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CHAPTER 1

EMPOWERMENT IN CONTEXT: THE STRUGGLE FOR HEGEMONY IN SOUTH AFRICA

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ONGOING GROUP CONFLICT AND GROUP PLUNDERING IN THE HISTORY OF SOUTH AFRICA: AN OVERVIEW

One of the outstanding features of South African history since 1652 (and even before this date) is the ongoing group conflict and group plundering. Each of the different groups — i.e. the well-defined ethnic, colour and language groups — constantly tried to improve its own socio-economic position by plundering the land and property of other groups. The unsuitability of natural resources for arable production in agriculture and the unfavourable climatic conditions may be an important reason why the different groups preferred to plunder each other, instead of being productive and self-supporting.

An important little pirate war took place between Van Riebeeck's Dutchmen (the first Europeans to settle in southern Africa) and the indigenous people of the Cape — the Khoikhoi or *Kaapmans* — in 1659. After the war *Herrie die Strandloper* (or Autshumao of the Goringhaikona tribe) was banned to Robben Island. In April 1660 he was brought back for peace negotiations. Van Riebeeck told Autshumao that not enough grazing land was available for the cattle of the colonists and the Khoikhoi. Autshumao then asked the following question: 'If the country is too small, who has the greater right, the true owner or the foreign intruder?' Van Riebeeck recorded his answer in his diary: '*Ons dan haer lant, door diffencive oorlogh rechtvaerdigh als met 't swaert gewonnen, toegevallen, ende t welck wij ook voornemens waren te behouden*' ['We have won this country in a just manner through a defensive war and we have the intention to keep it!'].[1]

The importance of the ideological argument put forward by Van Riebeeck should not be underestimated. It remained the main justification for white conquest and appropriation in the 18th, 19th and even in the first half of the 20th century. Van Riebeeck's argument was in unison with the mercantilist rivalry prevailing between the nation states in Europe during the 17th and 18th centuries. The basic premise of mercantilism was that a country could only promote its economic position by plundering the land, bullion and colonies of other countries. During the first half of the 17th century the Dutch East Indian Company (*Vereenigde Oost-Indische Compagnie* — VOC) and the Netherlands became rich by exploiting the opportunities offered by the Eighty Years War (1568–1648) for 'profit on the enemy'.[2]

After the Enlightenment, the Napoleonic Wars and the Industrial Revolution, the ideology of mercantilism was replaced in Europe by the idea (i.a. promoted by Adam Smith and David Ricardo) that international cooperation and free trade could be to the mutual benefit of the participating countries. Unfortunately the exploitative character of British imperialism — especially during the later part of the 19th century — represented a revival of the mercantilist ideology (in an adapted form to suit the interests of industrialisation) to justify a series of wars of conquest against indigenous population groups (like the Xhosas and the Zulus) and the Boer republics.[3] The alleged justification of group plundering as a method for the economic advancement of the sectional interest of the different population groups in South Africa was so deeply ingrained in the mind-set of especially whites — both Afrikaners and English speakers — that ideological remnants of this attitude remained prevalent until the 20th century. At the same time, the almost chronic tribal wars between the indigenous people of southern Africa gave an additional dimension to the phenomenon of group conflict and group plundering.

Apart from the chronic intergroup wars between whites, KhoiSan and the South Nguni in the Cape, even more devastating wars took place between the North

Nguni and surrounding tribes in the northern part of what is now South Africa. In the so-called *Mfecane* (meaning 'smash in a total war') the Zulus under Dingiswayo and Shaka consolidated their empire by a reign of terror in the 1820s that caused a genocide of African tribes (mainly the South Sothos) living in areas west of the Drakensberg. As in the case of other group conflicts, these wars were also triggered by economic considerations. In the 18th century several northern tribes, in conjunction with European traders and whale hunters, were involved in the lucrative ivory, meat and slave trade through Delagoa Bay. After the Portuguese closed Delagoa Bay in 1799 in order to monopolise all trade, the participating tribes were plunged into survival wars. The Zulus were the ultimate victors (Cameron, 1986, ch. 9).

The vacuum created west of the Drakensberg through the extermination of several African tribes made it much easier for the 15 000 Afrikaans-speaking frontier farmers of the Eastern Cape to undertake the Great Trek in the 1830s. The penetration of the whites into the northern region triggered a new series of intergroup conflicts and intergroup plunderings between the Afrikaners and several African tribes. The group conflict and plundering between Afrikaners and Africans continued in the *Zuid Afrikaanse Republiek* (ZAR or Transvaal), the first Boer republic, and the Orange Free State republic (OFS) during the second half of the 19th century.[4]

The Great Trek also gave a new dimension to the Boer–British rivalry. The Trek was to a large degree a rebellion of the Cape Dutch population group against the British colonial authority for not protecting its economic interest sufficiently. It therefore represented an important first stage of the long-lasting group conflict between Afrikaner nationalism and British imperialism — a conflict steeped in economic considerations (see below).

The final insert in the jigsaw puzzle of South Africa's endemic group conflicts and group plunderings was the aggressive nature of British imperialism in South Africa from 1870 onwards. The origin of the new phase of British imperialism was partly outside and partly inside South Africa. Sharpened economic rivalry between the industrial countries in the 50 years prior to the First World War motivated these countries to get political control over those parts of the developing world not yet under the control of a country in the industrial core. In the 30 years after the unification of Germany (1871), Britain was overtaken by Germany in industrial production. In an attempt to maintain its share in industrial production, in export markets and in gold stock, it became expedient for Britain to transform its policy of imperialism-of-free trade into an aggressive type of exploitative imperialism. When several European countries joined in the 'scramble for Africa', Britain was prompted to consolidate her political and economic grip on those parts of southern Africa that fell within her sphere of influence.[5] To break the resistance of the Xhosas and the Zulus was no easy task and offered a difficult challenge to the superior military power of Britain (Wilson & Thompson, 1975, vol. I, ch. VI and VIII).

The discovery of diamonds (1867) and gold on the Main Reef (1886) gave an even more compelling reason for Britain to expand its imperialistic interest in South Africa. In order to exploit the lucrative opportunities offered by the mineral discoveries — i.e. to create conditions conducive for successful imperialistic plundering — it was necessary for Britain to create a new social and political framework in South Africa. It soon became clear to the British authorities that a pre-condition for such a new political and social framework was to conquer all the different population groups and to unite the country under a single colonial authority. This process of imperial conquest and 'power consolidation' was completed in 1910 when the Union of South Africa came into being under conditions that suited the interests of the gold-mining industry (see below).

During the 1890s Britain was losing gold (under the international gold standard) at an alarming rate.[6] It then became mandatory for Britain to create conditions for an optimum extraction of gold in the South African mines. Such an optimum extraction necessitated not only a high influx of foreign investment and entrepreneurship, but also a better transport system and an ample supply of cheap labour and adequate food stocks. Of all these requirements, the provision of cheap labour and food stocks turned out to be the most difficult to meet. The reason for this was the traditional pattern of agriculture into which both white (mainly Afrikaners) and African farming communities were locked. The need to get full control of the supply of labour and food stocks and over certain other conditions — e.g. transport, urbanisation and certain legal matters concerning property ownership — left Britain in 1899 apparently with no option but to conquer the two Boer Republics in a brutal war and to introduce additional repressive measures on the already conquered African tribes (Wilson & Thompson, 1975, vol. II, ch. I).

The Anglo–Boer War (also called the South African War) was undoubtedly an economic war fought by Britain on behalf of not only mining capital but also British capitalism at a time when the British economy was in a stage of contraction. It is rather ironic that the group plunderings that were previously caused by the dire scarcity of natural resources in South Africa were in this case motivated by the capitalistic desire of a

foreign power to exploit two of the world's richest mineral deposits ever discovered.

STATE FORMATION AND THE ESTABLISHMENT AND CONSOLIDATION OF WHITE SUPREMACY — POLITICALLY AND ECONOMICALLY (1890–1924)

POLITICAL POWER CONSOLIDATION AND THE SYMBIOSIS OF (AN AFRIKANER) STATE AND (BRITISH) CAPITAL (1907–24)

On the day that President Nelson Mandela was released from custody in February 1990, he said:

> The white monopoly of political power must be ended and we need a *fundamental restructuring* of our *political* and *economical* systems to address the inequality of apartheid and to create a genuine democratic South Africa (my emphasis).

The importance of this statement cannot easily be over-emphasised. In a historical analysis like this chapter, it is probably appropriate to ask *when* and under *which* circumstances the political, economic and ideological systems to which President Mandela referred to — and whose fundamental restructuring was according to him in 1990 already long overdue — were created. A revisionist historian, John W. Cell, has put forward convincing arguments that both the system of white political dominance and racial capitalism and the ideology of segregation (or apartheid) were constructed during the first quarter of the 20th century (Cell, 1982, ch. 3; Terreblanche in Van Beek, 1995, ch. 4).

During the period of British imperial conquest (1870–1910), South Africa was consolidated into a unified political entity. Before diamonds were discovered, South Africa was divided into a multitude of political entities.[7] It is widely accepted that the wars of annexations fought by Britain against Xhosas, Zulus and the Boer republics were almost exclusively economically motivated to serve the interest of the British capitalist classes during the zenith of Victorian Pax Britannica. The interests of these classes also weighed heavily when Britain created the Union, within an almost exclusively white political system, by the Act of Westminster in 1909. We therefore have adequate reasons to allege that both the white political and economic structures were created by British intervention and participation, i.e. through the barrel of a British gun. It would, however, be wrong not to acknowledge that the firepower of the Mausers used by the '*burgers*' (citizens) of the two Boer republics — especially during the guerrilla war — also made a decisive contribution in the institutionalisation of white supremacy in South Africa. Apart from Britain's military role in creating white supremacy, its rather large economic interests in South Africa and its ongoing ideological support for South Africa played an important role in the maintenance of the systems of white supremacy and racial capitalism until the last quarter of the century.[8]

At the end of the 19th century, the gold-mining industry was confronted by an African peasant society that was reluctant to deliver the required number of workers into wage labour. In order to secure the needed cheap unskilled labour, the mining industry and the colonial government deprived Africans of a large part of the land they occupied and the farming opportunities they had. This created an African proletariat whom had no choice but to become wage labourers for their livelihood. (See the next section for a more detailed discussion of the South African system of labour repression.)

The expropriation of African land started before the Anglo–Boer War (1899–1902), but was intensified by Lord Milner's policy of 'reconstruction' on behalf of the gold-mining industry. Milner's 'reconstruction' policy not only provided a legal structure for the submission of both land and African labour to the economic interests of white capitalists and farmers, but it also consigned the political fate of the black majority to the political power and dominance of the white minority. During the Anglo–Boer War, Milner gave Africans the assurance that 'equal laws, equal liberty' would be granted to all population groups after a Boer defeat (see Bundy, 1992, pp. 59–61). But during the negotiations that led to the Peace of Vereeniging in 1902, the British colonial authority reneged on these promises by making a crucial concession to the defeated Boers. It promised them that the question of granting the vote to Africans (in the ZAR and OFS) would be postponed until after self-government had been restored to the ex-republics (see Article 8 of the Treaty of Vereeniging). This promise was honoured by the Act of Westminster (1909) in which the qualified voting right of Africans in the Cape was not extended to the ex-republics, now known as the Transvaal and Orange River Colony.

When Alfred Milner was recalled in 1905 (when the Unionist government of Arthur Balfour was replaced by the Liberal government of Campbell-Bannerman) the early makings of white supremacy, racial capitalism and segregation were already firmly in place. The consolidation of all these elements into a united South African state with the necessary stable symbiosis between 'economic power' (i.e. mainly the mining industry and the maize farmers) and 'political power' (i.e. a state based on a legitimate political system) was, however, still lacking. At that stage a unifying and legitimising ideology was also still absent (Cell, 1982, ch. 3).

