Communication and Democratic Reform in South Africa
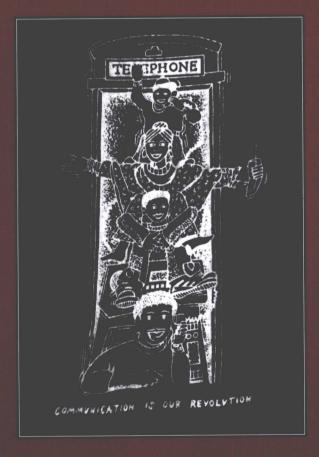

COMMUNICATION IS OUR REVOLUTION

Robert B. Horwitz

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Robert B. Horwitz
University of California, San Diego

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To Libby, Rachel, and Marco

Preface and Acknowledgments

In early 1991, I received what can only be described as a fan letter. Most academicians, myself included, do not get fan mail. Indeed, most of us feel fortunate to have our work merit a review in some arcane scholarly journal. At any rate, this fan letter was doubly unusual in that it was postmarked South Africa. The letter's author was W. J. "Jimmy" Taylor, Deputy Postmaster General of the Republic of South Africa and head of the country's telecommunications monopoly. Mr. Taylor indicated that he had obtained a copy of my book, *The Irony of Regulatory Reform: The Deregulation of American Telecommunications*, through Oxford University Press's Johannesburg office, and was writing to commend my analysis of the communications revolution and the transformation in communications policy and regulation. Needless to say I was thrown for a loop. What did it mean that a high official of a state apparatus in one of the most repressive regimes in modern times thought highly of my scholarly work? Was there something in my ambivalent, if not skeptical, assessment of American deregulation that gave succor to authoritarian bureaucrats? Realizing I didn't know enough to address these worries adequately, I merely dashed off a thank you to the Deputy PMG, and not wanting to jeopardize any future contacts, said I would love to visit South Africa if and when democracy was put in place.

That caveat reflected the times. Taylor's letter had come less than a year following President F. W. de Klerk's famous February 1990 speech in which he announced that the South African government would "unban" political organizations that had been illegal for decades, including the African National Congress, the Pan-Africanist Congress, and the South African Communist Party. Like many, I followed news about South Africa, and knew about the February speech and the movement toward some kind of new political dispensation. I had been

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involved in the campaign in the mid-1980s to divest the University of California's stock portfolio of companies with investments in South Africa. But in early 1991 it remained unclear whether a political settlement could or would be reached.

A few months later I received a telephone call from a Peter Davies, head of the Computer Society of South Africa and responsible for organizing a large telecommunications conference there. This national conference, the fifth, was of particular importance because it would mark the recent creation of Telkom, the new, commercialized telecommunications company formed out of and separated from the old government-run South African Post Office. Davies, in a robust British-accented voice, was delighted to inform me that the conference program committee had selected me as the keynote speaker. Dumbfounded, indeed querying Davies whether he had the right guy, I demurred that while honored, I was at the moment unable to accept the invitation and I would have to get back to him. I thereupon spent several unsuccessful weeks trying to determine whether such a conference fell under the cultural boycott, which had remained in place at the urging of the African National Congress. When Davies called back another time and indicated that the ANC had been invited to the conference and its representative, Andile Ngcaba, had accepted, I too accepted the invitation. I then scrambled to the library to see what I could find out about South Africa. What I found was shelf upon shelf of books about apartheid, the liberation struggle, and South Africa's colonial history, but very little on how the state actually worked, much less on how state-owned enterprises – or "parastatals," as the South Africans called them – were constituted, funded, and operated. I found but one book on South African parastatals. Luckily for me, it was about the telecommunications industry: *The Crossed Line: South African Telecommunications Industry in Transition*, by David Kaplan, a professor of economics at the University of Cape Town. With the help of Kaplan's book, I cobbled together a paper discussing the history and consequences of telecommunications deregulation in the United States and Britain, and which strove to apply some of the lessons to South Africa.

My actual introduction to the country in November of 1991 was head-spinning. Peter Davies and his wife Linda drove my wife and me to the conference venue – the "Superbowl" in Sun City, Bophuthatswana – a replica in miniature of a Las Vegas resort, set in the middle of a poor black "homeland." On the way we passed through Pretoria's Church

Street to behold the jacarandas in full bloom, only to encounter a rally on horseback of the Afrikaner Weerstand Beweging (the Afrikaner Resistance Movement or AWB), the armed neo-Nazi Afrikaner separatist organization. (A newspaper story reported that the AWB leader, Eugene Terreblanche, had embarrassingly fallen off his horse during the rally, an incident of great mirth to my hosts.) Sun City presented itself as a gleaming, lush jewel amidst barren and bone-dry terrain broken by the occasional dusty, ramshackle village. A gala opening conference dinner featured as entertainment, of all things, but in keeping with the Las Vegas parallel, an Elvis impersonator.

