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**FROM WHITE POWER TO WHITE WEALTH: THE UNRESOLVED MORAL CRISIS  
OF WHITE SOUTH AFRICANS<sup>1</sup>**

*White Wealth*

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I do not know why Ms van der Westhuizen has asked me to deliver this speech tonight. It could be to punish me for my long and active involvement with the NP. Yes, I must acknowledge that I was very much involved with the NP in the 1970s.

Today I am rather ashamed of what I have done during the ignoble part of my past when I was an active member of the NP. But I am for one reason very thankful for that involvement. The government appointed me in 1973 as a member of the Erica Theron Commission to investigate the social and economic situation of the Coloured population group. The three years as Commissioner drastically changed my life. It opened my eyes to all the injustices that Whites were inflicting upon the Coloured population group. I became interested in the phenomenon of chronic community poverty (or the vicious circle of poverty) among this population group. I wrote the final chapter of the Report on poverty in which I came to the conclusion that 40% of the Coloureds were trapped in a situation of chronic community poverty. At that stage the Coloured population numbered less than 2 million. Today they are more than 4 million. The sad – and even alarming situation – is that more or less the same percentage is still trapped in chronic community poverty.

If it was Ms van der Westhuizen's intention to punish me for my involvement with the NP, she has very much succeeded. I must confess that reading her book from the first to the last page was a very painful experience. While reading it, I continuously asked myself the following questions: how could we Whites have been so short-sighted and so stupid, how could we have been so ignominious and so avaricious? How could we have treated our fellow citizens as awfully as we did?

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<sup>1</sup> Speech delivered at the launch of Christi van der Westhuizen's book: *White power and the Rise and Fall of the National Party*, in Cape Town on November 1, 2007.

I asked myself these questions not in criticism of Ms van der Westhuizen. On the contrary, I asked the questions because she has written such an excellent book on all the doubtful – and shameful – ways the White population group used their monopoly of political and economic power from 1910 until 1994. She is telling the very bad story about the misdeeds of White South Africa during the tempestuous 20<sup>th</sup> century in a sound and trustworthy manner. The greater part of her book is about the political events and especially about the wheeling and dealing in White circles during the last quarter of the 20<sup>th</sup> century. I am convinced that this part of her book will serve as a good reference for future researchers. I learned a lot from reading it.

Ms van der Westhuizen is telling her story in a scholarly way about the ways in which White power was consolidated, perpetuated, legitimized and misused, but she is also telling it with a passion and an honesty that cannot but have a lasting effect on the reader. The book is very well written and well documented.

It is already 6 years since the TRC completed its work. I often have the feeling that many Whites are inclined to forget about all the injustices that were uncovered by the TRC. For this reason Ms van der Westhuizen's book is a very timely one. It is a book to remind us yet again not to forget. She appropriately quotes Milan Kundera: "the struggle of man is the struggle of memory against forgetting". The injustices inflicted by whites on blacks were very bad. But it would be even worse if we are not prepared to acknowledge our misdeeds and deliberately try to forget them. It is deplorable that some people indeed try to wipe their past from their memories.

We often read in the letters column of newspapers about Whites who claim that they are "sick and tired" of reprimands that certain problems ought to be blamed on apartheid. To all these people I have the following advice: Please read Ms van der Westhuizen book. If you have done so and are still inclined to be "sick and tired" of being reminded of all the injustices we have committed, then you do not have a conscience.

Ms van der Westhuizen refers in her book to two Elite Pacts in South Africa's history and discusses the far-reaching effects of both: firstly, the Elite Pact of 1909 or the Alliance between "Gold and Maize", and secondly, the Elite Pact of 1993 or the Elite Compromise between the white corporate sector and the ANC political elite. I want to compare the two Elite Pacts in a systemic way and try to draw some consequences from the comparison.

