, in part VII, of the distinctive character of business involvement in the South African transition via a brief discussion of some business efforts to influence regime change negotiations elsewhere. We conclude by commenting on the implications for the study of democratic transitions.

I. Why business views changed

From the advent of apartheid with the National Party (NP) victory in 1948 through the mid 1970s, South African business embraced the conventional attitude in authoritarian settings that “the business of business is business, and leave politics to the politicians.”⁴ Many among the white English speaking business elite disliked apartheid and the international opprobrium it brought, but most embraced a gradual expansion of the black franchise that would in any case be limited by an educational qualification that would not pose a significant threat to the white minority for decades.⁵ Business elites also benefited from state coercion, which kept wages low and labor quiescent.⁶ They stuck to this apolitical stance even as the economic fallout from apartheid began accumulating in the 1970s.

The first fault line was industrial peace. As manufacturing expanded in South Africa in the 1960s, the industrial workforce grew. Companies depended on a limited supply of skilled workers whose wages were kept low by apartheid labor institutions.⁷ Earnings for unskilled black workers in mining had stagnated in real terms from 1911 to 1970. As the economy boomed, industry began attracting labor away but real wages in mining remained low.⁸ Pressure to increase wages finally led to changes in the 1970s, as the regional supply of migrants tightened and a commodity boom led to increases in mining revenue.

The chamber of mines also began campaigning for reforms to stabilize the workforce. This situation was a potent recipe for labor unrest, but labor laws did not recognize blacks as employees and denied them organizing rights. This suited business owners for a time, but it was a ticking time bomb. Industrial militancy exploded in the early 1970s and while the wildcat strikes that erupted in Durban in 1973 were minor compared to what would unfold in the coming years, they ended decades of labor quiescence, rendering the mines, in particular, ungovernable.⁹ Leaders at Anglo-American, the closely allied De Beers mining group, and other major companies concluded that it was imperative to legalize black unions so that corporatist settlements could be negotiated.¹⁰ They also wanted a stable workforce so they could hold on to scarce skilled workers. Recognizing black trade unions and removing Apartheid's protections would also temper the price of white labor, held high by laws that reserved skilled positions for white workers.¹¹ As Anglo CEO Harry Oppenheimer put it, apartheid kept black wages low but also made labor chronically unproductive.¹² Fostering a pool of skilled black workers would additionally boost domestic demand, industrialists hoped, against a backdrop of recession, oil boycotts and falling commodity prices.¹³

Oppenheimer voiced public support for black unions in 1975, reflecting the company's position that they had no choice but to unionize. This was game changing because of Anglo's size and importance. According to one estimate, Anglo accounted for a quarter of the country's economic activity.¹⁴ The government resisted for a while, but after several years of business lobbying and the 1976 Soweto uprising it appointed a commission run by a favorably inclined academic. It helped that one of the commission members was an Anglo executive, perfectly situated to advocate the company's position.¹⁵ The government accepted the Wiehahn Commission's recommendations, and in 1979 black unions were legalized. Black trade union membership would quadruple within five years.¹⁶

Business leaders had little doubt that unions would bring higher black wages and a more politicized workforce. It did. With other legal avenues of political opposition closed off, black unions quickly became magnets for political organizing.¹⁷ Rising ANC political activist Cyril Ramaphosa led the National Union of Mineworkers (NUM) formed in 1982 and helped create the Congress of South African Trade Unions (COSATU) three years later. COSATU soon became welded into the ANC as the industrial arm of the liberation struggle.¹⁸ Industrialists who had opposed legalization blamed Anglo and the others who had lobbied for it once waves of massive strikes began yielding large wage increases in the late 1980s, but,

at the time and in retrospect, its leaders believed they had little choice.¹⁹ As Wood emphasizes, by the mid 1980s the labor insurgency had effectively destroyed the economic and political status quo as a continuing option.²⁰

The industrial developments of the 1970s created opportunities for business elites to forge common ground with the emerging black leadership. Anglo executive Bobby Godsell described the recognition of black unions as an “apprenticeship for democracy” for all involved. Black leaders were able to develop mass organizations, while the inclusive decision-making practices that emerged in this period “modeled for the government the possibility of negotiations that could lead to a new and acceptable political order, rather than simply ‘defeat’.”²¹ Often it was hard going. Strikes in the mines were frequent, massive, and, at times, violent. But business and labor leaders made connections and developed templates for conflict resolution that would later prove useful in politics.

South Africa’s economy underwent profound changes in the decade after 1975, but the government allowed only superficial adjustments to the political landscape – dithering in the face of increasing demands for change at home and abroad. The police response to the 1976 Soweto student uprising displayed apartheid’s brutality to the world, provoked outrage at home, and led thousands of young people to join the ANC’s military wing in exile. P.W. Botha, who became president in 1978, talked about change, promising a slew of reforms and declaring that white South Africans must “adapt or die.” But his cosmetic reforms achieved little despite his promise that “far reaching change was on the way.”²²

Initially, the business community remained on the sidelines. The top three national representatives of business, the Association of Chambers of Commerce of South Africa, Federated Chamber of Industries and Afrikaanse Handelsinstituut, pushed for moderate changes to the social and economic discrimination that they saw as undermining economic growth and dimming perceptions of South Africa among outside investors. But they were reluctant to go further. Writing about business pressure groups as late as 1983, Christopher Hill observed that “very few whites, English or Afrikaans speaking, in 1977 or now, would contemplate a future which includes one man, one vote, in a united South Africa.”²³ Business leaders mostly stuck to the conventional stance “not to antagonize government.”²⁴

Big corporates responded to the 1976 uprising by establishing the Urban Foundation to improve the social conditions of blacks in urban areas. Anglo’s Harry Oppenheimer and Afrikaner business giant Anton Rupert were key figures behind the Foundation, which included black businessmen in its regional structures.²⁵ Oppenheimer had served as an opposition member of parliament from 1948-57 and later financed the anti-apartheid Progressive Federal Party. Though more activist than existing corporate bodies, the Urban Foundation adopted an explicitly “non-confrontational” stance in hopes of fostering good relations with the government.²⁶ This came at the price, however, of opprobrium from groups to its left and right. Even though the government viewed the foundation as too liberal, black activists saw it as supporting apartheid.²⁷ It would take a further deterioration of the status

quo for business leaders to recognize that incremental reform could not contain the mounting resistance to apartheid, both at home and abroad.

Botha's "Rubicon" speech in August of 1985 dashed the expectations for real change that he had raised in preceding years. The speech shattered the illusion that the government was contemplating meaningful reform, placing it on a collision course with anti-apartheid forces. Botha reaffirmed the hard line NP self-image of an embattled minority committed to protecting white South Africans from violent revolutionaries, and he confirmed that there was no prospect of his releasing Mandela or negotiating with the ANC. The speech scuttled opposition hopes at home and strengthened the hands of foreign critics of the Reagan Administration's "constructive engagement" with the apartheid regime.²⁸

Botha soon lived down to these lowered expectations. Whatever reformist impulses he had entertained were scrapped. He strengthened the military by establishing the National Security Management System and he enhanced the security ministries. He created, and personally chaired, the State Security Council comprised of ministers from the law and order departments and backed up by a permanent secretariat. The State Security Council soon displaced the cabinet as the site of key decision-making as the government pursued a "total strategy" against what they perceived as the "total onslaught" by the revolutionary forces.²⁹ Botha declared and renewed states of emergency in 1985 and 1986.

As the South African conflict escalated, so did the costs of repression for white elites. Compulsory military service for their teenage sons went from nine months to a year in 1972 and then two years in 1977, with more frequent and lengthy callbacks.³⁰ After 1976 this began morphing into distasteful and dangerous crowd control in the townships, not to mention fighting real wars in Namibia and Angola. States of emergency meant the erosion of civic freedoms, fear of the security police, and ever-more intrusive censorship. Sanctions and international pariah status made foreign travel difficult and irksome. Minor by comparison with the oppression being experienced by blacks, these costs of repression were nonetheless increasing with no end in sight. The desire to be rid of them pressed in the same direction as the imperative to shape unstoppable change.

The costs of Botha's new militarist course of action also skyrocketed for the regime as foreign governments and businesses cut many economic ties with South Africa. In 1985, international banks began refusing to roll over short-term debt with the result that, over the next year, the country would have to repay a billion U.S. dollars in loans. Inflation rose to 16 percent and the currency tumbled, prompting introduction of exchange controls. The U.S. Congress enacted sanctions over President Reagan's veto in late 1986.³¹ By then, over 100 multinationals had disinvested from South Africa.³² This produced some opportunities for South African firms to pick up new assets from departing firms, but growing isolation in a "hothouse economy" left them falling behind international competitors.³³

By the mid 1980s, South African business had been internalizing growing economic costs of apartheid for the better part of two decades. Labor unrest

accelerated in the 1970s, as black workers fought oppressive labor relations. The government's political intransigence produced increasing international isolation. The chances for political accommodation with the black majority looked bleak. But some business leaders began casting about for alternatives as they engaged with black militants on the industrial front. Business leaders took this dialogue a step further in the mid-1980s by reaching out to political activists in exile.