My keynote, unbeknownst to myself, articulated an argument that approximated the position of the ANC alliance on state-owned enterprises – that deregulation, liberalization, and privatization were policy strategies that with great care could possibly be used to beneficial effect in South Africa (note all the equivocations), but could not be deployed prior to free elections and the establishment of a truly democratic government. Furthermore, I suggested that the early privatization of parastatals appeared to be a strategy designed to maintain white dominance, a way of denying the coming black majority the means to effect the redistribution of public services, wealth, and life-chances to the benefit of the disenfranchised and disadvantaged. When I delivered this speech to a conference of more than a thousand delegates I was met with barely restrained hostility. Telkom management, finally free of the Post Office bureaucracy and eager to display its new company as a forward-looking commercial venture, saw this conference as Telkom's coming-out party. Minister of Transport and Posts and Telecommunications Piet Welgemoed and Telkom Managing Director Danie du Toit opened the conference with upbeat pronouncements about the new, commercial era in South African telecommunications. In addition to the usual attendees of Telkom management, state bureaucrats, and equipment supply company directors (almost all white, of course), conference invitees included foreign telecommunications operators and neighboring African state observers. Telkom management did not want to hear about the historic benefits of regulated telecommunications monopolies and the political dangers of privatization. The speaker following me, Ben Bets, a Telkom Senior General Manager, announced pointedly at the beginning of his speech that he was not going to talk about politics, a declaration that drew loud and sustained applause. (Some of the hostile reaction to my remarks turned out to be a rather bizarre linguistic misunderstanding. Several times in my address I had used the word

"regime," in the political science usage of that term, to describe the set of agreed upon rules and structures that govern a multilateral international institution. I spoke neutrally of the "old telecommunications regime," that is, of the post, telegraph, telephone state monopoly model. Most conference delegates, being communications professionals, businessmen, and politicians, not political scientists, understood the word "regime" in its more commonplace meaning, as connoting illegitimate dictatorship, and assumed that I, a guest of the country, had the gall to be referring to the South African government as a regime.) I learned later that Minister Welgemoed had angrily called the conference program committee on the carpet, he had been so offended by my remarks. I was looking forward to a very uncomfortable few days at the conference, but I was in effect rescued by the next speaker, Mike Morris of the University of Natal. Prior to presenting interesting empirical work he and his colleague, Aki Stavrou, had conducted on the sociology of telephone usage in a black shanty around the port city of Durban, Morris declared that the applause following Bets' remark about politics greatly upset him. If people didn't think there were politics to the questions about the structure of telecommunications and the possible privatization of Telkom, Morris argued, they didn't understand anything about what was happening in South Africa.

Mike Morris was a member of the Economic Trends Research Group, a cadre of left-wing academicians spread across several of the South African universities, and who had close relations with the Congress of South African Trade Unions (COSATU), the powerful, primarily black union federation. Indeed, Economic Trends researchers produced analyses of policy issues that were used by COSATU in staking out the labor federation's positions on various matters. Morris arranged for me to meet two stalwarts of Economic Trends in Cape Town, David Lewis and, to my delight, David Kaplan, author of the book that had helped me prepare my conference address. On behalf of Economic Trends, "the Daves" invited me to spend a few months in South Africa looking further into the issue of the parastatals. I returned to South Africa, with family in tow, from April through June 1992, based at the University of Cape Town under the auspices of the Development Policy Research Unit and another research unit, the Energy for Development Research Centre, which had informal ties to the ANC. My "brief" was to examine the telecommunications and electricity parastatals in the light of international trends and to suggest how they might be reorganized from apartheid to democratic institutions. It was during this stay that I expe-

rienced the excitement of the new South Africa – the rush of political activity and the sense of possibility, the self-empowerment of people so long disenfranchised, in a place in a particular time where ideas mattered, where the opportunities to do good were there to be seized and where the dangers of bad decisions were humbling. This was a time and place where the momentous negotiations between long-warring political movements were being conducted in public, broadcast live on radio and television. Here was a country whose people had the will and opportunity to rethink and reconstitute most of their institutions. I got the South Africa bug.

