

# CHALLENGES TO THE PROFESSIONS

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## CHALLENGES TO THE PROFESSIONS

### 1. THE RISE OF THE PROFESSIONAL SOCIETY IN THE 20TH CENTURY

A British social historian, Harold Perkin, published an excellent book on The Rise of Professional Society - England since 1880 (Routledge, London) in 1989. He divides the history of the Western World over the last 1000 years in three periods. Each period was/is based on its own social ideal, i.e. on a model of how society should be organised to suit a certain class or interest and to promote the development of the ideal citizen. The three periods are the feudal society, the industrial society and the professional society.

The feudal or pre-industrial society was permeated by the aristocratic ideal based on property and patronage. Passive property, usually in land, provided the means for the ideal citizen, the leisured gentleman, to offer his unique contribution of political rule, moral leadership and encouragement of art, literature and sport.

Industrial society (1770-1940) was permeated by the entrepreneurial ideal based on active capital and competition, on business investment as the engine of the economy, run by the active owner-manager, ideally the self-made man, who rose to wealth and influence by his own intrinsic worth and won out in open competition. In Victorian industrial society it was the entrepreneur, the individual owner-managing capitalist, who imposed his belief in the competitive free market and in the moral superiority of self-help and active labour on both landlord and labourer.

The professional society is permeated by the professional social ideal. This ideal, based on trained expertise and selection by merit, differed from the other two periods in emphasising human capital, rather than passive (mainly land) or active (mainly industrial) capital. Professionalism also differs from land and capital as an organising principle of social structure in not being confined to the few - those who owned the limited material resources of society and could charge the rest in rent or profits for the use of them. Based on human capital and specialised expertise, professionals could become as extensive as there were human beings capable of skilled and specialised service. The ownership of human capital is thus capable, at least in theory, of reaching much further down the social structure than the ownership of land and/or capital. The professional society can therefore transform society much more thoroughly not from the top down, but also from within.

### 2. THE GROWING CONTRIBUTION OF INVESTMENT IN HUMAN CAPITAL, OF "HUMAN PROPERTY" AND OF PROFESSIONALISM TOWARDS ECONOMIC GROWTH

The growing contribution of investment in human capital, and of professionalism, towards economic growth can be explained by fitting a simple model on the period of industrialism from 1770 to 1994. The first phase of industrialism stretched from 1770 to 1870. In this phase Great Britain dominated industrial development. The second phase stretched from 1870 until 1940. In this phase Germany was originally responsible for a second industrial revolution but from the first decade of this century the United States of America became the industrial pacesetter. The third phase is the period from 1940. In this phase, not only the USA made a big contribution, but also Germany and Japan.



Apart from the increase in labour, modern growth theory distinguishes mainly three contributory factors in a country's growth rate or its labour productivity, i.e. (i) capital deepening or an increase in the capital-labour relationship; (ii) capitalmodernisation (or capital quickening) due to technological and organisational advancement or new knowledge embodied in new capital; and (iii) investment in human capital, i.e. education, training and experience.

The factors that made the greatest contribution in the three periods of industrialisation, were as follows:

(i) First phase (Britain) 1770-1870: Capital deepening. Although the steam engine was important at the end of the 18th century, the first 70 years of the 19th century did not experience important technological breakthrough in Britain. Britain's success as industrial pioneer was built on the employment of unskilled labour, very low wages, large profits and the ploughing back of the big profits (or surplus) in industrial investment or capital accumulation. The formula was a little technological advancement, the exploitation of unskilled cheap labour and capital deepening. (In the 50 years before the First World War the growth rate of the capital stock was much higher in Britain than the previous 100 years, but the increase in the productivity of labour was much lower.)

(ii) Second phase (Germany and USA) 1870-1940: Capitalmodernisation or capital quickening.

In the last third of the 19th century a new generation of German entrepreneurs showed an unique enthusiasm for efficiency and technological and organisational advancement<sup>1</sup>. According to the Austrian economist, Joseph Schumpeter, the German entrepreneurs were responsible for a process of Creative Destruction, by introducing one "bündel" of (technological) innovations after another. The process of Creative Destruction was according to Schumpeter the springboard of dynamic economic efficiency. In the first decade of the 20th century, the Americans introduced rationalised and scientific management into industrial production and brought about the transition from large-scale production to mass production and industrial bigness<sup>2</sup>.

(iii) Third phase (USA, Germany and Japan): 1940 onwards: Investment in human capital

In the early sixties E.F. Denison published important research about which factors were responsible for economic growth in the USA from 1929 until 1957<sup>3</sup>. His results were as follows:

<sup>1</sup> A historian (D.S. Landes) puts it as follows: "For German entrepreneurs the new was desirable, not so much because it paid, but because it worked better ... There were right and wrong ways to do things, and the right way was the scientific and mechanised way."

<sup>2</sup> Before the First World War, Britain continued with its pattern of capital deepening and the exploitation of existing technology and cheap unskilled labour. In the 50 years before the First World War, she lost a lot of industrial ground vis-à-vis Germany and the USA. From 1870 onwards Britain became the victim of the pattern of the first phase of industrialisation.

<sup>3</sup> Denison, E.F. "Sources of US economic growth", in *Journal of Business*, Vol. XXXV, No. 2, 1962.



- a) increase in employment ..... 27%
- b) increase in capital (capital deepening) ..... 15%
- c) investment in human capital ..... 23% )  
(education and training) ..... )43%
- d) new knowledge and technology ..... 20% )  
(capital quickening)
- e) other factors..... 15%

In 1987 the Nobel Prize for Economics was awarded to Robert Solow for research in which he came to the conclusion that the contribution of new knowledge and education towards economic growth were even bigger than previously thought. He states his case as follows: "An explanation of the macro-economic facts appeared to require the conclusion that observed increases in output per man-hour over a 50 year period had only little to do with the increase in capital per worker. The bulk of the explanation, between 85 per cent and 90 per cent, had to come from other sources, such as labour quality, technological progress and the like."<sup>4</sup> The Revolution of Investment in Human Capital is undoubtedly part and parcel of the Professional Society. The modern society is per definition a meritocratic society.