II. Talking to the liberation movement

As international isolation and industrial unrest grew, business leaders began losing confidence in the government's capacity to find a way out. Some decided that it was time to take the initiative themselves. Anglo, which operated mines in Zambia, used its ties to the Zambian government to reach out to the ANC – then headquartered in Lusaka. In September of 1985, Anglo Chairman Gavin Relly led a delegation to a watershed meeting with the ANC's exiled leadership. It unnerved the NP government, prompting President Botha to attack Relly ferociously for disloyalty and to forbid planned follow-up trips by student and church groups.³⁴ But business groups continued trips to meet with exiled ANC leaders in what soon became known as the Lusaka "trek" or "pilgrimage."³⁵ The ANC would later write in its submission to the Truth and Reconciliation Commission that the party "welcomes and acknowledges the fact that business broke ranks with the Botha regime in this way, and believes that it contributed to creating a climate within the privileged minority community more receptive to genuine, inclusive negotiation."³⁶

It was a gutsy move by Relly, in flagrant violation of the government's suppression of communism laws. The Security Police could detain people incommunicado for up to 180 days without charges. They had been known to hold suspected members of the South African Communist Party (SACP) and fellow travelers for years, simply re-arresting them on the day of their release. Nobody of Relly's stature had been detained under the 180-day law, but the government used it to intimidate people and it was not clear before the trip that they would not act against Relly.³⁷ In the event, though the government made threatening noises they did not ban the trips outright.

Relly's stance revealed the power of big business in South Africa, which was fortuitously structured to resist intimidation by the government. The economy was comparatively diversified,³⁸ but ownership was highly concentrated in the hands of a few large conglomerates. In 1988, five business groups controlled four-fifths of the Johannesburg stock exchange, with the Anglo-American Group and De Beers accounting for almost half (45.3 percent) of that.³⁹ Organograms of Anglo-American in this period show a sprawling empire with ownership of firms in mining, the media, textiles, automobiles, banking, property and chemicals, and a total of 1,350 subsidiaries.⁴⁰ South Africa also had a highly developed financial sector, comprising the continent's largest banks and its only major stock market.⁴¹

Anglo's Lusaka initiative humanized the standoff between the white minority and the liberation movement. Business leaders discovered that ANC leaders were not the wild-eyed terrorists described in the with press and NP propaganda. Their

suits contrasted with the businessmen's informal khaki attire, signaling their intent to engage seriously on South Africa's future.⁴² Returning home, Rely referred to the ANC leaders he met as "my fellow South Africans" on national television.⁴³

Rely's gambit provoked tense debate at Anglo. Some executives opposed the overtures to the ANC out of fear for themselves and for the company, but Rely's supporters worried more about the costs of not intervening in South Africa's deteriorating and increasingly violent and repressive political stalemate. In one telling remark, Gordon Waddell, head of Anglo subsidiary JCI and Rustenburg Platinum, stood up at a board meeting to ask: "Gentlemen, which one of you wants this company to be remembered as the IG Farben of Apartheid?"⁴⁴ Hitler had secured support from German business elites by intimidation. Big business had "declined or flourished in in direct proportion to its willingness to collaborate."⁴⁵ Some at Anglo lacked the stomach to risk confronting the Botha government. Harry Oppenheimer, Rely's mentor who had stepped down as Chairman the three years earlier, opposed the plan strenuously and tried to forbid it, but Rely went anyhow.⁴⁶

Government saber rattling seems to have had some effect. The pace of business engagement with anti-apartheid activists slowed after the Lusaka trip. One newspaper attributed the apparent decline of open business opposition to apartheid to a government investigation designed to intimidate banker Chris Ball over a loan used for illegal ANC advertising. Botha ordered the inquiry personally and appointed a Supreme Court justice to conduct it after making "veiled innuendos" about Ball in parliament.⁴⁷ The judge acknowledged that Ball did not know the loan's intended use but found him guilty anyway, prompting an outcry from the legal fraternity. Former judge turned businessman Mervyn King organized a newspaper notice signed by some 40 chief executives supporting Ball, suggesting that that the campaign to intimidate business had limited impact.⁴⁸

Business overtures to the ANC leadership served an additional purpose, linked to the collapse of Soviet bloc communism. The Communist Party of South Africa had dissolved itself in anticipation of being banned by the ascendant Apartheid government in 1948 and then reemerged as the SACP within the ANC in the early 1950s. Part of the reason that white South African business elites saw no reason to challenge the government through the 1960s and '70s was this well-known SACP influence within the ANC leadership. Indeed, Rely claimed after the 1985 Zambia trip that his purpose had been "to develop a judgment about the importance of this crummy Marxism, which they purported to advocate."⁴⁹

But the political terrain changed as Soviet communism began falling apart. For one thing, the USSR stopped funding, training, and equipping MK in the early 1980s, as the Soviets went broke from the twin costs of their Afghan war and the Star Wars-induced arms race with the Reagan Administration. This forced ANC leaders seriously to consider returning to negotiations, recognizing that Western powers might push to resolve the South Africa problem without them. But there was another implication for white business elites. Once communism ceased to be a serious danger, the unthinkable specter of an ANC government started to become thinkable. As the threat of international communism faded, defenders of apartheid

lost much of their motivation to resist democracy.⁵⁰ As one businessman put it, “I woke up one morning and realized: we don’t have to be Cuba; we can be Brazil!”⁵¹

But this possibility entailed proactive engagement. Business leaders who recognized that apartheid could not continue wanted to influence the shape the post-apartheid economy. They had found at least some ANC leaders to be “more interested in a viable and vibrant South African economy” than in “the Marxian form of economy,” as Relly put it after his Lusaka trip, even though the ANC was not yet ready to discuss the contours of a post-apartheid economy. “They are people who can be talked to and I am not so rigid about my own point of view that I am not capable of being talked to either.”⁵² Working with the ANC did not mean adopting its views. “There were still very conservative even reactionary people in business as well as people on the other side of the spectrum,” remarked Mike Spicer, another Anglo executive who would become a central player in the CBM. “What they were all looking for was a pragmatic way to have change that allowed them to get on with the business of doing business.”⁵³

This advance work paid off in the early 1990s, when the ANC started confronting post-communist global realities. Then open engagement with business on economic policy became possible. Some of the talks involved local CBM leaders. Others were with leaders in the international business community, such as the three South Africa-focused forums organized by the World Economic Forum (WEF) in Switzerland in the early 1990s. Mandela told his biographer that he backtracked on his commitment to nationalization after hearing loud and clear that this would forestall international investment in South Africa in a post-apartheid world.⁵⁴

Business’s opening to the ANC reflected both push and pull. The government’s failure to reform pushed business to look for new solutions. The decline of communism and the consequent reduction in Soviet support for the ANC forced its leaders to consider possibilities that would have been unthinkable a few years earlier, but it also put new and more attractive possibilities on the table for South African business. The initial, tentative, contacts enabled both sides to work with erstwhile ideological opponents. A peaceful transition to a viable post-apartheid order began to seem possible, prompting many more meetings between economic and political elites on both sides of the conflict in the coming decade.

III. Engaging government elites

By the 1980s most English-speaking business leaders, even big business leaders, had long been alienated from the centers of political power.⁵⁵ Anglo chair Harry Oppenheimer never met or spoke with John Vorster in his thirteen years as Prime Minister.⁵⁶ English speaking business leaders were also wary of NP economic policy, with its strong commitment to burgeoning parastatals and the employment of Afrikaners. The government’s interventionist approach to the market teetered on the edge of nationalization, coming uncomfortably close to ANC’s traditional stance from the point of view of white business leaders. This difference between business and government in economic outlook reflected the contrasting cultural worlds of

Afrikaner and English speaking elites, who attended different high schools and universities and moved in separate social circles.⁵⁷

The NP political leadership came from traditional Afrikaner circles. Historically, Afrikaners had lived on the periphery of the industrial and commercial economies. On coming to power in 1948, the NP tried to change that, by promoting corporations owned by Afrikaners – particularly in the financial sector.⁵⁸ But most Afrikaners worked in farming, small business, the military, police, and civil service, and most NP leaders had negligible business experience. This made them relative price-takers with respect to big business and helps explain their reluctance to take on industrial magnates like Relly. Had they had wanted to seize Anglo, they would not have known where to start. No doubt this is a good part of the reason that, though they complained about the Lusaka and treks and enforced prohibitions against other groups that met openly with the ANC, for the most part they left business alone. The response to their attempt to intimidate Ball underscored that the government was not in a position to intimidate South African business leaders as Hitler had done with German business.

There were some bridges across the chasm. Business had the ear of trade and industry minister Dawie de Villiers, and of young deputy ministers like Roelf Meyer and Leon Wessels, who would later become major players.⁵⁹ There were some secret meetings that the government knew about and even participated in.⁶⁰ But for the most part English business elites found NP political leaders insulated and uninformed, and in any case reluctant to take on their core constituency of Afrikaner voters who were deeply invested in white identity politics.⁶¹

Business leaders started trying to change that in the 1980s. Anglo developed a series of scenarios that contrasted a “High Road” leading to political settlement with a “Low Road” that would lead to civil war. “What we tried to say is that there is a way out of this and it’s a very constructive way. It’s going to require big risks,” said Mike Spicer. “Everybody’s going to have to change quite a bit including us, business, but that’s the way to go.”⁶² Anglo made the presentation around the country at hundreds of meetings with, as he recalls, “farmers groups, politicians groups, church groups, business groups, housewives groups, everybody.” Business also gave its scenario presentation to De Klerk and his cabinet, after which he requested repetitions of it for cabinet and other senior government officials. Spicer recalls that some of the language of the scenarios found its way into government speeches in 1989, evidence of the influence they had begun to have on NP thinking.

IV. Building trust

The history of South African business did not situate its leaders well to be honest brokers between the ANC and the government. For decades, big business had benefited from apartheid and business leaders had muted their – in any case mild – political criticisms to the regime. ANC leaders had few reasons to believe that South African business leaders harbored a different agenda than the government’s, let alone to trust them. Indeed, like white politicians, most white business leaders

would have had trouble naming any leaders of the liberation movement other than imprisoned icons like Nelson Mandela and Walter Sisulu.

