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## SANCO: STRATEGIC DILEMMAS IN A DEMOCRATIC SOUTH AFRICA

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### Introduction

The South African National Civic Organisation (SANCO) was launched in March 1992. Most of its component regions and local level structures predated the national launch, although hitherto they had been independent bodies and thereafter were renamed as SANCO regions and branches. But, for the first time, township-based civic organisations were brought together in a national civic structure. The formation of SANCO thus marked an important stage in the development of civic organisations in South Africa and, more broadly, of the political system as a whole.

Since 1992, SANCO has been prominent intermittently at the national level, and has often attracted controversy. SANCO played a central role in the negotiated reform of local government during 1992-93, and contributed to debates and struggles around urban development, especially concerning the roles and activities of banks and other financial institutions. Since 1994, however, SANCO's national profile has declined. SANCO's national leadership has been associated with criticisms of some of the policies of the African National Congress (ANC)-led government, but the organisation has rarely conducted activities that warranted much media coverage.

The decline in SANCO's public profile at a national level is in part a product of a larger crisis facing the township-based civic movement at every level and throughout the country. This broader crisis is the product of several factors:

- a changed *institutional environment*: since 1990 'political society' has been constructed in South Africa, comprising, first, political parties (especially the ANC) and later elected public representatives; since 1994, and especially since the local government elections in 1995-96, many of the representative roles performed by civics at the local level hitherto have been ceded to political parties and elected councillors (Lanegran, 1995a, 1995b, 1996; Seekings, 1996a); politics seems to have become more 'top-down' in character (as Mzwanele Mayekiso puts it, *NN*, December 13, 1996);

- changing patterns of *popular discontent*: the diversification of interests within black 'communities' made it more difficult for any single organisation to provide collective representation for the whole 'community', whilst some of the grievances that had united township residents and precipitated civic mobilisation in the 1980s had become less salient (Seekings, 1996b);
- civics themselves employed *strategies and tactics* that compounded their gradual marginalisation: Lanegran refers to the civics' 'self-inflicted wounds' (1995b:2), although these need to be understood in terms of the constrained choices facing civics in a rapidly changing external context (Seekings, 1996a); Mzwanele Mayekiso suggests that activists have come to be seen as self-serving, and ordinary people have become alienated from the civics (*NN*, December 13, 1996);
- declining *resources* - in terms of finances and experienced leadership - which hampered civics' activity.

These factors underlie a further change identified by Mzwanele Mayekiso: new uncertainty about the long-term goals of struggle, who it is against, and the role that civil society should play (*NN*, December 13, 1996).

Some observers point to the wide roles accorded to 'civil society', and especially civic organisations, in contemporary South Africa. Friedman and Reitzes, for example, note that whilst there have been 'tensions' over 'the extent and form of 'civil society' participation in government decisions', the principle of such participation is widely accepted (1996:58). But, whilst there remains a need for more local studies to ascertain the extent of civic activity in different part of South Africa, there is considerable evidence that civics have already been marginalised in key areas - especially in local government (Lanegran, 1995b, 1996) and in development planning (Seekings, 1996b:5-12; 1997:15-17). Moreover, some recent government policy proposals seem to envisage an even smaller role for 'civil society' organisations (Bond *et al*, 1997).

The crisis facing SANCO's national and provincial structures goes beyond the general crisis facing the civic movement as a whole. As Mayekiso has written, SANCO seems to have 'succumbed' to playing the role of a lapdog since 1994, 'notwithstanding the vibrancy of so many individual SANCO locals in our townships and villages and the courage of so many leaders and activists' (*NN*, April 18, 1997). Civics' activities are increasingly localised. The civic movement has become fragmented, and lacks coherence and a sense of direction and purpose. As SANCO was formed to provide national and provincial coherence and direction, the broader crisis facing the civic movement is both a reflection of SANCO's weaknesses and a cause thereto.

The crisis facing SANCO at the national and provincial levels began to be discussed in public in late 1996. In September, journalist William-Mervin Gumede described SANCO as 'an organisation at the crossroads', having 'found it particularly difficult to come to grips with post-liberation politics'. SANCO leaders acknowledged that the organisation has been excluded from key decisions - around housing, the Government-led Masakhane campaign (primarily concerned with the payment of rents, bond instalments and service charges) and the restructuring of state development agencies - and had been marginalised within structures such as the National Economic Development and Labour Council (NEDLAC) (*DiA*, September 1996). Soon after, SANCO leaders began to talk openly about the crisis. Moses Mayekiso - former national president of SANCO and older brother of Mzwanele - said that SANCO had to transform itself 'in order that SANCO can have a role and survive' (*M&G*, October 11, 1996). Mzwanele Mayekiso - president of SANCO in Alexandra and author of a book on civics (Mayekiso 1996) - emphasised the need for debate over how civics should respond to the changed context (*NW*, December 13, 1996). SANCO's current national president, Mlungisi Hlongwane, said that the organisation had already made 'a complete break with the past'; it would 'never be the same again'. In the 1980s and into the early-1990s, civic organisations had been at the forefront of struggles for radical social and economic, as well as political change, and had been effective champions of boycott tactics. Now, Hlongwane emphasised that SANCO distanced itself from boycotts: 'If you want to be an instant revolutionary these days and be involved in boycotts, SANCO is no longer a home for you' (*Star*, December 28, 1996).

SANCO's first major opportunity to address the crisis came in April 1997, when it held its second ever national conference in Johannesburg. The conference was some time overdue as SANCO's previous full national conference had been held in June 1994. The national general secretary reported that the three years since that last conference 'had not been an easy period'. The organisation's finances were in chaos, its membership was in a mess, and it was increasingly ignored by ANC leaders in government (Ntonti, 1997b:4). Hlongwane told the conference that the 'sweeping political changes' in South Africa had been 'revolutionary in their pace', catching SANCO unprepared (Hlongwane, 1997b:2; *BD*, April 18, 1997).<sup>1</sup>

The challenges facing SANCO may be severe, but they are not unique. The often rapid institutional changes associated with democratisation have posed similar challenges to other mass-based movements in South Africa and elsewhere, especially when these institutional changes have coincided with major social changes. Some of the problems facing SANCO also face South

Africa's labour movement. Like the civics, many unions had lost key leaders into parliament (and, at the local level, into municipal government) - undermining the unions' capacity (Baskin, 1996:14-16; Marie, 1996). Social change threatens to undermine union membership (Crankshaw, 1996). ANC-allied unions are increasingly questioning the value of that alliance, as well as the wisdom of participating in corporatist institutions (Buhlungu, 1996; Gostner, 1996). 'Liberation' from apartheid has left many unions without any coherent vision of the future and their roles in it.

In 1996 the Congress of South African Trade Unions (COSATU) appointed an internal Commission on the Future of the Unions, chaired by COSATU vice-president Connie September, to investigate how the COSATU unions could respond to challenges effectively. Commission member Karl von Holdt writes that:

The transition to democracy in South Africa has changed the terrain of struggle fundamentally, and we are still battling to adapt. Some comrades argue that we need to employ the tactics and weapons that were used effectively in the 1980s. Others argue that we need to develop new strategies for building a new South Africa, but there is much disagreement about what this means (von Holdt, 1996:37).

Von Holdt emphasised the importance of identifying a successful strategy by outlining a worryingly plausible scenario in which COSATU lost members, influence and eventually even its unity as its component unions moved in different political directions.

