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The Mont Fleur Scenarios

What will South Africa be like in the year 2002?
with a new introduction by Mont Fleur facilitator, Adam Kahane

DEEPER NEWS

GBN

Learning from Mont Fleur

Scenarios as a tool for discovering common ground

Scenario thinking as a way of approaching the future is increasingly being used as a tool for strategizing in private and public sector organizations. The "Mont Fleur" scenario exercise, undertaken in South Africa during 1991–92, was innovative and important because, in the midst of a deep conflict, it brought people together from across organizations to think creatively about the future of their country. This *Deeper News* presents the Mont Fleur scenarios as they were originally published in the South African newspaper *The Weekly Mail* & *The Guardian Weekly*, in July 1992. We hope this new introduction will provide a useful overview of the project, reflecting on its effects and the broader insights it has provided.

Context and Participants

The historical context of the project is important to understanding its impact. It took place during the period between February 1990, when Nelson Mandela was released from prison, and the African National Congress (ANC), Pan African Congress (PAC), South African Communist Party (SACP), and other organizations were legalized, and April 1994, when the first all-race elections were held. During these years, dozens of "forums" were set up in South Africa, creating temporary structures that gathered together the broadest possible range of stakeholders (political parties, civic organizations, professional bodies, government departments, trade unions, business groups, etc.) to develop a new way forward in a particular area of concern. There were forums to discuss education, housing, economic policy, constitutional matters, and many other areas. They ranged from informal, off-the-record workshops to formal, public negotiations. The Mont Fleur project was one type of forum that, uniquely, used the scenario methodology.

The purpose of Mont Fleur was "not to present definitive truths, but to stimulate debate on how to shape the next 10 years." The project brought together a diverse group of 22 prominent South Africans— politicians, activists, academics, and businessmen, from across the ideological spectrum—to develop and disseminate a set of stories about what might happen in their country over 1992–2002. (For a full list of participants and their affiliations at the time, see page 21 of this *Deeper News.)*

Summary of the Scenarios

The scenario team met three times in a series of three-day workshops at the Mont Fleur conference center outside Cape Town. After considering many possible stories, the participants agreed on four scenarios that they believed to be plausible and relevant:

- *Ostrich,* in which a negotiated settlement to the crisis in South Africa is not achieved, and the country's government continues to be non-representative

- *Lame Duck*, in which a settlement is achieved but the transition to a new dispensation is slow and indecisive

- *Icarus*, in which transition is rapid but the new government unwisely pursues unsustainable, populist economic policies

- *Flight of the Flamingos*, in which the government's policies are sustainable and the country takes a path of inclusive growth and democracy

The group developed each of these stories into a brief logical narrative. A fourteen-page report was distributed as an insert in a national newspaper, and a 30-minute video was produced which combined cartoons with presentations by team members. The team then presented and discussed the scenarios with more than fifty groups, including political parties, companies, academics, trade unions, and civic organizations. At the end of 1992, its goals achieved, the project was wrapped up and the team dissolved.

What the Project Was and Was Not

The ideas in the Mont Fleur team's four scenarios were not in themselves novel. What was remarkable about the project was the heterogeneous group of

important figures delivering the messages, and how this group worked together to arrive at these messages. The approach was indirect and the results subtle:

- Mont Fleur did not resolve the crisis in South Africa. The project, along with other, non-scenario forum processes, contributed to the establishment of a common vocabulary and mutual understanding. The shared language of Mont Fleur extended beyond the negotiating elite, and was thus able to include such dialogues as an exhortation to *Flamingos* in a Sunday church sermon and a concern raised about *Lame Duck* on a rural radio phone-in. This kind of common understanding, together with many other factors, promoted agreement upon a settlement to the crisis.

- The participants did not agree upon a concrete solution to the country's problems. They reached a consensus on some aspects of how South Africa "worked," on the complex nature of the crisis, and on some of the possible outcomes of the current conditions. More specifically, they agreed that, given the prevailing circumstances, certain strongly advocated solutions could not work, including armed revolution, continued minority rule (*Ostrich*), tightly circumscribed majority rule (*Lame Duck*), and socialism (*Icarus*). As a result of this process of elimination, the broad outline of a feasible and desirable outcome emerged (*Flamingos*).

- The process was not a formal, mandated negotiation. Rather, it was an informal, open conversation. At the first workshop, some of the participants expected to encounter difficulties in agreeing on anything. Over the course of the meetings, they talked until they found areas of shared understanding and agreement, several of which were relevant to the formal negotiations which were occurring simultaneously.

- It did not deal with the differences among the participants. Negotiation tends to focus on identifying the positions and interests of the parties and then finding a way to narrow or reconcile these differences. The Mont Fleur process, in contrast, only discussed the domain that all of the participants had in common: the future of South Africa. The team then summarized this shared understanding in the scenarios. The aim of such non-negotiating processes is, as Marvin Weisbord, an organizational consultant, has stated, to "find and enlarge the common ground."

Results from the Project

The Mont Fleur project produced several different types of results: substantive messages, informal networks and understandings, and changed ways of thinking. The primary public output of the project was the group of scenarios, each of which had a message that was important to South Africans in 1992:

- The message of *Ostrich* was that a non-negotiated resolution of the crisis would not be sustainable. This was important because elements of the National Party (NP) government and the business community wished to believe that a deal with their allies, instead of a negotiation with their opponents, could be sufficient. After hearing about the team's work, NP leader F.W. de Klerk was quoted as saying, "I am not an Ostrich."

- *Lame Duck's* message was that a weak coalition government would not be able to deliver and therefore could not last. This was important because the nature, composition, and rules governing the Government of National Unity (GNU) were a central issue in the pre-election negotiations. The NP wanted the GNU to operate subject to vetoes and other restrictions, and the ANC wanted unfettered "winner takes all" rules. *Lame Duck* explored the boundary in a GNU between compromise and incapacitation.

- *Icarus* warned of the dangers of a new government implementing populist economic

policy. This message—coming from a team which included several of the left's most influential economists—was very challenging to the left, which had assumed that government money could be used to eradicate poverty quickly. The business community, which was worried about *Icarus* policies, found the team's articulation reassuring. The fiscal conservatism of the GNU was one of the important surprises of the post-election period.

 • The simple message of *Flight of the Flamingos* was that the team believed in the potential for a positive outcome. In a country in the midst of turbulence and uncertainty, a credible and optimistic story makes a strong impact. One participant said recently that the main result of the project was that "We mapped out in very broad terms the outline of a successful outcome, which is now being filled in. We captured the way forward of those committed to finding a way forward."

The second result of Mont Fleur was the creation of informal networks and understandings among the participants—an influential group from across the political spectrum—through the time they spent together. These connections were standard for this forum period, and cumulatively provided the basis for the subsequent critical, formal agreements.