### 3. THE TRUE MEANING OF PROFESSIONALISM

What is the true meaning of professionalism? Professionalism implies at least two things. In the first instance a certain type of discipline and in the second instance a certain type of disposition.<sup>5</sup>

Discipline, in this context, has more than one meaning. No one can become a professional without disciplined training in his specific field of professionalism. This training normally lasts for several years and comprises not only of university training but also a period of "in house" training.

A professional who wants to maintain his professional status and expertise, has to put himself willingly under the watchful discipline of expert colleagues. Anyone who is a true professional also submits himself to the discipline of the standards he has pledged to maintain in his professional capacity. To succeed a professional has to keep pace with development in his field of expertise. A professional can only remain a professional by being

a life long student of developments in his field. It is against this background that we should judge the importance of professional journals, professional conferences and sabbatical leave for study purposes.

<sup>4</sup> Solow, R.M. "Sources and outlook for growth", in Samuelson, P.A., *Readings of Economics*, New York, McGraw-Hill, 1970, p. 296. At a later stage Solow scaled down this percentage by acknowledging that new investment (capital deepening) is necessary to embody "new knowledge". But this does not change his conclusion that new knowledge and education and training are the main sources of economic growth. In 1986 Perter Lindert published an article ("Unequal English Wealth since 1670", *Journal of Political Economy*) in which he claims that human capital accounted for only 15percent of national income in 1880, while it accounted for 52percent in 1980.

<sup>5</sup> Based on Rossouw, H.W., "Oor Professionele en Akademiese waardes", *Maatskaplike werk*, 1993, 29(2).



The word "discipline" has in this context yet another meaning. The members of a specific profession normally formulate rules of conduct which are applicable to them. In the case of statutory professionals, these rules of conduct normally have legal sanction. These rules are supposed to be institutionalised by the professional person to such an extent that they become second nature to him or her. We can also regard these rules of conduct as a professional ethos, i.e. a directional code to give pattern and meaning from within to a professional person's conduct. The rules of conduct normally demand confidentiality in matters concerning the clients of the professional. But they imply more than this. They also imply that professional conduct must be of such a high moral standard that it will evoke confidence and trust from clients, potential clients and colleagues and from the public at large.

Apart from inner discipline, true professionalism also implies a certain type of disposition. We can call it a disposition towards serviceability. A profession in the true sense of the word is not simply a manner of making a living. A professional person is someone who delivers, or is supposed to deliver, a service of high quality.

Another word for profession is vocation ("beroep" in Afrikaans. 'n "Beroep" verwys na 'n roeping. Die woord dui die antwoord aan op 'n aanspraak wat gemaak word). (The word vocation is deduced from the Latin word vocare, to call.) Someone who is an architect is not doing ordinary work, but is practising the vocation for which he felt called upon to do.

It is difficult for me to imagine that someone can fulfil his vocational task in a proper manner without a disposition of serviceability. In this sense the full compensation for professional services rendered cannot only be the monthly salary - and should not only be that. In the last resort the compensation should also include satisfaction for services well performed.

There are unfortunately indications that more and more people choose a specific profession not as a vocation which they felt called upon to do, but because they regard it as a means to earn a high salary and to maintain a high standard of living. If this should become more and more the attitude towards a chosen profession, the disposition towards serviceability will become less and less important. The representatives of different professional organisations would know - better than I do - to what extent this development away from a disposition towards serviceability has already become institutionalised. It is a tendency that certainly should be deplored. (The content of the service to be delivered does, however, not remain constant. On the contrary, under changing conditions it can change rather radically. I will return to the (new) content of the service to be delivered by professionals in the New South Africa.)

#### 4. PROFESSIONAL ORGANISATIONS AND RENTSEEKING

Many of the professional organisations of today - and especially statutory entrenched professions - have their origin in the medieval guilds, especially craft guilds<sup>6</sup>.

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<sup>6</sup> An economic historian, Henri Pirenne has defined a craft guild as "a privileged group of artisans endowed with the exclusive right to practice a certain profession in accordance with the regulations laid down by the public authorities (mainly city-states)".



Membership of craft guilds appears to have been voluntary at first, but subsequently became a necessary condition for the pursuit of a craft in medieval towns. The craft guilds were thus a form of industrial monopoly. The purpose of the monopoly was two-fold: to protect members of the guild against competition among themselves and to protect the privileged of the exclusive group against potential and actual competition outside the guild. Although the monopolist nature and protectional policies of craft guilds gave rise to many malpractices, there can be little doubt that guilds were a necessary institution in the unsafe and unstable medieval world where public authorities (city-states) could only supply a limited kind of safety and security and only in a restricted area. The guilds, however, played a vital role in the training of apprentices, and in the transfer of expertise from one generation to the next. In some cases guilds promoted technological progress, but in other cases it deliberately retarded it.

What must be emphasised, however, is that in those countries where the power and privileges of craft guilds had been maintained, after the rise of nation-states in the 16th and 17th centuries, it had a distinct negative effect on the process of economic modernisation<sup>7</sup>.

The organisational structure of modern professional organisations - especially those with statutory entrenchment - is a complicated matter that cannot be explored fully at this occasion. The organisational structure of modern professions is supplying its members with a variety of privileges and power that can be used constructively, but can also be misused to promote sectional interest to the detriment of the common interest. I deliberately refer to the monopolistic and protective nature of medieval craft guilds to highlight the point that a professional organisation can have a functionality and value in one phase of economic development, but can become a stumbling block and a burden in a next phase. It is therefore necessary that the power and privileges of well-organised professions should continuously be scrutinised by not only the government, but also by civil society.