The challenges facing civics differ from those facing unions in one important respect. Whilst both are having to re-examine their alliance with the ANC, which has now secured the leading role in the state and begun to implement policies opposed by SANCO and COSATU, the civics face a much more pronounced dilemma in developing their relationship with local government and the local state. Some unionists have at various times considered the formation of a union-based workers' party because of discontent with the ANC's ideology and policies, and the unions have certainly provided many of the people elected as councillors in local elections (under the ANC banner). But the unions have never questioned the principle that the established political parties - in practice, the ANC - should control local government. Within the civic movement, by contrast, there has long been questioning of this principle, with some ANC-supporting civic activists asserting that the civics are the more appropriate vehicles for representing the 'community'. Many civic activists have tended to view local

government in much the same way as the unions view the workplace - as their turf.

This has led to civics facing, in a much more acute form than the unions, the dilemma of whether or not to engage in competition for control of local government - ie whether or not to stand in elections. This dilemma is one that has faced 'social movements' in many other parts of the world - either when democratisation changes the institutional environment and opens up new strategic choices for formerly extra-state movements, or when the growth of support for a social movement opens up the possibility of converting support on the streets into electoral strength. Many social and popular movements in Latin America were in the former position in the 1980s (as Lanegran discusses - 1995:104-8; 1996:3-4). Some of the 'new' social movements in the established representative democracies of Western Europe, most notably the Greens in Germany, have been in the latter (Dalton and Kuechler, 1990; Karapin, 1993).

An organisation like SANCO faces four broad options in repositioning itself in the 'new' South Africa. These options differ primarily in terms of the relationship between the organisation and political parties. SANCO could ignore political parties, organising solely in civil or economic society. It could pressurise parties, as an organisation (or movement) operating in civil society. It could lobby parties, within close alliances (as SANCO has, with respect to the ANC, to date). Or it could contest party politics, either as a faction within a broader party or as a party in itself. How SANCO chooses between these options obviously depends in part on the ideology and vision of its leaders and members, and internal political struggles. But such choices are typically made in the face of the immediate challenges facing the organisation. SANCO now faces four immediate challenges which will influence its development: a high turnover among leadership, together with a high proportion of inactive leaders; severe financial problems; marginalisation in policy-making and implementation; and tensions in the relationship with the ANC as a political party.

### **SANCO leadership**

Since its formation in 1992, SANCO has had a rapid turnover in its top leadership. SANCO's national leadership comprises six office-holders who, together with nine additional members who head up 'departments' with responsibility for areas such as housing or education, comprise the National Executive Committee (NEC). Since 1992, SANCO has had three national presidents (Moses Mayekiso, 1992-93; Lechesa Tsenoli, 1993-95; and Mlungisi Hlongwane, 1995-) and three national general secretaries (Dan Sandi, 1992-1993; Penrose Ntlonti, 1993-1997; Mboneni Ngubeni, 1997-). Not one

member of the NEC elected in 1997 had been on the original NEC, elected just five years earlier.

SANCO has lost many leaders into government, both as elected representatives and as civil servants. Of the original NEC, the president and one other member were elected to the national parliament in April 1994; the vice-president joined them in 1995 to fill a seat vacated by another ANC MP. Four other NEC members were elected to provincial legislatures in April 1994, and two more were appointed as senior provincial civil servants. SANCO's provincial executive committees (PECs) were also depleted through elections. In the Western Cape, for example, the provincial secretary was elected to the provincial legislature in 1994, and the vice-chairperson and three of the most active members of the provincial executive committee were elected to local government in 1996. Senior SANCO officials have had to be co-opted to fill vacant positions. Hlongwane, for example, was co-opted as national president in 1995. At the time he was not even a member of the NEC.

Cynics suggest that some SANCO leaders are attracted away from SANCO by the prospect of remuneration. Mzwanele Mayekiso writes that:

... leading layers from the movement keep getting pulled aboard the gravy train - not only government, but also private sector and even NGO work ... Civics still offer few 'career' prospects, salaries, perks and so forth, and so we lose our best cadres quite quickly (*NN*, December 13, 1996).

Mayekiso laments the declining 'spirit of voluntary community commitment', which in the 1980s had been 'part and parcel of the logic of liberation politics and self-activity of the masses' (*NN*, December 13, 1996). Now, too many activists were 'degenerating into "on-the-make" activities, not progressive organising'. This view is widely shared by civic activists at the local level. As one Cape Town activist puts it, 'people are falling over each other to get in there' - ie into local government - 'and it's not because they want to look after people's needs, it's because they want the money' (quoted in *Seekings*, 1997:8).

SANCO has also been plagued by leaders who fail to perform their allotted duties. The national secretary reported to the 1997 national conference that ... some people have agreed to be nominated and elected into positions but have never shown any outward or inward commitment to serve in these posts. ... Persons elected seem to disappear after elections. ... Some of the office-bearers ... failed to honour their duties and responsibilities (Ntlonti, 1997:4-6).

A Swedish-backed Study Circle collapsed when its national co-ordinator 'absconded', and the Gender co-ordinator had been suspended for inactivity. The

national secretary lamented the inability of members in the past 'to differentiate between genuine leaders and political opportunists and careerists'. Henceforth, he urged, SANCO must elect 'comrades who are sincerely committed to the organisation' and not just serving 'their own ambitions' (Ntlonti, 1997b:4-10). SANCO's president similarly told the conference that:

We are now confronted with the insipid, incipient unprecedented careerism, laxity and political opportunism of the worst kind - all threatening to undermine the culture of what it means to belong to SANCO or civics (Hlongwane, 1997b:12).

Too often, SANCO failed to replace inactive leaders - in part because, as Hlongwane complained, elections were infrequent. He jokingly referred to SANCO's own 'traditional leaders' - officials who stayed in office year after year (Hlongwane, 1997b:13). At national and provincial levels, the burden of keeping the organisation going often fell on the shoulders of a small number of very committed, hard-working but greatly overstretched activists.

Trade unions have also suffered high rates of turnover in their national and local leadership, with many of their most experienced leaders going into electoral politics, business, the civil service or further education. At a time when vision is needed, the unions have lost many of the people best equipped to provide it. The result is that many unions vacillate between dogmatic and pragmatic positions, and tend to respond to events rather than be pro-active (Baskin, 1996:15-16). Similar tendencies are evident within SANCO. Another cost of leadership turnover is that SANCO - and union - leaders exert less influence in its dealings with the ANC or in corporatist institutions.

## Finances

The turnover and discontinuity of leadership has been due, in part, to the organisation's financial problems. Activists at all levels point routinely to the lack of financial resources as the key constraint on SANCO. SANCO at national and provincial levels has relied on three sources of funds: foreign donors, membership dues and corporate sponsorship. Most donor funding has gone to the national office, corporate sponsorship has gone to both national and provincial offices, and membership dues have been retained at local or provincial levels. Each of these sources has declined in the mid-1990s.

In the mid-1980s, civic organisations and especially civic co-ordinating structures (such as the Cape Areas Housing Action Committee and Western Cape Civic Association, both based in Cape Town) began to receive substantial funding from foreign donors. The largest conduit was Kagiso Trust, which channelled almost R14 million to civics advice offices between 1987 and 1992



(as well as a larger amount to service organisations that provided civics with technical and even organisational back-up) (Seekings *et al*, 1993:11). Initially, in 1992, SANCO received substantial donations from the European Union, the Swedish labour movement and USAID - with a total income of over R0,5 million in its first eight months<sup>2</sup>. Some of SANCO's provinces also received smaller grants from foreign church or developmental organisations. These funds were generally seen as contributions to the struggle against apartheid and for representative democracy. They therefore dried up rapidly as soon as an ANC-led government was elected in 1994, causing 'severe difficulties at all levels, from head-office downwards', according to one provincial official<sup>3</sup>.