The new British government realised — after the experience of the Anglo–Boer War — that the necessary political stability (indispensable for the mining industry) could only be attained with the co-operation of the Afrikaner people, and especially with the large landowners in the Transvaal.[9] Lord Selborne succeeded Milner as High Commissioner in 1906. He played a key role in the *rapprochement* between the British government and the large Afrikaner farming community (the so-called *'notables'*) in the Transvaal. The British government made a bid for Afrikaner co-operation by granting self-government to the former republics. Responsible self-government was granted in 1907 to the Transvaal and Orange River Colony, with constitutions that excluded Africans from the franchise. In March 1907 General Louis Botha's *Het Volk* won the elections in Transvaal with considerable support from English speakers who were concerned about the 'encroachment' of Africans. Within the first three months of the Botha government an important event occurred that was destined to mould an alliance (or even a symbiosis) between (Afrikaner) state and (British) capital (Wilson & Thompson, 1975, vol. II, ch. VII).

In May 1907 the first major strike — called by English-speaking (mainly British) miners to increase their wages — occurred in the Witwatersrand goldfields. At that stage the new Afrikaner-orientated government was keen to find more jobs for the deracinated Afrikaners pouring into the urban areas, while the gold-mines were keen to cut costs drastically in order to make deep-level mining profitable. Both the government and the mining industry thus had a vested interest in rejecting mediation, declaring a lock-out, using large numbers of impoverished Afrikaners as strike-breakers and employing more Africans *vis-à-vis* white miners. On May 23, General Jan Smuts, the responsible minister, called in British Imperial troops (still stationed in the Transvaal) to restore order in the mines.[10] This event forged a remarkably close and long-lasting alliance between a government (representing large, Afrikaner maize farmers) and the gold-mining industry (at that stage still very much under the control of British magnates). In an apt description borrowed from the German 'alliance of iron and rye' in the 19th century, the new power élite has been called 'the alliance of gold and maize' (Trapido, 1971). If we were to identify a single date in the early period of 'power consolidation' or state formation when the symbiosis between an Afrikaner government and British capital took place, then 23 May 1907 would be that date (see Yudelman, 1984, ch. 2; Cell, 1982, ch. 3).

The new alliance between the Botha/Smuts government in the Transvaal and the mining industry gave rise to the policy of 'reconciliation' between an important section of the Afrikaner community and the British authorities and interests. On the basis of this policy of reconciliation, agreement was reached about the unification of the four British colonies (the Cape, Natal, Transvaal and Orange River Colony) into the Union of South Africa in 1910. In the negotiations before Union, unanimity was easily reached that white political power should be entrenched constitutionally. Although it was mainly Afrikaner leaders that lobbied for the entrenchment of white franchise, Leonard Thompson granted the point that 'the race attitude [of Afrikaners] were — in the early twentieth century, when social Darwinism prevailed the culture of the western world — not fundamentally different from the attitudes that prevailed in Europe and the United States' (Wilson & Thompson, 1975, vol. II, pp. 342–3).[11]

The new government of the Union of South Africa — under the leadership of Louis Botha and Jan Smuts — wasted little time in extending its racial prejudices in the political field to the economic field, albeit in a haphazard and piecemeal manner. The Mines and Works Act of 1911 laid the basis for the statutory colour bar in the workplace, and the Natives' Labour Regulation Act (1911) made it an offence for an African miner to break his employment contract. The 1913 Natives' Land Act not only restricted African access to land, but also introduced strict measures against 'squatting' on white farms in order to increase the supply of cheap black labour. This act was undoubtedly the single most important piece of legislation to lay the basis for the system of racial capitalism and segregation. It deprived Africans of land ownership and farming opportunities and proletarianised the majority of Africans (see the next section for a more detailed discussion). Racist legislation of the Botha and Smuts government was consolidated with the Industrial Conciliation Act of 1924 (see the next section).

The political and economic basis of the new state was rather fragile in 1910. The African and coloured population groups were dissatisfied for being excluded from the franchise in the northern provinces. In January 1912 the African National Congress (ANC) was founded (as the South African Native National Congress) to express their dissatisfaction and to organise protests. Important sections of the white population were also not satisfied with the new compact of power. This compact mainly represented the vested interests of large maize (mainly Afrikaner) farmers and the mining capitalists and excluded important sections of the whites, i.a. the white English-speaking mineworkers, the small farmers (mainly Afrikaners) and the large and growing poor white group in the ranks of the Afrikaners.

Given the large numbers of whites that were still excluded from the power élite in 1910, and given their economic vulnerability at that stage, it would be wrong to conclude that the stable and sustainable systems of white political dominance and racial capitalism were already in place in 1910. It took a protracted struggle between 'the alliance of gold and maize', on the one hand, and the different marginalised white groups, on the other hand, before white supremacy (politically, economically and ideologically) was finally consolidated. The final consolidation of white supremacy was for all practical purposes reached in 1924. In the 'struggle' of the marginalised white groups for inclusion in the white power élite, they attained important victories, while protests and insurrections by Africans, during the same period, were either ignored or put down with ferocity.

Looking at the position of the Union of South Africa in 1910 from the point of view of the new power élite, it faced several serious crises of sovereignty during its first decade and a half. These crises mainly arose from the contradictory imperatives of capital *accumulation* and state (or political) *legitimation*. This crisis of sovereignty often put the power élite (i.e. the alliance between gold and maize) under severe strain and on every occasion it was mainly the political ingenuity of General Jan Smuts that administered the crisis (often by using extraordinary force) and restored conditions conducive to both accumulation and legitimation. The role played by Smuts in the period from 1906 until 1924 to forge a symbiosis between (a white-controlled) state and (white-controlled) capital cannot be over-emphasised easily.

In 1912 General J. B. M. Hertzog was excluded from the cabinet for his criticism that Botha and Smuts were too sensitive towards the accumulation interests of British capital and the empire. In 1914 Hertzog launched the National Party (NP). Over the next 10 years it increasingly challenged the Botha and Smuts policy of 'reconciliation'. The year 1914 was a very trying year for the alliance of gold and maize. Early in 1914 a general strike (including railways and mining) seriously threatened the accumulation function, to the dismay of British capital. To smash the strike, Smuts called in the Union Defence Force (under the command of General Koos de la Rey) and declared a state of emergency. Several of the strike leaders were either imprisoned or abruptly deported. The whole event strengthened the symbiosis between the (white-controlled) state and (British-owned) capital.

In the later part of 1914, the Afrikaner small farmers in the Orange Free State and Transvaal (mostly supporters of Hertzog) staged a rebellion (under the leadership of General Christiaan de Wet) against the government's decision to take part in the First World War on the side of Britain, against Germany.[12] The rebellion threatened to deteriorate into a civil war and was fiercely repressed by Botha and Smuts.

The seriousness of the two insurrections of 1914 should not be underestimated. In the one instance the accumulation function was challenged by worker radicalism and in the other, the legitimacy of the Botha/Smuts government was threatened/challenged by republican-orientated (Afrikaner) nationalism. The centre held — mainly due to the harsh but effective use of military power by Smuts.[13] The violent nature of both insurrections was of such a threatening nature that it became evident at the end of 1914 that the marginalised white groups (with parliamentarian representation) would have to be accommodated in the core of the white compact of power in order to maintain stability and legitimacy. The fact that all the whites received unconditional franchise rights in 1910, while Africans' political rights were severely restricted, exerted a decisive influence on the way the 'power game' was played in both the political and economic arenas of the Union of South Africa. The Act of Westminster of 1909 set the scene for the 'plundering' of Africans by whites within constitutional structures — a process that continued until 1994.

In the years immediately after the First World War the mining industry endured a serious crisis. British shareholders expected higher dividends and a larger production of gold, while the exploitation of low-grade mines increased the cost of production.[14] During the War, Afrikaners' employment in the mines increased quite sharply. Consequently all matters concerning gold production became politicised. To pacify white mineworkers, a so-called 'exploitation colour bar' was introduced in the mines in 1918. Although many white (and especially Afrikaner) supervisors were unskilled, they were paid 10 to 15 times more than even semi-skilled Africans, who were blocked from becoming supervisors. According to Frederick Johnstone, Africans were at this stage politically *powerless* and therefore *ultra-exploitable* because they were black. In Johnstone's view the 'exploitation colour bar' was at the same time a class and a racial instrument: Employers 'mystified' extraordinary low wages for an already proletarianised class of workers on the additional ground of racial inferiority (see Johnstone, 1976, pp. 26–49). At this stage the symbiosis between state and capital had ample reasons to fear a direct confrontation between the Afrikaner and African proletariat in the mines. Such an event would have had devastating consequences for the new state. There was, however, no doubt that in the eventuality of such

a conflict, the Botha and Smuts governments would have been on the side of the Afrikaner proletariat.

An ANC-organised strike took place in 1920 but was put down by Smuts. A sharp drop in the price of gold in 1920 forced the Chamber of Mines to announce plans to decrease white wages and white employment *vis-à-vis* Africans, in an attempt to lower costs. Their plans gave rise to the strike of 1922 by white mineworkers under a 'red flag' and with the slogan: 'Workers of the world unite and fight for a white South Africa'. General Smuts again used the defence force to suppress the strike. After the strike, it was agreed that the relationship between the numbers of African mineworkers per white supervisor would be maintained at 9:1. The harsh repression of the strike (which left over 200 dead) was central to the (national) consciousness of the Afrikaner working class. It also led to a class-based (white) pact between the mainly English-speaking Labour Party (lead by Cresswell) and General Hertzog's National Party. By mobilising the mineworkers' anti-capitalist and the Afrikaners' anti-imperialistic sentiments, the Pact took political power in the election of 1924 (see below).

The most important effect of the Rand Revolt of 1922 was that it demonstrated to the government that conditions conducive to accumulation could only be guaranteed if the position of white employment in the gold-mines (now mainly Afrikaners) could be secured. It now also became evident to the Smuts government that it had become essential for the state to assume a far more comprehensive interventionist role in the industrial order of South Africa. To accomplish this, the Industrial Conciliation Act was passed by the Smuts government early in 1924, i.e. before the Pact government took over. This act was supported by a broad consensus between white political partners and by a united front of mining, industrial, agricultural and even organised white labour interests. The most important stipulation of the act was that 'pass carrying' blacks could not become members of trade unions and were thus excluded from the industrial reconciliation process.

The Industrial Conciliation Act must be regarded as one of the most important events in the process of state formation and specifically in the final consolidation of white political supremacy and racial capitalism. By co-opting white labour, the act achieved a comprehensive institutionalisation of the principle that justified state intervention to enforce industrial peace in a system of economic segregation and black exploitation.[15] By passing the act, the Smuts government finally chose in favour of the Afrikaner proletariat and against the African proletariat and set a pattern that lasted until the industrial relations legislation of 1979 and 1981.

It can be argued that by passing the Industrial Conciliation Act in 1924, the Smuts government pre-empted the racist legislation of the Pact. The Pact, nonetheless, made an important contribution to the final consolidation of the interlocking structure of white supremacy, racial capitalism and segregation. By being more explicit in articulating the ideology of segregation to maintain the 'white civilisation' and a 'civilised wage', the Pact supplied the final ideological justification to legitimise the political system of white supremacy and the economic system of racial capitalism into a coherent structure (see below).

John Cell describes the crystallisation of segregation as an ideology from 1910 until 1924 as follows:

> The crystallisation of segregation as an ideology was closely related to ... the centralisation of political power [in 1910], to the rationalisation of mining, to early industrial and urban development ... *Segregation was therefore an organic part of South Africa's modern development as a capitalist (and racial) state and society.* ... The architects of the new order ... were boldly innovative in mystifying the relationship between past and present, in disguising their contrivances, in making what was really discontinuous appear to be organic, 'normal' evolution. Their *system* was an act of *political* creation. They called it segregation ...' (1982, pp. 81 and 233).