The first Elite Pact (1909) took place under the tutelage of Great Britain. It institutionalized a new politico-economic system and a new power constellation. It was from the outset a white and a racist construct. It created a politico-economic system of *White Political Dominance* and of *Racial and Freemarket Capitalism*. The control of the political side of the system was originally in the hands of the English Establishment and the co-opted Afrikaner Notables (or large maize farmers). In due time full control of the political side of the system was taken over by the Afrikaners. The economic side was originally in the hands of the English Establishment, but in due course the Afrikaners played an increasingly more important role.

The first Elite Pact was an agreement between Johannesburg (gold) and Pretoria (maize farmers) and London (the British Empire). Through the Elite Pact South Africa became an outpost of the British Empire – or, in fact, the “last outpost” of the British Empire. After the collapse of the British Empire, the two white settler groups perpetuated White power and the Elite Pact until 1994.

What is of decisive importance for us is to consider the ideological arguments that were put forward to legitimize the White monopoly of political and economic power, and to justify the misuse of these powers for almost a century. We can refer to three ideologies (see also Van der Westhuizen, 2007: 54-61):

**Firstly, *social darwinism*:** The underlying assumption was that in the “struggle of life, survival of the fittest” only the whites (and especially the English-speaking Whites) were fit to survive and that the black race (and other poor people) were destined to die out. This ideology was mainly used by the mining corporations at the end of the 19<sup>th</sup> and early 20<sup>th</sup> centuries to justify the repressive labour patterns that were enacted on their behalf.

**Secondly, the *civilization argument*:** The Whites were regarded as the only civilized people and so power had to remain in their hands to maintain order and to bring about progress. The blacks were regarded as uncivilized, even barbarian and/or an infant people over whom the Whites had to exercise trusteeship.

Thirdly, the *religious argument*: This ideological claim that the Whites (and especially the Afrikaners) were a God-elected people and not only were they destined to govern over the black people but also had a God-given privilege to be protected against the “black danger” (“swart gevaar”). This ideological argument was mainly used by Afrikaners. In February 1987 President PW Botha told a delegation of 28 Stellenbosch professors that nobody could convince him that the Afrikaners were not a God-elected people.

Justified by different permutations of these three ideologies, the Whites used their monopoly of power to perpetuate the Elite Pact of 1909 until 1994. They used their white power to enrich the Whites *undeservedly* and to impoverish the blacks *undeservedly*. The Whites were given a head start almost every day, while Blacks were “thrown back” and rejected almost every day!

During the first three quarters of the 20<sup>th</sup> century the Whites were always less than 22% of the total population and consistently received more than 70% of total income. The Africans were almost 70% of the total population and consistently received less than 20% of total income. Let us not try to diminish the extent of the Whites’ *undeserved* enrichment or the blacks *undeserved* impoverishment. Both were very great.

The politico-economic system institutionalized by the first Elite Pact was highly dysfunctional. It was responsible for racial inequality and even racial hostility. It necessitated a racial struggle to get rid of White power and of the system that exploited and humiliated the blacks.

The period from 1974 to 1994 was a transition period. It was the period of the Struggle. It was also a period of stagflation and creeping poverty. Important shifts in the income of especially the black people took place during this period. The household income of the top 20% of black households increased by ±40%, while the household income of the poorest 60% of blacks – who were already poor in 1974 – declined by almost 30%. The top 20% of the Blacks were pampered by the Whites – in both the political and economic spheres – in an attempt to convince them of the alleged virtues of apartheid. In 1994 this top 20% was a middle class in-the-making, while the poorest 60% was already caught in a vicious circle of poverty. They were already drawn into a pauperization process that was perpetuating itself.

As far as the Whites (and especially the Afrikaners) were concerned, the poor white problem was for all practical purposes solved during the third quarter of the century. The high economic growth rate and blatant Afrikaans favouritism (affirmative action) brought about the embourgeoisment of the Afrikaners. In 1994 at least 80% of the Whites were middle class people with good levels of education and adequate levels of property.