Donor funds might have continued to flow for longer if SANCO had been able to provide adequate financial accounts. SANCO is apparently unable to produce audited accounts for any period since its formation. The 1994-95 accounts have been audited, but the auditor - Price Waterhouse - won't release them until they have been paid (Ntlonti, 1997b:6). SANCO's first secretary general is said to have left SANCO on account of financial irregularities.

From 1991 some of the major foreign donors sought to promote greater self-reliance among civic organisations, including SANCO as a whole. Given that civics claimed a large membership or support base, donors proposed that civics achieve financial self-reliance through a well-administered system of membership dues. Schemes were introduced in several parts of the country to establish the necessary administrative infrastructure - including in Gauteng (Cullinan, 1993a), the Free State and Port Elizabeth (Seekings *et al*, 1993:96).

SANCO itself had a formal membership fee. According to the SANCO constitution, members would pay a R2 joining fee and a R6 annual subscription. These would be divided equally between the national, regional, sub-regional and branch levels. Interviewed in late 1992, SANCO's national treasurer expressed great zeal for building up SANCO's membership and hence financial base<sup>4</sup>. Indeed, one million paid-up members nationwide would generate R6 million per annum, excluding the initial joining fee. R1,5 million would accrue to the national office.

SANCO never collected anywhere near this kind of sum, because it never instituted a coherent paid-up membership system. In late 1992 there was general confusion within SANCO as to how any income from membership fees should be distributed within SANCO (Seekings *et al*, 1993:93-4), and it seems that branches and provinces have widely failed to disperse revenues to higher levels whenever possible. Western Cape provincial leaders admit to keeping the national share of membership dues on the grounds that SANCO's head-office had reserve for itself the sole right to collect funds from foreign donors, and

therefore should be dispensing rather than receiving funds from the regions (or provinces)<sup>5</sup>.

Nationally, and in most regions, paid-up membership was insufficient to pay for SANCO's core expenses. SANCO turned increasingly to the remaining source of funds: corporate sponsorship. In the 1980s civics had been able to solicit small donations from township-based businesses. From 1990, they were able to tap into the rich seam of developers involved - or wanting to be involved - in housing and urban development schemes. In Port Elizabeth, for example, the local civic arranged for R800 monthly donations from each of the developers involved in the upgrading of Soweto-By-Sea (Seekings *et al*, 1993:97). At one point, SANCO Western Cape was receiving donations of up to R1000 per month from each of a number of firms.

The national president at the time, Moses Mayekiso, said that SANCO structures could 'negotiate their own approach as long as the agreement is clean. ... We have to be careful that civics are not used in a corrupt way, such as to help one developer compete against another'. In Cape Town, some developers sought to woo SANCO leaders through the promise of holidays, computers and other offers (Cullinan, 1993b). In the Free State, SANCO was alleged to have helped developers win contracts in return for large donations to SANCO's coffers (*M&G*, September 1, 1995). One provincial secretary notes, sadly, that 'people in business want to see something; there is nothing for nothing'<sup>6</sup>. Even if no special favours were performed, corporate sponsorship depended on civics providing useful advice and assistance in facilitating development projects. As SANCO's role in development declined, such corporate sponsorship became scarce.

SANCO at the national level maintained a reasonably steady income until 1996. Between the 1995-96 and 1996-97 financial years, grants and donations fell from R1,6 million to R0,4 million (according to the unaudited accounts tabled at the 1997 conference). As expenditure remained at almost R2m per annum, SANCO accumulated large debts. By the end of the 1996-97 financial year, SANCO apparently owed over R1,2 million - including a substantial sum to the Receiver of Revenue (for unpaid PAYE tax). The national office was reportedly kept going only through financial assistance from SANCO's business wing, SANCO Investment Holdings, and its business partner, American Insurance Group (AIG, see below) (Ntlonti, 1997b:6). AIG is said to have also put up most of the R4 million needed to hold the 1997 national conference. Some of the provinces are also deeply in debt - the Western Cape by R200 000. Court sheriffs often raided the national office to attach assets against provincial debts (Ntlonti, 1997b:6).

Half of SANCO head office's income has been spent on salaries, with most of the other half going on office expenses. The financial pressures of 1996-97 meant that telephones and fax lines were cut off intermittently because accounts had not been paid. Assets were not insured - which proved a costly mistake when cars, computers, a television and a video machine were all stolen! Finances pressures are also blamed for the high turnover of administrative staff in the national office (Ntlonti, 1997b:6). There has rarely been money available for national meetings (which, in 1992, cost about R50 000 each in transport and accommodation<sup>7</sup>). As Hlongwane laments, 'we only convene NECs if there is a sponsor' (Hlongwane, 1997b:13).

The financial position of SANCO can be compared with that of the trade unions affiliated to COSATU. As in SANCO's case, international aid to the unions has largely dried up, leaving them reliant on membership subscriptions. COSATU's total membership in 1996 was just under two million - ie much the same as the figure given by SANCO for its target membership. Most COSATU unions have moved from a fixed membership subscription to a fee set as a percentage of the wage, within minimum and maximum amounts. Subscription fees vary between R8 and R40 per month. The resulting income allows the unions to employ a total of over 1500 full-time officials, although most salaries remain low (Filita, 1997:39-41). The COSATU unions' combined income and number of employees is probably almost one hundred times that of SANCO!

In January 1995 SANCO initiated a new membership drive. Slow progress - or perhaps, no progress - was blamed on the 'unscrupulousness of the person entrusted with the membership drive' (Ntlonti, 1997b:7). The membership drive was relaunched in December 1996. SANCO's president, Hlongwane, said their target was two million members within a year. Four months later, at the time of the national conference, membership had inched up to a mere 5000. Hlongwane berated the conference delegates:

... four months after the launch of our membership drive, [we] still had to compel all Congress delegates to be paid-up members of SANCO. ... If a question may be asked, how many of the delegates here joined SANCO last week or yesterday? You may be surprised of the response. You may take a wild guess approximately 50 per cent of present delegates (Hlongwane, 1997b:12).

Shortly before the conference there were only 72 paid-up members in the Western Cape.<sup>8</sup>

The slow growth of membership is no doubt partly due to the fact that membership fees were increased considerably - from about R6 to about R30 per

annum. The new membership system includes a compulsory insurance scheme (see further below). Of the total fee, at most R10 accrues to SANCO structures -ie less than in the old system, once inflation is taken into account<sup>9</sup>. It is also due to the chaotic state of SANCO coordination at the provincial and sub-provincial levels. More importantly, perhaps, it reflects a lack of incentives for SANCO branches - ie civics on the ground - to implement the system. Civic activists on the ground are unlikely to collect and send significant sums of money to the provincial and national offices unless they are a lot more confident that there will be some benefit to them.

SANCO is not like COSATU. Whilst there are debates about bureaucratisation in the trade union movement, there is no doubt that officials provide indispensable services to trade union members - most obviously in industrial level bargaining and in support of negotiations in the individual workplace. Similarly, whilst corruption is not unknown in the labour movement, it does not dominate worker perceptions of the leadership. If SANCO is to build up its membership income, it will have to ensure that the income raised is seen to be spent in ways that benefit the membership. Another difference between SANCO and COSATU is that unions can collect membership dues through direct deductions from workers' wages, but civics must collect dues through personal visits and individual persuasion. It is almost impossible for civics to prevent free riders.