THE ECONOMIC DEPRIVATION AND IMPOVERISHMENT OF AFRICANS DURING THE FIRST AND SECOND PHASES OF LABOUR REPRESSION (1870–1924/33)

When diamonds and gold were discovered, respectively, in 1867 at Hopetown and 1886 on the Main Reef, South Africa was still very much an underdeveloped country. In 1870 agricultural activities in South Africa were characterised by great variations in the patterns of farming, in property, in production relations and in the labour processes involved. Consequently, the process of rural transformation was marked by extreme unevenness in the different regions of the country. By 1870 capitalist production was firmly taking hold of agriculture in the western Cape and in parts of Natal where products for export were produced. The colonial governments in the Cape and Natal played an active role in promoting the export-orientated parts of agriculture, while they also created conditions for modernisation for African farmers, especially in the eastern Cape.[16]

Through the colonial conquest of African pre-capitalist societies, the traditional patterns of production were disrupted. In the ranks of Africans rather successful

peasant farmers developed. The basic technological bridge from pre-colonial cultivation to peasant farming was undoubtedly the adoption of the ox-drawn plough. By using the plough and with the support of all the members of his extended families, an African peasant was often more successful in bringing about the shift from pastoralism to cultivation than his white counterpart. The plough shifted the balance from pastoralism to cultivation as the basis of subsistence. The plough not only greatly increased the area open for cultivation, but it also made the production of an agricultural crop for sale a possibility.

An important reason why it was often easier for an African farmer than a white farmer to make the shift to cultivation was the greater supply of labour available to the African farmer. The organisation of an extended family was of such a nature that the paterfamilias could command the involvement of almost all the members of the family in the different aspects of cultivation and at very favourable terms to the African farmer. As soon as possibilities to sell a part of the crop on markets emerged, the African farmer — given his strict control over the living standards of his extended family — could accumulate the capital to buy more oxen and ploughs easier than his white counterpart. Consequently, a pattern developed in several parts of the maize-producing areas where white farmers remained *rentier* landlords at best involved in cattle farming and hunting, while African tenants became involved in cultivation.

It is difficult to get a clear picture of what the nature of poverty and dislocation were at the dawn of the mineral revolution. Although both poverty and inequality existed in pre-colonial societies, their effects were significantly muted or contained by mechanisms of clientship, kinship, reciprocity and institutionalised forms of welfare. The KhoiSan were not only deprived of their land, but the tribal structure was destroyed to such an extent at the end of the 18th century that many of them became displaced and impoverished. This was not the case with the different African tribes until 1870. Although colonial conquest caused serious disruptions in the traditional patterns of production and consumption, in most cases the traditional structures remained relatively intact (O'Meara, 1983, ch. 1).

The last quarter of the 19th century was, however, a rather traumatic period for the different African tribes. It is estimated that the rapid spread across southern Africa of human and animal diseases, the demands of the expanding labour markets, the last push of British colonisation and the deprivation of land had resulted in a decline of 25 per cent (or even more) of the African population. At that stage the dogma of Social Darwinism was widely accepted in the Western world. In terms of this dogma Africans were regarded as an inferior race likely to follow the Australian aborigines and the American Indians towards extinction. The drop in the African population may be an important reason why a 'wandering poor' did not emerge out of their ranks amidst the severe poverty and large-scale social dislocation (see Cell, 1982, p. 197).

A successful take-off of the mining revolution was not reconcilable with the maintenance of the traditional patterns of production and labour in the agricultural sector. The mining industry exerted strong pressure on the rural communities (both white and African) to deliver more food stock and more cheap labour to the mines. During the first 30 years of the mining revolution the pace of transformation towards capitalist production in agriculture was very slow. The urban population was, nonetheless, much larger in 1900 and although the farming community — and especially African family farming — responded positively to the increased demand for agricultural products, the total production of foodstuffs was, at the end of the century, not large enough to ensure self-sufficiency. After the completion of the railroads to Kimberly and Johannesburg, food was imported, but at relatively high prices (Wilson & Thompson, 1975, vol. II, ch. 3).

The main problem, however, was that the traditionally orientated agricultural sector was still not 'releasing' enough cheap labour for the mines. To solve this problem a tendency developed from 1890 onwards to deliberately create a 'labour repressive system'. Over the next 25 years this system became an integral part of the South African economy and played an indispensable role in not only the success of the mining revolution, but also in the agricultural and industrial revolutions. Adapted forms of 'labour repression' remained in place during the first three-quarters of the 20th century. Far more than a century, labour repression was the basis on which the system of racial capitalism (and the consequential racial exploitation or 'plundering') was built and extended.

Barrington Moore (1966) gave a clear description of the causal role repressive labour systems played in the early phases of industrialisation of several countries. In the case of Britain the enclosure movement (enacted by the Gentry Parliament) destroyed the whole structure of peasant society and created a 'wandering poor' or a reservoir of cheap labour. This reservoir of unskilled labour played a decisive role in the launching of the Industrial Revolution at a relatively early date in Britain. A similar system of 'labour repression' did not develop in France, as the peasants were granted property rights during the early phases of the French Revolution.[17]

A very important difference exists, however, between the labour repression system that was introduced in South Africa from 1850 onwards and the systems of other countries. In the case of other countries, the social dislocation and proletarianisation caused by the labour repressive system lasted only for 30 or 40 years before a section of the working population was able to command higher wages and be incorporated into the social and political institutions (Trapido, 1971, p. 310). The only country in the Western world in which this process of incorporation was extremely slow was Britain. The fact that she was the industrial pioneer may explain this slowness. An additional reason for Britain's long history of labour repression is the Poor Law that was enacted by the first Bourgeois Parliament in 1834.[18]

In the case of South Africa, the system of labour repression was mainly applicable to Africans. Through a process of legislative 'assault' by first the Cape and, subsequently, the Union governments and a protracted rural class struggle, both the large and small estates of white *rentier* landlords were largely transformed into capitalist farms, whilst the rent-paying and sharecropping African peasants — who were at that stage economically relatively independent — were almost universally reduced to wage labourers and/or labour-tenants (O'Meara, 1983, pp. 22–3).

The labour repression system in South Africa had several unique characteristics. Apart from its conspicuously *racial* character (if not originally then eventually) the repressive measures were very harsh and were applied relentlessly. These characteristics, as well as the longevity of labour repression in South Africa, can only be explained within the context of the power structures that were in place when the successive mining, agricultural and industrial revolutions took place in South Africa. It is the main theme of this chapter to explain the *structural* interdependence between white *empowerment* and black *proletarianisation*.[19] The power context that introduced and maintained the different phases of labour repression was responsible for sophisticated systems of 'plundering' that lasted until the middle of the 1970s.

Labour repression existed in the Cape Colony from the 1830s in formal and informal arrangements and in terms of several master and servant laws. The aggressive offence against African squatter-peasants and sharecroppers started in the 1890s in the Cape Colony. The drive towards commercialisation was at that stage much stronger in the Cape than in the Free State and Transvaal. This drive was not only aimed against African tenants, but also against white *bywoners* (tenant farmers or white sharecroppers). The large white (mainly Afrikaner) landowner class in the Cape was very sensitive to the threat of competition from black squatters. The Afrikaner landowners in the Cape were organised in the *Afrikanerbond* (League of Afrikaners) and it supported the premiership of Cecil Rhodes from 1890 to 1895. In 1894 the Glen Grey Act became law. It was not only confined to the question of squatters, but sought more ambitiously to proletarianise large numbers of Africans on 'tribal' as well as on 'white' lands. The Glen Grey Act was, therefore, a prototype of the Land Act of 1913.

It is rather meaningful that Rhodes and the *Afrikanerbond* — or British capital and Afrikaner landlords — co-operated when the first 'Land Act' was enacted to create a labour repressive system. In the years before Union (1910) several additional anti-squatter laws were enacted by the Cape parliament.[20] In the Free State and Transvaal Africans were prohibited from owning land in areas that were earmarked for white ownership. Tenancy remained the pattern in the Transvaal and Free State until the Anglo–Boer War. African tenants were the main producers of food crops, while white farmers — as a typical extension of the pattern of the Great Trek — remained the owners of manorial estates and were mainly interested in pastoralism and hunting. Although several legal actions were taken to reduce the numbers of 'idle squatters', these actions were not enforceable, or could not be enforced effectively (see ch. 3 of this volume).

After the Anglo–Boer War, Lord Milner had the difficult task of rebuilding the war-damaged economy. He needed an economic boom to attract the massive influx of British immigrants. Milner had hoped that this massive influx would not only ensure that Afrikaners would become a minority in the white population, but that they would also be swamped and denationalised.[21] Milner's cheap labour policy was already linked to the crisis in gold-mining experienced at that stage. The industry had hoped to attract sufficient Africans after the war at wages about one-third below the prevailing rate (Cell, 1982, p. 63). All these hopes were in vain. One reason for this was that many African farmers succeeded during the war in a partial rolling back of white encroachment on land, while African tenant farmers succeeded in recovering the losses they had sustained in the 10 years prior to the war. Another reason was that the transport boom in railroad building from 1903 to 1904 offered more attractive employment opportunities to Africans than the mines. It was also alleged that Africans had become 'rich and independent' during the war and 'sufficiently flush with cash to take a holiday'. Attempts by the Chamber of Mines to extend its recruitment of labour far afield into east and central Africa also failed. The fact that Milner granted the

Chamber of Mines concessions to import 64 000 Chinese 'coolies' is an indication of how desperate the labour situation was in the gold-mines. In a final attempt to solve the problem, Milner appointed the South African Native Affairs Commission (SANAC) in 1903 under the chairmanship of Sir Godfrey Lagden. Its report was published in 1905.

The SANAC report was — if not immediately then in due time — one of the most influential reports to give ideological justification not only to the African repressive labour system, but also to the entrenchment of the principle of migrant labour with subsistence in rural areas. The migrant labour system that played such a decisive role in the gold-mines during the 20th century can be regarded as a direct result of SANAC's recommendations. It should be emphasised that the migrant labour system would not have been such a 'successful' labour system — looking at it from the point of view of mining — had it not been complemented by the labour barracks (or *kampong*) system.[22]

The SANAC concluded after an exhaustive investigation that South Africa's mines, farms and industries were some 300 000 workers short of their requirements. To explain the lack of African labour, the Commission gave a lot of attention to the anthropological and/or cultural peculiarities of Africans. The Commission assumed that because of their traditional attitudes, their (alleged) undisciplined nature and their attachment to extended families, Africans would always remain marginal participants in the economy. The Commission concluded that Africans would stay in white areas only for short periods and that the basis of the African family's existence would continue to be in the native reserves. The SANAC also concluded that higher wages for Africans would not solve the labour shortages, because higher wages would merely shorten their temporary sojourn in white areas. On the strength of these, rather doubtful, assumptions and conclusions, the SANAC recommended that Africans' access to land and farming should be curtailed to induce adequate numbers to enter into wage labour. The Commission realised that to attain the needed labour supply a 'delicate equation' between land and labour was the key factor. If the land and farming opportunities granted to Africans were enough for them to be self-sufficient, they would not come out to work. If the land granted was too small and farming opportunities too restricted, it would not be possible to support the migrant workers when they preferred to go back to their families. In such a case wages would have to be set at a level higher than what employers in the white economy could afford (see Cell, 1982, ch. 8).

With the wisdom of hindsight, it is rather remarkable that Sir Lagden wanted African 'reserves' to be organised in such a way that they should support migrant labour *before* and *after* their spell of migrant labour and that these 'reserves' should bear a part of the cost of gold production. This is exactly what happened after the implementation of his recommendations. The fact that the African 'reserves' bore a part of the cost of gold production created the opportunity in the gold industry for an extremely successful system — looking at it from the point of the gold-mines — of 'plundering' not only the African men, but also the African land!