The third result—the least tangible yet most fundamental—was the change in the language and thought of the team members and those with whom they discussed their work. The Mont Fleur team gave vivid, concise names to important phenomena that were not widely known, and previously could be neither discussed nor addressed. At least one political party reconsidered its approach to the constitutional negotiations in light of the scenarios.

Why the Project Produced These Results

How can such a simple story-telling process produce these kinds of results? A scenario conversation has several characteristics that make it powerful:

 • The scenario process is logical. There is no place in the core of a scenario conversation for positions or values. Instead the discussion is about facts and logic: can you convince your fellow team members that the story you are putting forward is plausible? In the first Mont Fleur workshop, a story about the Chinese Red Army helping to liberate South Africa fell away on these grounds, rather than on the basis of preferences.

 • The process is open and informal. Building scenarios can be creative because the process is "only" about telling stories, not about making commitments. This allows people to discuss almost anything, even taboo subjects. Early in the Mont Fleur process, one of the ANC members proposed a story called "The Chilean Option: Growth through Repression" (a play on the ANC slogan, "Growth through Redistribution"). This precipitated an important discussion which would not have had a place in a normal left-wing party political debate.

 • The process is inclusive and holistic. A story about the future has to be able to encompass all aspects of the world: social, political, economic, cultural, ecological, etc. Moreover, the process of telling several stories encourages people to surface and listen to multiple perspectives. In discussing a fundamentally unpredictable future, there is no one truth; this accords respect for the points of view of all of the participants (in a conflict, one or more parties is usually not being heard) and it allows everyone to see more of the world. Poet Betty Sue Flowers says that working with a set of scenarios is like having three or four different pairs of glasses, and that practicing putting them on and off makes it easier for an individual also to see the world a fifth and sixth way.

 • The process elicits choices. One of the premises of scenario thinking is that the future is not predetermined and cannot be predicted, which means, therefore, that the

choices we make can influence what happens. In a situation where people feel swept along by overwhelming, inevitable currents, this is an empowering world view. During its transition, South Africa was haunted by apocalyptic visions; the scenario stories helped people rationally think through their options.

- The process is constructive. A scenario conversation turns the attention of a group away from the past and present—where the debate is often mired—toward the future. It shifts from looking for The Solution to exploring different possibilities, and from the separate interests of the parties (as in negotiation) to their common ground (the future in which they all will live).

Pierre Wack, who pioneered scenario planning at Royal Dutch/Shell, said that scenario work involves "the gentle art of reperceiving." These characteristics mean that a scenario process can facilitate shifts in language, thinking, and action. Each of these reframings provides for a more constructive basis for working on difficult issues.

Conditions Necessary for a Successful Scenario Effort

The most important element required for the success of this type of scenario project is proper timing: are public leaders ready to talk together about the future? If there is readiness, then two other things become critical: how the process is led and how the team is composed.

The process must be:

- Credible. The people who convene and lead the project must be broadly respected. They must be seen as advocates of the process and not of any particular position or outcome.

- Informal and reflective. A scenario exercise is a "Track Two" process, which must be separate from (parallel or prior to) "Track One" formal negotiations. The power of scenario work comes from its status as an exercise in

reflection and imagination, which is not directly linked to action. Therefore, although it is possible to follow on from constructing scenarios (what might happen) to creating a vision (what we want to happen), and then to planning action (what we will do), these processes must be carefully insulated from one another.

- Inclusive. The value of these projects is that they build the common ground among different perspectives and parties. It is therefore important to be as inclusive as possible. The Mont Fleur project was unfortunately diminished by its failure to include the Inkatha Freedom Party, which has been an important dissenter in South African politics.

The team needs to be:

- Respected—composed of leaders who are influential in their own communities or constituencies. They need not hold "official" positions.

- Open-minded (in particular, not fundamentalist) and able to listen to and work with others.

- Representative of all the important perspectives on the issues at hand. Any stakeholder must be able to see their point of view represented by someone on the team, though they need not be formal representatives of these groups or positions.

Conclusion

The Mont Fleur exercise demonstrated the informal, indirect scenario approach to be an innovative and productive method for a society in conflict to approach the future. This approach is different from and complementary to negotiation. As this project demonstrates, it is a promising tool for future attempts to reach public consensus.

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Adam Kahane is a founding partner of the Centre for Generative Leadership (Boston), an associate of the Centre for Innovative Leadership (Johannesburg), and a member of Global Business Network. An expert in the design and facilitation of processes that help people work together to anticipate and effect change, Adam served as the facilitator for the Mont Fleur scenario project. He has worked as a strategy consultant to public and private organizations and governments, companies, political organizations, NGOs, and multi-stakeholder forums in more than thirty countries around the world. He has held planning and research positions in private companies, academic institutions, and international agencies, in Cape Town, Tokyo, London, Paris, Vienna, San Francisco, Vancouver, and Toronto.

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PARTIE D'ASIE

L'AFR...
divisée suivant l'estendue...
où sont distingu...
LES EMPIRES, MONARCHIES...
qui partagent au...
Par le P. Lenglet, Geogra...

ARABIE

ISLE DES CANARIES

B... R...

GERID

LE SAARA ou LE DESERT

ZANHARA

PAYS DE NEGRE

ROYAUME DE TOMBUT

ROYAUME DE GANGARA

HAUSA R.

ROYAUME DE ZANFARA

ROYAUME DE NUBIE

GORHAN R.

MUTACO

DAMERA

ABISSINIE

ROY. D'ANGOTE

ETHIOPIE

GINGIRO R.

GUINÉE

ROYAUME DE BENIN

ROYAUME DE BIAFARA

MOVANDA

MER DE GUINÉE

ISLE DE THOMAS

EMPIRE DU MONO-EMUGI

MER DE CONGO

MATAMBA

MAKAOLA

MANDE

GIACHAS

ZIMBAS

MATAMAN

EMPIRE DE MONOMOTAPA

ISLE DAUPHINE ou MADAGASCAR ou St LAURENS

OCEAN

MER

Ligne du Tropique du Capricorne

OCÉAN MERIDIONAL OU ETHIOPIEN

The Mont Fleur Scenarios *by Pieter le Roux, Vincent Maphai, et al.*

What will South Africa be like in the year 2002? In this supplement to *The Weekly Mail* & *The Guardian Weekly*, the Mont Fleur Team identifies four possible pathways into South Africa's future. The idea is not to present definitive truths but stimulate debate about how to shape the next 10 years.

Plotting Pathways into the Future

A successful outcome for South Africa is still possible—though there is no quick fix or panacea, concluded the Mont Fleur scenario team.

They also concluded that muddling through is dangerous. A decisive democratic settlement is imperative. For South Africa to reverse its decline and take off, government policies will have to be sustainable and support socio-economic growth and development.

These are the findings of probably the first scenario exercise in the world of this broad scope undertaken by a left-of-center group.