The main reason why the power and privileges of the different professions are a matter for public scrutiny, is because professional "property" has become highly priced property that can be priced too high - from a public welfare point of view - if the supply of professional service is kept too (artificially) scarce by steps taken by the specific professional organisation and if the demand is improperly manipulated.

All societies turn on their concept of property. Medieval society was based on the feudal concept of contingent property, held directly or indirectly from the king in return for services - military, spiritual or servile, and (in theory at least) forfeited on failure to perform the service. Between the Black Death (1350) and the Civil War (1640) this concept of property was replaced in England by the concept of absolute property, by means of which the Gentry (or landlords) turned lordship into ownership and defeated the claims of crown, church and tenants to service, loyalty and protection. In the capitalist economics of Western countries of the 18th and 19th

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<sup>7</sup> The contrasting role of the craft guilds in England and France in the 17th and 18th centuries may serve to illustrate England's advantage. In England the growth of strong central government during the age of mercantilisation had been the weakening of the craft guilds. In France, by contrast, the guilds were strengthened by (Jean-Baptiste) Colbert's industrial reforms and because the guilds were made the agents of local administration for the central government. The weakness of the craft guilds in England was undoubtedly conducive to developments that were part and parcel of the Industrial Revolution at the end of the 18th century. Many reasons can be put forward to explain why France experienced very slow industrialisation during the 19th and early 20th centuries. The strength of the craft guilds in France was one of these reasons.



centuries, the concept of absolute property laid the foundations of industrialism under which those who owned the (industrial) resources absolutely, could buy the labour of those who did not own resources.

With the rise of the Welfare State in Britain after the First World War, the owners of active industrial property forcefully resisted taxes to finance the Welfare State by stressing the alleged absolute nature of their private property. (The introduction of the Welfare State in Continental Europe was not opposed as forcefully as was the case in Britain). At the end of a lengthy debate in Britain, those in favour of the Welfare State won the debate by stressing that their argument for taxation was not against property as such, but against functionless, irresponsible, absolute property, not justified by some kind of service to society. The supporters of the Welfare State emphasised the responsibility of property owners rather than their rights and the duty of the community to override those property rights when those rights conflicted with the needs of society.<sup>8</sup> The rise of the Welfare State can therefore be regarded as the event that terminated the concept of absolute (private) property in Western countries. (Unfortunately many property owners in South Africa - land, capital and professional property - are still inclined to emphasise the (alleged) absolute nature of their property.)

The professional concept of property rests as much on a scarce resource as land and industrial property, but instead of controlling land or capital, it sets out to control the supply of professional expertise.

Most professional expertise does not enjoy a natural scarcity, and its value has to be protected and raised, first by persuading the public of the vital importance of the relevant service and then by controlling the market for it. That is why the organised professional bodies are institutions for educating the public and for closing the market and operate "strategies of closure", including control of entry, training and qualification, and seek all kinds of monopoly. When such devices succeed, they create an artificial scarcity of the resources, (i.e. of the particular expertise). Professional property then produces a flow of income in the form of "rent", i.e. the profession succeeds with rentseeking.<sup>9</sup> Scarcity of a specific expertise can exist before a monopolistic situation is attained. The flow of income generated by this (natural) scarcity of expertise, will of course be completely kosher. When an organised profession succeeds to control a large part of the market, the flow of income generated by professional property will be much larger. We have then every reason to stipulate that the organised profession is a typical rentseeker.

Since the essence of property is a right to the flow of income from the resource owned, professional capital is thus a species of property in the truest sense. It is, nevertheless, not an absolute but a contingent form of property; contingent upon the performance of a service. It is the principle of justification by service that lies behind the professional right to property and the right to a flow of income.

In this right to property and income, however, shelters a danger. Whenever an organised profession increases the (artificial) scarcity of its expertise in a manner not reconcilable with the (professional) "principle of justification by service", it opens itself to the accusations of monopolistic malpractices. In many cases organised professions uses the argument that they are concerned about the maintenance of professional

<sup>8</sup> See Perkin, *op.cit.*, pp. 123-130.

<sup>9</sup> See *Ibid.*, pp. 376-380.



standards to justify their "strategies of closure". This argument is often meritorious. But sometimes it is not. Other methods to increase the artificial scarcity of expertise may also be doubtful. Whenever such methods are employed, the relevant organised profession will be too successful with rentseeking from the point of view of the political economy. The relevant type of professional property will then be used (or misused) in a manner detrimental to the welfare of the society at large.

I mention these dangers not to be vindictive. I mention them to emphasise the point that professions - and especially statutory entrenched professions - must at all times be vigilant about the contingent ("voorwaardelike") nature of their property; Organised professions cannot afford to be indifferent about the principle of justification by service that lies behind the professional right to property and the right to a flow of income.

I do not wish to be misunderstood, I am not saying that organised professions should not manipulate the supply and/or the demand to increase the (artificial) scarcity of their expertise services. In a modern, highly industrialised capitalist economy (or post-industrial professional society) a very large surplus is produced. It is the name of the game of all the owners of property - land, capital, ordinary labour and professional property - to compete in the open market to attain a large part of the "rent" or surplus. The competition for the surplus - or the "struggle" of rentseeking - only becomes problematic when the owners of a specific type of property make use of monopolistic malpractices and succeed to enrich themselves in a manner detrimental to the welfare of the society at large. It is not easy to draw the line between proper and improper rentseeking.

Whose responsibility is it to keep a watchful eye on which property owners cross the line towards improper rentseeking? It is in the first place the responsibility of the government of the day. It is also the responsibility of civil society and for that matter of political economists. But it is undoubtedly also the responsibility of property owners (in our case organised professions) to be keenly aware of the dangers of misusing their power in the "struggle of rentseeking". Everyone involved in the powergame of rentseeking should remember Lord Acton's dictum: "Power corrupts and absolute power corrupts absolutely".