The second Elite Pact (1993) took place under the tutelage of the United States and the Bretton Woods Institutions. It institutionalized a new power constellations and a new politico-economic system. It was from the outset a *black elitist* and a *neo-liberal capitalist* construct. It created the politico-economic system of *Political Dominance* by the black elite and it entrenched the existing Freemarket system and integrated it into the American control system of neo-liberal Global Capitalism. The political side of the new system is controlled by a black elite, whose power is entrenched by the system of proportional representation. The economic side of the system is controlled by the non-racial South African corporate sector, by global corporatism and by the Washington ideology of market fundamentalism.

The second Elite Pact was an agreement between Johannesburg (local corporatism), New York (global corporatism), Pretoria/Tshwane (black elitism and political centralism) and Washington (market fundamentalism, the “trickle-down” myth and the conditionality of “good governance”). Through this Elite Pact South Africa became the newest outpost of the American Empire.

If you ask me which city is the weakest link in the new “power chain”, (J-NY-P/T-W) the answer is obvious: it is Pretoria/Tshwane. Like other capitals in the global South, Pretoria has too little power and manoeuvring space to address the social problem. If you ask me which city is the strongest link, I cannot answer. The other three cities are very much in cahoots with each other. When they open their mouths, the same neo-liberal rhetoric reverberates. Ms van der Westhuizen is also of the opinion that the adoption of constitutionalism benefited the whites more than the ANC. (See pp. 221 and 240).

The new power constellation legitimized itself mainly in terms of two ideologies:

**Firstly**, the ANC's idea of “black economic empowerment” in the widest sense of the word to compensate the blacks for the injustices inflicted on them by the apartheid system and to create a better life for all.

**Secondly:** neo-liberal capitalism regards (private) property as sanctified (and constitutionally entrenched) and propagates the ideology of market fundamentalism. The ideology of market fundamentalism is sophisticated version of Social Darwinism. Within the American-controlled system of neo-liberal capitalism, the propaganda onslaught is that this global system offers the best (in fact the only) opportunity of a better life for all in every corner of the globe. This propaganda is, of course, completely untrue.

According to the second Elite Pact, it is mainly the task of the ANC government to implement the policies of “black economic empowerment” and mainly the task of the corporate sector to bring about economic growth and set the “trickle-down” effect in motion, while special opportunities were be created for “cross-cutting” co-operation.

Let us evaluate the performance of the new politico-economic system over the past 13 years. Before I evaluate the performance of the ANC government, let me say categorically that I am very much in favour of the idea of “black economic empowerment” spelled with a small b, b and e. There ought to be a pursuit to empower all black people and to create a better life for all. The ANC has implemented mainly three practical policies to pursue these ideas (ideologies):

- a) Black Economic Empowerment (BEE)
- b) Affirmative Action
- c) Poverty alleviation

*BEE* has turned out to be a policy of *Black Economic Enrichment* for a politically connected elite. The policy is by far too elitist and has become derailed by corruption, nepotism and careerism. BEE has built a comprehensive network of patronage. This network became entangled in the power struggle within the ANC concerning the successor of Thabo Mbeki. There is a strong possibility that this power struggle can fracture not only the power structure of the ANC elite, but can also cause the breakdown of the network of patronage. If that happened, it will not only expose the extravagance of the BEE programme, but also the poor judgment behind the construction and execution of the whole programme.

*Affirmative Action (AA)* – nobody can doubt the need for AA. There are, however, signs that this policy was driven too hard in especially the public sector. As a result, the capacity of large parts of the public sector has been seriously undermined. This is a very unfortunate state of affairs - especially if we consider the strategic role that the public sector ought to play if the government should decide to build a proper developmental state.

*Poverty alleviation* – what the ANC has done towards poverty alleviation is laudable, but it is totally inadequate. More money (in real terms) and more resources are presently available for the poorest half of the population than in 1994. Nobody can dispute that the social wage of the poor has increased in a meaningful way since 1994. Poverty is, however, not only an income and resource phenomena. The poverty of the poorest half of the population represents a situation of *multiple deprivations*. It is as if the ANC does not understand the strong dynamism of the pauperization process that perpetuates and intensifies itself from one generation to the following – especially in a system of neo-liberal global capitalism.