Business leaders began changing this in the mid 1980s. Shortly after Relly's Lusaka trip Chris Ball of Barclays asked Christo Nel, who he had previously hired to help transform attitudes toward race within the bank, to be more proactive and reach out to "legitimate broad-based black leadership." When Nel asked whom Ball had in mind, he replied: "If we knew the leaders we wouldn't be asking you to make contact with them."⁶³ By 1987 Nel, along with former Progressive Federal Party leader Frederick van Zyl Slabbert, was leading the first Afrikaner delegation that met with the ANC.

Eighteen months of furtive meetings ensued. Many of the activists with whom business leaders met were in hiding. This meant that they took substantial risks to attend the meetings. The businessmen faced less danger, but some were harassed for talking with anti-apartheid activists.⁶⁴ The meetings were important icebreakers, but their ad hoc character frustrated the activists who wanted to formalize talks in some way that could produce accountability and results.

In 1988, the businessmen bowed to this pressure from their interlocutors to stop meeting as individuals and form an organized group. Thus was The CBM born after a heated discussion over the group's name and objectives, which ultimately included an explicit commitment to a non-racial democracy.⁶⁵ By taking this stand business leaders gave their first collective public signal of support for democratic change.

The CBM staffed its secretariat with people from "liberal and student activists circles." This gave it credibility with black leaders and encouraged the organization to "venture where the more mature business leaders would have hesitated."⁶⁶ CBM leaders included Nel, the first team leader, and Theuns Eloff, who would become CEO of the organization in 1990. Like Nel, Eloff visited the ANC in Dakar. He returned home to a torrent of criticism from fellow Afrikaners and was forced to resign as a minister in the Dutch Reformed Church. Eloff's social ostracism and principled stance against apartheid earned him the respect of many activists. Another ANC student activist, Colin Coleman, who would later become head of Goldman Sachs for sub-Saharan Africa, was hired by the CBM in 1989.⁶⁷ Nel, Eloff, and Coleman reported to a small team of senior business leaders. Able to act without consulting the broader membership, the organization earned a reputation for being more fleet of foot than other business associations.⁶⁸

By early 1989, the CBM had attracted over 100 businesses to its ranks. Its first members were English speaking but, once a few prominent Afrikaners joined the organization, more signed up. The CBM set up regional offices and organized meetings around the country with representatives of political parties across the political spectrum, from the Afrikaner hard right to black nationalists.⁶⁹

Business leaders also made connections with the liberation movement as a byproduct of improbable efforts by bankers and stockbrokers to attract foreign capital in the face of international ostracism. As boycotts increased in the 1970s,

stockbrokers and investment firms began inviting foreign investors to the country in hopes of persuading them to invest in South Africa's future. They organized dozens of trips during which potential investors toured mines and factories, were introduced to government officials, and participated in conferences. They also met with leaders of the liberation movement despite opposition from the government, which forbade ministers from attending if anyone from the United Democratic Front (UDF) – the legal front organization for the illegal ANC – was present.⁷⁰

The investment trips failed to generate investment or even stem capital outflows,⁷¹ but the organizers developed valuable relationships with ANC leaders. This is how Sidney Frankel, Chairman of Johannesburg's largest stockbrokers, got to know Cyril Ramaphosa, whom he would later connect with Roelf Meyer at a famous bonding weekend over fishing accident at Frankel's farm.⁷² The significance of this single event is debatable, but it underscores the fact that business leaders developed personal ties to ANC leaders that politicians lacked. These ties would become important later, when the government wanted to talk but did not know whom to talk to and when they found the gulfs dividing them too deep and needed intermediaries to build bridges – and to fix them when they collapsed.⁷³

In a parallel process to the Lusaka meetings, reformist Afrikaners began establishing ties with the ANC at the behest of the state's intelligence services. The project was the brainchild of Michael Young, press director for the British mining house Consolidated Goldfields. At a meeting of the ANC leadership and top business executives in 1986, Young asked ANC leader Oliver Tambo how he could help.⁷⁴ Tambo asked him "to build a bridge between the ANC and those Afrikaners close to the government," he recalls, adding that "no means of communication existed and, without this, progress was impossible."⁷⁵ Young's more conservative boss, who favored the IFP, acquiesced, saying: "Apartheid was a form of government which couldn't last. It wasn't a matter of right or wrong. Whatever the idealists believed, it was like socialism: it didn't work."⁷⁶

Eight three-day secret meetings were held over the next three years, at the cost of between half a million and a million pounds to the company.⁷⁷ These meetings built confidence between ANC and Afrikaner political leaders and identified areas for future negotiations. The meetings also built up contacts between ANC leaders and head of the South African intelligence agencies through an Afrikaner philosopher, Willie Esterhuyse.⁷⁸ As Esterhuyse, notes, it became obvious that the government would have to talk directly to the ANC; everything else was a sideshow. But "leaders and decision-makers have to be helped to embark on a 'love affair' with trust and confidence."⁷⁹ Business provided that help.

Businesses' role shifted in the 1990s, once the government had released political prisoners, unbanned illegal organizations, and started negotiations with the opposition. Communication had been the biggest hurdle in the previous decade. Now the problem was how to maintain the commitment to a peaceful transition and to ensure that spoiler agendas and violent eruptions would not prove fatal.

That fear was real. Mass uprisings and popular resistance rattled South Africa in the 1980s, but the new decade raised the specter of civil war. Three and a half thousand people died in political violence in the year Mandela left prison.⁸⁰ Thousands more died over the next several years, primarily in KwaZulu-Natal and Gauteng. Much of the conflict took place between ANC and IFP supporters, with state forces acting as a “third force” provocateur behind the scenes.⁸¹ Repeated efforts to broker settlements nationally and locally failed in the absence of third-party enforcement combined with the actions of state security actors working to foment instability.⁸² The CBM played an important role in ensuring that this political violence did not spin out of control, permanently destroying the negotiations.

In April 1990, ANC leaders threatened to withdraw from preliminary talks on the new constitution if President de Klerk would not agree to steps they believed would help quell the violence.⁸³ De Klerk responded by calling a national peace conference unilaterally, which the ANC and its supporters promptly boycotted. Newspapers reported that Mandela would be willing to attend such a conference only if neutral parties organized it.⁸⁴

The CBM’s Colin Coleman and Frank Chikane, head of the South African Council of Churches (SACC), leapt into the breach to secure buy-in for a second conference in the days before de Klerk’s summit. Earlier the IFP had vetoed the SACC as the sole facilitators of any process, citing its ties to the ANC.⁸⁵ Business and church groups put together a second peace conference later that year, yielding a national peace accord and national, regional, and local peace committees.⁸⁶ Barlow Rand executive director and De Klerk confidant John Hall chaired the national committee.⁸⁷ Business contributed financially to these meetings and by sharing dispute resolution experience they had developed in other contexts.⁸⁸

The National Peace Accord did not put an end to all political violence, but political leaders later acknowledged its importance in providing them with space to engage in talks about a political transition.⁸⁹ The Accord also had the fortuitous byproduct of bolstering the CBM’s credibility as both non-partisan and committed to peaceful change.⁹⁰ Individuals in the CBM secretariat gained the trust of political leaders on both sides. This would be a vital resource once real negotiations started.

Negotiations resulted in several rounds of constitutional talks. The first round, called the Convention for a Democratic South Africa (CODESA), began in December 1991 at the Johannesburg World Trade Center. Some 400 delegates, representing 20 different groups including the government participated. CODESA consisted of a series of working groups that deliberated over the next few months. CBM staff joined civil servants in staffing the secretariat but its most important work was back-channel shuttle diplomacy among political leaders when talks ran into trouble and broke down.⁹¹ “It did not happen often but in those two years, first with CODESA and then afterwards with multiparty negotiating process, we often saw a clash coming,” said CBM chief executive Eloff. “We would then just alert some of the business leaders and they would try to use their contacts to say: “Can we do something, can we help?” Others recall Eloff as an astute manager of difficult

meetings who gained credibility from his reputation as an Afrikaner vilified by the establishment.⁹²

When CODESA collapsed following a massacre in June 1992, the CBM picked up the pieces by tackling some of the more intractable issues.⁹³ The powers of provincial and local governments were particularly fraught, especially for the IFP and homeland leaders who wanted to protect their local bastions. The CBM invited international experts and representatives of the different parties to draft a report on decentralization and federal fiscal arrangements. Wording from this report was eventually used in the interim constitution.⁹⁴

In the third round of talks in April 1993, the CBM headed the secretariat with an explicit mandate to help the parties resolve sticking points.⁹⁵ By then the CBM's secretariat had established a rapport with all the major players and had gained the trust necessary to help negotiators find common ground. Eloff would later serve as deputy executive director for the transitional structure in charge of the country until election day.

Building trust was the essential element to the CBM's success. Its leaders worked to secure the trust of its activist interlocutors by forming an organization and committing to a set of principles in 1988. They also brokered trust between the political adversaries by cultivating personal connections among key players, developing institutions to counter political violence, and working to resolve deadlocks. Trust did not erase the differences between anti-apartheid activists, the government, and business leaders. Business did not see itself as "anointing the ANC" and some ANC leaders were still repulsed by decades of worker exploitation that they saw as embedded in the wealth of South African businesses. But political and economic elites came to recognize their shared interest in a peaceful solution and each other's stake in the country's future. They saw that a negotiated outcome was preferable to the alternative of continued conflict.