There are, however, more fundamental differences between SANCO and COSATU in terms of their respective support bases. Many civics may enjoy considerable support, but it is passive rather than active, often intermittent rather than sustained, and contingent on an issue at hand. Even civic organisations in affluent suburbs find it difficult to convert support into membership. But SANCO defines its primary constituency as 'the poorest of the poor' - the unemployed, pensioners, and so on, ie precisely those people who are least able to afford regular subscriptions. For all of these reasons it is extremely unlikely that SANCO will ever be able to build its paid-up membership as high as half-a-million, yet alone the higher figures banded about grandiosely.

### **Marginalisation within decision-making structures**

The township-based civic movement has its immediate origins in the struggles against the apartheid state, its policies and local allies in the late-1970s and especially the 1980s. Civics exerted some influence on state policy through opposition, mostly on the streets, sometimes through negotiations (most notably in 1985-86 and again from 1989). After 1990, however, civics moved into important and powerful positions in the design and implementation of a range of

public policies, including especially those pertaining to development and the reform of local government. At the local level, civics were key players in development. Heymans suggested in 1993 that it was 'well-nigh impossible to discuss, plan or implement development in South Africa without engaging with, or at least having to take account of, civic associations' (1993:1; see also Atkinson, 1992). At the national level, SANCO played an important part in the drafting of the ANC's Reconstruction and Development Programme, and in 1994 published its own report on development finance, *Making People-Driven Development Work* (SANCO, 1994). SANCO was also a leading player in the Local Government Negotiating Forum in 1993, where most of the 1994 Local Government Transition Act was negotiated. Local civics played important roles in the local negotiating forums established under that Act.

The ANC government was elected with a manifesto - the RDP - that committed it to governing the country in consultation with organisations in civil society. SANCO has, since 1994, participated in a range of consultative bodies. These include: the Development Chamber of the National Economic Development and Labour Council (NEDLAC); the Transitional National Development Trust (TNDDT, which administers funding to non-government organisations); the National Electricity Forum; the Steering Committee of the Working for Water programme; and (supposedly) the National Telecommunications Forum.

SANCO's influence in such fora is limited, however, in part because of the disorganisation within SANCO itself. SANCO has apparently not, for example, filled its seats on the National Telecommunications Forum. SANCO has been constrained by the paralysis that afflicted some of its 'departments' - especially its Department of Education which was charged with capacity-building (Ntonti, 1997b:9). There has been a lack of continuity in SANCO's representation on some fora. Moreover, SANCO is not treated with great respect. NEDLAC's Development Chamber is probably the least important of NEDLAC's four chambers, and even in this Chamber SANCO and other 'community' representatives complain of their marginalisation.

As SANCO leaders themselves acknowledge, the organisation has made little contribution to policy-making since 1994 (see Gumede in *DiA*, September 1996; Ntonti, 1997b:9-14). COSATU might complain that it is treated shabbily by the ANC, but it has had a significant impact on the new constitution and on labour legislation. SANCO, by contrast, had negligible influence on the new constitution, and has had strikingly little influence on housing policy, which is perhaps SANCO's primary concern. SANCO is represented on the tripartite national and provincial housing boards. On the national board, it provides one

of the six 'community' representatives who meet with delegations from business and government. But its views have been largely ignored. According to SANCO:

Our relations with the Department of Housing can best be described as lukewarm. They have a perception that SANCO does not understand [sic] the complexities and nature of housing delivery, we are still lost in *Uhuru* politics and are negative, that SANCO is not the only true representative of the community, etc (Ntlonti, 1997b:18).

SANCO accuses the government of working with business to formulate a housing policy that ignores SANCO's constituency of 'the poorest of the poor'. SANCO was not party to the Record of Understanding between the government Department of Housing and Association of Mortgage Lenders. SANCO has lobbied, unsuccessfully, for an alternative policy drawing on the American Community Reinvestment Act (Ntlonti, 1997b: 17).

SANCO has taken some action independently of the government and consultative fora. In 1996, when the commercial banks increased their lending rates, SANCO joined with COSATU and the SACP in a 'Campaign Against the Bank Rate Increase'. At the end of 1996 SANCO concluded an agreement with one financial institution - Khayaletu Home Loans - which had a particularly high proportion of defaulting clients. Under the deal, SANCO would encourage the resumption of regular bond payments in return for a reevaluation of debts and provisions with regard to affordability (*CT/BR*, September 10, 1996). This latter response to bond boycotts represents an alternative to the agreement reached between the Department of Housing and financial institutions.

Some of the tension between government and SANCO is attributable to their differences over the Masakhane campaign. Given that outstanding rents and service charges amounted to almost R6 billion in mid-1996 (*Argus*, October 1, 1996), the government attaches great importance to ending rent and service charge boycotts. Endorsement of the Masakhane campaign seems to be the price SANCO pays for its alliance with the ANC. As Hlongwane says:

We are no longer an organisation of boycotters. We cannot allow active local authorities to crumble. ... SANCO will offer no help to residents who do receive services, can afford to pay for services rendered, yet hide behind the unemployed to continue the boycott of services and bonds (Hlongwane, 1997b:8).

But SANCO hedges at every opportunity. It argues that the campaign must be relaunched as a 'people's campaign', and not limited to promoting payment for services. The campaign should 'focus on community participation on local development, integration, transformation and nation-building' (Ngubeni,

1997:4-8). SANCO branches in Khayelitsha, Tembisa, Soweto and elsewhere have strongly opposed attempts to evict non-paying households. As Hlongwane makes clear:

We should however not sacrifice the poor, unemployed and pensioners. They suffered and were punished under apartheid. It is not their fault that they are unemployed and poor. An attack on the poor is a declaration of war against SANCO (Hlongwane, 1997b:8).

Payments for services should be subject to affordability (see also Ngubeni, 1997:5; Sow, April 14, 1997).

Like COSATU, SANCO has been weakened by the difficulties of putting forward alternatives to ANC policy. Following the lead of COSATU, which established the National Labour and Economic Development Institute (Naledi) to conduct research and provide policy advice for the unions, SANCO resolved in 1995 to establish a SANCO Research and Development Institute (SRDI). In early 1996, Mzwanele Mayekiso was appointed to set up and run this Institute. Mayekiso, a former treason trialist, had studied urban planning in the USA and written widely on civic organisation and development (especially Mayekiso, 1996). The Institute was awarded a grant of R1m from the TNDT, and Swedish funders had promised help. Thereafter, however, the relationship between Mayekiso and the SANCO national leadership degenerated rapidly. According to the Secretarial Report to the 1997 Conference, Mayekiso 'opted to further his own interest above those of the organisation', was 'uncooperative and arrogant', tried to make the 'his' RDI autonomous of SANCO and sought to secure the TNDT grant for himself (Ntlonti, 1997b:28-9). Mayekiso was suspended from SANCO in July 1997 (*SI*, July 20, 1997; *CT/BR*, June 26, 1997).

### **SANCO's relationship with the ANC**

The election of the ANC into government has transformed not only the relationship between SANCO and the state, but also between SANCO and the ANC as a political party. This was not the first change in the relationship between civics and the ANC. In the 1980s, civic organisations in the townships were a vehicle for ANC supporters to contribute to the liberation struggle. When the ANC was unbanned in 1990, many senior civic leaders moved into senior positions in the ANC. The ANC and civics formulated a general division of labour, with the former taking responsibility for constitutional and national political issues, whilst the civics took the lead in struggles around urban development and, by default, urban local government (Seekings, 1996a). SANCO contributed to the drafting of the ANC's RDP in 1993-94, and supported

the ANC in the April 1994 elections - although there was already evidence of tension in the relationship<sup>10</sup>.