"Based on my experience in strategic planning, this is one of the most meaningful and exciting scenario planning exercises ever undertaken. The project has shown that a group of experts and leaders with very different perspectives and backgrounds can develop a common understanding of what is going on now in South Africa and might (and should) go into the future. This seems to me to be a very positive sign for the future of the country."
—Adam Kahane,
Mont Fleur Facilitator

Scenarios have generally been the planning preserve of big business. Political scenarios are far less common.

The Mont Fleur scenario exercise was sparked in mid-1991 by a request to economist Pieter le Roux to organize (yet another) major conference on South Africa's economic future.

Le Roux, director of the Institute for Social Development at the University of the Western Cape (UWC), felt it was time for a different approach.

He put together a multi-disciplinary team of 22 people to work on possible scenarios for South Africa. To do this he worked with Vincent Maphai, UWC polit-ical science head, and consulted members of the ANC and PAC.

The team included political office bearers, academics, trade unionists, and business people. It met for the first time at Mont Fleur near Stellenbosch in September 1991. Adam Kahane of Shell International in London, a recognized expert on scenario planning, acted as facilitator and the exercise was funded by the Friedrich Ebert Stiftung and the Swiss Development Agency.

After two further meetings at Mont Fleur (in November 1991 and March 1992) and a lot of work in between, the team reached consensus on the essential elements of four core scenarios South Africa might follow between 1992–2002.

After further refinement, the scenarios were launched in August 1992. They have since been presented to a wide range of audiences, including the national executive committees of the ANC and PAC, the National Party, key government departments, major corporations, and financial institutions.

The team analyzed South Africa's social, political, and economic crises and compiled 30 possible "stories" about the course of events during the next decade. These included stories of revolution, economic growth through repression, right-wing revolts, and free-market utopias. The 30 stories were carefully scrutinized and sifted in terms of criteria such as plausibility and internal consistency. Nine stories survived and these were pared down to four by the end of the second meeting.

The scenarios describe what might happen to South Africa. They are not blue-prints, but possible futures presented to stimulate debate and to emphasize that

South Africa's future will be shaped by the decisions and actions of the major players.

The name "Mont Fleur scenarios" was selected to indicate that the scenarios belong to the group that met at Mont Fleur and not to a specific institution or organization. Team members participated in their personal capacities.

The word "scenario" is often misused to mean "event" or "situation."

In fact, scenarios describe alternative pathways into the future. They project a range of possible outcomes and enable people to think about the future in different ways. They do not predict what will happen but identify what may happen.

What Scenarios Mean

Plausible scenarios must be internally consistent and based on credible interpretations of present trends. Scenarios are a strategic planning tool. They identify what has to be done to secure a desired outcome. Scenarios imply the future is not fixed but can be shaped by decisions and actions of individuals, organizations, and institutions.

Scenarios are used to:

- Avoid being caught off guard
- Challenge conventional mental maps about the future
- Recognize signs of change
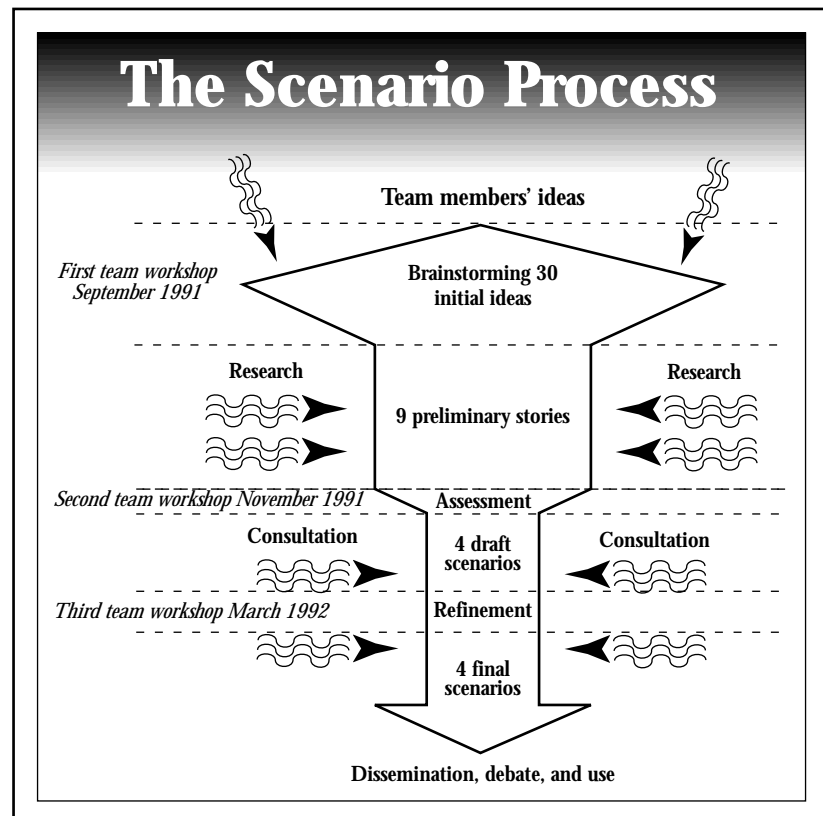- Test strategies for sustainability in different circumstances

There is no standard method of developing scenarios. It is a creative process that harnesses the expertise of the people involved (see above). For a

"Scenarios encourage disciplined, systematic thinking about the future. A critical role of scenarios is to present different possible pathways into the future to challenge conventional thinking and to encourage debate in a process of learning."
—Koosum Kalyan, Shell

successful scenario planning exercise it is important to set up a skilled team who can:

- Understand the present
- Identify the predictable elements about the future
- Identify plausible possible pathways into the future
- Take cognizance of divergent views

The Scenario Process

Team members' ideas

First team workshop September 1991 — Brainstorming 30 initial ideas

Research — 9 preliminary stories — Research

Second team workshop November 1991 — Assessment

Consultation — 4 draft scenarios — Consultation

Third team workshop March 1992 — Refinement

4 final scenarios

Dissemination, debate, and use

Agreement on the nature of South Africa's crisis was necessary before the team could consider possible future outcomes.
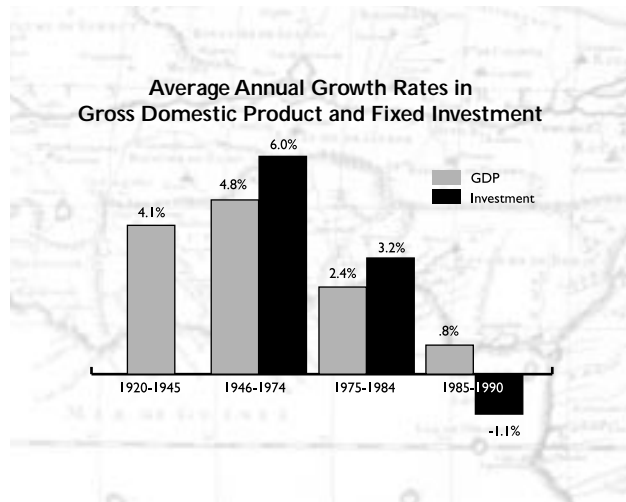
The team concluded that South Africa's current crisis has three main dimensions: political, economic, and social.