V. Managing spoilers

Another major role played by the CBM was to help manage spoilers in the run up to the elections. Soon after the multi-party talks resumed in 1993, prominent ANC leader Chris Hani was assassinated. To stave off a popular upheaval, the ANC and NP made a firm commitment to hold elections within the year of Hani's death. By then the IFP and white right wing parties had walked out of the negotiations and were threatening to boycott the planned elections. Coleman recalls that that such a boycott would constitute "an immense danger to the country... and the unity of the country after the election." The eastern part of the country was in a state of civil war between ANC and the IFP supporters, fueled, it that was widely believed, by right wing forces associated with the security services.

IFP leader Mangosuthu Buthelezi was eventually persuaded to reconsider his planned election boycott, but he wanted the date of the election to be subject to debate, hoping to push it further into the future. Concerned that any delay would ignite even more widespread violence, ANC and NP leaders refused. Coleman brought a team of international mediators, led by British Foreign Secretary Lord

Carrington and former U.S. Secretary of State Henry Kissinger, to resolve this issue a month before the scheduled elections. The effort failed and the mediators left. Coleman recalls thinking, "We had the potential for incredible violence to occur with, effectively, ten days left before April 27, 1994."⁹⁶

One mediator who knew Buthelezi well, Kenyan professor Washington Okumu, stayed behind. Okumu persuaded Buthelezi to participate in the election.⁹⁷ Immediately, Coleman brought CBM heavyweights on board and flew around the country on an Anglo American jet to work out an agreement that would ensure the IFP's participation. "We literally had hours, not days, to deal with this." Stickers with the IFP name and logo were printed in the UK, flown to South Africa, stuck at the bottom of the ballot and distributed around the country. The IFP participated in the elections, securing three cabinet positions in the first democratic government and control of the Kwazulu-Natal provincial legislature.

Business contributions to the successful first election were substantial. In the 1990s, big companies maintained larger executive suites than do similar firms today, providing them with resources to support the negotiations and the elections. This meant that firms could send executives to engage on political and social issues.⁹⁸ As with the National Peace Accord, in the run-up to the election business leaders used their heft to help prevent spoilers from unraveling the agreement that had been reached between the government and anti-apartheid groups.

VI. Motivation and effectiveness

We noted at the outset that a deteriorating status quo might not be enough to get business elites to accept a democratic transition, let alone work to bring it about. Even if their exit costs are high, they might believe that democracy will be worse, that some different and perhaps even more repressive authoritarian regime will be a less bad option, or that temporizing in the hope that something better will turn up is a better bet. The South African experience lends support to the idea that sticks are not enough. What moved South Africa's business elites to action was not just the belief that the country could deteriorate into civil war or an increasingly authoritarian nightmare, though some believed these possibilities plausible enough. It was perception, in addition, that there was a viable path out of apartheid that they were in a position to help foster and shape that moved them to action.

To be sure, white business had been chipping away at the edges of apartheid for decades. Their pressure to legalize black trade unions in the 1970s was partly to quell industrial militancy through organized negotiations with labor, but it was also intended to bring down the cost of white skilled labor that derived benefits from their own unions and the apartheid system of job reservation for whites. Organizations like the Urban Foundation criticized apartheid, but the reforms toward which they genuflected never went further than calls for a limited black franchise. This franchise might be qualified by education as proposed by Helen Suzman's Progressive Party or through consociational arrangements such as the Tricameral Parliament created in the 1983 constitutional reforms to give subordinate representation to some nonwhite groups in separate chambers. For the

most part, until the late 1980s business leaders supported the government, following the usual pattern in authoritarian settings.

Part of the reason they changed was political, geared to escaping the Apartheid albatross once other possibilities came into view, but it was also partly economic: business leaders wanted to wean the ANC from its longstanding commitments to nationalization and socialist economics. A measure of their success in this latter endeavor is the ideological distance *Reconstruction and Development Programme* (RDP), the ANC manifesto published in the run-up to the 1994 election, and the new government's adoption of *Growth, Employment and Redistribution* (GEAR) two years later. RDP had centered on land reform and redistribution, whereas GEAR was a neoliberal document that widely denounced by COSATU, the SACP, and others on the South African left.⁹⁹ Various realities including an inherited deficit, low productivity growth, and growing unemployment created pressure for change. It was not inevitable, however, that the new government would choose the neoliberal policies ushered in by GEAR, which embodied a local version of the Washington Consensus that Spicer and others had been urging on them since conversations began.¹⁰⁰

For business leaders to be effective in their various roles, they had to act as a corporate entity. This can be difficult, given divergent views on strategy and tactics, risk aversion among many players in a high stakes conflict, and temptations to free ride. These difficulties plagued a group of Israeli and Palestinian business leaders who formed Breaking the Impasse (BTI), loosely modeled on South Africa's CBM and intended revive the stalemated Middle East peace negotiations in 2012. Though it eventually attracted more than 300 members representing more than 30 percent of Israeli and Palestinian GDP, it failed to have an impact on the conflict and all but gave up following the twin blows of the 2014 Israeli incursion into Gaza and the triumph of Benjamin Netanyahu's hard right coalition in Israel's 2015 elections.¹⁰¹

We have already noted that the highly concentrated character of South African business helped immunize its leaders from government intimidation. It also helped business solve what might otherwise have been insurmountable collective action problems within its own ranks. The key business leaders who created the CBM and became its core members (Barclays CEO Chris Ball; Southern Life CEO and Chairman Neal Chapman; AECI CEO Mike Sander; Trust Bank CEO Chris Wyk; Anglo American's Director Zach de Beer; Tradegro's Chairman Mervyn King; and Iscor's Managing Director Willem van Wyk)¹⁰² constituted what Russell Hardin refers to as a K group, where K is the size of any subgroup that stands to benefit from providing a collective good regardless of whether the others contribute.¹⁰³

In this case the major business players were a K group in three senses. In Hardin's economic sense they internalized the costs of furnishing the collective good: they funded meetings, the costs of serving as CODESA's secretariat, and their subsequent shuttle diplomacy. They also helped fund the first the election.¹⁰⁴ The presence of a K group also meant that they could limit decision-making costs within the CBM by moving decisively when scores of players who might disagree about tactics or strategy could have led to paralysis. As Mike Spicer put it, "essentially, you

could get ten people around a table and that was the South African economy.”¹⁰⁵ Once the CBM was established, the secretariat ran things in close coordination with a small group of senior businessmen.¹⁰⁶ A 1997 CBM memo noted that this group was a “sounding board” and “quick decision-making mechanism” that was “very necessary, especially given the high degree of fluidity of circumstances at the time.”¹⁰⁷ In this sense the CBM enjoyed the advantages of not being highly deliberative.¹⁰⁸

Third, the large players provided cover to smaller ones who might otherwise have been intimidated by the government. Ball, who approached executives from smaller firms to meet with anti-apartheid groups, estimated that two-thirds of them refused. But when asked whether he personally feared detention, he explained that he was too visible to have to worry. “To put in jail the head of the largest bank in the country who had not broken the law would have been quite problematic for him [Botha].”¹⁰⁹ Gavin Relly’s 1985 Zambia gambit was comparable. ANC NEC member Pallo Jordan, who was there, noted that by meeting the ANC leadership in exile, Relly “created the possibility for other organized bodies, political and in civil society in South Africa, to meet and discuss with the ANC without fear of prosecution ... The floodgates, in a way, were open for anyone who was interested enough to come and meet the terrorists because Gavin Relly met them. He wasn’t prosecuted so why can’t someone else come and not be prosecuted?”¹¹⁰

It was fortuitous that South African business was well positioned to play its vital facilitating role, because no other group could. The Kissinger-Carrington failure reflected the reality that unless the ingredients of a settlement are close to hand among the protagonists, outsiders lack leverage to impose it. Church groups, which have mediated in other settings, mirrored the divisions that the negotiations had to overcome. The South African Council of Churches was allied with the ANC, creating difficulties with the IFP as we saw. The Dutch Reformed Church embodied the evolving tensions and divisions among Afrikaners. After much tortured debate its leadership declared apartheid a sin in 1989, but the decision provoked major conflict and turmoil within their ranks and they still refused to endorse opposition to apartheid.¹¹¹ In this South Africa’s white churches were like churches during the American Civil War, where every denomination split into pro-unionist and pro-secessionist congregations.¹¹² Esterhuyse observes that while South African church leaders like Archbishop Tutu, Allan Boesak, Imam Solomans, and Nazeem Mohamed became outspoken on black socioeconomic rights by 1988, the Afrikaner white churches were “light years” behind them. This convinced him that “within the Afrikaner community, all hope had to be pinned on business leaders.”¹¹³

VII. Comparative considerations

One reason there has been so little attention to the place of business in democratic transitions concerns skepticism of the enterprise that has, somewhat disparagingly, become known as transitology. All paths to democracy depend on contingencies. Negotiated transitions in particular exhibit a thread-the-needle quality; many factors must line up favorably at the right moments, and there are always more ways for them to fail than to succeed. And exogenous factors can be decisive, as we have

seen here. Without the collapse of communism in the late 1980s, the requisite realigning of interests and motivations would not have occurred among the white establishment or the ANC. State repression, supported by powerful economic elites, would have been the likelier response to the labor insurgencies of the 1970s, and the ANC might well have stuck with its armed struggle. It is understandable that scholars like Przeworski et. al conclude that there is little systematic to say about transitions, and that the better focus is on how likely democracies are to survive – no matter how they come about.¹¹⁴

We are skeptical of the skepticism. Predicting the outcome of negotiated transitions is indeed a mug's game. As well as external factors, they depend on the availability of leaders with unusual human skills and the willingness to take great personal risks.¹¹⁵ This is also inherently unpredictable. But other things also affect the likelihood of transitions. Jung et. al note, for instance, that that it is vanishingly unlikely that a government will negotiate a transition unless its supporters believe that the status quo is unsustainable.¹¹⁶ When Jerry Adams emerged as an IRA leader who seemed to have the requisite leadership skills in 1983, there was much speculation over the possibility of a negotiated settlement. But because Margaret Thatcher's majority at Westminster depended on the Unionist MPs in Ulster, far from being a wasting asset the status quo was indispensable. That would change once Labour came to power in 1997, at which point having an appropriate Sinn Fein leader did indeed matter. An agreement still could not be predicted, but it is worth understanding why it became possible.