It stands above dispute that the organised professions (especially those with statutory entrenchment) have formidable bargaining power due to the high value of the property concentrated in their hands. The modern industrialised and post-industrial societies have become so intensely dependent on the expertise services of professionals - partly for genuine reasons and partly because the public has become persuaded and/or conditioned (or even enslaved) for the specific services - that the owners of professional property have formidable power and prestige at their disposal. In any democratic system large responsibilities, therefore, rest on the shoulders of those individuals, groups and institutions endowed with great power. These responsibilities are so much greater in an emerging or infant democracy as is at present the case in South Africa. I will also return to this point.



5. THE IDEOLOGICAL POLARISATION BETWEEN PUBLIC SECTOR PROFESSIONALS AND PRIVATE SECTOR PROFESSIONALS IN WESTERN COUNTRIES AND IN SOUTH AFRICA

The third quarter of the 20th century was a period of exceptionally high economic growth - not only in the highly industrialised countries, but also in South Africa. In the OECD-countries the average growth rate, during the Golden Age from 1950 to 1973, was almost 5 percent annually and the real per capita income increased by almost 4 percent annually. In South Africa the average growth rate was higher than 4 percent annually and the real per capita income increased by 2,5 percent annually. (Unfortunately the high growth was almost exclusively to the benefit of the whites).

The Golden Age can also be regarded as the triumph or heyday of both the Welfare State and the Professional Society - especially in the OECD-countries. The sharp increase in the wealth of the citizens gave rise to an even sharper increase in the demand of services - especially the expertise services of professionals. The growth of the Welfare State also created lucrative employment opportunities in the public sector for highly skilled professionals.

During the Golden Age (and amidst the accelerated growth of the "service industries") a remarkably close co-operation was forged between professionals in the private and public sectors. It was during this period to the joint benefit of professionals in both sectors to persuade the government and the society at large about the value of their expertise services. In this period the professionals (in both sectors) also consolidated their right to practice "strategies of closure" in order to enhance the scarcity value of their services.

The enormous expansion of State expenditure and of government employment in Western Countries, as part and parcel of the Welfare State, was tolerable as long as the economies of the relevant countries were expanding. After the oil shock of 1973 the average growth rate in OECD-countries declined to an average of less than 3 percent until 1990. Government spending as a percentage of GDP, however, increased in OECD-countries from 35 percent in 1970 to 48 percent in 1988. In the awkward situation of a much lower growth rate and a sharp increase in government spending and taxation, a sharp division developed between public sector professionals (i.e. those funded directly or indirectly by the State) and private sector professionals, (i.e. those in private practices and the professionally trained managers of private corporations).

This division developed into a furious "class struggle". As the struggle between lord and peasant was the main "class struggle" in the feudal society and the struggle between capitalist and wage earners was the main conflict in industrial society, so the struggle between the public and private sectors had become the main conflict in professional society<sup>10</sup>.

The struggle between public and private sector professionals has evolved into an open ideological war. The private sector professionals have embraced the free market ideology and have become hostile against the Welfare State and government's involvement in the economy. Although the professionals in the private sectors (and especially managers of private corporations) are primarily concerned to limit government spending

<sup>10</sup> See Perkin, *op.cit.*, pp. 10 and chapter 9.



and are keen to keep taxation down, they continue to lobby government for contracts, investment subsidies and tax treats - all in the name of economic growth!

The social ideal of public sector professionals remains the Welfare State and government involvement in the economy to compensate for the inequalities of power and wealth and to correct market failures. Public sector professionals are in favour of a more egalitarian, caring and compassionate state run by well-paid professionals. The ideological argument of the public sector professionals is framed in terms of social justice for every citizen, rather than the self-interest of individual professional groups and/or large corporation. The free market, they asserted, has manifestly failed to produce an equitable distribution of resources or solve the social problems of poverty, maldistribution of health care, unequal educational opportunities, inadequate housing, a squalid environment and involuntary unemployment - definitely not only in developing countries but also not in highly industrialised countries. In the complex interdependent society (and world economy) in which many vital services cannot be effectively provided by the market, state provision through publicly funded professions is inescapable - especially if the promotion of the Social Welfare of the society as a whole is regarded as the true purpose of socio-economic and political activity.

The sharp bifurcation between the ideological disposition between professionals in the private and public sector has developed into one of the main features of all highly industrialised countries. During the 1980s when Reaganomics and Thatcherism was the dominant orthodoxy in the British-American world, the free market ideological approach (and propaganda) of the private sector professionals was very much on the winning side. The free market propaganda became so effective and overpowering (in especially the British-American world) that many public sector professionals lost confidence in their own professional ideal.

In Continental Europe the public sector professionals stick to their guns to a much greater degree. Consequently a neglect of the Welfare State - especially as far as investments in social infrastructure and in human capital are concerned - did not occur to the same degree in Continental Europe. It is therefore not surprising that all the indices of social welfare and/or the quality of life, is far superior in Continental Europe in comparison to the British-American world.

During the second half of the seventies and the eighties, South Africa also experienced a sharp ideological swing towards the free market ideology of the British-American world. As was the case in Britain and the USA, private sector professionals (and especially professionals in the large corporations like Anglo-American and Rembrandt) took the initiative to agitate against social spending and government's involvement in the economy. The propaganda campaign of the Freemarketeers unfortunately was also as effective and overpowering as in the Britain-American world. It is a rather sad thought that in the final stage of the old South Africa, many public sector professionals - and the majority of them being Afrikaans speakers - also embraced the free market ideology of the private sector professionals. Although public sector professionals in the old South Africa were never in favour of a more equitable, caring and compassionate state (comprising the total population) their attitudes became even less concerned with the process of impoverishment in the black community during the dark decade of the eighties. The lack of serviceability of professionals - not only in the private sector, but also in the public sector - towards the social needs of mainly the African population during the apartheid era, is a sad chapter in the history of professionalism in South Africa.