Milner was recalled in 1905 before he could implement the recommendations of the SANAC. The philosophy of the SANAC was nonetheless accepted when the Land Act was promulgated in 1913. Although the SANAC did not specify what the correct 'equation between land and labour' should be, the Act of 1913, in all probability, curtailed the land and farming opportunities to be allocated to Africans to a greater degree than was envisaged by the Commission.[23] In accordance with the Land Act, the Chamber of Mines was empowered to recruit migrant labour in the African reserves (and in neighbouring countries), while white farmers were given the power to evict African sharecroppers, squatters and other tenants who would not submit to the full control of their time and labour by the landowner. By these arrangements the alliance of gold and maize reached an equation for both the gold-mining industry and the large maize farmers to attain access to cheap African labour without being in direct competition with each other.[24] For the next 60 years the gold-mining corporations were successful in producing yellow gold profitably by employing cheap and bound migrant labour from the native reserves and from the neighbouring countries. At the same time, maize farmers were successful in producing yellow maize profitably by employing cheap and pass-carrying Africans 'outside' the native reserves. The Land Act was truly the rock on which the whole system of racial capitalism was built. The Land Act and the stipulations it made about the access the Chamber of Mines and the farmers respectively got to different categories of African labour was also the rock on which the political alliance between a section of the Afrikaners and the English establishment was built and perpetuated.

Under the Land Act, more than a million African peasants were abruptly proletarianised. The African population was at that stage 5 million. One-fifth of this number were made pariahs in their own country by the Act. The Act supplied both the mining industry and large farmers with the needed cheap and obedient African labour, while additional land became available for both large and small (and mainly Afrikaans-speaking) farmers. The

relationship of structural dominance of whites over blacks created by the Land Act becomes apparent when we note that the real wages of African workers in two major employment sectors — mining and agriculture — did not increase between 1910 and 1970! During the same period the real wages of white miners approximately doubled from being 12 times higher than those of black migrant workers in 1911 to 21 times higher in 1971![25] By depriving African farmers of their land and by ending sharecropping and tenant farming on white land (if not immediately then in due course), an important agricultural tradition and indigenous knowledge of farming had been destroyed. It is difficult to determine the value of this tradition and knowledge of farming. We have, however, reason to believe that it was quite considerable because it was well adapted to the land and labour peculiarities of South Africa.[26] The Land Act was, therefore, a double-edged sword: it deprived many Africans of the opportunity to be farmers and it degraded almost all Africans to the status of an ultra-exploitable proletariat. It also created circumstances for the ecological exploitation of the so-called African 'reserves'. The Land Act was more successful than any other measure in proletarianising a very large percentage of the African population and in creating a very exploitative system of labour repression.

Trapido (1971) ascribed the longevity, the large-scale social dislocation and the severe poverty that resulted from the South African system of labour repression to four successive and overlapping phases of labour repression. Each phase was implemented by another modernising group in the white community with both the vested interest in labour repression and the power to exert the repression. According to Trapido, commercial agriculture mainly in the Cape acquired significant surplus for accumulation in the first phase of labour repression during the second half of the 19th century. The wars of conquest and several master and servants laws prevented the development of a free labour market in the Cape. Independently of each other, several political authorities were, before 1910, involved in creating conditions conducive to accumulation by creating legal structures to exploit (or to plunder) African and KhoiSan, and in some cases even poor Afrikaner, workers.

The second phase of labour repression was implemented on behalf of the mining revolution after the discovery of diamonds and gold. The main beneficiaries of this phase were British/English magnates and stockholders. This phase lasted from 1870 until 1933. The Land Act undoubtedly played an important role in intensifying the repression and the exploitation of this phase. The second phase of labour repression (on behalf of the mining revolution) was, in fact, perpetuated until the middle of the 1970s. This perpetuation was made possible by the third (from 1933 to about 1960) and the fourth (1950–73) phases of labour repression that created the legal shield for the mining industry to persist with repression and exploitation. Due to a lack of the necessary statistical data, it is unfortunately not possible to give a clear picture of the extent to which Africans were impoverished by the wage and employment policies of the gold-mining industry.

A popular theme in the Liberal tradition of historiography is that the second phase of labour repression was an unavoidable *pre-condition* for a successful exploitation of gold. This is a highly controversial matter. The argument about the unavoidability of labour repression in the gold-mines (say from 1910 onwards) makes sense only if the introduction of the system of white political dominance is also regarded as unavoidable. If it were not for the white parliament and the discriminatory measures it enacted, it would have been possible for the gold-mines to use Africans in skilled and semi-skilled jobs in ways that would have lowered the production cost of gold. This would have created space to increase the wages of unskilled workers. And if African farming was not destroyed by the Land Act, it might have been possible to produce maize more cheaply, which would have resulted in an increase in the real wage of African mineworkers. But even if the argument of the Liberal historiographers is granted as far as the first third of the century is concerned, even they have to acknowledge that no justification for a labour repressive system existed in gold-mining after the increase of the price of gold in 1932. But due to the third and fourth phases of labour repression, exploitative wages were paid to migrant labourers in the gold-mines until 1972! The constraints on the mines were, therefore, not only 'structural' (i.e. due to unbendable economic laws) but also 'social and political'.

The third phase of labour repression was implemented on behalf of the manufacturing industry in the English-speaking sector. Industrialisation was strongly stimulated by the increase in the price of gold in 1932 and by the Second World War. This phase reached maturity more or less a decade after the NP took office in 1948. The final phase in labour repression took place during take-off of Afrikaner financial and industrial capitalism from 1948 onwards. To create conditions favourable for accumulation, the NP not only multiplied and intensified the repressive measures quite considerably, but also made the discriminatory measures applicable to coloureds and Indians. (A more detailed analysis of the third and fourth phases of labour repression will be made below.)

THE ECONOMIC IMPOVERISHMENT OF A SECTION OF THE AFRIKANERS AS A RESULT OF MODERNISATION AND STATE FORMATION (1890–1924/33)

Traditional farming still dominated in 1870, except in the western Cape and in parts of Natal. The transition to capitalist production in the rest of the country was stimulated by the mining revolution, but the character of the transition was moulded 'from above' by large-scale state intervention during the period of state formation. The eventual transition to capitalist production caused large-scale social dislocation in a section of the Afrikaner community and gave rise to the phenomenon of 'poor white' Afrikaners. Especially in the first third of the 20th century, the poor white problem had extraordinary ramifications for the process of state formation and government policy and — as shown above — exerted a profound influence on the consolidation of the system of white supremacy — both politically and economically.

White agriculture in South Africa developed as a by-product of European mercantile activity. It should be remembered that European involvement in South Africa commenced in 1652 when the VOC started a refreshment station at the Cape to serve its mercantile interests. Until the discovery of diamonds and gold, South Africa's only economic value, from a foreign perspective, was its mercantile value. The interaction over a period of more than 200 years between mercantile intermediaries and the traditionally orientated white farmers was complex. If anything, the mercantile intermediaries did not promote modernisation, but tended to maintain agriculture in its semi-feudal and dependent state of affairs — at least until the end of the 19th century. Due to the chronic lack of both working and investment capital, farmers mostly had no choice but to buy on credit and to pay in product.[27] The farmers' mercantile 'enslavement' was, therefore, a large impediment to a transition towards the commercialisation of agriculture.

For many white landowners the enforcement of property rights and the ability to extract a marketable surplus from white and African peasant farmers was mostly a pre-condition to free themselves from mercantile captivity. In both the Cape and Natal and in the two Boer republics, the state became an important player in agricultural transformation from 1870 onwards. Numerous measures were introduced by the relevant authorities to facilitate the development of commercial agriculture. The combined effect of those measures was to consolidate the dominance of the larger landowners to the detriment of both white and African tenant farmers. Many of the smaller white farmers in the Cape were not in a position to command enough African labour or to benefit from state action. To make matters worse, the inheritance stipulations concerning the repeated and complex subdivision of farms under Roman Dutch Law often created farms too small to be viable. The growing indebtedness of small farmers to mercantile intermediaries and to wealthier farmers often ended in bankruptcy and reduced many Afrikaners in the Cape to landlessness, especially in the last quarter of the 19th century (Trapido, 1978).

In the Transvaal and Free State, a sharp struggle developed at the end of the 19th century between wealthier farmers (also called *notables*) and the more numerous smaller landowners. The latter succeeded in convincing the government to enact squatting laws, limiting the number of tenant families on any farm to five. In this way they secured a stable source of rent for smaller farmers and deprived the notables of much of their source of income. Although some of the larger and smaller landlords tried to transform their manorial estates into commercial farms before the Anglo–Boer War, they normally lacked the financial support systems to effect the needed changes in property relations and farming methods.[28] The monetary instability in the ZAR also severely undermined the possibility of economic development and enhanced the chronic rivalry between larger and smaller farmers and between white and African farmers. To acquire land, the ZAR undertook regular military expeditions against the African tribes. To finance these expeditions the ZAR often issued currency secured by land instead of gold. Because the government's ownership of much of the land used as security was more a paper claim than a physical reality, the currency often devalued drastically. The chronic devaluation of both currency and land set the ZAR on additional expeditions against African tribes, to conquer more land in a desperate attempt to secure its debts. In this way a vicious circle of group conflict, wars of conquest, growing debt and increased insecurity was set in motion in the ZAR. In this unhealthy situation some white farmers became relatively wealthy through land speculation and nepotism, while many became poorer and attained the status of *bywoners* (Clark, 1994, pp. 14–15).

Immediately after the Anglo–Boer War, the future of both larger and smaller farmers looked rather bleak, especially for those still traditionally orientated. The British 'scorched earth' policy during the war had devastated Boer agriculture.[29] Thousands of *bywoners* and small landlords could not survive the disruptions and were driven off their lands. Many white farms had been occupied by Africans during the war and this land had to be reclaimed at high cost. On top of this, Milner was not at all sympathetic to the plight of Afrikaner farmers. Their socio-economic advancement was not part of his 'grand design'. The period of 'reconstruction' by Milner was marked by an intensification of colonial control

over land and labour in a process of 'social engineering', in the interest of a growing capitalist economy. Although his land resettlement schemes returned some Boer farmers to the land, he strongly opposed land tenancy arrangements for Africans and was determined to transform all African tenants into wage labourers — especially for employment in the gold-mines. Under these circumstances, even the large farmers (or notables) became to a greater degree the captives of mercantile credit and had almost no choice but to attempt a transition from pastoral to arable production. In this struggle for survival the already deteriorating relationship between Afrikaner landlords and their *bywoner* tenants became even worse. The steps taken by the larger landlords towards arable production forced many of the *bywoners* off the larger estates and caused an additional movement of poor whites into the urban areas where they swelled the ranks of the already unemployed (Trapido, 1978, pp. 46–52).

As indicated above, the arrival of Lord Selborne as High Commissioner for South Africa in 1905 improved the conditions of Afrikaner landlords dramatically. Selborne realised that to create social and political conditions conducive for a prosperous mining industry, it would be necessary to stabilise the economic conditions of at least the notables.[30] As a result of Selborne's initiatives, the notables (under the leadership of Botha and Smuts) entered — amidst the strike on the gold-mines in 1907 — into a symbiotic relationship with the gold-mining industry. This relationship was a turning point for the wealthier farmers, but not for the small and tenant farmers. Selborne was also instrumental in setting up a land bank (with a loan of £2 million from Britain) for Transvaal in order to provide credit and other financial support to agriculture. It was only the larger landlords that benefited from this bank. The support of the bank played a crucial role in the commercialisation of the larger estates. By 1908, in both former republics, the larger landowners (who had previously blocked anti-squatting legislation as a threat to their rent) were now in the forefront of those demanding measures to remove white and African tenants from their lands, thus freeing it for commercial production. This proletarianisation of white and African tenants was welcomed by the mining industry, because it was in line with the recommendations of the SANAC.

The process of commercialisation of the large estates and the consequential proletarianisation of white and African tenants received its final push with the enactment of the Land Act of 1913.[31] The pattern of farming and ownership in the Transvaal and Free State was therefore changed dramatically in the decade-and-a-half after the Anglo–Boer War. These changes were enhanced by a rather intense 'power game' between the British government, the large farmers and the gold-mining industry. This 'power game' created a compact of power that was very instrumental in the process of state formation. The new élite that emerged out of the crucible of the first 15 years of the century dominated South African affairs until the middle 1920s.

It is rather ironic that the co-optation of the notables by Selborne's strategy and the 'reconciliation' policy of Botha and Smuts should have caused a final break between wealthier and poorer Afrikaners. In the 15 years after 1907 a protracted struggle took place between these two groups of Afrikaners with the poorer ones mostly on the losing side. As shown above, the marginalised section of Afrikaners became only part of the white power élite when the Pact government took office in 1924. Their economic plight, however, was only effectively addressed when economic growth became sustainable at a high level after 1934 (O'Meara, 1983, pp. 23–6).