Here we have seen that active business involvement in the transition negotiations was hugely important, perhaps even vital, to their success. It is hard to see how political leaders in South Africa would otherwise have been able to build or sustain the necessary trust for long enough to start talks, sustain them in the face of spoilers with other agendas, or build enough support from below to implement an agreement. This is to say nothing of the importance of recasting business's own role from being an implicated beneficiary of apartheid into a credible agent of progressive change whose members were willing to make substantial sacrifices to buy industrial and political peace. Without taking the necessary risks on that front, by actively supporting economic change and defying – if not confronting – government hardliners over political change, CBM leaders would not have become credible facilitators of negotiations.

Our focus on business in the South African transition sheds light on two debates about democratization, one political and one economic. The political debate concerns whether democracy emanates primarily “from above” as a pact among elites, or “from below” – the consequence of an organized insurgency. Jung et. al rejected this debate as artificial in that successful transitions involve both decisive action from above at key junctures and building support from below to legitimate the emerging order.¹¹⁷ But Jung et. al missed the role played by business at both levels. Decades of conflict between the principals created the need for a third party that was enough of a stakeholder to want to work for a cooperative outcome, but sufficiently independent to be trusted by both sides – especially when the going got rough. Business was uniquely placed to perform that role.

With respect to pressure from below, the insurgency had made the economic status quo unsustainable by the early 1970s.¹¹⁸ But this did not make a transition to democracy inevitable or even likely. A coup, protracted civil war, or some new brutal

regime might have resulted instead. After all, when Ian Smith's government unilaterally declared independence (UDI) from Britain in Southern Rhodesia 1965, there was no effort by white Rhodesian business leaders to foster the democratic transition that Harold Wilson's government in London was demanding as the price for independence. Instead, under threat of severed economic ties and sanctions, they backed a repressive new white minority regime against internal opposition and the UK government. In return, after Smith declared UDI, his government helped business weather the sanctions by stockpiling tobacco, subsidizing industrial diversification and agriculture, and using public employment to save jobs.¹¹⁹

Creative intervention by business leaders helped forestall this kind of outcome in South Africa. Indeed, we saw that their interactions with insurgent leaders, while not formal negotiations, mirrored the structure of the political negotiations. The legalization of black trade unions that business supported in the 1970s, and the corporatist management of industrial relations it ushered in, helped create this new order. It became a template for future dealings between business and labor both in the economy and in the service of political change.

Critically, trust did not rest on the neutral position of the business community. Unlike BTI in Israel and the Group of Seven business organizations in Northern Ireland, which both proclaimed neutrality among the contending camps, the CBM staked its future on regime change.¹²⁰ The advantages apartheid had given white South African business took the possibility of neutrality off the table. Whatever their gripes about its costs and inefficiencies, South African business had made billions in profits by sustaining one of the most racist and unequal countries on earth (South Africa had and has one of the highest Gini coefficients in the world). Mandela called Anglo American out on its reluctance seriously to challenge the system in 1953, insisting that its limp support for change was a cynical effort to divert the liberation movement "with fine words and promises and divide it by giving concessions and bribes to a privileged minority."¹²¹ "I didn't particularly like South African businesspeople myself," said Pallo Jordan, an ANC leader at the Lusaka meeting, adding "You sometimes have to shake hand with the devil, but I never lose sight of the fact that he is one."¹²² Business leaders had to become credible as actively committed to change, and demonstrate that they had both the will and the capacity to take on the powerful forces that would resist them.

The economic debate concerns whether democracy arrives on the back of the bourgeoisie, as Moore (1966) maintained or, as scholars like Rueschmeyer, Stevens & Stevens (1992) contend, on the wings of the proletariat.¹²³ The view that emerges here has more in common with the scholarship on corporatism and the role of cross class alliances in creating welfare states.¹²⁴ These literatures begin by recognizing that firms and unions often do not operate in the interests of "capital" and "labor." Stigler (1971) pointed out long ago that firms lobby for regulations that undermine competition in their industries and Peltzman (1976) added that the state's responsiveness is conditioned by political constraints.¹²⁵ By the same token, unions seek labor laws that shield their members from labor market competition – which has costs for nonunion labor and the unemployed. Corporatist arrangements are essentially collusive agreements to get government to help firms and unions pursue their common interests while externalizing the costs onto others. It would be an overstatement to say that in

South Africa businesses and workers planned to create a regime that would do that. But it has been a byproduct of their courtship and marriage dating back to the 1970s.

This cooperation between big business and insurgent unions stands a reminder that good things do not always go together. Vital as that cooperation was to the peaceful demise of apartheid, the downstream effects have been mixed. One consequence has been a labor market regime that contributes to exceedingly high levels of unemployment and marginalizes labor that is outside the corporatist bargaining structures.¹²⁶ Four decades after the wildcat strikes that ushered in business support for black unions and led to the creation of the NUM and then COSATU, a series of wildcat strikes erupted in the mines at Marikana, outside Rustenburg in the North West Province. It culminated in a horrific police massacre of 34 miners.¹²⁷ The strikes were triggered by perceived sweetheart deals between NUM representatives and the Lonmin mine owners at the expense of frontline workers.¹²⁸ Commentators were quick to point to the bitter irony of this legacy of the liberation struggle, which would have been unimaginable to its architects half a century earlier.¹²⁹

VIII. Conclusion

It was clear by the 1980s that apartheid was not sustainable, but it was not obvious that change would happen so soon or without more carnage and a descent into full-blown civil war. If that had happened, there is no reason for confidence that the conflict would have ended in the creation of a democracy. Yet initiating talks was a bold move that could easily have backfired for people on both sides, destroying the livelihoods and even lives of those who took the risks. Staying the course was also hard, with massacres, assassinations, and recriminations repeatedly threatening to derail the process. Politicians on each side preferred peace to destroying the country through repression or war; neither party could achieve this outcome unilaterally.

Business played a vital role in helping the parties negotiate it instead. By forging connections with the anti-apartheid movement, business leaders developed trust relationships that helped get the political elites to the table, and which business later utilized to play an essential intermediary role when talks collapsed and violence flared. By signaling their opposition to a democratic transformation, business leaders forced “enlightened” government elites to realize their commitment to apartheid was ill fated. And, though business leaders were never involved in formal negotiations on the economy, they convinced ANC leaders to moderate their economic policy. This also made compromise with the government more likely.

Studying regime change is a bit like studying earthquakes. Predicting when they will happen is hopeless, but plate tectonics can tell us a lot about where they are liable to occur and how dangerous they are likely to be. Studying transitions to democracy adds another challenge: even if we can be confident that a regime will eventually fail, it might not be replaced by a democracy. That often depends on unpredictable factors. Few would claim, for instance, that South Africa could have transitioned to a democracy in the early 1990s without the rare leadership skills of Nelson Mandela and F.W. de Klerk. But no one could have predicted that they would be in the right place at the right time to consummate the deal that they did. This is true, but we can still try to isolate factors that make democratic transitions more or less likely in the event that the contingencies do unfold favorably. Nobody could have negotiated a democratic

transition in South Africa in 1970.¹³⁰ Our goal here has been to explain how and why South Africa's political geology changed enough to make it possible two decades later, and to spell out its implications for other transitional settings.

Our central focus has been on one of the tectonic plates: business; principally white big business. The reason is not that it was the most important, but rather that its importance has not been fully appreciated. Business played major roles in reshaping the perceptions and agendas on both sides of the political divide; in creating social support for a transition to the new order; in building trust and then repeatedly rebuilding it when negotiations staggered and collapsed; in managing spoilers who sought to scuttle the transition; and in ensuring that the founding elections took place as scheduled and that all parties accepted the result. This does not readily translate into some percentage of the variance in explaining democratic transitions, but it does help us see why there are obstacles to transitions that no one else will likely be able to remove. Understanding what it took for South African business to succeed helps us evaluate potential transitions, both where business has been involved and where it has not.

Notes

¹ Barrington Moore, *The Social Origins of Dictatorship and Democracy: Lord and Peasant in the making of the Modern World* (Boston: Beacon, 1966); Carles, *Democracy and Redistribution*, pp. 38-44, 78-88; Adam Przeworski and Michael Wallerstein, "Structural Dependence of the State on Capital," *American Political Science Review* 82, no. 1 (1988).

² Courtney Jung and Ian Shapiro, "South Africa's negotiated transition: Democracy, opposition, and the new constitutional order," in Ian Shapiro, *Democracy's Place* (Cornell University Press, 1996), pp. 175-219 Courtney Jung, Ellen Lust-Okar & Ian Shapiro, "Problems and prospects for democratic settlements: South Africa as a Model for the Middle East and Northern Ireland," Ian Shapiro, *The Real world of Democratic Theory* (Princeton: Princeton University Press, 2011), 80-142,

³ James Read and Ian Shapiro, "Transforming Power Relationships: Leadership, Risk, And Hope," *American Political Science Review* 108, no. 1 (2014): 40-53.

⁴ Theuns Eloff, "The Business Community After Apartheid And Beyond," Ian Shapiro and Kahreen Tebeau, eds., in *After Apartheid: Reinventing South Africa?* (Charlottesville: University of Virginia Press, 2011), 105-35, p. 106.

⁵ Even the Progressive Party, founded in 1959 and representative of the left wing of white establishment opinion, never went beyond an educational qualification for the franchise.