During the eighties and in the midst of a declining economy and growing international isolation, the public sector became a strategy component of the Total Strategy against the (alleged) Total Onslaught. In this capacity the securocrats became considerably more important, relatively speaking. In these circumstances a large portion of the private sector was also drawn into Pretoria's (i.e. the government and the Bureaucracy) network of patronage as part and parcel of the Total Strategy. As a quid pro quo for co-opting Johannesburg (i.e. the Corporate Sector), the Pretoria bureaucracy "bought" Johannesburg's free market ideology. Consequently the professionals were almost exclusively orientated towards the needs of the "First World" and towards the "White World" of South Africa.

In the early nineties (1990-1994) a very close "compact of power" developed between the corporate sector, the bureaucracy, the NP, the mainstream media and the professional groups. In this way a well-integrated Bourgeois Establishment was created to "counteract" the Liberation organisations in the negotiation process. The ideological orientation of this Establishment was typical New Right and reminiscent of Reaganomics and Thatcherism. The main thrust of the Bourgeois Establishment at the Kempton Park negotiations was the get a deal that will keep the vested interests - including the very unequal distribution of property (land, mining, industrial, commercial, service and professional) - as intact as possible in a New South Africa. (See Schema I).

In the last six months it has become apparent that the NP regards its main task in the Government of National Unity (GNU) to act as the protector of the large vested interests of its Bourgeois Establishment against what the NP regarded as a possible "Total Onslaught" of the RDP. In a very subtle way the NP, its supporting media, the large corporations and representatives of some professional groups are putting together what they hope will be a new "Total Strategy" to counteract the (alleged) "Total Onslaught" feared from the RDP of the ANC. The strategy of the NP at Kempton Park was to negotiate a formula of "power sharing" that will enable the NP to share power without losing it. The attempt failed. The strategy in the GNU is to cooperate in economic matters to implement the RDP in a manner that will keep the vested interests, economic power and privileges of the Bourgeois Establishment as intact as possible. This strategy is not reconcilable with the RDP.

It has also become apparent that the Bourgeois Establishment (given its "first world" and free market ideology) is very much in favour of the "Development" part of the RDP due to the fact that they (mistakenly) regard "development" and "economic growth" as synonyms. At the same time the Bourgeois Establishment is conspicuously less enthusiastic about the "Reconstruction" part of the RDP. I will return to this point in section seven.

## 6. THE GOVERNMENT OF NATIONAL UNITY'S COMMITMENT TO CREATE A PEOPLE-CENTRED SOCIETY OF LIBERTY AND ITS IMPLICATIONS

In his first speech in Parliament on 24 May 1994, President Mandela announced that the Cabinet of the GNU has reached consensus on the objective of the creation of a people-centred society of liberty. According to him the "definition of the freedom of the individual must be instructed by the fundamental objective to restore the human dignity of each and every South African". He put it quite categorically that "this requires that we speak not only of political freedom ... (and that the) commitment to create a people-centred society of liberty binds



(my government) to the pursuit of the goals of freedom from want, freedom from hunger, freedom from deprivation, freedom from ignorance, freedom from suppression and freedom from fear."

To understand the full meaning and implications of the people-centred society of liberty we must contrast this "ideal society" with the state of affairs in South Africa after a century of Racial Capitalism, Segregation and Apartheid. In the document on the Reconstruction and Development Programme of the Tripartite Alliance a vivid description is given of the abject poverty under which 17 to 18 million people live in South Africa. Due to the lack of socio-economic freedom - i.e. freedom from want, hunger, deprivation, ignorance, suppression and fear - the South African society is still a world apart from the people-centred society of liberty.

It is important that we should make a clear distinction between "individual freedom" in the model of society propagated by Economic Liberalism and the Freemarketeers on the one hand and the "individual freedom" as defined by Pres. Mandela in his social model of a people-centred society of liberty. While the concept of individual freedom propagated by Liberalism is a negative concept of freedom (i.e. freedom from legal restraints for the privileged minority), the socio-economic freedom to which Pres. Mandela and his Cabinet is committed, is a positive concept of freedom that can only be realised if a reasonable degree of equality of freedom has been institutionalised.

The freedom of Liberalism and the Freemarketeers is the freedom of the chicken run - of chickens and foxes. In this model of society only the foxes are powerful and free enough to enjoy their freedom to the detriment of the chickens! This kind of freedom is, unfortunately, still to a very large degree prevalent in South Africa. After 100 years of Racial Capitalism and Apartheid, millions of South Africans still live in socio-economic "captivity". We will only arrive in a truly new South Africa when we have succeeded in creating a society in which a reasonably high level of socio-economic freedom (and equality of freedom) can be enjoyed by a relatively high percentage of the South African population.

## 7. A FOCUS ON THE "RECONSTRUCTION" PART OF THE R.D.P.

The "reconstruction" and "development" part of the RDP. are of course interdependent elements. The one cannot succeed without the other. Looking at the RDP from the point of view of the majority of the population, development is of prime importance. But looking at the RDP from the point of view of the privileged minority (including the professionals) the "reconstruction" part of the RDP. is perhaps more relevant because it will effect not only their vested interests but also their functional relationship towards the RDP. Consequently, I am going to concentrate from now on, on the structural dimensions of the South African problem and on the need for and the implications of "Reconstruction".

The original RDP document (draft 7) stated unequivocally that "the South African economy is in a deep-seated structural crisis and as such requires fundamental reconstruction". This fundamental reconstruction will i.a. entail the creation of "a strong, dynamic and balanced economy which will eliminate the poverty ... and extreme inequalities in wages and wealth ... address economic imbalances and structural problems ... (and) democratise



the economy and empower the historically oppressed ... by encouraging broader participation in decisions about the economy in both the private and the public sectors<sup>11</sup>.

It is necessary for our purpose to make a short list of the economic imbalances, the structural problems and the extreme inequalities in wages and wealth.

