When a single party state approaches its death throes, conventional political analysis offers few clues to the eventual outcome. Last year's convulsions in Eastern Europe provide one demonstration of that axiom. This year's upheavals in South Africa provide another.

Anyone who tried to read the auguries by looking to South African laws and the manifestos of the formal and informal political groupings can as easily go astray as those who confidently predicted in 1989 that East Germany and Czechoslovakia would stand fast as Poland and Hungary transformed themselves. Last year's leadership, last year's parties, last year's legal and constitutional verities have disappeared in a puff of smoke. Wise heads misread Eastern Europe by paying too much attention to formal politics and too little to external pressures and economic imperatives.

Any analysis of the current political situation in South Africa must avoid that mistake. As President de Klerk and citizen Mandela edge towards concocting an agreed agenda for change, they are driven less by ancient credos than by crises in the material bases of the movements they lead.

Both the enemies and the friends of the National Party dictatorship are prone to accept unquestionably the premise that South Africa is the economic powerhouse of Africa, an engine that will chug smoothly ahead once again when the current troubles have been surmounted - either by the emergence of an ANC government, or the recasting of apartheid into a kinder and gentler mode. Those who have watched the economy more closely have been saying for years that it is very sick and its recovery is by no means certain. The sickness is traceable to the same viruses that have affected all formerly closed economies in the modern era of rapid international capital movements. Viewed from a southern Pacific perspective, South Africa faces the crisis experienced by Australia and New Zealand, but in a much more critical form. Viewed from a northern Atlantic perspective, South Africa's troubles bear many similarities to those of Eastern Europe.

To be brief, the South African economy is reeling under irresistible external pressures which forced the transition from a state-driven economy to an open one. The
economic downturn of the later 70s caught the republic off guard, geared as it has been to steady, even spectacular, growth since the early 60s. Suddenly there was inflation, rising interest rates, a sharp drop in the profitability of manufacturing industry, and an upward bending curve of foreign debt which compared unfavourably even with embattled countries such as Zaire and Chile. To meet the threat the state turned to fashionable monetarist remedies prescribed by the Chicago school - tightening credit, cutting government
spending, and taking measures to stem the outflow of capital - which inadvertently plunged the economy sharply into recession in 1981. Companies began to go bankrupt. Others retrenched workers on a massive scale. The resulting unemployment in a country which had long maintained a reserve army of the unemployed, raised joblessness to critical levels. According to economist Fuad Cassim, it was not well-intentioned political reform but monetarist economic reform that ignited the explosion of discontent in the townships.

Against this background of deflationary policies, it becomes easier to understand why the Vaal Triangle erupted in September 1984 and unrest spread throughout the country. Political 'ungovernability' was, in fact, preceded by economic mismanagement or, rather, a lack of management and guidance. On 20 July 1985 the government declared a state of emergency and, as investors began switching funds out of South Africa, imposed a debt freeze and a two-tier exchange rate. At the same time, resistance in the country reached a new stage.

Why did measures which produced the desired results in other countries wreak havoc in South Africa? Monetarist theory said that balance of payments and trade problems could be counteracted by devaluing the currency (thus boosting exports and curbing imports) and reducing the cost content of exports by cutting real wages. Inflation was supposed to be kept in check by curbing the money supply and raising interest rates. The economy was then supposed to be restructured to produce the exports which would enable economic growth to generate the new jobs required by an expanding population. The historic legacy of apartheid, however, led to quite different results. A slump in the value of the currency in a country heavily dependent on imports enhanced rather than inhibited inflation. It was one thing for Reagan and Thatcher to double unemployment figures from 5% to 10%. It was quite a different thing to double unemployment in a country which normally had twice that proportion of people out of work. Real wages could not be cut effectively in an economy where remuneration hovered near subsistence levels for most workers. And workers who managed to maintain their wage levels were sluggish by dramatic increases in the cost of living.