⁶ Elisabeth Jean Wood, *Forging Democracy from Below: Insurgent Transitions in South Africa and El Salvador* (Cambridge: Cambridge University Press 2000), p. 6.

⁷ Gay Seidman, *Manufacturing Militance* (Berkeley and Los Angeles, California: University of California Press, 1994), pp. 73, 90.

⁸ Nicoli Natrass, "Business and Employers Organisations in South Africa," Occasional Report 5, Employment and Training Department (Geneva: International Labour Organization, 1997), pp. 11-12.

⁹ Elisabeth Wood shows that in the early 1970s, striking workers comprised about two percent of all workers. While this was up from close to zero strike activity in the decade before, strikes subsequently rose in the 1980s. Her data show the percent of striking workers soared to a high of over 10 percent after 1985, stabilizing at levels around three to four percent. Wood, *Forging Democracy from Below: Insurgent Transitions in South Africa and El Salvador*.

¹⁰ Anglo argued for all workers to have trade union rights, including foreign nationals in South Africa. It was the only mining company to do, according to Anglo executive Bobby Godsell. (written reply from Bobby Godsell to questions. 21 January 2013).

¹¹ Seidman *Manufacturing Militance*, pp. 84-5; Anthony Butler, *Cyril Ramaphosa* (Johannesburg: Jacana Media, 2008), pp. 114-5.

¹² "I've never thought that the policy of racial discrimination had been a great benefit to business because while it may have had the effect of keeping wages low, it also had the effect of keeping labor exceptionally inefficient. I believe that apartheid is something that works against the interest of economic development, not for it." Marilyn Berger, "Harry Oppenheimer, 91, South African Industrialist, dies," *New York Times*, August 21, 2000. <http://www.nytimes.com/2000/08/21/business/harry-oppenheimer-91-south-african-industrialist-dies.html> [07-13-2015].

¹³ Seidman, *Manufacturing Militance*, pp. 128-130.

¹⁴ Butler, *Cyril Ramaphosa*, p. 117.

¹⁵ Butler, *Cyril Ramaphosa*, pp. 116, 124-5.

¹⁶ Haroon Borhat, Karmen Naidoo and Derek Yu, "Trade Unions in South Africa," Célestin Monga and Justin Yifu Lin, eds., *The Oxford Handbook of Africa and Economics: Policies and Practices (Forthcoming)* (Online Publication: Oxford University Press, 2014), p. 3. Jeremy Seekings and Nicoli Natrass, *Policy, Politics, and Poverty in South Africa* (London & Johannesburg: Palgrave MacMillan, 2015), pp. 53-79.

¹⁷ Anglo executive Bobby Godsell later confessed that perhaps they naively failed to recognize how intense the political clash would be, see Butler, *Cyril Ramaphosa*, p. 125.

¹⁸ In Lusaka, Gavin Relly asked the ANC to keep their fingers out of the trade union movement, to which ANC executive committee member Mac Maharaj replied that it was too late. Hugh MacMillan, *The Lusaka Years: The ANC in Exile in Zambia, 1963 to 1994* (Auckland Park, South Africa: Jacana Media, 2013), p. 202.

¹⁹ Anglo executive Michael Spicer recalled Harry Oppenheimer's view on unions, saying, "He said that in a modern industrial economy it's much more functional to deal with organized labor than with disorganized labor. We'd had the example of the strikes in Durban in 1973, a series of other strikes in the 1970s showing what dealing with disorganized labor was like. He said the gains, despite the fact that the unions will be politicized will ultimately in the long term be greater than the problems." Interview with Michael Spicer, January 10, 2013.

²⁰ Elisabeth Jean Wood, "An Insurgent Path to Democracy: Popular Mobilization, Economic Interests, and Regime Transition in South Africa and El Salvador," *Comparative Political Studies* 34, no. 8 (2001): 862-888.

²¹ Written reply from Bobby Godsell to questions. 21 January 2013.

²² Herman Giliomee, "Surrender without Defeat: Afrikaners and the South African Miracle," *Daedalus* 126, no. 2 (1997): 113-46.

²³ Christopher R., Hill, *Changes in South Africa: Blind Alleys or New Directions* (London: Rex Collins, 1983), p.58.

²⁴ Butler, *Cyril Ramaphosa*, p. 273.

²⁵ Rupert headed the Rembrant Group, one of the country's five major conglomerates.

²⁶ Hill, *Changes in South Africa: Blind Alleys or New Directions*, p. 71.

²⁷ Butler, *Cyril Ramaphosa*, p. 107.

²⁸ For the ANC's reaction to the Rubicon speech, see Oliver Tambo, "Response to P.W. Botha's 'Rubicon' speech," Lusaka, August 16, 1985.

<https://www.nelsonmandela.org/omalley/index.php/site/q/03lv03445/04lv04015/05lv04016/06lv04025/07lv04026.htm> [11-03-2015]. On the response among white South Africans see Herman Giliomee, "The Rubicon revisited," *PoliticsWeb: News and Analysis*, 20 August, 2008. <http://www.politicsweb.co.za/news-and-analysis/the-rubicon-revisited> [11-03-2015].

²⁹ Margaret Lee, "The Republic of South Africa," Constantine Danopoulos and Cynthia Watson, eds., in *The Political Role of the Military: An International Handbook*, (Westport, CT: Greenwood Press, 1996), 374-390, p. 379.

³⁰ J.A. Kalley, E. Schoeman & L.E. Andor (Eds), *Southern African Political History: a chronology of key political events from independence to mid-1997* (Westport: Greenwood, 1999), pp. 357, 425.

³¹ The veto override (which requires a two thirds vote in both the House and the Senate) made the Comprehensive Anti-Apartheid Act of 1986 law on October 2, 1986.

³² Frank Curtis, "Foreign Disinvestment and Investment – South Africa 1960-1986," Zbigniew Konczacki, Jane Parpart and Timothy Shaw, eds., in *Studies in the Economic History of Southern Africa* (New York, NY: Frank Cass & Co. Ltd, 1991), 175-210, p. 199.

³³ Interview with Michael Spicer, January 10, 2013.

³⁴ Sheila Rule, "Botha scorns plans to talk with rebels," *New York Times*, September 9, 1985 <http://www.nytimes.com/1985/09/09/world/botha-scorns-plan-for-talks-with-rebels.html> [07-13-2015]; Alan Cowell, Those trips to Lusaka are sending signals to Pretoria," *New York Times* November 3, 1985 <http://www.nytimes.com/1985/11/03/weekinreview/those-trips-to-lusaka-are-sending-signals-to-pretoria.html> [07-13-2015].

³⁵ These trips included: a delegation from the Progressive Federal Party, a liberal party represented in parliament, in October 1985; eight university of Stellenbosch students in November 1985; Anglican Church delegation in December 1985; student union groups in March and April 1986; Catholic bishops delegation in April 1986; organized black business in May 1986;

University of Cape Town and University of the Western Cape delegation in September 1986. MacMillan, *The Lusaka Years: The ANC in Exile in Zambia, 1963 to 1994*.

³⁶ While welcoming business's efforts to support the negotiations, the ANC was generally critical of the private sector under apartheid in its submission to the TRC. It states, for example, "We regard it as a particularly serious indictment that at a time when probably the most serious violations of human rights in our country's history were occurring, business leaders not only refrained from making any significant protest but were indeed prepared to endorse to some degree the ongoing repression." National Congress, The, "ANC Submission to Special TRC Hearing on the Role of Business," November 20, 1997.

<http://www.icyte.com/saved/www.anc.org.za/%20902291?key=b41d3f5b0ff7ea501d8361eaa6c87f7eb5d79675> [11-06-2016]

³⁷ John Dugard, *Human Rights and the South African Legal Order* (Princeton: Princeton University Press, 1978), p. 155; Willie Esterhuysen reports that Botha planned to arrest the predominantly Afrikaans-speaking delegates who met with the ANC in Senegal in 1987, suggesting that the intelligence agency boss Niel Barnard persuaded him against the idea, Willie Esterhuysen, *Endgame: Secret Talks to End Apartheid* (Cape Town: Tafelberg, 2012), p.43.

³⁸ A 2010 OECD/UN study rates South Africa and Tunisia as the two most diversified economies on the Continent. OECD/ UN OSAA, "Economic Diversification in Africa: A Review of Selected Countries," (OECD Publishing, 2010), p. 202.

³⁹ Joe Gerson, "Corporate and Financial Structures," Merle Lipton and Charles Simkins, eds., in *State and Market in Post-Apartheid South Africa* (Boulder, CO: Westview Press, Inc, 1993), 161-201, p. 165.

⁴⁰ See appendix for the organogram.

⁴¹ Butler, *Cyril Ramaphosa*, 117; Robin McGregor, 1993. *McGregor's Who Owns Whom: Front Matter Thirteenth Edition* (Cape Town: Juta & Co. Ltd, 1993).

⁴² Interview with Pallo Jordan, July 16 2013.

⁴³ Neal Chapman and Peter Wrighton, "Civil Society: The Role Of Business And The Churches In Facilitating The Transition," in *South Africa at 10: Perspectives by Political, Business and Civil Leaders* (Cape Town: Human & Rousseau, 2004), 29-44. p. 32.

⁴⁴ Gordon, Cramb, "Oppenheimer's fixer who sidestepped sanctions," *Financial Times* (September 6, 2012) <https://www.ft.com/content/c440ff16-f827-11e1-bec8-00144feabdc0> [09-25-2016], Michael Hiltzik, "The politics of profit in South Africa," *Los Angeles Times*, July 9, 1990. <http://search.proquest.com/latimes/printviewfile?accountid=15172> [07-13-2015].