The main elements of the political crisis are:

- The present system's lack of legitimacy
- Widespread mistrust of the security forces
- A lack of faith in the judicial system
- Repression, intimidation, intolerance, and political violence
- Increasing exploitation of ethnic and regional divisions
- The collapse of black local authorities and the breakdown of services in many areas

It's a Fine Mess

South Africa's economic crisis is characterized by economic stagnation, declining investment, falling real per capita incomes, growing unemployment, and large income disparities.

Average Annual Growth Rates in Gross Domestic Product and Fixed Investment

Legend: GDP, Investment

4.1% (1920-1945)
4.8% / 6.0% (1946-1974)
2.4% / 3.2% (1975-1984)
.8% / -1.1% (1985-1990)

These in turn are rooted in:

- The unsustainability of South Africa's traditional growth path based on primary exports (gold and minerals) and cheap labor
- Failure to develop a broad-based manufacturing sector
- Limited production of capital goods (such as machinery) needed for manufacturing
- South Africa's isolation from the international technological revolution
- Lack of investor confidence
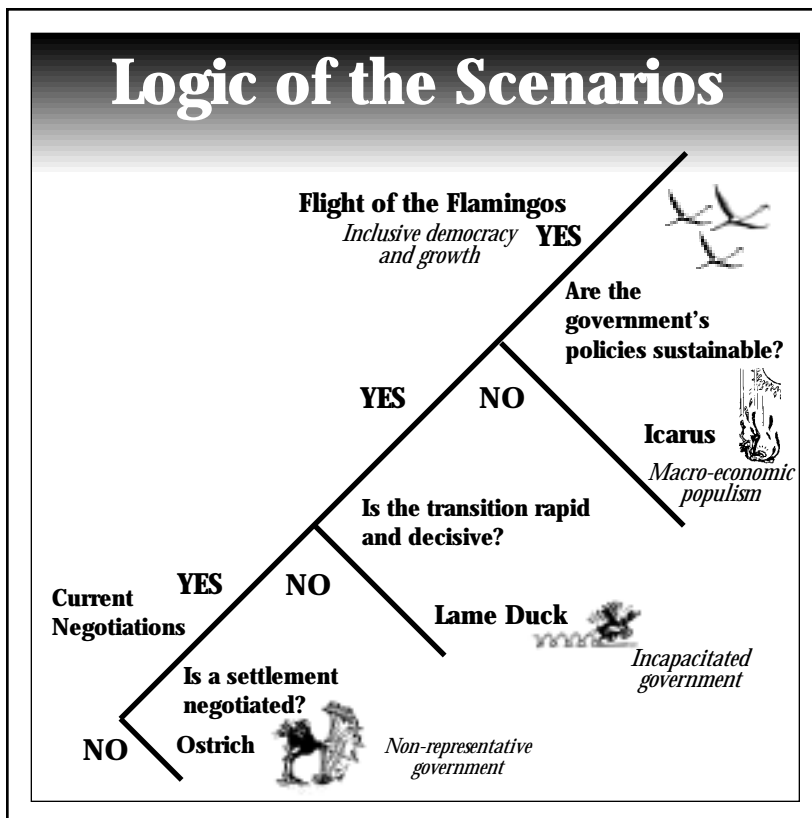
The clearest symptom of the social crisis is the disintegrating social fabric in many communities, resulting from:

- High unemployment
- Escalating political and criminal violence
- Inability of the health and education systems to meet the demands made on them
- Collapse of many rural communities
- Rapid urbanization
- Alienation among the youth

Logic of the Scenarios

Flight of the Flamingos
Inclusive democracy and growth **YES**

Are the government's policies sustainable?

YES **NO**

Icarus
Macro-economic populism

Is the transition rapid and decisive?

YES **NO**

Current Negotiations

Lame Duck
Incapacitated government

Is a settlement negotiated?

NO Ostrich *Non-representative government*

The political, economic, and social elements of the current crisis are locked in a downward spiral of mutual cause and effect. Simultaneous intervention at all three levels is needed to reverse it.

The team argued that if the trends of the past 10 to 15 years cannot be reversed, South Africa's problems are likely to be insoluble before the end of the decade. A political settlement and a new growth path are prerequisites for progress.

Four Possible Pathways

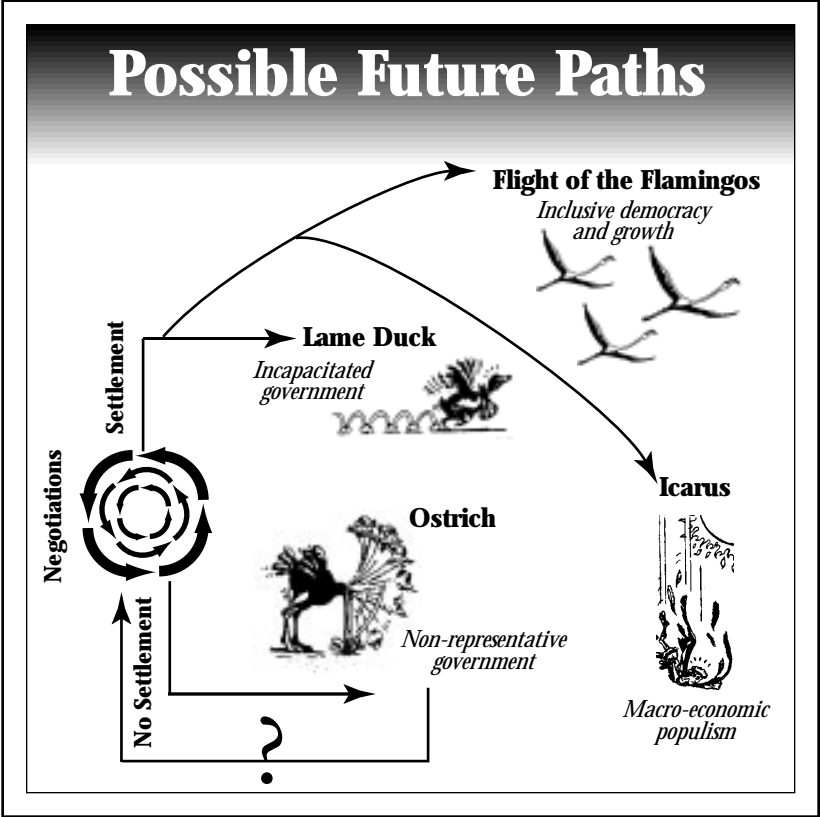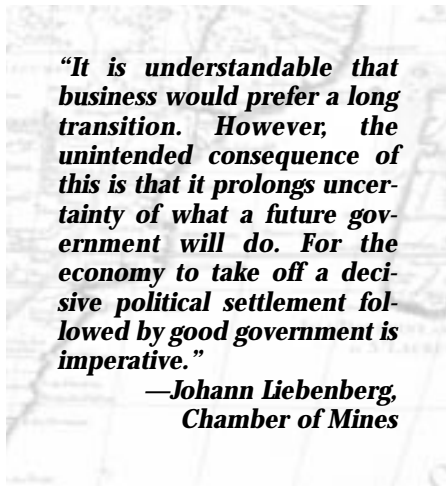The Mont Fleur team's point of departure was the current negotiation process.