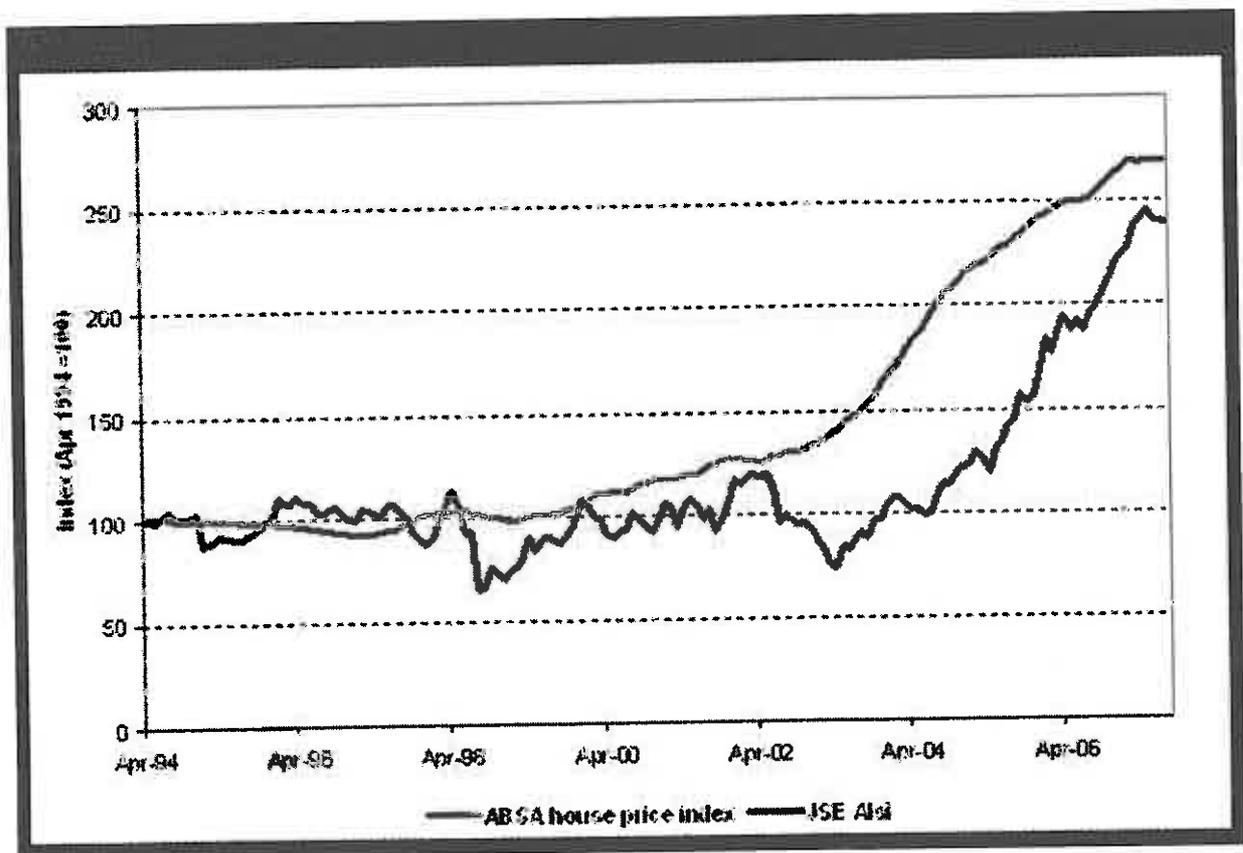
ANC policies over the past 13 years have created a black elite (black diamonds) of ±2 million people and a black middle class of ±6 million. The gap between the ±8 million rich blacks and the 20 to 25 million poor blacks has become dangerously big. The other 10 to 15 million blacks are neither poor nor rich. The fact that ±20% of blacks become rich and even very rich, while 60% of blacks remain poor and have to live in deteriorating socio-economic conditions, is a deplorable and dangerous state of affairs. The ANC has failed dismally in its main task to shift back the frontiers of poverty.