⁴⁵ David Schoenbaum, *Hitler's Social Revolution* (Norton, 1980), p.150. See also Tooze, Adam, *The Wages of Destruction: The Making and Breaking of the Nazi Economy* (New York: Penguin, 2008), pp. 118-19.

⁴⁶ Despite Harry Oppenheimer's opposition to the trip, he was considered to be politically left of Gavin Relly. Relly supported the idea of a tricameral parliament, which Oppenheimer opposed, see Stefan Kanfer, *The Last Empire: De Beers, Diamonds, and the World* (New York, NY: Farrar Straus Giroux, 1993), pp. 347, 354. See also Saul Dubow, *Apartheid: 1948-1994* (Oxford: Oxford University Press, 2014), p. 244.

⁴⁷ Members of the legal community have subsequently cited this case an historical illustration of the executive's abuse of the judiciary.

⁴⁸ Chris Ball, in correspondence, July 12, 2013.

⁴⁹ Michael Hiltzik, "The politics of profit in South Africa," *Los Angeles Times*, July 9, 1990. <http://search.proquest.com/latimes/printviewfile?accountid=15172> [07-13-2015].

⁵⁰ Wood, *Forging Democracy from Below: Insurgent Transitions in South Africa and El Salvador*, p. 15.

⁵¹ Off the record interview with the author.

⁵² It was clear to the ANC in Lusaka that part of business's agenda was to steer it clear of communism, recalls an ANC member present at the meeting who later went on to occupy a senior

government role after 1994 (personal interview, November 23, 2012, off the record). For Anglo executive Michael Spicer, the Lusaka meetings revealed that “the ANC had no modern economic thinking.” The Freedom Charter was “at best, Fabian Socialist; at worst, Stalinist” and either way a thirty-year old document, said Spicer. Interview with Michael Spicer, January 10, 2013. See also Kanfer, *The Last Empire: De Beers, Diamonds, and the World*, p. 354.

⁵³ Personal interview, 23 Nov 2012.

⁵⁴ Anthony Sampson, *Mandela: The Authorized Biography* (New York, NY: Knopf, 1999), p. 429.

⁵⁵ Tony Bloom, a major South African businessman, is quoted as saying that “English-speaking business has about as much effect on government policy as a ping-pong ball bouncing off a stone wall,” Jesmond Blumenfeld, *South Africa in Crisis* (Kent: Croom Helm, 1987), p.39.

⁵⁶ Written reply from Bobby Godsell to questions. 21 January 2013.

⁵⁷ Butler Cyril Ramaphosa, pp. 120-1.

⁵⁸ Ben Fine and Zavareh Rustomjee, *The Political Economy of South Africa: From Minerals-Energy Complex to Industrialization* (London: Hurst, 1996), pp. 148-9.

⁵⁹ Meyer and Wessels both would both become senior ministers in the 1990s.

⁶⁰ See Esterhuysen, *Endgame: Secret Talks to End Apartheid*.

⁶¹ Interview with Sidney Frankel, March 20, 2013. But business was not always sensitive to the constraints of politicians, said a former *verligte* cabinet minister under Botha. They often presented plans that echoed opposition views and violated government tenets, which was “untenable”. He preferred the approach of people like stockbroker Sidney Frankel and some Afrikaner businessmen who met with rising stars in the government to chat about their experiences, details that he could use in debates with more conservative cabinet members (off the record interview with the author, March 23, 2013).

⁶² Interview with Mike Spicer, January 10, 2013.

⁶³ Nel elaborates: “So, as crazy as it sounds, 1985-86 we didn’t actually know who was it.” Interview with Christo Nel, March 20, 2013.

⁶⁴ “After one of the late night meetings one of the businessmen was followed and two nights later his home was attacked with gunfire,” two businessmen later recounted. “Within the same fortnight, Christo was pulled off the road by hooded gunmen who fired at him as he stood beside his car,” Chapman and Wrighton, “Civil Society: The Role Of Business And The Churches In Facilitating The Transition,” p. 33.

⁶⁵ Du Preez, Max, Gavin Evans and Rosemary Grealy, *The Broederstroom Encounter: Business meets the UDF and COSATU*, (Johannesburg, South Africa: Consultative Business Movement, 1988), p. 78.

⁶⁶ Theuns Eloff, “The Consultative Business Movement: 1988-1994. A Submission to the Truth and Reconciliation Commission,” Unpublished report, December 14, 1997, pp. 9-10.

⁶⁷ Interview with Colin Coleman, March 05, 2013

⁶⁸ Guy Standing, John Sender, and John Veeks, *Restructuring the Labour Market: The South African Challenge* (Geneva, Switzerland: International Labour Organization, 2000), p. 170.

⁶⁹ Interview with Colin Coleman, March 05, 2013 and interview with Christo Nel, March 20, 2013

⁷⁰ Interview with Sidney Frankel, March 20, 2013.

⁷¹ Private investment tumbled from about six percent of all capital stock in the early 1980s to less than four percent in the mid-1980s. Short-term capital flows also took a serious knock; in 1985, the country experienced a net loss of US\$15 billion (in 1990 dollars) and remained in negative territory for the rest of the decade, see Wood, *Forging Democracy from Below: Insurgent Transitions in South Africa and El Salvador*, pp. 153, 156.

⁷² Meyer allegedly got a fishing hook stuck in in his finger which Ramaphosa removed with a pair of pliers after giving him a shot of whiskey and saying “you’ll have to trust me.” Sparks, *Tomorrow is Another Country: The Inside Story of South Africa’s Road to Change*, pp. 3-4, 177-9.

⁷³ The Meyer/Ramaphosa relationship mattered not only because they turned out to be the principal NP and ANC negotiators. When the negotiations came close to collapse after the Boipatong massacre in June 1992, their joint efforts were vital in de-escalating the violence, see Esterhuysen, *Endgame: Secret Talks to End Apartheid*, p. 294.

⁷⁴ This was one of several meetings organized by journalist Anthony Sampson and former editor David Astor, see Robert Harvey, *The Fall of Apartheid: The Inside Story from Smuts to Mbeki* (Hampshire and New York: Palgrave, 2001), p. 15.

⁷⁵ The ANC asked Chris Ball following his trip to Lusaka before 1985 to help organize meetings with the government but more conservative government leaders refused the proposal (Interview with Chris Ball, July 16, 2015).

⁷⁶ Harvey, *The Fall of Apartheid: The Inside Story from Smuts to Mbeki*, p. 23.

⁷⁷ *Ibid.*, p. 20.

⁷⁸ *Ibid.*, p. 127.

⁷⁹ Esterhuysen, *Endgame: Secret Talks to End Apartheid*, p. 333.

⁸⁰ SAIRR table in O'Malley archives

<https://www.nelsonmandela.org/omalley/index.php/site/q/03lv02424/04lv03275/05lv03294/06lv03321.htm>

⁸¹ The TRC later confirmed widespread allegations that the state had armed and trained the IFP, ran its own hit squads, and spread misinformation about the liberation movements, see Audrey R. Chapman and Patrick Ball, "Levels of Truth: Macro-Truth and the TRC," Audrey R. Chapman and Hugo van der Merwe, eds., in *Truth and Reconciliation in South Africa: Did the TRC Deliver?* (Philadelphia, Pennsylvania: University of Pennsylvania Press, 2008), 143-168, p. 167.

⁸² Craig Charney, "Civil Society, Political Violence, and Democratic Transitions: Business and the Peace Process in South Africa, 1990 to 1994," *Comparative Studies in Society and History* 41, no. 1 (1999): 182-206, p. 187.

⁸³ Peter Gastrow, *Bargaining for Peace: South Africa and the National Peace Accord* (Washington, D.C.: United States Institute of Peace, 1995), p. 18.

⁸⁴ Scott Kraft, "South Africa is Ankle-Deep in Blood," *LA Times*, May 25, 1991
http://articles.latimes.com/1991-05-25/news/mn-2013_1_south-africa [07-19-2015]

⁸⁵ Christopher Wren, "Unrest Mediator Named by De Klerk", May 26, 1991.
<http://www.nytimes.com/1991/05/26/world/unrest-mediator-named-by-de-klerk.html> [07-19-2015]

⁸⁶ Business leaders reportedly reached out directly to Buthelezi to secure the IFP's involvement, though accounts vary regarding who in business played this role. Gastrow suggests the inclusion of Sean Cleary, a businessman and political consultant, secured the IFP's support for the process, see Gastrow, *Bargaining for Peace: South Africa and the National Peace Accord*, pp.22-4. Others maintain that John Hall and Bobby Godsell of Anglo-American were able to persuade IFP leader Mangosuthu Buthelezi to attend the meeting, see Kimon Phitidis, "Barloworld Case Study," Unpublished report, 2006, 20.

⁸⁷ Barlow Rand also let the delegates use its headquarters for the meeting.

⁸⁸ The Danish and British governments also contributed substantial funds. It is unclear what the relative contribution was and it may be that the bulk of operational costs came from foreign governments, see Gastrow, *Bargaining for Peace: South Africa and the National Peace Accord*, p. 53.

⁸⁹ Interview with Roelf Meyer, March 20, 2013.

⁹⁰ The business community did come under some criticism for supporting the process unevenly and not committing resources in the hardest hit areas. These concerns underscore the challenges of organizing a diverse community with different levels of resources and understandings of their responsibility to help black communities, see Phiroshaw Camay and Anne J. Gordon, "The National Peace Accord and its Structures," South Africa Civil Society and Governance Case Study No. 1. Co-operative for Research and Education. Johannesburg, South

Africa, 2000; Charney, "Civil Society, Political Violence, and Democratic Transitions: Business and the Peace Process in South Africa, 1990 to 1994," p. 195.