Underlying these scenarios is the assumption that the major parties are engaged in negotiations partly because they understand the dangers of irreversible decline, and partly because the international climate strongly favors a negotiated settlement in South Africa.

The team foresaw four possible outcomes (see graphic) depending on the answers to three crucial questions.

- Will negotiations result in a settlement? If not, a non-representative government *(Ostrich)* will emerge.

- Will the transition be rapid and decisive? If not, there will be an incapacitated government (*Lame Duck*).

- Will the democratic government's policies be sustainable? If not, collapse is inevitable (*Icarus*); if the new government adopts sustainable policies, South Africa can

achieve inclusive democracy and growth (*Flight of the Flamingos*).

The images were chosen to make fairly abstract political and economic concepts accessible.

"It is understandable that business would prefer a long transition. However, the unintended consequence of this is that it prolongs uncertainty of what a future government will do. For the economy to take off a decisive political settlement followed by good government is imperative."
—*Johann Liebenberg, Chamber of Mines*

Possible Future Paths

Flight of the Flamingos
Inclusive democracy and growth

Lame Duck
Incapacitated government

Settlement

Negotiations

No Settlement

Ostrich
Non-representative government

Icarus
Macro-economic populism

?

Stuck in the Past

The first scenario, Ostrich, *depicts a government that does not want to face realities. An ostrich supposedly hides its head in the sand when danger threatens. The ostrich does not want to see, cannot fly, but has to lift its head in the end.*

As a result of the steps taken by the De Klerk Government and the outcome of the white referendum, the international community becomes more tolerant towards white South Africa, and the National Party in particular.

In light of this, the Government hardens its negotiation position. At the same time the liberation movement is perceived to be too radical and loses support internationally. The liberation movements maintain their bottom line. A stand-off results and constitutional negotiations break down.

The government decides to form a new "moderate alliance" government which is unacceptable to the liberation movements. This results in mass resistance which the State suppresses by force.

Although large-scale sanctions are not reimposed, the economy remains in the doldrums because of massive resistance to the new constitutions. This resistance leads to escalating repression and violence, and the business climate worsens. This in turn leads to economic stagnation and decline, accompanied by a flight of capital and skills.

The government also fails to deliver on the social front. Resistance and unrest render effective social spending impossible and large outlays are required merely to maintain the status quo. Because society's major inequalities are not addressed, the vicious cycle continues. Eventually the various parties are probably forced back to the negotiation table, but under worse social, political, and economic conditions than before.
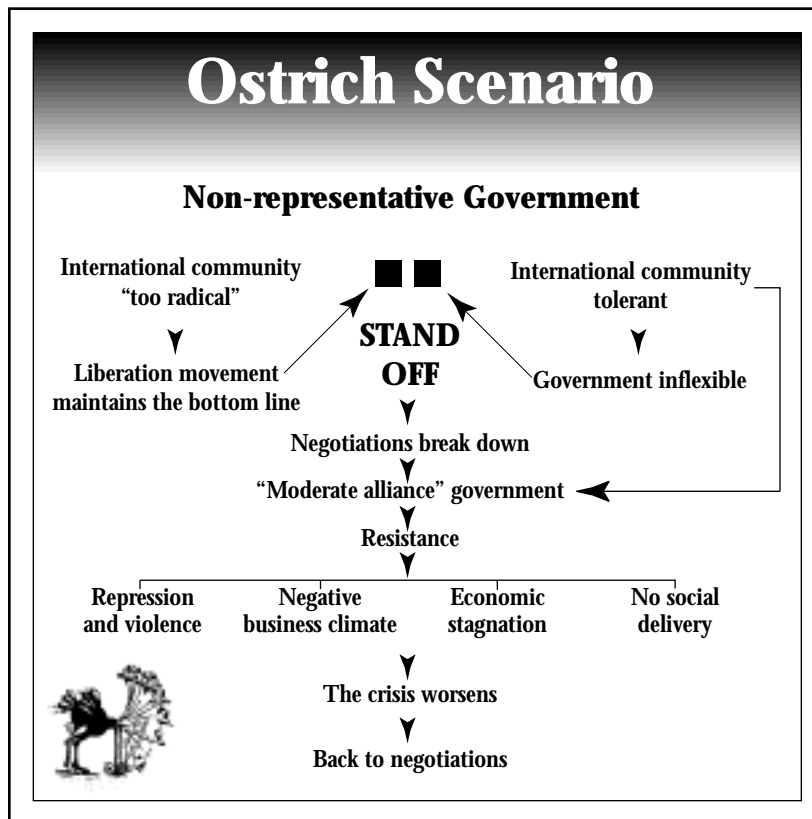
Possible outcomes of *Ostrich* include a "Lebanonization" of South Africa, with different warlords controlling various regions; or, eventually, a successful insurrection. But these possibilities were given less weight than a return to negotiations under conditions where the downward cycle might have rendered many problems insoluble.

Any observer will immediately recognize elements of this scenario in South Africa's course of events since May 1992.

However, *Ostrich* was pieced together a mere 10 days after the overwhelming yes-vote in

Ostrich Scenario

Non-representative Government

| International community "too radical" | | **STAND OFF** | | International community tolerant |

Liberation movement maintains the bottom line → Government inflexible

Negotiations break down

"Moderate alliance" government

Resistance

| Repression and violence | Negative business climate | Economic stagnation | No social delivery |

The crisis worsens

Back to negotiations

the white referendum, when most observers were convinced an interim government was only months away.

If it had been presented as a possible outcome at that state, it would probably have been rejected by most audiences as implausible and inconsistent with the facts. That the team felt *Ostrich* was still plausible points to one of the major advantages of the scenario planning method. Instead of trying to forecast the future (usually within a particular ideological paradigm or mindset) the scenario method points to an evaluation of all significant possibilities even if it requires what might seem to be counter-intuitive thinking.

"Political compromises are needed to arrive at the political settlement which is a precondition for economic take off. However a settlement which seriously incapacitates the democratic government will lead to the lame duck."
—Tito Mboweni, ANC

"There is an urgent need for a comprehensive political settlement and for sustainable economic policies in South Africa, otherwise we will add South Africa to the already dismal economic development record of Africa."
—Mosebyane Malatsi, PAC

The Lame Duck of a Long Transition

The second scenario, Lame Duck*, envisages a formal, protracted transition lasting for most of the coming decade. The image is that of a bird with a broken wing. No matter how hard it tries, it cannot get off the ground, and thus has an extremely uncertain future.*

Various forces and considerations drive the major parties towards a negotiated settlement. The present government, for example, recognizes the necessity or inevitability of extending full political rights to the disenfranchised but fears irresponsible government. This fear is shared by some of the major international actors.