It is difficult to determine correctly the magnitude and the seriousness of white poverty in the first third of the century, and to make a meaningful comparison between the magnitude and seriousness of African poverty at the same time.[32] The methods of measurement during the first decades of the century were not reliable and the value judgements involved when white and African poverty was compared were interspersed with the racial prejudices of the time.[33]

John Iliffe claimed that: 'poor whites were poor rather than very poor, and they were poor because they were propertyless rather than because they were incapacitated ... Poor whites were overwhelmingly the landless. Distribution of land among Afrikaners had long been extremely unequal, but this had been masked in the nineteenth century when wealthy patrons had welcomed *bywoners* and the frontier was still open.' Although many poor whites were forced to move to the urban areas, the poor white poverty was, according to Iliffe 'the poverty of low wages rather than of unemployment' (1987, pp. 117–18).

The Carnegie Commission, an inquiry into the poor white problem, published its report in 1932. Although white poverty was not nearly as serious as African or coloured poverty, the Carnegie Report placed 'white poverty' in the limelight and dramatised the phenomenon in a way that gave the Purified NP after 1934 the opportunity to revitalise Afrikaner nationalism into an aggressive movement. As we will show below, the Purified NP used the alleged dislocation of Afrikaners by the mineral and agricultural revolutions to blame 'British imperialism and foreign capitalism' for the proletarianisation of Afrikaners and to make a strong plea for the mobilisation of Afrikaners not only against the

political and economic power of English-speaking South Africans, but also against the 'foreign' capitalist system. Due to the way in which the poor white problem and the Carnegie Report were used (or misused) by the Purified NP to mystify the Afrikaners' economic 'backwardness', and to present them as 'victims' of capitalist exploitation, it is necessary (and worthwhile) to highlight some of the Commissions findings. The Commission blamed the poverty not exclusively on environmental and/or systemic factors, but also on characteristics inherent in Afrikaners. According to the Commission:

> The economic decline [of Afrikaners] has been caused principally by inadequate adjustment to modern economic conditions among a portion of the older white population [i.e. Afrikaners] of South Africa. This population had ... for many generations lived chiefly under the simple conditions of a pioneer subsistence economy, with hardly any difference between rich and poor. The discovery of diamonds and gold, the capitalistic exploitation of mines ... quickly forced the development of the country into new channels from about 1880 ... The manner of life of the rural population and their simple economic tradition, caused a type of *mentality*, i.e. certain *psychological traits* developed among [Afrikaner] people, by which they were handicapped in the adjustment (or effective adjustment) to the new demands of modern conditions ... Isolation had definitely shaped the mentality of the rural [Afrikaner] population ... and is largely responsible for the *maladjustment* to the demands of modern life ...It must be admitted that a certain lack of industrious habits [among Afrikaners] contributed to the process of impoverishment.' (Joint Findings, para. 12–25).

In the description of the 'Social and Ethical Traits among Poor Whites', the Commission stated clearly that:

> There is no justification for the view that all poor whites are pauperised or have sunk to a state of complete hopelessness ... (But) a part of the poor white class is characterised by one or more of such qualities as improvidence and irresponsibility, untruthfulness and lack of a sense of duty, a feeling of inferiority and lack of self-respect, ignorance and credulity, a lack of industry and ambition, and unsettledness of mode of life ... Poverty itself exerts a demoralising influence. It easily has a detrimental effect on honesty, trustworthiness and morality' (para. 52–60).[34]

In its recommendations the Commission agreed with the 'policy according to which the unskilled or poorly skilled poor white [Afrikaners] were protected by reservation of work against non-European competition in certain spheres'. The Commission, however, warned that 'a policy of protection by reservation of work to the European, should be treated as merely a measure of *transition* for a period during which the poor white is given the opportunity to adapt himself to new conditions in South Africa'. This argument of the Commission was a clear attempt to justify the 'civilised labour and wage policy' of the Pact government. The Commission, however, added the following serious warning: 'It will be disastrous for the poor white himself if any protection given him is of such a nature that it results finally in impairing his ability to compete with the non-Europeans on the labour market' (para. 68).

It is quite meaningful that the Commission was rather critical of the support given to the farming community in an attempt to stem the flow to the cities: 'The Commission is not blind to the practical fact that there may be times where the State has to offer assistance in order to save a large part of the farmer population from economic ruin; but it would be short-sightedness merely to attempt the alleviation of monetary distress, unoccupied by measures aiming at improvement' (para. 31). Against the popular opinion in Afrikaner circles of the time — including the opinion of Prime Minister Hertzog — the Commission concluded that agriculture offers no solution to the poor white problem and 'that the best prospect for poor families as a whole are offered by the large industrial centres' (Part I, p. 190). This conclusion of the Commission can be regarded as criticism against the extended support and protection that was given to white agriculture by the Botha, Smuts and Hertzog governments since 1910.

THE HEYDAY OF WHITE SUPREMACY, ECONOMIC PROGRESS AND AN INTENSIFICATION OF THE SYSTEM OF RACIAL EXPLOITATION (1924–74)

THE PACT GOVERNMENT AND A TENSE RELATIONSHIP BETWEEN STATE AND CAPITAL (1924–33)

When the Pact government of Hertzog and Cresswell took power in 1924, the process of state formation was — for all practical purposes — completed. The Pact government, formed on the basis of an electoral union entered into by the NP and the Labour Party in the immediate aftermath of the 1922 strike, won the June 1924 election after a bitter campaign that strongly emphasised the need for state protection of white workers, and particularly unemployed and poor Afrikaners. The Pact victory can therefore be regarded

as a final victory of *white* supremacy. Those marginalised white communities — primarily the white worker, the small businessman, and the *petit bourgeois* — were now in control of the government. Given that Hertzog represented white interests to a far greater degree than Smuts, the Pact strengthened the legitimacy of the white-orientated state founded in 1910. O'Meara put it as follows:

> The creation of a central South African state in 1910 rested on a tenuous compromise between competing colonial elites rather than on a broad consensus of the overwhelming white ... electorate. Between 1910 and 1922 this absence of a consensual order pushed various elements of the white population into two serious armed rebellions [in 1914 and 1922] and a number of violently contested strikes, all of which were suppressed by the military ... Only after the election of the 'Pact' government in 1924 ... was a fragile 'South Africanist' consensual order forged around the notion of an interventionist state securing institutionalised minimum privileges for all whites regardless of their class position (1996, p. 471).

In the next 70 years (from 1924 until 1994) the political system of white political supremacy — finally legitimised by the Pact victory — remained more or less intact. During the last 20 years of the heyday of white supremacy — i.e. the period from 1974 to 1994 — this system experienced a serious survival crisis and its eventual collapse in 1994 (see below). The first 10 years after the completion of the process of state formation — i.e. the period from 1924 to 1933 — was a testing period for the system of white supremacy due to a rather tense relationship that developed between the state (now in the hands of the white *petit bourgeois*) and capital (still controlled by British-orientated corporations and mainly British shareholders). When the Pact government — with its strong hostility to British imperialism and foreign capitalism — took office in 1924, it was feared that the symbiosis between state and capital may be in serious danger. During the election campaign, the Pact called for an abrupt change in government economic policies to empower impoverished groups in the white community. The Pact was relentlessly critical against 'Hoggenheimer' — the caricature of a foreign Jewish capitalist greedily exploiting South Africa. The Pact contrasted the economic problems of many white South Africans with the enormous profits of the gold industry (dividends in 1923 and 1924 were almost as high as the record amounts paid in 1909) (Clark, 1994, pp. 60–2). At this stage, 80 per cent of the shares in the mining corporations were still foreign owned — mainly by Britons. Another point of criticism against the gold-mining industry was that only a tiny part of its huge profits were invested in South Africa.

The fear that Hertzog's Pact government may terminate the symbiosis between state and capital did not materialise. During the nine years of Pact government relations between state and capital were, nonetheless, at times rather tense. The mining industry was dealt a blow by the 1925 Wage Act and the 1926 Mines and Workers Act (familiarly known as the Colour Bar Act), which entrenched job reservation on the mines.[35] This contributed to a significant disinvestment in South African mining by British shareholders (Lipton, 1986, p. 114). The Pact government also became renowned for its so-called 'civilised labour' policy. The government's protection for industries that hired white workers was, however, not a new policy — it was also practised by the governments of Botha and Smuts. Due to the campaign rhetoric of 1924, the 'civilised labour' policy attained a more explicit 'racist' character.

Another matter that caused a lot of tension between the Pact government and the corporate sector was the government's legislation to create a local steel industry (Iscor). In spite of strong resistance against Iscor legislation by the 'English' establishment, it was eventually accepted in 1928 during a combined session of both houses of parliament. Great anxiety was also created in the capitalist sector by the Pact government's intention to introduce a white 'welfare state' in South Africa. At this stage the idea of a welfare state was all but generally accepted in Britain. The only part of the Pact welfare policy that was successful was the tariff policy to promote local industry.[36] Hertzog's idea of a white welfare state failed for several reasons. The Pact government did not have the 'know-how' at its disposal and the bureaucratic capacity to implement such a policy was also lacking. In addition, the tax capacity of the economy was at that stage still too small to support a welfare state. Against expectations the Pact government did not increase taxation on the gold-mines. Strangely enough, Hertzog did a lot to bolster the gold-mining industry.

In spite of the tense relationship between state and capital during the period of the Pact government, the symbiosis between state and capital was maintained. The 'centre' (or the centripetal forces) of the systems of white political supremacy and racial capitalism was strong enough to hold. During the Pact government the 'whiteness' of white supremacy and the 'racial' character of racial capitalism were both strengthened considerably. According to Yudelman, Hertzog and Cresswell realised that it would not be possible to create a viable

white workers' state if they were to ignore the imperatives of cost factors to the gold-mines. The fact that the Pact government maintained and consolidated the white hegemonic order and maintained the symbiosis of state and capital is, according to Yudelman, a striking illustration of the strength of the structural factors shaping development in South Africa (1984, p. 343).

THE GOLD CRISIS AND THE NEW POLITICAL ALIGNMENT IN WHITE POLITICS (1933–4)

The years 1933 and 1934 were watershed years in South Africa's political and economic history, as they signalled a significant re-orientation in political and economic structures and power relations. The context of power created by the events of 1933/4 and its ramifications in the white (and especially in Afrikaner) society were detrimental to Africans. It not only prolonged their period of subjugation, but also intensified it.

At the beginning of the 1930s the Pact government was confronted with a serious and seemingly insoluble economic crisis. Due to the Great Depression, the GDP declined by 6 per cent per annum between 1929 and 1932 and unemployment was rocketing in all sectors of the economy. In September 1931 Britain suspended the gold standard and depreciated the value of the pound sterling by about 40 per cent. The South African government made the costly mistake of not following suit. The government based its case on the conservative, fundamentalist viewpoint that gold convertibility was an unmistakable symbol of stability, discipline and financial probity and that South Africa — as the main gold-producing country in the world — should demonstrate its confidence in gold. The government's retention of the gold standard caused large-scale speculation against the South African currency and aggravated the already serious economic condition quite considerably. Amidst a situation of political turmoil — which brought the leadership positions of both Hertzog and Smuts, in the NP and South African Party (SAP) respectively, under serious threat — South Africa left the gold standard in December 1932 and devalued the currency. The effective price of gold increased from R8,59 to R12,48, or by 45 per cent. This increase brought a large premium or 'bonanza' for the gold industry (Franzsen, 1983).