#### 1. *Income Inequalities*

If we put the income of the whites at an index of 100, the income of the Asians, Coloureds and Africans is 34, 19 and 8 respectively<sup>12</sup>.

The richest 10 percent of households (almost completely white) receive 51 percent of total income, the top 20 percent receive 71 percent, while the poorest 40 percent of households receive less than 4 percent! (Less than 2 percent of white households are part of the poorest 4<sup>C</sup> percent). In Brazil - the country with the second worst distribution record - the poorest 40 percent of households receive 8 percent of total income.

#### 2. *Poverty*

It is estimated that 49 percent of households live in absolute poverty and cannot meet their basic human needs. (No less than 67 percent of African households are in this category). It is estimated that 17,3 million people (or 43 percent of the population) live in absolute poverty<sup>13</sup>. The bulk of these people are the "black outsiders". The breadwinners of these households do not have formal employment, they are without houses and adequate schooling for their children. They are the true victims of apartheid. They were not only on the receiving end of deprivation and discrimination, but they also had to take a large part of the brunt over the last 20 years when the struggle to end apartheid has had all kinds of disruptive side effects.

#### 3. *Social spending*

Inequality in social spending (on education, health, housing and welfare) is one of the outstanding features of the apartheid spending pattern. If the per capita social spending on whites were put on an index of 100 in 1990, the per capita social spending on Asians, Coloureds and Africans would be 85, 62 and 27 respectively<sup>14</sup>. According to an IMF paper on 1992 (Occasional Paper No 91) South Africa's expenditure on social security and welfare has lagged behind those of other countries, largely reflecting South Africa's limited social safety net. For 1983-87, the share of GDP spent in South Africa on this category was only 2,1 percent, compared to over 8 percent for the upper-middle-income group countries (with whom South Africa can be compared) and over 13 percent for industrial countries.

<sup>11</sup> R.D.P. paragraph 4.1.1 and 4.2.2.

<sup>12</sup> Whiteford & McGrath, *Distribution of Income in South Africa*, HSRC, Pretoria, 1994, Table 5.3, pp. 39.

<sup>13</sup> *Ibid.*, Tables 7.1 and 7.3.

<sup>14</sup> Van der Berg, S., (1991). "Prospects for Redistribution of primary and secondary income in the transition to democracy", paper to the Biennial Conference of the Economic Society of South Africa, Stellenbosch, 2-3 October 1991.



#### 4. *Employment and Job Scarcity*

It is estimated that between five and six million jobseekers (out of a total labour force of 14 million) cannot find a job in the formal sector of the economy. The inability of the economy to create the needed job opportunities is twofold: firstly due to the low growth path of the economy over the last 20 years (the average growth rate was only 1,7 percent annually), secondly, due to the sharp increase in the capital intensity of the South African economy since 1960. This high capital intensity of the economy is the direct result of Dr Verwoerd's attempt to create a "white economy" as independent as possible from African labour. The structural distortions caused by the Verwoerdian policy measures has caused a rather serious distortion of the South African economy. Due to the capital intensity of our economy, we have become highly dependent on the influx of foreign investment to move the economy onto a higher growth path.

#### 5. *Inequality in the distribution of wealth and economic power*

The most important structural imbalance in the South African economy - and the one that really needs fundamental restructuring - is undoubtedly the very unequal distribution of wealth (including the unequal distribution of "human property") and of economic power and control.

It was estimated (in 1985 by McGrath) that 88 percent of all personal wealth is owned by the top 5 percent of the population. Due to the Land Acts of 1913 it was (until recently) not possible for blacks to own land (small exceptions aside) in 87 percent of the South African territory. As far as power is concerned, economic power and control are very much concentrated in the hands of the white group. Fewer than 10 "corporate conglomerates" control more than 80 percent of the value of the stocks quoted on the Johannesburg Stock Exchange. "Media Power" is concentrated in the hands of a few large newspaper groups.

If it were possible to make a proper estimate of the "human property" (including professional property) "owned" by whites, Indians and the upper (say) 60 percent of the Coloureds and 20 percent of the Africans (i.e. the upper 30 percent of the population) in comparison with the human capital "owned" by the lower 70 percent, we would not only be shocked but we - the privileged part - should also be ashamed.

The abovementioned five structural imbalances, distortions and inequalities are more than adequate reasons for comprehensive policy measures to bring about a fundamental reconstruction of the South African economy in the next ten to twenty years. We, of course also need economic development and economic growth to address these problems. Reconstruction will also be necessary irrespective of <sup>how</sup> low or high the economic growth rate is going to be.

Several additional reasons can be given why it has become necessary to concentrate on the "R" of the RDP and to emphasize its strategic importance.

Firstly, if the deep-seated structural crisis continues because of an inability on our side to bring about a fundamental reconstruction of the South African society, we run a serious risk of a "Second Revolution". The



abovementioned structural imbalances and distortions must be removed to a satisfactory degree in a reasonable time-span. What a satisfactory degree and a reasonable time-span in this connection mean, is difficult to tell. What is, however, of utmost importance at this point in time, is that we - especially the privileged part of the population - should not underestimate the structural dimensions of our problems and also not the need for "fundamental reconstruction" of the power and property relations.

Secondly, the word "reconstruction" is used so often that it has unfortunately become a buzz word that has lost its real meaning. According to my dictionary the verb "to reconstruct" can have the following meanings: to construct again, to rebuild, to remodel and form again, to remake, to reorganize, to reassemble, to recreate, to remould, to transform; the upbuilding of moral and material public well-being after a great upheaval. It can also mean to reorientate people's attitudes or to reset their mindset.

Thirdly, as I stated above, it has become apparent over the last six months that the Bourgeois Establishment and the NP are more in favour of the "Development" part of the RDP and in a subtle way tried to retard (or even to prevent) the "restructuring" part of the RDP. An important reason for the Bourgeois Establishment's and the NP's lack of enthusiasm on the "R" of the RDP is because they are afraid that "Reconstruction" may harm and/or endanger their large vested interests, privileges and economic power.