Perhaps the most important reason for the deteriorating relationship is the transformation of local politics that accompanied the democratisation of local government. Whereas in the early-1990s local ANC leaders and branches generally allowed civics to play the leading role in local politics, by 1997 the ANC had taken the lead and relegated SANCO to a minor position. This shift was in part due to greater assertiveness by ANC branches, and in part to SANCO's policy. SANCO's official position was always that civics should remain outside and independent of the state, which meant that they should not themselves put up candidates in local government elections. SANCO would participate in the selection of ANC candidates, and support them fully. Civic activists were selected as ANC candidates, but their primary allegiance was then to the ANC not SANCO. The fact that the local government elections were contested on a primarily party political basis resulted in a shift in the balance of local politics from civics to the ANC. Some SANCO activists were less than happy with this.

The relationship between elected ANC councillors and local SANCO branches seems now to depend largely on the approach that the former take. If councillors neglect their constituency entirely then they allow SANCO space to organise as a more-or-less loyal opposition. But if councillors do liaise with their constituents, then they can almost determine the role that the local civic can play. The councillor may choose to consult with the civic, or even use it as his or her primary communication channel - but these roles continue at the councillor's discretion. Unless civics can demonstrate some threat to the re-election of councillors - either in the candidate selection process or the election itself - then their leverage will remain limited.

A second reason for the deteriorating relationship was an ideological wariness of representative government and of political parties that prioritised participation in it. Some SANCO leaders - such as Mzwanele Mayekiso - seem to view representative government (and the ANC) as inimical to the interests of the working-class and poor. The marginalisation of SANCO in policy-making, especially around the Masakhane campaign and housing policy, is interpreted in terms of the ANC 'selling out' to capital and neglecting the poor.

The consequence of these factors has been tense relations between SANCO and ANC branches. SANCO and the ANC held one summit in early 1995 to address tensions that were already emerging, ie before local government elections. A three-a-side committee was set up to deal with problems as they arose (*Mayibuye*, August 1995). This committee was clearly ineffective. In



February 1997, after local government elections had been held throughout the country, SANCO and the ANC held a second national bilateral summit. SANCO's national president, Hlongwane, told the summit that: 'It is embarrassing to acknowledge that, whilst we share a common programme of reconstruction and development [and] we share common policies ... , some of our structures and members are drawing daggers and are at each other's throats.' In areas like the Eastern Cape:

We fight over who should be a councillor. We fight over who should initiate or lead development. We fight over consultation, especially where the ANC in government adopts an economic blueprint that becomes non-negotiable. We fight over tariffs at local level. We fight over recognition and respect of each others' strengths (Hlongwane, 1997a).

SANCO tabled a hard-hitting report to the summit. 'Let us be honest', the report said, 'there is a looming breakdown of political linkages between SANCO and the ANC at various levels of our organisation.' The report provided examples of the ANC sidelining or undermining SANCO, from different parts of the country. In the Transkei, the ANC had unilaterally suspended SANCO from the Alliance, suspended SANCO members from the ANC and closed down SANCO offices. In Port Elizabeth, the ANC refused to meet with SANCO. In the Northern Province, ANC-controlled provincial and local government had disseminated anti-SANCO propaganda (Nlonti, 1997a). The report tabled at the summit apparently also reiterated the threat that SANCO would contest local government elections - presumably as a way of securing a more favourable deal within the ANC-led 'Alliance Plus One' (*NN*, February 28, 1997).

Mzwanele Mayekiso also pointed to these antagonisms in a newspaper article:

... in some parts of the country, certain areas had become no-go areas for members of either of the two organisations. This has been painful since most of the people in conflict belonged to the same political party, the ANC. But that hasn't stopped fights over organisational political hegemony breaking out within communities. In Mdantsane, Alexandra, Pretoria and many other parts of the country, such conflicts were fuelled by the lack of clarity over our own division of labour: which issues should SANCO be dealing with, and how should the ANC as a political party concentrate on building its local branches (*NN*, February 28, 1997).

This view is echoed by local SANCO activists (see, on Cape Town, Seekings, 1997:19-21).

The SANCO/ANC summit resolved that there needed to be closer cooperation and consultation between the two organisations, and that both needed to ensure that their local structures adhered to nationally-agreed procedures. It was agreed that 'SANCO needs to play a more constructive role in ensuring community participation in government activities, to encourage joint activities and to compliment government delivery programme in our communities', whilst 'the ANC need to ensure that government is more accountable to communities by allowing for more civil society involvement in government decision-making processes'. The two organisations needed to pay particular attention to procedures for selecting candidates in future local elections, to media strategy, and to drafting a code of conduct (Ngubeni, 1997:16-18). SANCO's national leadership reaffirmed the organisation's support for the ANC in the 1999, national elections.

This optimistic mood seems to have been carried forward to SANCO's national conference in April 1997. The predominant tone of comments made in the office-holders' reports was that there needed to be more careful thinking about the respective roles of the different partners in the Alliance (see Hlongwane, 1997b; Nlonti, 1997b). SANCO would continue to support the ANC because 'the national democratic revolution is not yet complete', as one delegate put it (*BD*, April 21, 1997). According to Mbongeni Ngubeni, SANCO's new secretary general:

We are going to support the ANC in the coming elections. We gave them [the ANC] a mandate in the previous elections, but we feel that transformation, specifically the RDP, is still not complete and that they need more time (*Star*, April 21, 1997).

SANCO also felt fit to endorse Thabo Mbeki's candidacy for the presidency of the ANC when Mandela stepped down. The new national executive elected at the conference is said to be 'loaded with Mbeki loyalists'. Critics of SANCO's apparently uncritical support of the ANC leadership - such as Mzwanele Mayekiso - have been sidelined within SANCO (*SI*, July 20, 1997).

The rhetoric surrounding SANCO's national conference suggests that the organisation's national leadership has chosen to maintain the present relationship with the ANC, based on a reaffirmed loyalty and a loose alliance. Tensions would be dealt with through remedial action, rather than recasting the underlying relationship. At the same time, SANCO has already embarked on two other responses to the challenges facing it - and both of these responses involve significant changes in SANCO's role. SANCO has, first, entered into a range of business deals, seeking empowerment and liberation from poverty through economic rather than political struggle. This has tied in with a planned

revitalisation of SANCO's membership system. Secondly, SANCO has reconsidered its policy on its leaders holding office in SANCO and in elected positions simultaneously. The former is entirely consistent with a close relationship with the ANC, but the latter is likely to generate elements of tension.

### **SANCO now means business**

The most striking innovation on SANCO's part has been its shift into the world of business. The prospective new SANCO is to engage in a range of business activities to promote its members' interests. The first step in this was the formation of a subsidiary company, SANCO Investment Holdings (SIH), to invest in commercial businesses. Through SIH, SANCO would play an active role in development and empowerment. SIH profits could be used to finance SANCO's running costs as well as be ploughed back into development.