Early in 1933 the Pact government announced proposals to tax most of the bonanza and to use the income to support other sectors in the economy — especially the farming sector — in an attempt to solve the serious unemployment problems amongst Afrikaners. Under pressure from the Chamber of Mines — upset by the prospect of higher taxation — Smuts entered into a coalition with Hertzog in March 1933. During the negotiations that preceded the coalition, both Hertzog and Smuts had hidden agendas. Hertzog's hidden agenda was to gain Smuts's support for the removal of Africans from the common voter's role in the Cape and Natal. This was accomplished in 1936 with Smuts's support. Smuts's hidden agenda was to stop Hertzog from increasing taxation of the bonanza of the gold industry.[37] Under the so-called '50/50 arrangement', Hertzog agreed to tax only 50 per cent of the bonanza. This arrangement was extremely advantageous to the state.[38]

When Hertzog and Smuts decided on '*Samesmelting*' (Fusion) and launched the United South African National Party (later the United Party or UP) in 1934, a section of Afrikaners under the leadership of D. F. Malan decided to break away and established the '*Gesuiwerde*' (Purified) National Party. These two political events of 1934 — i.e. the Fusion and the Purified movements — had a profound effect on South African economic and political history. The first event (i.e. the political alignment between Hertzog and Smuts) brought about a closer symbiosis between state and capital and created conditions that were very conducive to accumulation and growth in the period 1934–74. The second event (i.e. the Purified movement) spelled the upsurge of Afrikaner nationalism that led to the victory of Malan's NP in the election of 1948 and the subsequent intensification of discrimination against blacks. Neither the closer symbiosis between state and capital nor Afrikaner nationalism and apartheid were good news for Africans, already beleaguered by segregation and the repressive labourer system. Both trends subjugated Africans to new types of deprivation and plundering (Cameron, 1986, ch. 17).

The accelerated industrialisation that took place from 1934 onwards under the initiation of the English establishment (with its economic base in the mining industry) was responsible for the third phase of African labour repression. The upsurge in Afrikaner nationalism, the NP's election victory in 1948 and Afrikaners' industrialisation drive in the 1950s and 1960s (with strong government support) were responsible for the fourth and final phase of African labour repression. Given that the two phases of industrialisation and labour repression took place in different contexts of power, it is necessary to treat them separately.

A CLOSER SYMBIOSIS BETWEEN STATE AND CAPITAL, INDUSTRIAL PROGRESS AND THE THIRD PHASE OF LABOUR REPRESSION (1934–48)

The symbiosis between state and capital — forged by Botha and Smuts from 1907 until 1924 — was often under pressure during the period of the Pact government. Although both partners in the Pact — i.e. the NP and the Labour Party — were critical of the alliance

between the state and the capitalist sections when they were in opposition, they were unable to dismantle it when in government.

The symbiosis between state and capital was 'forged' much closer by Hertzog and Smuts's *'Samesmelting'* (Fusion) in 1934. The new symbiosis was built on a new logic and greater mutual trust than was the case before. The fact that the Prime Minister, Hertzog, who 20 years earlier was one of the strongest opponents of the 'alliance between gold and maize', now became one of the chief architects of the new relationship made it much easier to attain the purpose of legitimation in spite of the defection of the 'Purified' group. The rise in the price of gold brought higher profits for mining houses, and the Fusion between Hertzog and Smuts gave mining capital the opportunity to regain its position of political influence. The newly attained financial and political strength of mining capital enabled mining to extend its influence into industry with the maintenance of the labour repression system. Consequently, the purpose of accumulation was attained much more easily than before. Extraordinarily high profits were made in mining, commerce and industry by mainly the English establishment in the period from 1934 to 1948.

The Fusion of Hertzog and Smuts and the closer symbiosis of state and capital also brought together common philosophical approaches about the responsibilities of the state in a developing country like South Africa. When Smuts's SAP government enacted the Industrial Conciliation Act in 1924, the partners in the then symbiotic relationship agreed about the extent to which the gold-mining industry could be used to solve the revenue (or accumulation) and employment (or legitimation) problems of the state. During the period of the Pact government, the interventionist tradition was strengthened by Hertzog's economic policy to protect the interest of poor whites and by his inward industrialisation strategy. The closer symbiosis of 1934 created conditions for ever-increasing state intervention in an economy dominated by a large-scale aggregation of mining capital working in close co-operation with government. Hertzog's idea of creating a white 'welfare state' was no longer regarded as a priority as was the case 10 years earlier. At this stage big mining capital needed the state, while the growing state needed the mining house in several areas of common interest. Two such areas of common interest were the need to maintain social order (based on segregation) and the need to create conditions conducive to accumulation by maintaining the labour repressive system and by extending it to industrial production (Yudelman, 1984, ch. 8).

The new relationship of co-operation between state and capital was *par excellence* a *white* and *business-orientated* alliance. It's explicit purpose was to promote jointly the *social* (or developmental) interests of white Afrikaners (in their capacity as farmers and workers) and the *economic* (or accumulation) interests of English-speaking whites. In the period until 1948, the symbiosis between the state (controlled by Hertzog and later by Smuts) and capital (controlled by the mining industry) was rather successful in solving the poor white problem and in launching an industrial revolution.[39] When Smuts succeeded Hertzog as Prime Minister in 1939 on the issue of participation in the Second World War, the orientation of the symbiosis became even stronger towards business and towards the English establishment. Finally, a remarkable agreement existed between the partners in the symbiosis that Africans did not qualify for political rights (except in advisory bodies) and that they should remain a wage-earning proletariat.

The increase in the price of gold (1932) and the business-friendly symbiosis of state and capital laid the basis for an unprecedented growth period. From 1934 to 1973 the annual growth rate of the economy was 4,5 per cent. The huge mineral rent that flowed to the state was used to build the infrastructure and the (mainly white) educational institutions needed for a modern industrial state. The high income of gold-mines supplied the foreign exchange to finance the large-scale extension of secondary industry in both the private and public sector. The extension of manufacturing was encouraged by the state and mining capital, because both realised that gold was a declining resource and that employment opportunities offered by primary industries are limited. The most notable state contribution to the development of manufacturing was the creation of the iron and steel industry. High duties on imported machinery encouraged, and in effect subsidised, local industry.[40]

A remarkable feature of the gold boom in the 1930s was that it happened without any increase in the wages of white and African workers.[41] The subjugation and co-operation of white labour in the early 1920s made it possible for both state and employers to benefit fully from the gold price increase without passing on any significant share of the new prosperity to white labourers. The position of Africans was even worse.[42] Even if we accept the argument that the economic imperatives in South Africa were of such a nature in the first third of the century that the mineral revolution could only be maintained by paying extraordinary low wages to migrant workers, the argument could definitely not be valid in 1940 — especially not if we take cognisance of the huge profits of the gold-mines and the technical progress that had taken place in the exploration of deep-level

gold-mines.[43] Two factors undoubtedly contributed to the strong bargaining position of the Chamber of Mines. On the one hand there was the political support received from the Hertzog and Smuts governments and on the other hand the large supply of migrant workers from foreign countries. These workers were prepared to accept extraordinary low wages.[44] If all the relevant factors are taken into account — including the high gold price and the high level of economic growth — we have reason to believe that the relative degree of exploitation of African workers (or the degree of 'group plundering') was exceptionally high in the 1930s and 1940s (Yudelman, 1984, ch. 8; Trapido, 1971, p. 315).

The maintenance and the extension of the African labour repression system in the 1930s and 1940s did not happen in a political and ideological vacuum. During a period in which English-speaking whites regained political hegemony, the ideology of segregation and the idea of only advisory political institutions for Africans enjoyed general acceptance in white circles. The complexity of segregationist thinking and the circumstances under which it took root has received a lot of attention from historians. S. Dubow has pointed out that before the 1920s, when key items of segregationist legislation were introduced, they 'were seldom interpreted as integral elements of an unified ideological package' (1989, p. 39). When the system of segregation became firmly entrenched in legislation during the 1920s (by both the Smuts and Hertzog governments), the segregationist ideology was not only justified in terms of Social Darwinism, but also in terms of anthropological studies. These studies emphasised the value of maintaining the indigenous culture of the different African tribes. In 1926 the anthropologist Edgar Brooks (later a vocal critic of apartheid) strongly supported the Hertzog Native Bills on the grounds that they protected Africans from detribalisation. At this stage Smuts also made a plea for 'protectionist segregation ...to foster an indigenous native culture or systems of cultures, and to cease to force the African into alien European moulds. Segregation was to replace both assimilation and repression' (quoted by Worden, 1994, p. 78).

At a time when physical and social anthropologists demonstrated that racial assumptions concerning Africans alleging inferiority were fallacious, the idea of 'protectionist segregation' was formulated with great self-assurance by Hertzog and Smuts in order to maintain the white hegemonic order. Differences between ethnic groups came to be identified primarily with distinctiveness, explained on the grounds of cultural environment or history, not necessarily implying racial inferiority. In this way it became possible for English liberals to be segregationists without becoming racist or being in favour of 'racialism without racism'.[45] The policy of 'protectionist segregation' became the official policy when Hertzog and Smuts enacted their 'African legislation' of 1936 and 1937. Africans were deprived of their franchise in the Cape and Natal and were replaced with four indirectly elected white representatives. An advisory body for Africans was introduced.[46]

When industrial development accelerated during the war years, the demand for African labour in manufacturing increased sharply. Due to the fact that manufacturing needed semi-skilled labour on a more permanent basis, industry could not use the *kampong* and migrant labour system of gold-mining. Consequently it was necessary for the Smuts government to relax influx control. While only 17 per cent of Africans were urbanised in 1936, this number increased to 27 per cent in 1951 (Lipton, 1986, p. 401). The living conditions of Africans in the urban shantytowns were dismal. During the 1940s the Smuts government also relaxed, or turned a blind eye to non-compliance with, a lot of discriminatory legislation in the workplace. At the same time, strict measures, reminiscent of the mining industry, were introduced to control Africans in urban areas.

The large influx of Africans into urban areas, their poor living conditions and the coercive mechanisms with which the state controlled them created a moral dilemma for liberals in favour of 'protectionist segregation' and the 'retribalisation' of Africans. English-speaking industrialists — keen to profit from industrialisation based on labour repression — found an easy way out. They put forward the (thinly disguised) ideological argument that the expanding economy needed more African workers, but would in time lead to the industrial colour bar being dismantled and that African wages would then be raised. This kind of economic determinism might have had merit if the industrial revolution had to take place from scratch and without the support of mining capital. Ironically enough, large-scale job fragmentation took place in the 1940s and Africans were increasingly employed in skilled jobs — but with their wage unchanged (Trapido, 1971, pp. 315–17).

The Smuts government's continued commitment to segregation and labour repression was convincingly demonstrated by the manner in which the mineworkers strike of 1946 was suppressed.[47] The harsh action by the Smuts government strengthened the radical element in the ANC quite considerably. In spite of mounting humanitarian criticism against the living and working conditions of Africans at this stage, the way in which the Smuts government repressed the 1946 strikes and the fact that all discriminatory legislation was kept on the law books are clear indications that segregation and labour repression were still firmly

entrenched when the NP won the election of 1948. Basil Davidson stated in a recent book that 'systematic discrimination' was already well entrenched when the NP came to power in 1948:

> The history of South Africa since the 1880s ... is that of the dispossession and eventual destruction of ancient and stable rural communities, and the transformation of their people into the helots and servants of a white minority, whether English-speaking or Afrikaner ... When the NP came to power in 1948 on a program of full-blooded apartheid, its task was in no way to install systemic discrimination, but only to complete what already existed of that kind, while taking additional measures to repress a growing volume of non-white protest (1994, pp. 114–17).