On the other hand, the liberation movements fear the return to repressive minority rule if they do not make significant compromises. Such considerations lead to a transitional arrangement with a variety of sunset clauses, slowly phasing out elements of the present system, as well as minority vetoes and other checks and balances aimed at preventing "irresponsible" government.

Such a long transition of enforced coalition is likely to incapacitate government because of the probability of lowest common denominator decision-making, resulting in indecisive policies. It purports to respond to all, but satisfies none. In consequence, the social and economic crisis is inadequately addressed.

Even if the transitional government succeeds in being goal-directed and effective, it will still be incapacitated because of the logic of a long transition. Uncertainty will grow on the nature of the government to emerge after the transition. Regardless of how moderate the declarations of the majority parties in the coalition may be, fears of radical economic policies after the period of long transition will remain. Investors will hold back, and there will be insufficient growth and development.
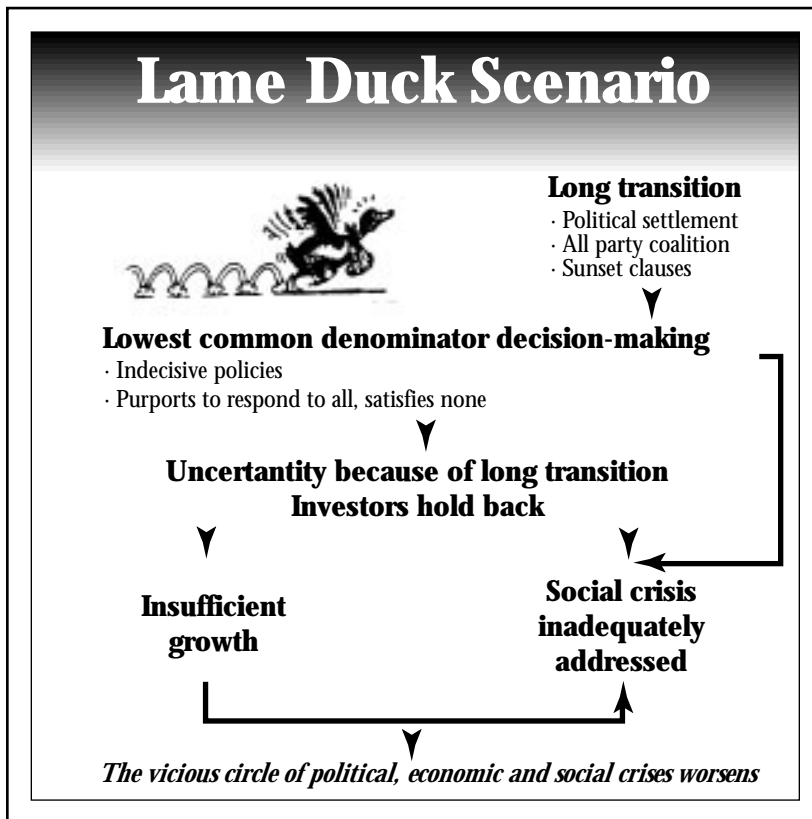
Ironically, the unintended consequence of a long transition is to create uncertainty rather than to enhance confidence in the future.

Lame Duck Scenario

Long transition
· Political settlement
· All party coalition
· Sunset clauses

Lowest common denominator decision-making
· Indecisive policies
· Purports to respond to all, satisfies none

**Uncertantity because of long transition
Investors hold back**

Insufficient growth

Social crisis inadequately addressed

The vicious circle of political, economic and social crises worsens

Icarus: A Myth with a Message

The third scenario is one of macro-economic populism. The team called it Icarus, *after the Greek mythical figure. This is the scenario of a popularly elected democratic government which tries to achieve too much too quickly. It has noble origins and good intentions but pays insufficient attention to economic forces.*

> *Icarus was the son of Daedalus, an Athenian crafts-man of noble ancestry, renowned for his ingenuity. King Minos of Crete asked Daedalus to build a Labyrinth from which no exit could be found. When their friendship turned to enmity, King Minos impris-oned Daedalus and Icarus in the Labyrinth. Hoping to escape, Daedalus crafted two pairs of feathered wings and he attached them to their shoulders with wax. Daedalus warned his son not to fly too close to the sun, but Icarus, exhilarated by his flight to freedom, flew higher and higher. The wax melted and he plummeted to his death into the sea.*
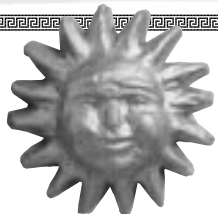
Fly Now, Crash Later

The government embarks on a massive spending spree to meet all the backlogs inherited from the past. It implements food subsidies, price and exchange controls, and institutes other "quick fix" policies.

The initial results are spectacular growth, increased living standards, improved social conditions, little or no increase in inflation, and increased political support.

But after a year or two the program runs into budgetary, monetary, and balance of payments constraints. The budget deficit well exceeds 10 percent. Depreciations, inflation, economic uncertainty, and collapse follow. The country experiences an economic crisis of hitherto unknown proportions which results in social collapse and political chaos.

Either the government does a 180-degree about-turn (while appealing to the International Monetary Fund and the World Bank for assistance) or it is removed from office. The likely result is a return to authoritarianism and an abandonment of the noble intentions that originally prevailed.

Perhaps the most sobering aspect of this scenario of spectacular boom and bust is that the very people who were supposed to benefit from the program end up being worse off than before.

As in the case of *Lame Duck*, the *Icarus* (fly now, crash later) scenario is bedeviled by unintended conse-

quences. The government's intention is to provide rapidly for the social and economic needs of the people. However, because macro-economic discipline is not maintained, this strategy leads to economic collapse, and in the end the government is able to give far less social support than would have been possible had it not attempted to fly so high so fast.