Let us evaluate the economic side of the new politico-economic system. The Whites were given the privilege to “transfer” almost all their property, their corporate power and their human “property” - also those parts that had accumulated *undeservedly* – almost untouched into the new South Africa. The Elite Pact also granted the Whites the privileges that their property rights would remain entrenched. If the Whites were given the privileges to transfer almost all their property (wealth) – including the *undeserved* part – into a new system that operates *pro-poor*, even I would have been prepared to acknowledge that there may be “method in the madness”. But this is not what happened. The Whites were given the privilege to transfer almost all their property (wealth) – also the *undeserved* part – into a new economic system that operates strongly *pro-rich*. I cannot but call it a “double madness”.

The new economic system does have advantages. It enables South Africa to attain an annual growth rate of almost 4%. The additional wealth that has been created is concentrated mainly in the hands of the top 25% of the population. Yes, the tax capacity of the economy has become much bigger and enables the government to spend more on social services. But the redistribution of income has not been enough by a long way to stop the strong pauperization process. On top of this, the promise of a "trickle-down" effect turned out to be a myth.

The top 15-20% of blacks became richer because they were pampered by the ANC through BEE and AA. At least 80% of Whites became much richer since 1994, because their property rights have been guaranteed in a growing global economy based on the principle of market fundamentalism. Over the past 13 years house prices have increased in real terms by an index of 100 to 270 and the JSE All Share Index by 100 to 240. From a narrow economic point of view, Whites have never had it as good as over the past 13 years.

JSE All Share Index (ALSI) vs ABSA House Price Index adjusted for CPI inflation: April 1994 to October 2007.



We have a new politico-economic system based on the new power constellation of J-NY-P/T-W. Within the new system “apartheid” is not dead, because the “poverty of apartheid” is perpetuated and entrenched in a formidable power constellation that is legitimized worldwide by the doubtful ideology of market fundamentalism and by the idea that entrenched private property rights are sacrosanct.

I cannot but come to the conclusion that both parts of our new politico-economic system are dysfunctional:

The *political side* is dysfunctional because the poor are *systematically neglected* for three reasons:

- a) because the policy approach of the ANC is too elitist;
- b) because the ANC has almost destroyed the capacity of the public sector; and
- c) because the ANC is “weak” and is not using its restricted sovereignty – within the global power structure – in a judicious way.

The *economic side* also is dysfunctional because the combination of (entrenched) property rights and market fundamentalism *excludes* the poorer half of the population *systemically*. In a system of entrenched property rights, neoliberalism and market fundamentalism, the consequences are as clear as daylight: the few (20%) with economic power and with marketable assets became richer and the many (50%) without economic power and without marketable assets get poorer. The ideology of the ANC (i.e. a better life for all) stands in direct conflict with the ideology of market capitalism (i.e. the empowering of those with marketable assets). The ANC has become trapped in the global power constellation. It has neither the power nor the will to make a stand against the powerful economic (corporate) block on behalf of the poor and has, in fact, opted to join this power block to the detriment of the poor.

We are faced with the contradictory situation that at least 80% of the Whites who were already rich in 1994 – thanks to apartheid – are now much richer, while 60% of the blacks who were already poor in 1994 – as a direct result of apartheid – are now poorer. *What are we doing in this country?* We will have to find a formula not only to distribute *income* but also *property* in a constructive way to turn the *vicious* circle of poverty into a *virtuous* circle. This will not be easy because globalisation has been fashioned by the rich and powerful against the interests of the poor.

I hope the old White elite and the new Black elite realize that the situation in South Africa is highly immoral and also not sustainable. The first Elite Pact was responsible for the racial inequality and racial hostility that led to a painful struggle. The second Elite Pact has created conditions conducive to class tensions, class hostilities and a class struggle that can easily derail into becoming a class war.

A final word for us Whites: we have proceeded from White power to White wealth, but we should realize that our moral crisis is far from being resolved. On the contrary, it is as grave as ever.