THE UPSURGE OF AFRIKANER NATIONALISM, THE *EMBOURGEOISEMENT* OF AFRIKANERS AND THE FOURTH PHASE OF LABOUR REPRESSION (1948–73)

When Hertzog and Smuts decided on '*Samesmelting*' (Fusion) in 1934, D. F. Malan and a section of the NP decided to break away and launched the '*Gesuiwerde*' (Purified) NP. This caused a sharp division in Afrikaner circles between the so-called 'Hertzogiete' and 'Malaniete', which stimulated an unprecedented fermentation about the true nature or soul of Afrikanerdom. The debate was extraordinarily intense in the ranks of the Purified NP. Within the party a new group of young urban intellectuals emerged to lead the redefinition of Afrikaner nationalism into a much more aggressive and exclusive version of nationalism, called 'Afrikaner Christian-Nationalism'. This new nationalistic movement is often called the 'revival' of Afrikaner nationalism, but perhaps it rather represented the first real *upsurge* in Afrikaner nationalism. Earlier a consciousness of being Afrikaner and about the Afrikaans language existed, but these feelings did not crystallise into a cohesive Afrikaner *nationalist ideology* with a strong political agenda. Before 1934 General Hertzog, then prime minister, regarded all white South Africans, Afrikaans- and English-speakers, who viewed South Africa as their sole homeland, who accepted language equality and the principle of 'South Africa first' as Afrikaners (O'Meara, 1983, ch. 3).

At the core of the new Afrikaner nationalism stood the idea of '*volksgebondenheid*', i.e. the idea that the ties of 'blood, territory and nation' came first, and that the individual existed only in and through the *volk* (nation). It was assumed that all the different *volke* (nations or ethnic groups) were ordained by God and that in the case of South Africa the Afrikaners were elected (or chosen) by God for a special purpose or mission in South Africa. To realise this God-given mission, Afrikaners should accept the responsibility of creating an Afrikaner republic with a true Christian character free from both the 'imperialistic' and 'capitalistic' influences of the British and free from the 'uncivilised' (sometimes called 'barbaric') influences of the Africans. This redefinition of Afrikaner nationalism would have remained an intellectual exercise, had it not become the ideological battlecry with which the Purified NP of Dr Malan won the election of 1948. The conviction that the Afrikaners were a God-chosen people and that the NP was the political vehicle to realise their God-given mission was pampered by all NP leaders from Malan to P. W. Botha.[48]

The social and economic stratification of Afrikaners in the 1930s played an important role in the definition of 'Christian-Nationalism'. When 'Fusion' took place the farmers in the Transvaal and Free State supported Hertzog and Smuts, confident that the UP would give them the necessary protection and support. The farmers in the Cape, however, were export-orientated and hostile towards one-sided trade with Britain. These farmers were already well-developed capitalist farmers with close links with Afrikaner business corporations like Sanlam (an insurance company) and Nasionale Pers (a publishing company). The Purified NP was a strange 'coalition' between Cape members of parliament (representing well-developed commercial interests) and the *petit bourgeoisie* in the Transvaal and the Free State, without any political representation, but organised in the *Afrikaner Broederbond* (the 'Afrikaner Brotherhood', a secret society founded in 1918 to advance Afrikaner interests at all levels). The ideological transformation of Afrikaner nationalism into 'Afrikaner Christian-Nationalism' after 1934 was essentially the work of the *petit bourgeois* intellectuals in the northern province (the Transvaal). They exulted the sufferings of Afrikaners — especially women and children — during the Anglo–Boer War into a 'folklore' to instigate 'anti-imperialistic' feelings (also against local English-speakers). On top of this, they used the traumatic dislocation of 'poor white' Afrikaners by circumstances created by the mining and industrial revolutions to target foreign (both British and Jewish) capitalism as the scapegoats to be blamed for Afrikaner poverty and deracination. Finally, they identified the 'black peril' of 'uncivilised' Africans as the main threat that may wreck the Afrikaners' God-given mission.

The economic predicaments experienced by Afrikaners in the 1930s and 1940s — and allegedly caused by British 'exploitation' from 'above' and by

African '*oorstroming*' (inundation) from 'below' — were cleverly used by Malan's Purified NP to mobilise the different socio-economic groups in Afrikaner society into a well-integrated *volksbeweging* (national movement). In this mobilisation of Afrikaner ethnic power, several cultural organisations (like the *Broederbond* and the *Reddingsdaadbond*) and Afrikaner universities played key roles, while the support of the three Afrikaans churches gave the Afrikaner movement a much-needed religious legitimacy. As the dangers of a 'swallowing up' by the 'black sea' of Africans became more threatening in the 1940s due to African urbanisation, it became expedient for the Afrikaner ideologues to emphasise the importance of the ethnic 'purity' of Afrikaners and of the imperative to protect this purity against miscegenation with the alleged inferior aborigine races. Consequently, as the reverse side of the coin of aggressive Afrikaner nationalism, an explicit and insulting version of racism was developed by the NP during the 1930s and 1940s — i.e. during the time it found itself in the political wilderness. This version of racism crystallised into the policy of apartheid shortly before the election of 1948.

The victory of the NP in the 1948 election was unexpected. During the elections of 1938 and 1943 the UP maintained its strong support in the rural constituencies in the Transvaal and the Free State. The UP, however, neglected the interest of the farmers during the war in favour of the new generation of urban industrialists. Throughout the 1940s organised agriculture fought in vain for major policy changes. Farmers wanted the immediate implementation of the anti-squatting provisions of the Natives' Trust and Land Act (1936) that was designed to give white farmers greater control over their African labour tenants. The implementation of Chapter IV of the 1936 Act would have forced African labour tenants to work as wage labourers. In fear of black unrest, the Smuts government dragged its heels on this issue. Secondly, farmers wanted pass laws to be applied strictly to prevent the migration of farmworkers to urban areas to take up better paid industrial jobs. Thirdly, organised agriculture strove to persuade the government to implement the 1937 Marketing Act in such a way as would ensure higher prices for agricultural produce. As part of the government's cheap food policy during the war, the price of maize was maintained at relatively low levels. When the cheap food policy was maintained after the war, Afrikaner farmers were profoundly alienated. If Smuts had increased the price of maize before the 1948 election, the results might have been different.[49] The support given to the Purified NP in 1948 by the large farmers represented a historic shift in Afrikaner circles. It was the first time that large farmers in Transvaal (the so-called *notables*) associated themselves with the interests of the smaller Afrikaner farmers and the Afrikaner *petit bourgeois*.

The other major issue during the election was the rapid black urbanisation during the 1940s. This issue widened the already deep differences within the UP and between the major social forces that supported it. While the industrialists were in favour of a further relaxation of influx control and job reservation (as a method to lower their production costs), humanitarians and those in favour of 'protective segregation' were shocked by the poor living conditions in the urban shanty towns. In Afrikaner circles, however, both farmers and urban workers were upset by the economic implications of black urbanisation, while the NP was horrified by the alleged dangers of '*oorstroming*'. When the Fagan Report (1948) emphasised the inevitability of African urbanisation and recommended a policy of 'facilitating the stabilisation of labour' in urban areas, it evoked a strong reaction from the NP. It appointed the Sauer Commission, which formulated the NP's apartheid programme as a 'solution' to the growing racial conflict inherent in the UP 'native policy'. During the election campaign the NP used a double-barrel strategy: on the one hand it presented Afrikaners as 'victims' of British imperialism and capitalism and on the other hand it exploited the 'black peril' argument. This proved to be a winning formula — also in future elections. The NP won the first 'apartheid election' with six seats but with only 40 per cent of the total vote.

the 'foreign' system of capitalism. As indicated above, it was mainly the *Broederbond* wing of the NP that was originally responsible for the 'anti-capitalist' (and even

that the English establishment — then almost completely in control of the economy outside agriculture — was in a state of panic after the NP victory. Although the relationship between the NP and the English business sector remained tense (especially on the rhetorical level), and was at times rather hostile until the 1960s, the NP did not 'restructure' or 'capture' the capitalist system. On the contrary, the symbiosis between state and capital that was forged in the previous two decades was maintained after 1948 with little adaptations. The major employers' organisations in English business circles rapidly developed a *modus vivendi* with the NP. The NP, on the other hand, was quite prepared to operate 'within' the given framework of the existing symbiosis of state and capital.

How should we explain the NP volte-face? Firstly, it is perhaps another example of the strength of the structural factors underpinning the symbiosis between (white Afrikaner) state and (white English) capital. As soon as the NP was confronted with the responsibility of government, it realised that the maintenance of the white hegemonic order — and the structural subjugation of the African — were of greater importance for

ment were probably not shaped by the firebrand ideologues in the *Broederbond* (mainly from Transvaal) but by the more pragmatic (and already capitalistic-orientated) farmers and Afrikaner corporations in the Cape. The fact that the economy was at that stage growing strongly may also have convinced the NP to use the capitalist system for its Afrikaner agenda instead of destroying it. If the 1950s had been a period of low or negative growth, the anti-capitalist forces

The NP drive of *statism* also involved the creation of a multitude of new state and semi-state bodies and institutions. The bureaucracy was also enlarged by the welfare system developed for the upliftment of Afrikaners. The lucrative employment opportunities created in the public sector for mainly Afrikaners not only wiped out all the remnants of the poor white problem, but also made a considerable contribution to the quick (and probably too quick) *embourgeoisement* of Afrikaners in the third quarter of the 20th century. Afrikaners were taken to their 'promised' land by two vehicles: a dynamic and growing system of racial capitalism (controlled by the English establishment) and an expanding Afrikaner bureaucratic state (controlled by the NP). In the third quarter of the century, capitalism and apartheid had succeeded — in close co-operation with each other — spectacularly for whites. R. W. Johnson claimed that 'at some point around 1970, white South Africans overtook the Californians as the single most affluent group in the world' (1977, p. 28).

In implementing its apartheid policy to solve the 'native problem' and to allay the fears of Afrikaners of the 'black peril', the NP built a mammoth organisational structure in order to control not only the movement of Africans, but also their living and working pattern in a very strict manner. A plethora of segregationist legislation was put on the law books. The existing arsenal of discriminatory measures was extended and also made applicable to coloureds and Indians.[52] Much of the overly political legislation was directed towards controlling black labour to meet the demands of agriculture and urban employers for cheap and docile African labour.[53] One can put forward the argument that while the system of *segregation* (mainly based on migrant labour and *kampongs*) was well adapted to the labour needs during the mining revolution, the *apartheid* system (with its comprehensive control over Africans in urban areas) was developed to suit the interests of the industrial revolution (see Davidson, 1994). The abortive system of border industries was developed from the 1960s onwards in a desperate attempt to 'reconcile' (territorial) segregation with industrialisation, but the attempt was doomed from its very beginning.

In spite of NP indignation with African urbanisation before the 1948 election, its strict control over the movement of Africans never succeeded in stopping the flow to the cities.[54] During the 1950s and 1960s Afrikaner entrepreneurs succeeded with their own industrial revolution with massive government support — originally in the public sector, but in due time also in the private sector. Afrikaner industrialists convinced

the NP government to maintain the supply of cheap and docile African labour in (what we have classified) the fourth phase of African labour repression. To meet the growing demands for cheap labour for Afrikaner industrialists and farmers, the NP had no choice but to make continuous trade-offs between the demands of its own ideology and the demands of the Afrikaner entrepreneurs. As the economic boom continued into the 1960s, the pendulum swung stronger towards choosing economic growth above ideological considerations, but without dismantling the oppressive system of apartheid. This kind of economic determinism — ironically enough — brought about another conspicuous failure of one of the main political stands of the NP, i.e. to stop and to turn around the process of African urbanisation. Unfortunately the measures implemented to control the process of urbanisation caused not only a continuation of African poverty and social dislocation, but also unprecedented human suffering.[55]

A very high rate of economic growth was maintained in the 1950s and 1960s.[56] During the heyday of state and racial capitalism, the racial disparity ratio between white and African incomes became much larger. While the per capita income of whites was 10,6 times higher than African per capita income in 1946/7, white income was 15 times higher in 1975![57] Apartheid undoubtedly reached a zenith in the early 1970s. The concentration of economic and bureaucratic power in the hands of Afrikaners played a decisive role in the *embourgeoisement* of Afrikaners and the further impoverishment of Africans in this period. If ever there was a period of upward redistribution of income (mainly from Africans to Afrikaners), then it was the period of high growth in the 1950s and 1960s. It was therefore a period of high growth with a 'trickle-up' effect!