Fourthly, all the design professions associated to the Society of Apes, are mainly involved in "construction" and "reconstruction" activities. In considering the challenges the RDP poses for the Design Professions it seems to me quite appropriate to concentrate especially on the "R" of the RDP.

In an attempt to highlight the meaning of "reconstruction" in the RDP, we can distinguish between four different levels of reconstruction:

- a) Reconstruction on the systemic level - i.e. on the broad level of the political and economic power relationships.
- b) Reconstruction concerning the unequal distribution of wealth property and economic control.
- c) Reconstruction of the public sector and government's spending patterns.
- d) Reconstruction concerning the reorientation of "human capital" (including all professional capacities) and to reset the mindset of the privileged minority.

a) Reconstruction on the Systemic level

The importance of restructuring on the systemic level to transform the power relationships constructed during the century of white political domination and Racial Capitalism can hardly be overemphasized. Although an important transformation of our political system took place in April, on-going changes in the relationships between the GNU and other centres of power - such as the bureaucracy, the corporate sector, the media and organized professional groups - must still take place. The process of the reconstructing our political and economic system - to create a stable and sustainable system of Democratic Capitalism - will only be completed when a broadly based pluralistic network of power groups has been institutionalised. In all modern societies the power blocks in such a broadly based pluralistic network, act as countervailing forces or as checks and balances to prevent the misuse of power by any specific power group. (See Schema II).



It is unfortunate that political power is presently mainly concentrated in the hands of the black community while economic and corporate power is concentrated in the hands of a (mainly) white elite. In one way or another the unhealthy concentration of economic power and control in the corporate sector will have to be addressed. It is rather unfortunate that every time one or another aspect of "economic reconstruction" is mentioned, important elements in the corporate sector, the media or the NP, try to project it as an attempt towards socialism. The RDP states quite correctly "that neither a communist control planning system nor an unfettered free market system can provide adequate solutions to the problems facing South Africa (RDP, paragraph 4.2.1).

It is equally unfortunate that the NP and the supporting media are trying to create the impression that the GNU is in favour of a free market system. Pres. Mandela has committed himself at several occasions towards the maintenance of a market orientated economic system. This, however, is a far cry from the system propagated by the Freemarketeers. It is important that people in the corporate sector and in the mainstream media should realise that a free market system and a people-centred society of liberty is completely irreconcilable. A market-orientated economic system (i.e. an appropriate system of Democratic Capitalism) and a people-centred society of liberty can indeed be reconcilable. As stated above, the people's centred society of liberty presupposed positive socio-economic freedom for the great majority, while a free market system is based on the negative (economic) freedom of the rich elite.

b) Reconstruction concerning the unequal distribution of wealth and property.

The policy of affirmative action is supposed to address the inequalities in the distribution of wealth and property.

Die Afrikaanse woordegebruik is in hierdie verband baie meer beskrywend. Die beleid van Regstellende Optrede is nodig om vir sowel die strukturele Agterstelling as the beleid van Strukturele Bevoorrusting (Voortrekking) te kompenseer. Dit was baie vreemd toe Mnr F.W. de Klerk onlangs in Bloemfontein gesê het dat hy ten gunste van Regstellende Optrede is, maar dat dit nie geïnstitutionaliseer moet word nie. Dit was inderdaad 'n onsensitiewe opmerking komende van 'n lid van die RNE. 'n Mens kan seker in alle billikheid verwag dat 'n lid van die RNE rekening sal hou met die historiese gegewendhede dat Strukturele Agterstelling en Strukturele Bevoorrusting vir 'n honderd jaar deur die stelsels van Rasse Kapitalisme, Segregasie en Apartheid geïnstitutionaliseer was. Mnr de Klerk se voorwaardelike steun vir Regstellende Optrede is nog 'n bewys dat die NP of nie die "R" van die RDP begryp nie of dit goed begryp, maar subtiel daarteen walg.

Apart from affirmative action, the high concentration of property and control in certain sectors of the South African economy cannot remain as it is. A good example in this connection is the concentration of ownership in the media. Pres. Mandela told the Conference of Editors (Sept. 6, 1994) that the high concentration of ownership in the media is not reconcilable with freedom of expression. He listed three "realities" that impacted on the freedom of expression in South Africa which had a direct bearing on whether the country's media could truly reflect the diverse views of society as a whole. One of these "realities" is the ownership of the media which was not only concentrated in a few hands, but also reflects the patterns of racial exclusion characteristic of the Apartheid era. Clearly if we want to allow freedom of expression the ownership of the media will have to be "reconstructed".



c) Reconstruction of the public sector and government's spending patterns.

Policy measures to reach parity in social spending as quickly as possible are well under way and it is not necessary to comment on it. In this connection the plans unveiled last Saturday, (29 October) by the GNU for a radical reconstruction of government finances - including an austerity drive, a drastic shake up of the civil service and the privatisation of state assets - is very relevant. (The privatisation of state assets would not have been necessary if the public debt was not as high as R230 billion, but given this debt we probably do not have a choice.) If anything these plans are already overdue and should be implemented as speedily as possible.

d) Reconstruction concerning the reorientation of "human property" (including professional property) and to reset the mindset of the privileged minority

A fundamental reorientation of "human property" is needed to enhance the serviceability of this "property" towards society at large and, especially, to enhance the creation of a people centred society of liberty.

I already explained that "professional property" is a contingent (voorwaardelike) form of property - contingent upon (voorwaardelik tot) the performance of a service. Professionals should therefore realise that the principle of justification by service that lies behind the professional right to property and the right to a flow of income demands from them a complete new orientation of what is serviceability in the New South Africa.