As in the case of many Latin American countries, it is quite possible that some form of authoritarian regime could emerge from this conflict. Right-wing armies often stage coups under such conditions, claiming a need to restore law and order. The democratic government itself could become more authoritarian once its ability to buy support through populist policies is eroded, or it could be replaced at the next election by a more conservative government. The group did not attempt to predict the composition of the government which would follow in the wake of Icarus policies, except to speculate that it will be authoritarian.
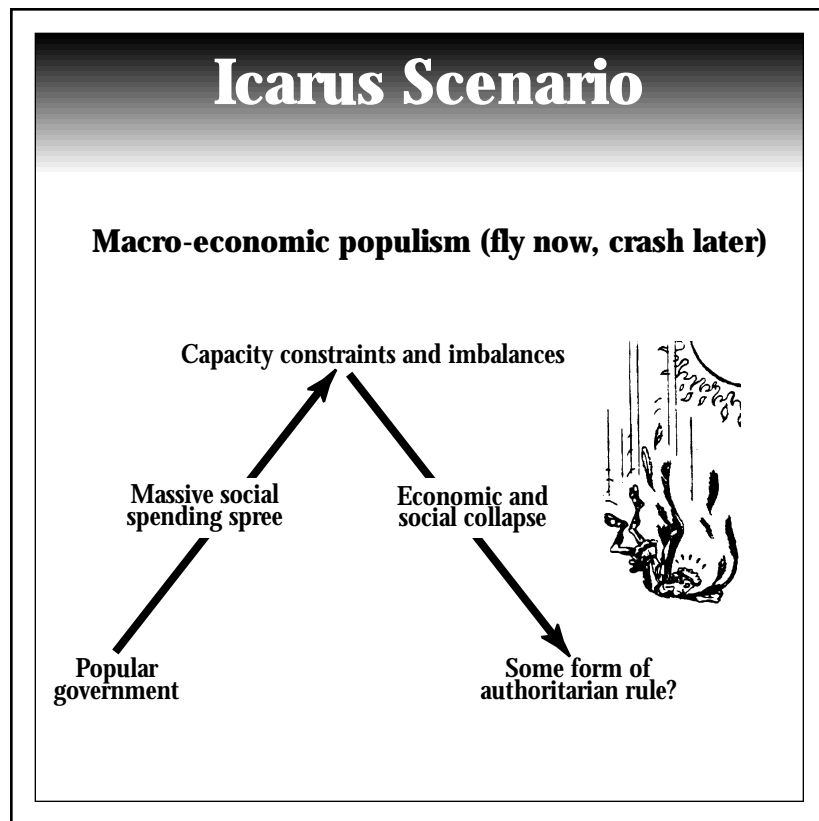
Icarus Crashes

When governments spend more money than they receive, huge deficits induce an exhilarating spurt of high economic growth.

This artificially-induced growth rate is not sustainable. More goods are demanded than are produced and more imports are bought than the country can afford to pay for out of the money earned by exports.

Price controls and strict foreign exchange controls, brought into being to put a lid on these pressures, fail. Soon prices explode, the value of the currency falls dramatically, and the economy slumps.

The most dramatic illustration of the catastrophic consequences of such populist macro-economic policies are provided by some Latin American countries.

Icarus Scenario

Macro-economic populism (fly now, crash later)

Capacity constraints and imbalances

Massive social spending spree

Economic and social collapse

Popular government

Some form of authoritarian rule?

The steeper the initial artificial growth spurt, the steeper the eventual economic collapse seems to be. Inflation skyrockets to as much as 100 percent a month.

Annual Change in Real Domestic Product

Year	0	1	2	3	4
Argentina (1945-49)	2.3	8.3	13.8	1.1	-4.5
Chile (1970-73	1.4	9.0	-1.2	5.6	
Peru (1985-89)	2.2	9.2	8.3	-8.3	-11.9

Learning from Nicaragua

Progressive regimes often try too enthusiastically to change everything overnight.

Quite aside from macro-economic problems, they attempt more than they can accomplish.

In an interview in 1986, Dora Maria Tellez, Minister of Health in the Sandinista government, admitted the Nicaraguan government had tried to move too fast.

> *"Perhaps our greatest error, if it can be called an error...is that we believed we could do more than was possible in this period...We thought we could build more hospitals and schools than we have built, and produce more than we have produced.*

> *"There was a little romanticism... Later we realized that things take time, and that in a country which has been squeezed for decades like Nicaragua, you cannot fix everything in seven years."*

Michael Manley, former Jamaican president, commented:

> *"There are a lot of things we see much more clearly now. Number one, in determining how much you can try to accomplish, you just have to look at what your capacity is, your managerial capacity, your capacity to organize. And we were frankly over-enthusiastic. We just tried to do too many things and we stretched the whole system further than it could go."*

The Flight of the Flamingos

This is the scenario of inclusive democracy and growth. Flamingos characteristically take off slowly, fly high, and fly together.
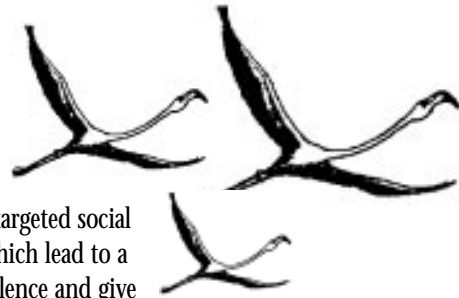
A decisive political settlement, followed by good government, creates conditions in which an initially slow but sustainable economic and social take-off becomes possible. The key to the government's success is its ability to combine strategies that lead to significant improvements in social delivery with policies that create confidence in the economy.

Access to world markets and relative regional stability facilitates the flamingos, but South Africa does not receive massive overseas investments or aid on the scale of a Marshall Plan.

The government adopts sound social and economic policies and observes macro-economic constraints. It succeeds in curbing corruption in government and raises efficiency levels.

It makes well-targeted social investments which lead to a decrease in violence and give people confidence that many of the social needs will be met in the longer term.

Once business is convinced that policies will remain consistent in the years ahead, investment grows and employment increases. Initially this growth is slow, because confidence does not return overnight, but over the years higher rates of growth are attained, and an average rate of growth of close to five percent is realized over the period.

The overall income of the upper income groups grows between one and three percent a year, and that of the poorer classes by an average of between six and nine percent a year, mainly because of the increase in formal sector employment.
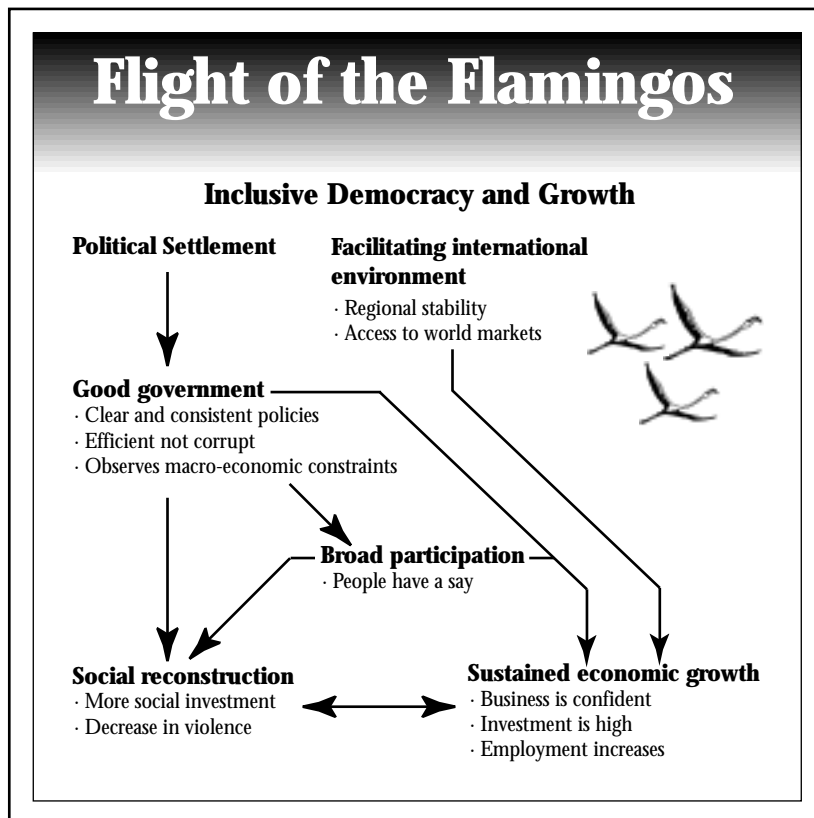
Although the growth rates are slower at the outset than that of *Icarus,* the *Flamingos* soon deliver more.