In the spring of 1995, I learned that I had been awarded a Fulbright to spend the 1995–96 academic year in South Africa. Preparing to go in September, I received a call in May asking if I could participate in a process convened by Posts, Telecommunications and Broadcasting Minister Z. Pallo Jordan to write a Green Paper on telecommunications policy. Though it followed the nomenclature of the British policy process, this was no ordinary Green Paper. Instead it was conceived as a consultative exercise in policy determination, encompassing all players and constituents, and designed to conclude in a White Paper in which the sectoral players, in conjunction with the minister and Parliament, would establish government policy for the telecommunications sector. It was the remarkably consultative, participatory democratic process of the Green and White Papers that focused my research project. I was fortunate to have participated in the reform process in the telecommunications sector during my Fulbright year. I was the only permanent non–South African member of the National Telecommunications Policy Project (NTPP) Task Team, the body appointed by Minister Jordan to facilitate stakeholder negotiations and to guide policy discussions from the Green Paper phase through to legislation. Being part of the NTPP Task Team allowed me to operate as a participant observer inside an intricate and complex reform process intended to transform a vital economic sector from an apartheid to a democratic orientation. My role in the NTPP also opened doors for the evaluation of other reform processes, notably broadcasting, energy, and the government information service. With a long-time interest in both political reform and participatory democracy, I found myself deeply attracted to the way these were playing themselves out in South Africa and fascinated by the emerging tensions between participatory and electoral politics as the ANC began to consolidate its political mandate. This book is the result of that fascination.

Many people and institutions helped in the years it took to bring this research to book form. The Fulbright Association set up the crucial 1995–96 year in South Africa. The Open Society Institute awarded me a generous grant in 1998 to finish the writing, and an additional grant in 1999 to help get the book published. Gail Goodman of OSI helped immeasurably. The UCSD Committee on Research provided funds to get me back to South Africa for a research follow-up.

I want to thank the many South Africans who made the research possible, including the scores of patient people who generously made time for me and endured my questions in innumerable interviews, conversations, and e-mails. Special thanks to David Kaplan, David Lewis, and the researchers and administrative staff of the Development Policy Research Unit at the University of Cape Town. David Kaplan not only served as my Fulbright sponsor, he and his family took care of us during our Cape Town sojourn. Though a focus on the energy sector dropped by the wayside, I pay parallel gratitude to Anton Eberhard and the researchers and administrative staff of the Energy for Development Research Centre, also at the University of Cape Town. Former Minister of Posts, Telecommunications and Broadcasting, Dr. Z. Pallo Jordan, indirectly got me started on the project, and I wish to thank him for naming me to the National Telecommunications Policy Project. Working with the members of the NTPP was a terrific and rewarding experience, particularly with my collaborator on Green and White Paper chapters, Gabriele Celli. Gabriele and his wife and daughters were the most gracious of hosts on several occasions. Peter and Linda Davies introduced me to the country. They helped and hosted me many times over the years, and I thank them profusely. Melody Emmett seemed to be connected into nearly every communications-oriented reform project in South Africa. She helped identify and corral many of the people whom I was to interview.

Several of my friends and colleagues read parts of the manuscript and offered much-needed critique and suggestions. For this and their encouragement, I thank them. Chandra Mukerji, Dan Hallin, Vince Rafael, Val Hartouni, and Michael Schudson participated in that collegial interchange. Robert Price offered encouragement and wrote letters on my behalf. Elliot Kanter, Larry Cruse, and especially Ronnie Coates of the UCSD Central Library, provided bibliographic assistance. My lifelong friends, Lew Friedland and Joel Greifinger, read and commented on more drafts of parts of the manuscript than they probably wished. John Keane, visiting UCSD from London one summer, made

very useful suggestions for the overview chapter. In a series of e-mail exchanges, Barbara Praetorius provided comments and bibliographic recommendations from Berlin. Nicholas Garnham, Michael MacDonald, and Patricia Aufderheide read the entire manuscript and offered crucial comments and suggestions. Alex Holzman shepherded the book through the Cambridge University Press bureaucracy. My wife, Libby Brydolf, offered love, encouragement, and expert editing skills.

Rachel Brydolf-Horwitz and Marco Brydolf-Horwitz made all kinds of suggestions for a book title, all of which in the end were discarded either by me or by the publisher. We shared a fabulous, life-changing experience with our year in South Africa. I appreciate and am gratified by their willingness to experiment and experience the new and unfamiliar.

Finally, I wish to thank Willie Currie. I watched him run a delicate political process as head of the NTPP and grew to appreciate his political intuitions and value his judgment. He and his wife, Barbara Klugman, were enormously encouraging of my efforts. Without Willie's generosity, intellect, and guidance, this book could not have been written. Indeed, this could have been Willie's book, but he was generous enough to permit me to write it instead.