If the professionals should fail to grasp the new content of "serviceability", the principle of justification by service will imply that they will forfeit a part of their right to property and the right to a flow of income! The responsibility to "reconstruct" their professions and to reorientate themselves toward a new kind of serviceability to enhance the creation of a people centred society of liberty, rest squarely on the shoulders of every individual professional and on the shoulders of the great variety of professional organisations. Instead of almost exclusive serviceability towards the "first world" and the "white world" all professionals - and definitely also the managerial professionals in the private sector - should orientate themselves towards the "third world" and the "black world" of South Africa. An orientation towards the "third world" does not necessarily mean lower standards. It definitely means different standards and less luxurious standards.

All professionals - and especially organised professionals - should use their professional bargaining power with restraint in the "struggle for rentseeking" because the surplus available - looking at it from the perspective of 40 million people - is not as large as was accepted in the old South Africa.

In his speech at the University of Stellenbosch (26 September 1994) Pres. Mandela said the following about the "public property" that is the University of Stellenbosch:



"In the past the privileges that were bequeathed on you, and the assets that you have accumulated were primarily used for the development and political empowerment of the white minority. The crucial challenge that you now face, is to turn away from racial privilege and sectarian use of power and to serve all of South Africa. The University of Stellenbosch belongs to the whole of South Africa, and it is your duty - I would say: challenge and privilege - to bring your actions in line with this reality."<sup>15</sup>

What Pres. Mandela said about the way "Stellenbosch" should reorientate its capacity, is also applicable in the way professionals should reorientate their professional services.

Pres. Mandela also said at Stellenbosch that a profound transformation should take place in the "content" of research, education and in rendering of services by the University. To illustrate his point he referred to the four main professional faculties - engineering, medicine, law and agriculture - and emphasised that these faculties should prepare students to address the needs of the majority of our people. He added:

"Of course we must still train doctors with the technical capacity to transplant hearts, but we should give just as many - and even more - attention to preventive medicines and the health of the community".

If you allow me to paraphrase Pres. Mandela's words: The existing professionals were not educated for the New South Africa. An ideal college for retraining does not exist. The professionals will therefore, have to do their own retraining. This kind of personal "reconstruction" - after being a professional for ten, twenty or thirty years - will be much more difficult than is generally acknowledged. What is needed is a profound reorientation towards a new concept of serviceability.

I am pleasantly surprised by the way many of the privileged elite have succeeded to reset their mindset. Maar soos mens in goeie Afrikaans sê: Hefaan lê nog voor!

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<sup>15</sup> The Principal of the University of Stellenbosch, Prof AH van Wyk, questioned in his response Pres. Mandela's statement that the University of Stellenbosch belongs to the whole of South Africa. He reminded Pres. Mandela that the University was not only built on government funds but also on the 1918 grant of Jannie Marais, on the support of the organisations like the Reddingsdaadbond and the contributions of old Maties. By using these kind of arguments, the Principal has still put his case in terms of the apartheid's paradigm. This was rather unfortunate.



# SCHEME 1

## POLARISATION INTO TWO POWER BLOCKS

## Scheme 1

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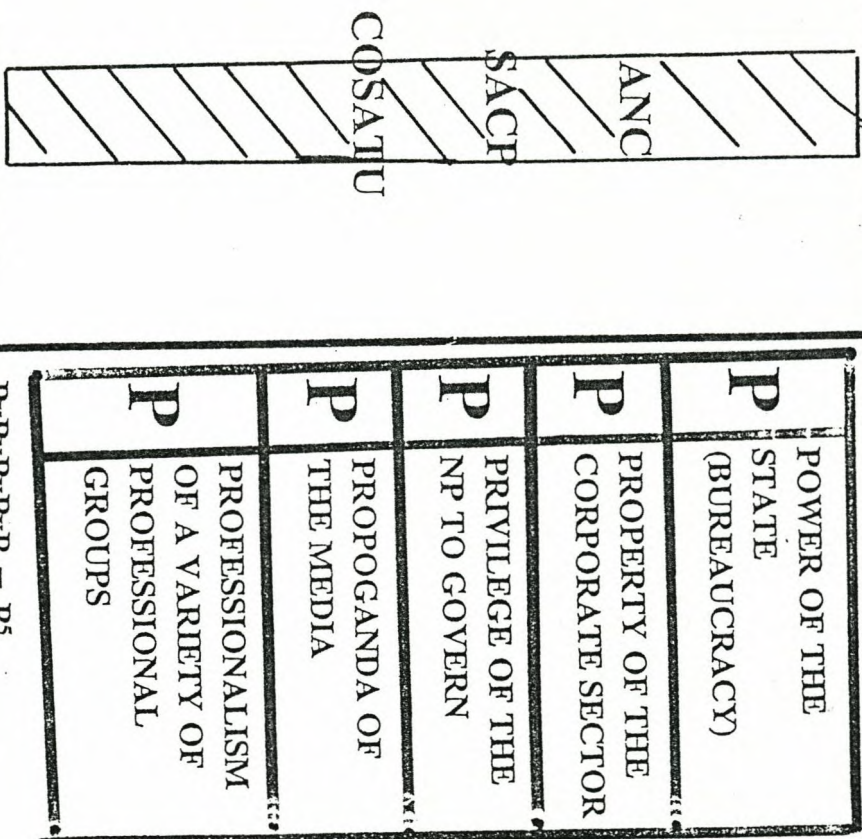
SCHEME II

RESTRUCTURING OF THE POWER  
RELATIONSHIPS DURING THE

SCHEWIE II

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## NEXT 5 TO 10 YEARS



= 10 million?

# THE ALLIANCE

# LIBERATION ORGANISATIONS

# PEOPLE'S POWER STREET POWER

$$\frac{P_X P_X P_X P}{P_X P_X P_X P} = P^5$$

# POWER TO THE POWER OF FIVE

## "COMPACT OF POWER"

## THE ESTABLISHMENT

## STRUCTURAL POWER