SIH was established in early 1996 with R1,5m start-up capital from Liberty Life. Liberty Life initially owned 20 per cent of SIH, but that share declined to 16 per cent when the Malaysian SMG Corporation bought a 10 per cent share. The remaining 74 per cent is owned by the SANCO Development Trust, set up by SANCO with SANCO's national office-holders as its trustees (*CT/BR*, March 29, 1996; *M&G*, October 11, 1996; Ntonti, 1997:27). SIH is run by Moses Mayekiso, who resigned as an ANC Member of Parliament in 1996 to become chairperson of SIH. Mayekiso explains the thinking behind SIH:

I am more a socialist than ever. The only shift is that we now have to look for a new way of effecting empowerment. Before we just had to throw stones. ... We are now facing the reality that we cannot depend on rhetoric any more. We have to shift from throwing stones to using stones to build foundations for the future. ... We have to resort to these empowerment projects in order that SANCO can have a role and survive. SANCO has to survive as it is a crucial structure if we are to democratise our society (*M&G*, October 11, 1996).

The other key figure in SIH was its managing director, Michael Levinsohn - until he left SIH in December 1996 after differences with Mayekiso (*M&G*, December 20, 1996).

SIH has rapidly been involved in a range of investment deals - or, at least, prospective deals. Early reports of a joint venture with the National Hostel Residents Association (NAHORA), to be called Simunye ('we are one'), seem to have come to naught (*CT/BR*, April 24, 1996). More recently it has been reported that SIH holds a 26 per cent share of Vula Communications, which has been reported to be negotiating an investment in an American-based satellite

telephone company. SIH is part of a consortium (also including Sasol Oil) set to launch a new oil retailing company, Naledi Petroleum. Naledi Petroleum will acquire eighteen service stations and commercial fuel contracts from Sasol in return for Sasol taking a 22,5 per cent share. Naledi plans to open many more service stations. SIH also owns a 20 per cent share of Solid Gold Commercial Radio, which bid for a broadcast license from the IBA. It has a controlling, 51 per cent share in a door-to-door sales company it set up called Price Tag Wholesalers (*M&G*, October 11, 1996; *CT/BR*, March 4, 1997). SIH initially told the press that their policy was to invest in joint ventures that were socially responsible and labour-intensive, especially relating to reconstruction and development or the privatisation of state assets (*Star*, December 28, 1996) - but this is hard to reconcile with investments in, for example, Naledi Petroleum. SIH was also reported to be 'scouting for opportunities in ... commercial catering, security and cleaning' (*Star*, December 28, 1996).

It is unclear precisely what will be done with the profits earned by SIH. Mayekiso says that 'the benefits from SANCO Investment Holdings will ultimately be channelled to the RDP and the community' (*Star*, December 28, 1996). But it has also been reported that dividends would accrue to SANCO regions, or branches, in an apparently unspecified way, to be used for development activity. Mayekiso has described SANCO's membership as the shareholders of SIH (*Star*, December 28, 1996). Already, at its April 1997 conference, SANCO acknowledged that there had been tension between it and SIH over the allocation of funds. The secretarial report noted that SANCO was 'consistently on the brink of bankruptcy' whilst SIH could afford a well-run office; it called for a balance to be found between the SIH's role as a business and its role as financial support for SANCO (Ntlonti, 1997: 27).

From the outset, SANCO's move into business threatened to lead to tensions between it and the trade unions. Among the prime opportunities for new joint ventures are activities being sold by the state as part of its privatisation strategy. In early 1996, SIH was reportedly intending to tender for privatised work (in cleaning, catering and security, especially) - without the support of the trade unions (*CT/BR*, March 29, 1996). More recently, SIH is controversially involved in a bid, financed by a British firm, to take over the to-be-privatised municipal water and waste services in Nelspruit. This privatisation is seen as a pilot scheme for other municipalities. It is strongly opposed by the national leadership of the COSATU-affiliated South African Municipal Workers Union. Moreover, SIH's British partner, Biwater, is itself controversial, having close links to the British Conservative Party (*M&G*, April 11, 1997). Presumably with Nelspruit in mind, SANCO's national president warned the April 1997 national conference that:

Rationalisation and privatisation of state assets aimed at accelerating delivery presents a dilemma within the Alliance. Our business arm SIH will be caught in the middle of a fierce cross-fire. ... Rigorous debates within the Alliance and more specifically SANCO and the labour organisation must resume in earnest. We cannot afford to alienate SANCO from labour. Equally we cannot ignore our responsibility to enhance and promote efficient and affordable service delivery based on a blanket anti-privatisation slogan (Hlongwane, 1997b:15).

SANCO seems to have endorsed SIH at its 1997 conference. Hlongwane took the opportunity to congratulate Mayekiso publicly, commenting that 'now we know how efficient a communist can be in business' (Hlongwane, 1997b:14). A committee was reportedly appointed to help the provinces form their own investment initiatives (*BD*, April 21, 1997).

SANCO's moving into business was neither altogether novel nor unique. Civic leaders played a central role in the establishment of the ill-fated Community Bank in 1994. When the bank began to ail, SANCO talked of mobilising the savings of its 'one million members' in its support<sup>11</sup>. More importantly, the trade union movement has moved heavily into economic activities. At first concentrating on worker cooperatives, then (more controversially) promoting employee stock ownership plans (ESOPs), some trade unions have now formed their own investment companies. Moses Mayekiso's resignation from parliament to head up SIH preceded the resignation of former trade unionists Marcel Golding and Johnny Copelyn to head up union investment companies (and, of course, that of Cyril Ramaphosa to join New African Investments Limited, or NAIL). In the trade unions, far more than in SANCO, the move into business is highly controversial (see Collins, 1997; *M&G*, May 16, 1997:B1-3). Supporters of the move do not claim that it will promote worker ownership, but emphasise instead that it will allow unions to provision for the social and welfare needs of their members, including (already) bursaries for members' children to study. The working-class is thus being 'developed' within 'the general restraints of capitalism' (Copelyn, 1997). SANCO's Gauteng region and COSATU are reported to be participating together in a consortium bidding for a casino license for the Randburg Waterfront in Johannesburg (*CT/BR*, June 17, 1997). Even the SACP is reported to be considering the establishment of an investment arm to improve its financial position (*M&G*, June 20, 1997; Adam, 1997:5).

Besides SIH, SANCO also established the Ilima Community Development Company. The purpose of Ilima is 'to facilitate the investment of companies responsible for the development of and implementation of the various

infrastructural needs of the community' (Ntlonti, 1997b: 27). This means facilitating development projects. According to Levinsohn, Ilima would be 'an integral part of the communication channel between communities and business'. In late 1996 it was reported that Ilima had won a R1 million tender from the RDP office in the Eastern Cape (*M&G*, October 11, 1996) - perhaps to facilitate a R147 million project to improve roads and water supplies in rural areas (*Star*, December 28, 1996). It is unclear how Ilima is controlled. It is possible that it is a joint venture between SIH and other partners; Swedish firm Ericsson is said to have a 6,6 per cent shareholding in Ilima (*Star*, December 28, 1996).

SANCO's second major business venture involves deals with private sector firms based around SANCO's membership. SANCO's claimed membership of over one million clearly has massive purchasing power. SANCO hoped to harness this. In mid-1996 SANCO reached an agreement with American International Group (AIG), a New York-based firm offering financial services. As part of their membership fee, SANCO members would be provided with insurance for funeral expenses and children's education in the event of death. The monthly premium would be around R13, with an additional administrative cost of between R6 and R8<sup>12</sup>. Members would receive R1000 towards funeral expenses, and R1500 per annum for up to three children for up to three years (*M&G*, October 11, 1996). In addition, SANCO members could pay voluntary premiums into a further life insurance scheme.