Acronyms and Abbreviations

ADJ	Association of Democratic Journalists
ANC	African National Congress
AT&T	American Telephone and Telegraph Co.
BC	Black Consciousness
CCV	Contemporary Community Values Television
CDITP	Centre for the Development of Information and Telecommunications Policy
CIB	Campaign for Independent Broadcasting
CODESA	Convention for a Democratic South Africa
COM	Campaign for Open Media
COSATU	Congress of South African Trade Unions
CP	Conservative Party
DIP	Department of Information and Publicity of the ANC
DP	Democratic Party
EIF	Electronics Industries Federation
EPG	Eminent Persons Group
ESCOM/ ESKOM	Electricity Supply Commission
FAWO	Film and Allied Workers Organisation
FOSATU	Federation of South African Trade Unions
GATT	General Agreement on Tariffs and Trade
GCIS	Government Communication and Information System
GEAR	Growth, Employment and Redistribution
GNU	Government of National Unity
IBA	Independent Broadcasting Authority
IFP	Inkatha Freedom Party
ISCOR	Iron and Steel Corporation
ITA	Information Technology Association
ITU	International Telecommunications Union
JCI	Johannesburg Consolidated Investments

JSE	Johannesburg Stock Exchange
M-Net	Electronic Media Network
MDM	Mass Democratic Movement
MERG	Macro-Economic Research Group
MLO	Media Liaison Officers
MMP	Media Monitoring Project
MP	Member of Parliament
MTN	Mobile Telephone Network
MWASA	Media Workers Association of South Africa
NAFCOC	National African Federated Chambers of Commerce
NAIL	New Africa Investments, Ltd.
NALEDI	National Labour & Economic Development Institute
NEC	National Empowerment Consortium
NEDLAC	National Economic Development and Labour Council
NEF	National Economic Forum
NGO	non-governmental organization
NNTV	National Network Television
NP	National Party
NTF	National Telecommunications Forum
NTPP	National Telecommunications Policy Project
NTUG	National Telematics User Group
NUSAS	National Union of South African Students
OECD	Organization for Economic Cooperation and Development
NUMSA	National Union of Metalworkers South Africa
PABX	Private Area Branch Exchange
PAC	Pan-Africanist Congress
PEBCO	Port Elizabeth Black Civic Organisation
PMG	Postmaster General
POTWA	Post & Telecommunications Workers Association
PSB	Public Service Broadcaster
PTT	post, telegraph, and telephone
PWV	Pretoria–Witwatersrand–Vereeniging (Province)
RASCOM	Regional Africa Satellite Commission
RDM	Rand Daily Mail Ltd.
RDP	Reconstruction and Development Programme
SAAN	South African Associated Newspapers
SABC	South African Broadcasting Corporation
SACC	South African Council of Churches
SACP	South African Communist Party
SACS	South African Communication Service
SACTU	South African Congress of Trade Unions
SACTWU	South African Clothing and Textile Workers Union
SAITA	South African Independent Telecommunications Authority

SANCO	South African National Civic Organisation
SAPA	South African Press Agency
SAPT	South African Posts and Telecommunications
SAR&H	South African Railways and Harbours
SASJ	South African Society of Journalists
SATRA	South African Telecommunications Regulatory Authority
SATS	South African Transport Services
SEP	strategic equity partner
SSC	State Security Council
TBVC	Transkei, Bophuthatswana, Venda, Ciskei (homelands)
TML	Times Media Ltd.
TMSA	Telephone Manufacturers of South Africa
TSS	TopSport Surplus
UDF	United Democratic Front
VANS	value-added network services
VAT	value-added tax
WTO	World Trade Organization

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CHAPTER 1

Introduction and Overview

The Mount Grace Country Hotel in Magaliesburg isn't really far enough from Johannesburg to qualify as a "bush" resort, but it has the kind of rural, almost colonial, elegance to be familiar as a posh, quiet getaway spot for the white South African elite. Perhaps this is why the Minister of Posts, Telecommunications and Broadcasting Dr. Z. Pallo Jordan craftily chose it as the venue for the National Colloquium on Telecommunications Policy in November 1995. Where once they could set foot at the Mount Grace only as busboys and chambermaids, black delegates to the colloquium would mix with their white counterparts on equal footing. Jordan had been on the job as Cabinet minister for a little over a year, since the African National Congress alliance received the lion's share of the vote in South Africa's first free election in April 1994 and took the reins of government as the dominant bloc in a multiparty government of national unity. A respected ANC intellectual, Jordan was rumored to be bored with this second-rank ministry and disengaged from its operations. Yet he had initiated an unusual policy-making process in which the public, and sectoral "stakeholders" in particular, were *directly* engaged in policy formulation. Called the National Telecommunications Policy Project (NTPP), the process was moving on schedule toward its next crucial phase, this so-called colloquium.

The colloquium was designed to bring together representative stakeholders in the telecommunications sector to discuss the future of the industry in the new, post-apartheid South Africa. A Green Paper, which described the nature of the South African telecommunications sector and its problems and posed a series of questions on various policy options, had been published some months previously. Reactions, comments, and answers to the Green Paper questions coming from all

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