⁹¹ Interview with Colin Coleman, March 05, 2013

⁹² Interview with Cas Coovadia, November 21, 2012.

⁹³ CODESA's second round began in May 1992 but soon collapsed after the Boiphatong massacre of about 50 members of an informal residence in June, killed by hostel-dwellers affiliated with the IFP. The ANC stormed out, accusing the government of complicity in the murder. Communication between key members of the negotiations team continued, however, and negotiations resumed in April 1993.

⁹⁴ Interview with Theuns Eloff, November 19, 2012.

⁹⁵ Theuns Eloff, "From Honest Broker to Constructive Partner," *People Building Peace* (Utrecht: European Centre for Conflict Prevention, 1999), p. 332.

⁹⁶ Other interviewees deny that the NP and ANC agreed to international mediation. Interview with Roelf Meyer, March 20, 2013.

⁹⁷ Okumu warned Buthelezi that he would face the military onslaught of the new government if he persisted in violent resistance. Buthelezi agreed to participate in the elections on the condition that the new dispensation recognized the sovereignty of the kingdom of KwaZulu and that international mediation occurred after the election. Interview with Colin Coleman, March 05, 2013.

⁹⁸ Interview with Andre Lamprecht, November 19, 2012.

⁹⁹ See, for example, Kindra, Jaspreet, "South Africa: Defiant Mbeki Defends Gear," *Mail & Guardian*, March 01, 2002. <http://allafrica.com/stories/200202280678.html>

¹⁰⁰ The Washington consensus emphasized the fiscal discipline, trade and investment openness, privatization, deregulation, and low marginal tax rates. See John Williamson, "What Washington means by policy reform," in John Williamson, ed., *Latin American Adjustment: How Much has Happened* (Washington, D.C.: Institute for International Economics, 1989), pp. 7-38.

¹⁰¹ Interviews with five BTI members in December 2015 and January 2016 revealed that while the group continued to have periodic meetings, it had abandoned earlier efforts to have a political impact and was focused instead on building business-to-business connections.

¹⁰² Theuns Eloff, "The Consultative Business Movement: 1988-1994. A Submission to the Truth and Reconciliation Commission," Unpublished report, December 14, 1997, p. 2; Du Preez et al., *The Broederstroom Encounter: Business meets the UDF and COSATU*, p. 3.

¹⁰³ Russell Hardin, *Collective Action* (Baltimore, MD: Johns Hopkins University Press, 1982), p. 41.

¹⁰⁴ The reluctance of the broader business community to incur the costs of meeting with the anti-apartheid leadership did slow down the K group's efforts. In June 1987, only 12 business leaders were willing to put their names to a public appeal for the state of emergency to be lifted, an action requested by their UDF counterparts, effectively stopping the letter. Later that year, a planned 20-a-side meeting became a six-a-side when two thirds of the business delegation decided to leave ahead of the arrival of the UDF and its allies. The meeting still took place and by the next year, business was able to organize 40 private sector representatives to meet for a weekend encounter with pro-democracy activists. Eloff, "The Consultative Business Movement: 1988-1994," p. 3.

¹⁰⁵ Interview with Mike Spicer, November 21 2016.

¹⁰⁶ At first it was two and then four senior businessmen. *Ibid.*, p. 10.

¹⁰⁷ The CBM's success points out a tension in organizing business. Big business can often command the attention of political elites but dialogue institutions prioritize inclusivity. As one executive observed, "Both then and now there were lots of very senior business people that said, 'We don't need these bodies. I can call the President... I'm not going to sit in long-winded meetings with other people.' ... That was often functional for that individual company but

dysfunctional for the collective business interest.” Interview with Michael Spicer, 10 January 2013.

¹⁰⁸ Business elites traditionally were used to being “more individualistic, self-motivated and fast moving” than their counterparts. Representatives of pro-democracy organizations, by contrast, operated according to “an entirely different process dictated by consultation, and adherence to more clearly defined long-term strategy,” see Du Preez et. al, *The Broederstroom Encounter: Business meets the UDF and COSATU*, pp. 35-36. On the costs of deliberation in business see Henry Hansman, *The Ownership of Enterprise* (Cambridge, MA: Harvard University Press, 1996).

¹⁰⁹ Interview with Chris Ball, July 16, 2015.

¹¹⁰ Interview with Pallo Jordan, July 16, 2013.

¹¹¹ Greg Myre, “Afrikaner church won’t denounce Apartheid,” *Washington Post* (March 18, 1989) <http://www.washingtonpost.com/archive/local/1989/03/18/afrikaner-church-wont-denounce-apartheid/02940f2b-3128-45f6-bbbf-a142a7a2232e/> [07-20-2015]. Barry Botha, *The Afrikaner’s Emancipation: Freeing South Africans from their Apartheid Mindset* (Indiana: iUniverse, 2008), 163-5; Herman Giliomee, *The Afrikaners: Biography of a People* (Charlottesville: University of Virginia Press, 2003).

¹¹² David Goldfield, *America Aflame: How the Civil War Created a Nation* (New York: Bloomsbury Press, 2012).

¹¹³ Esterhuysen, *Endgame: Secret Talks to End Apartheid*, pp. 136-7.

¹¹⁴ Adam Przeworski, Michael Avarez, Jose Cheibub and Fernando Limongi, *Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990* (Cambridge: Cambridge University Press, 2000), pp. 89, 91-103.

¹¹⁵ Read and Shapiro, “Transforming Power Relationships: Leadership, Risk, And Hope.”

¹¹⁶ Jung et. al, “Problems and prospects for democratic settlements: South Africa as a Model for the Middle East and Northern Ireland,” p. 124.

¹¹⁷ Jung et. al, “Problems and prospects for democratic settlements: South Africa as a Model for the Middle East and Northern Ireland.”

¹¹⁸ Wood, “An Insurgent Path to Democracy.”

¹¹⁹ It helped that countries like South Africa and Portugal maintained trade with what was then Rhodesia. Robert McKinnell, “Sanctions and the Rhodesian Economy.” *The Journal of Modern African Studies* 7, no. 4 (1969): 559-581. Moreover, the government spent up to ten percent of its budget on subsidies to agriculture. Feeling the pinch from sanctions, organized business later urged the government to settle with the British. Still, the vast majority of white Rhodesians rallied behind Smith’s who vowed to protect them from communism and Britain’s desire to erode the country’s independence, see Robert C. Good, *The International Politics of the Rhodesian Rebellion* (Princeton: Princeton University Press, 1973), pp. 82, 159, 215, 218.

¹²⁰ The Group of Seven refused even to take a position in the May 1998 referendum on the hard won Good Friday Agreement that had been negotiated among the key players. Portland Trust Report, *The Role of Business in Peacemaking: Lessons from Cyprus, Northern Ireland, South Africa and the South Caucasus* (London: Portland Trust, 2013), pp. 24-5.

¹²¹ Butler, *Cyril Ramaphosa*, p. 122.

¹²² Interview with Pallo Jordan, July 16, 2013.

¹²³ Moore, *The Social Origins of Dictatorship and Democracy*; Dietreich Rueschmeyer, Evelyne Huber Stevens and John D. Stevens, *Capitalist Development and Democracy* (Oxford, UK: Polity Press, 1992).

¹²⁴ Peter Swenson, *Fair Shares: Unions, Pay, and Politics in Sweden and West Germany* (Ithaca: Cornell University Press, 1989); Peter Swenson, *Capitalists Against Markets: The Making of Labor Markets and Welfare States in the United States and Sweden* (Oxford: Oxford University Press, 2002).

¹²⁵ George Stigler, "The Theory of Economic Regulation," *Bell Journal of Economics and Management Science* 3 (1971), pp. 3-18; Sam Peltzman, "Toward A More General Theory Of Regulation," *Journal of Law and Economics* 19 (1976), pp. 211-40.

¹²⁶ Studies vary widely in their estimation of union wage premia in South Africa, with more recent studies placing greater emphasis on controlling for selection effects. An example of this is a 2012 study by Borhat et al., which finds that the union wage premium is about 6%, the bargaining council premium for non-union workers is about 10% and 22% for union workers in public bargaining councils. Previous studies find premia much higher and in excess of 20%. Borhat et al., "Institutional Wage Effects: Revisiting Union and Bargaining Council Wage Premia in South Africa." See also Jeremy Seekings and Nicoli Nattrass, *Policy, Politics, and Poverty in South Africa* (London & Johannesburg: Palgrave MacMillan, 2015), pp. 53-79.

¹²⁷ A total of 44 people died during the entire strike.

¹²⁸ In a report based primarily on interviews with workers, Peter Alexander concludes that Marikana was a "rank and file rebellion, not an inter-union dispute," see Peter Alexander, "Analysis and Conclusion," Peter Alexander, Luke Sinwell, Thapelo Lekgowa, Botsang Mmope and Bongani Xezwi, eds., in *Marikana: A View from the Mountain and a Case to Answer* (Auckland Park, South Africa: Jacana Media, 2013), pp. 136-162. See also Alexander, "Analysis and Conclusion."

¹²⁹ John Kane-Berman, "Violence a relic from the people's war to make SA ungovernable," *Business Day* (August 20, 2012). <http://www.bdlive.co.za/opinion/2012/08/20/violence-a-relic-from-peoples-war-to-make-sa-ungovernable> [07-22-2015].

¹³⁰ Indeed, Walter Sisulu told Anthony Sampson that civil war would not have been avoided even if Mandela had been released as late as 1985. Delay was necessary for the Afrikaners "to sober up," see Harvey, *The Fall of Apartheid: The Inside Story from Smuts to Mbeki*, p. 102.