The deal with AIG has been plagued by uncertainty and confusion. The precise amount and distribution of administrative fees are unclear. SANCO's membership drive was so faltering that AIG got cold feet. According to Ntlonti's report to the 1997 conference:

AIG were on the verge of pulling out because of the slow membership drive, and because we failed to honour our promise of two million members. ... However, the NWC was able to convince them to continue their partnership ... (Ntlonti, 1997b:7).

In the aftermath of the conference, with SANCO's membership growing slowly, the future of the insurance deal remains shaky.

SANCO also entered into deals with a range of manufacturers and retailers, offering access to its membership in return for discounts on purchases. SANCO had reached agreement with eight firms, including Tiger Oats and Ster Kinekor. SANCO members would be issued with booklets of coupons, entitling them to discounts. The face value of the discounts totaled about R4000. But this scheme, too, remains clouded in uncertainty. Late in 1996 the booklets of coupons had still not been printed (*Star*, December 28, 1996).

Moses Mayekiso explains how SANCO brings two things to the corporate world. On the one hand:

We have been offering them a new marketing opportunity. We will be harnessing the buying power of the existing SANCO membership base (*M&G*, October 11, 1996).

On the other hand, SANCO can 'participate in the financial arena as contractual partners' (*M&G*, October 11, 1996). The size of SANCO's membership is important in both respects. It is obviously and directly important in business deals aimed at SANCO's members as consumers. But it is also important for joint ventures such as the Nelspruit water deal, since it underpins SANCO's legitimacy - and it is legitimacy which prospective partners like Biwater are seeking.

The membership drive may be given a boost by the recommendation, made by Hlongwane to the 1997 national conference, that all branches should be required to hold AGMs before the end of August 1997, and all regions by the end of November. Branches must have a minimum of one hundred paid-up members, and regions must have at least ten such branches. A strong membership drive probably requires considerable prior capacity building within SANCO. SANCO officials point to the importance of reviving its national 'Department of Education'. It is worth noting that the labour movement has also worried about its capacity, and has responded by forming a Development Institute for Training, Support and Education for Labour (Ditsela) - officially launched in November 1996. Ditsela's goal is to build capacity in the trade unions through education and training, support for unions' own education work, and information and research. Ditsela receives considerable financial support from the government (through the Department of Labour's 'Strengthening of Civil Society Fund' (Bonner, 1997).

### **How many hats? SANCO-state relations**

In the early-1990s SANCO put forward the view that civics, as part of civil society, should remain entirely separate from the state. If civics were to play a part in governing towns and villages, it would be through the transfer of the functions of government from the state to civil society (Seekings, 1996a). When civic leaders were elected as members of the national and provincial legislatures, or when they were appointed as members of pre-interim transitional local councils, SANCO insisted that they resign any executive positions in the organisation. SANCO officials who defied this were expelled (as in the case of Khayelitsha).

SANCO abandoned this policy in February 1997. Elected councillors or MPs could now hold office in SANCO structures, ie they could now wear two hats. The motivation for the change was linked to the organisational problems caused by the exodus of leaders elected into public office. According to Mlungisi Hlongwane: 'The cream of our leadership have moved into government and left the organisation severely understaffed, and we want to make it possible for them to continue playing a role within SANCO' (*BD*, February 24, 1997). Although not stated, the policy shift would also enable SANCO to contest local politics more effectively, contesting for influence within the ANC and, if necessary, challenging the ANC (or at least threatening to do so).

The policy shift was strongly criticised by SANCO leaders from Gauteng - not so much because of any possible implications for SANCO-ANC relations, but because it could result in conflicts of interest and would undermine SANCO's position as an independent organisation in civil society. According to one Gauteng civic activist:

This means that a mayor can also be the chairman of the SANCO branch in his town. So what happens if SANCO decides to march against an unpopular council decision? Will the mayor lead the march and accept the memorandum on behalf of the council at the same time? (*BD*, February 24, 1997).

As another SANCO regional leader asked, would a SANCO mayor lead the march against himself? (*NN*, February 28, 1997). Gauteng provincial secretary, Matthew Phetla, complained:

This decision defeats the objective of a civil society whose mission is to keep watch over government and to push them to deliver on their promises, and there will be a definite conflict of interest which cannot be avoided (*BD*, February 24, 1997).

Mzwanele Mayekiso concurred. Unless SANCO aspired to putting up its own candidates for election under its own banner - as does the Green Party in Germany - it should not allow its leaders to wear two hats. In his view, SANCO should continue to operate as a 'social movement', not as a political party (*NN*, February 28, 1997).

This debate raised fundamental questions about SANCO's role and character, as we shall see in the next section. It is unsurprising that it seems to have been a factor in divisions within the organisation. SANCO in Gauteng was reported to have been close to passing a vote of no confidence in the national leadership in February (*NN*, February 28, 1997). Gauteng provincial elections in April seem to have been marked by intrigue, with Mzwanele Mayekiso's candidacy for the post of deputy-chairperson blocked by a possibly spurious technical objection



(*NN*, April 11, 1997). Press reports of the April national conference do not refer to any discussion of the two hats issue, and the Gauteng-based opponents of the policy shift seem to have been frozen out of the newly-elected national leadership (with Mayekiso himself suspended in July 1997).

### Strategic choices

Whilst SANCO could move in several different strategic directions, there seems to be broad agreement as to its overall goals. Its logo proclaims its support for 'people-centred development', and its new Constitution sets out the following goals:

the improvement of living conditions; the eradication of poverty, homelessness and insecurity; the building of a united community and country; the promotion of social-economic and political justice for all; the creation of empowerment structures; job creation, wealth creation and equitable distribution of resources; social security and comfort for all; the implementation of the freedoms and securities enshrined in the Constitution including freedom of speech, freedom of movement, freedom of association and equality for all (Para. 1.3).

SANCO committed itself to promote the participation of women and youth in its activities, and to ensure the implementation of the RDP.<sup>13</sup>

This list is, in itself, of little significance. The ANC, after all, would endorse the specified goals. The important thing is the strategy employed to achieve these goals. The ANC - including many former civic leaders - chose to use its electoral support to seize control of the state. SANCO faces a range of overlapping alternatives. The first alternative is to concentrate on business deals and empower poor people through 'economic society'. This is the SIH route, championed by Moses Mayekiso. Other SANCO leaders suggest that SANCO should get involved in the provision of low-cost housing itself (Mgidlana, 1997:2). In this strategy, party politics is largely ignored. This strategy is reminiscent of the 'cooperative' movement in nineteenth and early-20th century Britain, which had close links to the emerging labour movement and (in the 20th century) the Labour Party, but concentrated itself more on economic self-reliance than on political change.

The other three alternatives all involve an engagement with the party system and government, but differ in the terms of that engagement. SANCO's housing chief writes that:

The biggest challenge facing us as an organisation is to ensure that the government implements the RDP. This is not going to make

us popular with our comrades in government as they have limited means to address unlimited needs. Be that as it may, we must influence government budgets in this direction (Mgidlana, 1997:2).

This is the 'watchdog' role, widely touted by SANCO activists at every level. But *how* should SANCO keep watch?

One way of exerting pressure on the government is through mobilising as a social movement in civil society, using direct action as well as negotiations to defend the interests of the poor. This route is championed by Mzwanele Mayekiso, and is implied in the theme chosen for the 1997 national conference: 'Building a revolutionary social movement to conquer challenges of the Twenty-first century!' According to Mzwanele Mayekiso:

... SANCO must be more forceful in reminding the government of its mandate. ... This means avoiding the tendency to lapse into a muddy blur between an organic social movement and a bureaucratic political party (*NN*, April 18, 1997).