Worse still, when unemployed youth took to the streets and people boycotted rent payments, international financiers - who generally smile when austere economic regimes tighten the belts of the workers - took fright and the credit-worthiness of the state collapsed. Although the manufacturing industry had come to play a much larger part in the economy during the previous 30 years, it produced mainly for the limited internal market. Its goods could not and did not compete on the international scene. The impoverished masses could not generate enough local demand to stimulate increases in output, and the import capacity of neighbouring countries had been deliberately undermined by South Africa's notoriously effective campaigns of 'destabilisation'. As Cassim puts it, "the costs of maintaining the racial order have come home to roost". The 80s, which have not been easy for other traditional commodity exporters such as New Zealand, Argentina and Australia, have been disastrous for South Africa. As long as the state of emergency lasts there is no hope of the country paying for the importation of the new technology needed by any country hoping to join the winners' circle of countries which export finished goods to the world. Enough whites fear for the future of their capital and their lifestyles to cause them to follow de Klerk into unknown territory. While the bottom layer of white rural and urban workers see the abyss opening beneath their feet and are consequently tempted by rightwing movements, the more comfortable white suburbanites maintain sufficient faith in the National Party to steady the president's nerve.

An additional factor hurrying de Klerk towards real change is the removal of external support following the withdrawal of the superpowers from African affairs. During the Nixon years Henry Kissinger backed South Africa against Soviet surrogates. South Africa's campaigns of destabilisation against the 'front-line states' were reinforced by covert and overt US aid to America's favourite terrorist movements from Angola to Ethiopia. Now the Bush presidency is pulling the plug on those movements as quickly as the diehard congressional reactionaries will allow. Of all the former American darlings, only Joseph Savimbi's UNITA movement in Angola soldiers on with adequate backing.

The threat of the superpowers is not just bad news for white supremacy. All the key black political movements have previously relied heavily on external backing, which is now being progressively withdrawn.

This is often not sufficiently appreciated by external observers who tend to take at face value the ideological programs proclaimed by those movements. For example, the manoeuvres of the Pan African Congress (PAC) are better understood in relation to the needs of its overseas backers (the governments of Nigeria, Zimbabwe, Britain and the USA) than by reference to quarrels of the early 60s when the PAC could pose with some credibility as a leftwing alternative to the more moderate ANC. During the violent confrontations of the past nine months, the PAC has been either invisible in the townships or acting in cahoots with corrupt local authorities and vigilante gangs. Britain, America and Zimbabwe are said to have been pressuring the ANC to reach an accord with the PAC but, under the circumstances, the ANC has no reason to make any overtures towards what appears to be a dying political movement.

That is not to say that the ANC does not have to worry about its material base. It, too, faces a looming crisis of
external funding that makes Mandela as anxious as de Klerk to win through to a negotiated settlement.

As befits a broad-based movement, the ANC has enjoyed a very wide range of outside aid. While the armed struggle has depended vitally on Soviet hardware, the Scandinavian countries and philanthropic organisations such as the World Council of Churches have propped up ANC offices around the world.

It now seems likely that all military aid from Eastern sources will cease in the very near future. This gives the ANC a powerful incentive to wind up its guerrilla wing. Umkhonto we Sizwe. However, the lesson of Zimbabwe is that mass support flows to the leaders who are seen to be fighting. In the last days of the Smith regime, every politician from Sithole to Muzorewa who gained white support by renouncing violence, lost a commensurate amount of black support. Many commentators were puzzled when Mandela failed to take the bait of several million dollars offered by the US Congress during his visit in July. To take the money he had to renounce the armed struggle. But by renouncing force he would have alienated the townships. Although the ANC could not hope to overthrow the regime with military force - even if supplies continued - its fighters in the bush have a vital symbolic importance.

Support in the townships is more important than any amount of external aid. It is the ANC's strength in the townships, not its ideological agenda, that has forced de Klerk to front up to direct negotiations. The white minority regime would have preferred to deal with ethnic leaders such as Magosutho Buthelezi of Kwa Zulu. Events have moved so quickly, however, that Buthelezi is fighting hard to preserve a hope of playing even a minor part in the negotiations. At one time it was fashionable for the international press to portray the chief's enemies as ethnic enemies. The war in Natal has shown beyond doubt that ethnic Zulus are sharply divided, with a substantial proportion, perhaps even the majority, backing the ANC.

Buthelezi's Inkatha movement is best understood as a variety of machine politics rather than ethnic nationalism, despite its deployment of ethnic symbols. Pretoria imports Chicago economics to South Africa; Buthelezi imports Chicago politics.

An analogy with the Mayor of Chicago is not far-fetched. The National Council of the political party Inkatha so tightly intertwines with the Kwa Zulu Legislative Assembly that the latter has been fairly said to be 'the legislative arm of Inkatha'. Public service jobs are in practice reserved for party members. Anyone who seeks a service or a favour finds it advisable to deal with Inkatha functionaries - just as in the old boss systems of American cities the first resort in times of need was the neighbourhood ward heeler. With so many party members holding fulltime jobs on the public payroll it is not hard to get up a crowd for a rally or a gang of sturdy youths to break up meetings of rival organisations.