From the outset processes are developed which facilitate broad participation. These processes create the conditions under which it is possible to find a sound balance between social reconstruction and sustained economic growth. In spite of conflict between different groups and classes there is substantial agreement on broad objectives.

The team agreed to differ on the ultimate destiny of *Flight of the Flamingos.* Some

Flight of the Flamingos

Inclusive Democracy and Growth

Political Settlement

Facilitating international environment
· Regional stability
· Access to world markets

Good government
· Clear and consistent policies
· Efficient not corrupt
· Observes macro-economic constraints

Broad participation
· People have a say

Social reconstruction
· More social investment
· Decrease in violence

Sustained economic growth
· Business is confident
· Investment is high
· Employment increases

believed it would pave the way for a more radically left-wing program; others saw it creating conditions for a more radically free market economy. Others believed that *Flight of the Flamingos* could prove to be so successful that South Africans may choose not to deviate from it.

Necessary Conditions for Take-off

There are a number of different blueprints, some of a more conservative and some of a more radical nature, that could potentially realize *Flight of the Flamingos*. The team did not attempt to develop its own blueprint, but considered the necessary conditions that need to be met in the political, economic, and social spheres by all the potentially successful blueprints.

A culture of justice, a break from authoritarianism, a bill of rights, and proportional representation were seen as the necessary elements of the political system. In addition, it was agreed that effective participation is a basic element, but the group disagreed on how this was to be brought about. Some favored the Swiss referendum system. Others saw tripartite negotiating forums as an essential element.

Although a market-oriented economy (not a free market economy) was accepted as a necessary condition during the next decade, more radical members saw this as a means of keeping the socialist project alive in the longer term.

Monetary and fiscal discipline is a prerequisite for successful economic development.

Foreign exchange earnings must also be increased by growth in exports and in tourism.

"The Flamingo scenario sketches the bare bones of a successful national democratic project of the kind that is feasible under prevailing conditions in South Africa. The gains implied under this scenario—redistributive programs and some empowerment and involvement of working people in decision making—could incrementally change the balance of forces in society and thus create favorable conditions for the kind of broader and deeper transformations socialists would favor. There is by now enough experience worldwide which points to the need to take seriously the lessons implied by the other scenarios."

—Rob Davies, UWC

It was generally agreed that more efficient delivery systems would be the cornerstone of increasingly effective service provision. It would enable a government to deliver more at the same cost to the treasury. Further funding for social investments would have to be provided by economic growth and redistribution.

Some members of the team accepted that, given the history of apartheid, some degree of redistribution was necessary in order to equalize social spending on whites and blacks, but in the longer run they favored free market-oriented policies. Other members of the team favored more radical forms of redistribution.

It is obvious that the curbing of violence, better training and schooling and, in particular, better primary schools, as well as increases in public health and nutrition are basic elements of a restructured social system. The empowerment of women is a prerequisite for dealing with social problems such as rapid population growth, educational reconstruction, and the spread of AIDS.

Flamingos Don't Always Have a Smooth Flight

Five general points about *Flamingos* need emphasis.

- The scenario is not a blueprint. In fact, while team members generally agreed on the broad conditions required for success, they differed substantially on the detail.

- The team recognized that it would be utopian to expect all the necessary conditions to be fully met. Rather, the team believed that the outcome would depend on the degree of progress towards meeting the conditions.

- The third point, therefore, is that the future is not predetermined. It can be shaped by the decisions and actions of the major players.

- The team was fully aware that various groups (such as the right wing, alienated youth, a corrupt bureaucracy, trade unions, and disinvesting businessmen) each have the power to prevent the flock from becoming airborne.

- Finally, it should be emphasized that even the most positive outcome is not a smooth flight.

"While it is impossible to meet all people's demands immediately, once people are convinced that there is light at the end of the tunnel, their demands become tempered with reason."
—Vincent Maphai, UWC

"South Africa can attain a decisive political settlement and an economic take-off, once all significant groups realize that we will either fly together or crash together. Although many of the recent international examples of economic success were realized under conditions of political suppression, there are a number of cases where political compromise has led to socio-economic success. The most interesting amongst these are Sweden and Malaysia.

"From 1920–1970, Sweden (which started with a per capita income and unemployment rates similar to those of present-day South Africa) experienced economic growth second only to Japan. The socio-economic transformation wrought in Sweden during this period is hitherto unparalleled.

"During each of the past three decades the average annual rate of growth of the Malaysian economy varied from 5.2 percent to 8.3 percent. This was attained in spite of the fact that Malaysia, at the start of the period, was also a primary goods exporter. In addition, there were severe tensions between the Chinese, who dominated the economy, and the indigenous population. Political compromise and economic restructuring have led to a dramatic increase in the indigenous populations share in the economy, to a more than six-fold increase of real incomes of all, and to Malaysia developing into a major exporter of high-tech manufactured goods.

"South Africa will clearly have to find its own route. The point is, though, that the history of these countries teaches us that a political settlement born from compromise combined with the correct economic and social policies could potentially succeed. "

—Pieter le Roux, UWC

Borderline Questions

The boundaries between *Flight of Flamingos* and *Lame Duck* on the one hand, and *Flamingos* and *Icarus* on the other, may be quite blurred.

Two boundary questions are particularly difficult to answer. Which compromises and sunset clauses are necessary to bring about the political settlement needed for the *Flamingo* scenario, and which will entrench *Lame Duck*? Secondly, when will social spending overstep the level needed for social reconstruction and land us in the Icarus scenario?

No political settlement will emerge if certain compromises are not made. However, sunset clauses that prolong the uncertainty of the nature of the post-transition government for most of the decade will not get South Africa on to a new growth path. Similarly, constitutional stipulations that lead to indecisive and incoherent policies will favor *Lame Duck*.

The *Flight of the Flamingos* cannot take off without significant social reconstruction. However, when attempts are made to deliver far more than the economy can sustain such policies will lead to *Icarus*. The level of budget deficits sustainable over the long run depends on the specific circumstances of a country. It is not clear how far South Africa could go before it crashes disastrously.

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