SANCO would lose the services of any members elected into government, and have to organise a set of activists that is largely if not completely distinct from that mobilised around the ANC. This 'civil society' model is rooted in an understanding that the state has become the tool of 'neo-liberal' social and economic policies, that these policies will provoke massive protest, and that civics need to be in a position to direct such protest in constructive directions (see Bond and Mayekiso, 1996). SANCO's national leadership is now dismissive of this position. As the national general secretary, Ngubeni, puts it:

It is obviously his [Mayekiso's] democratic right to believe the civic movement should be socialist in nature, but the political environment has changed dramatically and the civic movement has to adapt to these changes (quoted in *SI*, July 20, 1997).

Whilst the precise nature of such 'adaptation' remains rather uncertain, it clearly does not involve much of a recognisably socialist project.

The 'social movement' route could easily lead to involvement in corporatist institutions, which can be seen as a separate strategy. SANCO will sit alongside parties in structures such as the RDP Forums. As the provincial SANCO secretary puts it, without any apparent sense of irony: 'We are champions of transformation in our country. ... We are in a better position to oversee, supervise, monitor the process of transformation ... by sitting on [the] institutions of transformation.'<sup>14</sup> Hlongwane says that SANCO wants community participation in decision-making, but does not want to usurp government institutions and introduce endless consultation; it wants joint activities. 'It is not government

alone that should decide what is best for the electorate or consumers' (1997b:8-9). This position has been challenged by a series of academic observers, who argued against SANCO claiming to represent the 'community' or even 'civil society' as a whole. Democratic institutions are, they argue, thereby emasculated (Glaser, 1997; Friedman and Reitzes, 1996; Chipkin, 1996). Some voices within SANCO raise a different concern: involvement in corporatist structures will, they fear, lead to co-option, and/or the demobilisation of civics as mass organisations. A 'revolutionary social movement' does not buy into corporatism.

The final alternative might be called the 'two hats' model. SANCO could try to maintain the loyalty of those of its leaders who are elected as local councillors, ie such SANCO members would wear the hat of a councillor at the same time as the hat of a SANCO official. SANCO would become, if not a party, then at least a faction within a political party. This option would entail tension within the ANC alliance, as SANCO councillors might have to choose between loyalty to the ANC and loyalty to SANCO. The popularity of the 'two hats' option is rooted, I believe, in the beliefs that real power lies in the local state, not outside of it in civil society, and in anger over the ANC's treatment of SANCO in the supposed Alliance. This model relies on civics moving to a much greater extent into the realm of political society. In an extreme form, this option would involve SANCO putting forward its own candidates for election, ie wearing the SANCO hat alone. The softer 'two hats' option would mean challenging the ANC within the Alliance; the more extreme version would involve, in effect, abandoning the Alliance. But, without the resources or the legitimacy of the ANC, SANCO's chances of success would be small. In the 1995-96 local elections, civic and independent candidates performed poorly against official ANC candidates in almost all African urban areas. The ANC might be irritated but would probably not be seriously troubled by SANCO competitors.

SANCO's senior leadership commit the organisation to alliance with the ANC, and denounce the idea that SANCO could become an alternative party.

There are fears that we are preparing to become an alternative government or a political party. We must be proud of these fears they show respect of our emerging power. However, SANCO cannot be a political party.

SANCO must be particularly

... careful not to become an old age home for frustrated politicians. Our independence and autonomy should not mean we are opening a federation of opportunists (Hlongwane, 1997b:12).

But allowing SANCO office-holders to wear the hat of an elected representative as well inevitably takes SANCO in a party political direction.

SANCO's leadership does not adopt a uniform position on these issues, and indeed some seek to combine approaches. Local level activists give the impression of being demoralised, bewildered by the complexity and inherent pluralism of the new institutional context, and paralysed by uncertainty as to how to respond to elected councillors who ignore them. Much of this is due to a lack of vision. Commenting on this, Mzwanele Mayekiso contrasts the post-1994 period with the 1980s or early-1990s:

Then, our common enemy was apartheid; today we face confusion about who to struggle against. Then, the political economic vision shared by most activists was socialism; now we lack clarity about our long-term goal. Then, we saw the role of civil society as revolutionary; today, civil society is sometimes posed as a pliant partner to shrink-the-state, or merely as a watchdog for social democracy, and more rarely, as a stepping stone to socialism via community-based struggle (*NW*, December 13, 1996).

SANCO activists recognise that the organisation has been barely active, but seem to lack the confidence or capacity to seize the initiative themselves.

SANCO is wrestling with dilemmas familiar to many movements and organisations seeking radical change: whether to operate in political or civil or economic society; and whether to ignore, work with, struggle within or compete with existing political parties. Its dilemma is deepened by the immense popularity of the ANC and the legitimacy of elected local government. In practice, SANCO's future will be determined not only by decisions taken at the national level, but also by the myriad local choices made by SANCO activists on the ground. In many areas, the power and legitimacy of local councillors will incline some activists to the latter option, just as the constraints on councillors will lead others to a renewed faith in civil society. SANCO will thus have to decide how to enforce any decision it takes, and is therefore perhaps most likely not to make any decision at all!

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- The following abbreviations are used in the text: *NN* - *New Nation*; *M&G* - *Mail and Guardian*; *CT/BR* - *Cape Times, Business Report*; *DiA* - *Democracy in Action*; *BD* - *Business Day*; *Sow* - *Sowetan*; *SI* - *Sunday Independent*. I am particularly indebted to the articles by William Mervin Gumede (*DiA*, September 1996, *Star*, December 28, 1996, and *SI*, July 20, 1997) and Mungo Soggot (*M&G*, October 11, 1996).

## NOTES

- Such acknowledgements of the problems facing SANCO might be of strategic value, both in encouraging debate over SANCO's future strategy and in strengthening particular leaders' views on how SANCO should reposition itself in the 'new' South Africa.
- SANCO, 'Income statement for the period ended November 30, 1992'. This does not include grants to cover the cost of the founding conference in March 1992.
- Welcome Zenzile, SA.

4. T.Gidigidi, interviewed in Bloemfontein, December 9, 1992, by the author and Khehla Shubane.
5. Bonisile Malindi, SANCO Western Cape provincial secretary, interviewed in Cape Town, March 5, 1997.
6. Malindi, interview.
7. SANCO, 'Income statement for the period ended November 30, 1992'. NCO Western Cape PEC member, interviewed in Cape Town, November 26, 1996.
8. Cyril Steyn, SANCO Western Cape financial administrator, interviewed in Cape Town, March 4, 1997.
9. There is some confusion over the membership system. A SANCO circular in mid-1996 put the total fee at R33, of which R10 was divided between the different SANCO structures and R2 went to the individual recruiter (SANCO national general secretary to all SANCO structures, July 2, 1996, 'Re: Membership drive ...'). But the 1997 secretarial report puts the total at R30, of which R8 goes to SANCO structures and R2 to the recruiter (Ntlonti, 1997b: 8).
10. This is acknowledged in Lechesa Tsenoli's presidential address to SANCO's first biannual conference, June 10, 1994.
11. See 'Business Tonight', on SABC3, April 1, 1996. On the Bank's financial problems, see for example *M&G*, March 29, 1996.
12. A SANCO circular dated July 2, 1996 put the premium at R13, and the administrative costs at R8. The secretarial report to the April 1997 conference put the premium at R13,42, and the administrative costs at R6,58.
13. Paragraph 1.3.
14. Malindi, interview.