If Buthelezi is considered a market-place politician rather than a mouth-piece for Zulu conservatism or big business; some sense can be made of the ambiguities of Inkatha. He is as aware as anyone that the South African State exhibits every sign of terminal illness. If the sick giant is granted a miraculous remission, an organisation like Inkatha, which the regime must tolerate if it is to function at all in the bantustans, ensures Buthelezi continued power on the small stage of Kwa Zulu. If outside pressure or a deepened financial crisis within the state forces a renegotiation of the constitution along federal lines, Buthelezi has, until recently, held nearly all the cards in Natal. With a black constituency organisation that has proved it can deliver votes, and a growing reputation as the last, worst hope of local whites, he or his successor could emerge as the strong man of the region.

In a general smashup other possibilities might arise. Although Buthelezi appears long ago to have abandoned hope of winning a leading role in national politics, circumstances could change. A generation ago Moise Tshombe of Zaire was written off as a regional boss who could win no support outside his home base of Katanga. A few years later his connections with mining capital made him prime minister of the country. A more likely scenario for South Africa would be the disintegration of central authority followed by a unilateral declaration of independence by a Buthelezi-led government of regional unity in Natal. In that position he would have the advantage of having already in place all the normal apparatus of a modern African government. A republic of Kwa Zulu would be more populous than 35 African countries and economically stronger than many of the others. Inkatha, whose constitution was modelled on that of the Zambian United National Independence Party, would adapt readily to its predestined role in a one-party state. The party's economic philosophy of Ubuntu-Botho which purports to mix 'African communalism with free enterprise' strongly resembles the mystifications propagated by...
dozens of African capitalist states stretching from Morocco to Zimbabwe. The in-house trade union, UWUSA, would oil the wheels of a corporatist state where it was the only legal workers' organ. Inkatha's Youth Brigades and Kwa Zulu police could become a defence force. None of President Buthelezi's many uniforms would occasion remark in any gathering of African leaders. Jomo Kenyatta, with his fly-whisk, funny hats and sundowner parties for white ranchers, perfected the use of ambiguous messages in Kenyan politics a long time ago and Buthelezi is simply one of many Africans who have profited from the study of his techniques.

However unlikely that scenario, it is useful to contemplate as a way of understanding Buthelezi's war on the ANC. If his object were simply to survive the present crisis with his entrenched privileges intact, there was no need to go into battle against the militants. He could, as he has done many times before, have provided rhetorical support while giving no practical help. There are two other reasons which do make some sense. One was to project an image to the outside world of Buthelezi as a viable anti-communist alternative to white supremacy. The other was to protect and promote Inkatha's position as the sole black contender for power in every sphere of life, at least within Natal-Kwa Zulu. To followers of the UDF, who felt in their bones that this time it was really on, Buthelezi appeared the arch-traitor when he attacked them rather than the state.

During the last few months Inkatha has suffered grievous reverses. July's ANC strike against the violence in Natal won widespread support in every part of the country, including Natal. PAC and Inkatha opposition to the strike was totally ineffective. In June, Buthelezi lost his long-time lieutenant when Oscar Dhlomo defected to the ANC, saying he could not "see the Kwa Zulu government continuing to exist as an ethnic geopolitical entity". Thus, Buthelezi's goal has shifted from separatism to survival.

Events have now reached a critical pass. The ANC's black rivals are weaker than ever, but so are its external sources of support. De Klerk has bought time for his regime by sitting down to talk, but his economy is one of the world's notorious basket cases and any false move could precipitate a flight of capital. The detention last month of the ANC communist Maharaj may have been such a false move. Foreign bankers have now been led to believe that de Klerk can negotiate a settlement with the ANC that will save their investments. Since that time the ANC has blown hot and cold on nationalisation. In January, Mandela was sticking to the Charter. In Washington a few weeks ago he had reduced nationalisation to a holding of 20% or less in key enterprises. Arguably, what we are seeing is not a debate on state ownership in the ANC - whose leadership is quite aware of what a flight of capital would mean to a post-apartheid regime - but a calculated use of nationalisation as a bargaining chip. Making concessions now would take the heat off big capital and weaken the pressure that sector has been putting on de Klerk.

Likewise the armed struggle. There is nothing to be gained by dropping it just now.

NORMAN ETHERINGTON teaches in history at the University of Western Australia.