The third aim of the NP agenda was to solve the poor white problem and to rectify the alleged injustices done to Afrikaners. In implementing its policy of social upliftment the NP used its fiscal powers to tax the wealthier English speakers and to increase social spending on Afrikaners.[58] This kind of redistributive policy improved the economic position of the Afrikaner *petit bourgeois* — i.e. the poorer three-quarters of Afrikaners — quite considerably. The NP policy of Afrikaner 'favouritism' was, however, even more advantageous for the upper section of Afrikaners — it enriched richer Afrikaners in a spectacular manner! In an awkward twist of destiny, the emphasis of the NP shifted away from the ideological aim of uplifting the poorest Afrikaners (or the alleged 'victims' of British imperialism) towards assisting the richer farmers and the emerging Afrikaner entrepreneurs. By extraordinarily generous types of favouritism an Afrikaner *haute bourgeoisie* was created. They quickly became the champions of a system of (unbridled) Afrikaner capitalism.[59] Examples of Afrikaner favouritism were the allocation of fishing quotas, mining and liquor concessions, government contracts and all kinds of inside information. It was not only Afrikaner business that profited in the 1950s and 1960s. Apartheid proved to be good for every white's business, i.e. also English speakers.[60] During the 1950s and 1960s South Africa enjoyed strong support from the large industrialised countries in spite of its racist policies. The intensification of African exploitation, the high level of profitability and the rise of the gold price all contributed to a large and sustained inflow of foreign capital in the third quarter of the century.[61]

Another example of the shift in NP policy away from assisting the poor towards assisting the rich is the support given to Afrikaner agriculture. After winning the 1948 election with the decisive support of maize farmers, the NP almost immediately reorganised the labour bureaus to prevent Africans from migrating from farms to the cities. The 1937 Agricultural Marketing Act was implemented by the NP to secure higher prices for agriculture — the maize price rose by almost 50 per cent from 1950 to 1954. But in applying its policy of favouritism — i.e. subsidies and Land Bank loans, etc. — the NP explicitly favoured the more efficient and larger farmers.[62] In this way an economic culture of favouritism was nourished in the ranks of Afrikaner agriculture capitalism. Although their ideological orientation became as *haute bourgeois* as their industrial counterparts, the majority of 'capitalist farmers' remained vulnerable due to their enslavement to rising indebtedness, ongoing subsidies and cheap African labour. The low interest policy during the 1960s and 1970s (as part of Verwoerd's economic policy to create a white economy) stimulated an unhealthy process of mechanisation in agriculture. It is estimated that more than 50 per cent of all the money spent by the government on research in the 1950s and 1960s was agriculture related. In spite of all this support, agriculture did not succeed in attaining independence and self-sustainability.[63] The almost total dependence of Afrikaner farmers on an enormous variety of state interventions in labour and other markets rendered them (and particularly the maize producers) as much as ten times less efficient than their European and US counterparts (O'Meara, 1996, p. 143). The buttering up of agriculture was not only an economic failure, but also a costly failure from a political point of view. When the NP could not maintain the high level of subsidies from the late 1970s onwards, the 'love affair' between the NP and maize farmers turned sour and directly led to the defection of the majority of these farmers to the

Conservative Party (CP) of Andries Treurnicht. In spite of the large-scale pampering of agriculture, its contribution to the GDP declined from 19 per cent in 1951 to 8 per cent in 1970 (Lipton, 1986, p. 402).

The symbiosis of state and capital attained its purpose of *accumulation* in a spectacular manner during the third quarter of the century. The attainment of the purpose of *legitimation* was, however, mixed. Although the NP succeeded in increasing its parliamentary majority within the system of white political supremacy, the racist character of the system was increasingly questioned by broader civil society and especially by liberation organisations like the ANC and PAC (Pan Africanist Congress). The protest against the system became violent at times, but it was effectively suppressed through the development of an extraordinarily effective security system. Consequently, the viability of the system of white supremacy (both politically and economically) was never endangered in this period — i.e. until the middle of the 1970s. The NP was in these years far more concerned about the power base in the white electorate than about the brewing protest in the ranks of people other than white or in international organisations, like the United Nations (UN) and the Organisation of Africa Unity (OAU).

Due to the NP's small majority attained in the election of 1948, the party had an obsession with consolidating its grip on (white) political power. A first step in this direction was to give parliamentary representation to whites in Namibia and to lengthen the period before immigrants could attain citizenship. Its attempt to remove the 'Cape Coloureds' from the common voters' role in 1951 was stopped by the Appeal Court. After a long constitutional struggle and after the enlargement of the senate, coloureds were deprived of their political rights in 1956 in a morally deplorable, if not unconstitutional, manner. A variety of statutory measures were also enacted to attain stronger control over civil society and extra-parliamentary groups. One of the most effective methods used by the NP to consolidate its power was to buid its Afrikaner constituency by every possible form of patronage and favouritism. By hammering the ideological drums of Afrikaner nationalism and republicanism, enough support was mobilised in 1960 to change South Africa into a republic in 1961. Another method employed to mobilise electoral support was to capture a part of the media. The South African Broadcasting Corporation (SABC) was turned into an official propaganda machine of the NP and Afrikaner publishing companies — like Naspers and Perskor — were pampered by all kinds of favouritism to ensure their uncritical and loyal support. During election times, the NP employed its proven methods to incite fear in the hearts of mainly Afrikaner voters about the deadly dangers of one or other group — be it the English, Africans, coloureds, reds, or even the Americans during Carter's presidency. The variety of methods — of which many were undemocratic and morally questionable — enabled the NP to win 11 successive general elections and three referendums between 1948 and 1992! The parliamentary system in which only whites (of which 60 per cent were Afrikaners) could vote was used cleverly (but in very doubtful ways) to perpetuate NP control over the system of white political supremacy for a period of 46 years!

The originally very peaceful ANC became radicalised in the 1940s. The militant 'Youth League' of the ANC, which was formed in 1943, devised a strategy of mass action centred on the use of community boycotts and civil disobedience. The NP's victory in 1948 convinced the ANC that their traditional focus on petitions and peaceful lobbying was redundant. As a result, the Youth League gained control of the ANC with a 'programme of action' that was to form the basis of the Defiance Campaign of the 1950s. In 1955 the ANC-initiated Kliptown Conference drew up the 'Freedom Charter', which comprised a list of basic rights and freedoms, including welfare provisions (such as housing, health and education), the ending of restriction on labour, minimum wages and the nationalisation of mines, banks and industry. The state responded by banning ANC leaders and charging 156 members of the Congress Alliance with treason. The resulting Treason Trial, which dragged on for five years, ended in acquittal for all the accused.

During the 1950s, Malan and Strydom justified apartheid and the social welfare system on behalf of the Afrikaner in terms of both the alleged injustices done to the Afrikaner by British imperialism during the Anglo–Boer War and the unequal economic opportunities allotted to Afrikaners by the English-controlled system of racial capitalism. At the end of the 1950s, Dr Verwoerd was astute enough to realise that the upliftment of the poor whites was no longer an adequate justification for the system of white power and privilege. Both the *uhuru* movement in Africa and the relentless criticism of the (somewhat hypocritical) English establishment against the hardening of the segregationist system convinced Verwoerd of the necessity of a new ideological approach. In the formulation of his separate development ideology (which was always more of an ideology than a policy), Verwoerd took his cue from the pro-segregationist ideas propagated by liberalists like Edgar Brooks and other anthropologists in the 1920s and 1930s. They were in favour of 'protectionist segregation' and the 'retribalisation' of the African and

looked at territorial segregation as a policy to replace both assimilation and repression.

Early in 1959 Dr Verwoerd announced that the policy of apartheid was to be replaced with the allegedly 'non-racist' policy of 'separate development' — also known as 'grand apartheid'. The new policy package included independence for the different African ethnic groups in the so-called homelands (or the native areas comprising 13 per cent of South Africa's territory according to the Land Act of 1936), the stemming of urbanisation and the creation of decentralised industries on the border areas of the homelands. The Bantustan scheme rested on the convenient proposition that there was no African majority in South Africa. It held that members of the 'Bantu' population were not even South Africans, but belonged instead to a multitude of 'national/ethnic groups' or 'national authorities'. In keeping with Afrikaner nationalism's stress on the realisation of ethnic identity (*volkseie*), each of these 'national/ethnic' minorities was to be given the right to realise its divinely ordained national calling in its own homeland.[64]

Verwoerd had hoped that the policy of separate development — as a policy of decolonialisation within South Africa's borders — would bring South Africa ideologically in line with Western countries' anti-colonial (or *uhuru*) policies of the time.[65] Although the Verwoerdian ideology was propagated with evangelical zeal and accepted by the majority of Afrikaners (and some English speakers) as a morally justifiable 'solution' to the African problem, it impressed neither African leaders nor the outside world.

Dr Verwoerd's policy of creating a white and/or European economy at the southern tip of the African continent has had far-reaching effects on the structure of the South African economy. It was a deliberate attempt to further marginalise Africans from the core of the modern sector of the economy. A comprehensive policy of social engineering was implemented by Verwoerd (and continued in the time of John Vorster and P. W. Botha) to increase the capital intensity of the economy in an attempt to make it (the modern sector of the economy) less dependent on African labour. To attain this aim, the exchange rate was kept at a high level to ensure that important capital goods would remain relatively cheap. Interest rates were maintained at extraordinary low levels and large tax concessions were granted to investors. Due to these policies, the capital:labour ratio increased by more than 300 per cent from 1960 to 1990. Dr Verwoerd's policy was therefore responsible for a serious distortion of the economy in that it did not employ scarce resources in accordance with their genuine scarcity prices. The price of the relatively scarce factor — capital — was made artificially (and even ridiculously) cheap, while the price of the abundant factor — labour — was made artificially expensive and even not available. As a result of Verwoerdianism, the modern sector of the South African economy is today far too capital-intensive for a developing country like South Africa — especially if we take the large (and fast-growing) supply of unskilled African workers into account.[66]

The most serious legitimation crisis in the Verwoerd period occurred during the Sharpeville unrest. In March 1960, 69 people were shot dead in Sharpeville during the ANC/PAC campaign against the pass laws. In response to the nation-wide protest, the government cordoned off the townships, banned the ANC and the PAC and arrested thousands of people. Once underground, the ANC set up its guerrilla wing, *Umkhonto we Sizwe* (the Spear of the Nation, MK), which committed acts of sabotage until its leadership was rounded up at their headquarters at Rivonia, and incarcerated for life in 1964.

John Vorster became minister of police in 1961. He was responsible for a network of security legislation that turned South Africa into a comprehensive 'police state' by the end of the 1960s.[67] As part of the security system, Vorster built the security police into a formidable political force — especially after he became Prime Minister in 1966. Vorster not only used the security police to suppress black protest in a brutal way, but also used it against his own nationalist opponents in a desperate attempt to consolidate his position as prime minister. Vorster's security system was highly authoritarian and it employed inhuman methods, but it succeeded remarkably in suppressing almost all African protest during the decade from 1963 to 1973. The only important development in African resistance in the later 1960s was the emergence of the powerful new ideology of Black Consciousness (BC). At this stage, BC was, however, more of a philosophical movement than an active programme.

THE CRISIS OF WHITE SUPREMACY, STAGFLATION AND THE (PROVISIONAL) ECONOMIC POWER SHIFT (1974–90)

THE DRAMATIC EVENTS BETWEEN 1973 AND 1976 AND VORSTER'S PARALYSIS

A series of events from 1973 to 1976 created a serious security crisis in South Africa and brought about such unprecedented threats to both the *accumulation* and the *legitimation* aims of the white hegemonic order that the symbiosis of state and capital started to crumble. Desperate attempts were made by all sectors of the white élite (i.e. the Afrikaners in control of the bureaucratic

state and the white capitalists, now embracing an influential group of prosperous Afrikaner capitalists) to restore the systems' ability to create conditions conducive for accumulation and legitimation. These measures succeeded in prolonging the existence of the white hegemonic order for another 20 years, but in an increasingly battered shape until the white monopoly of political power imploded in a rather quick and dramatic way in the beginning of the 1990s. As the 'normal' symbiotic relationship between state and capital stumbled from one survival crisis into another, all kinds of 'abnormal' and reciprocal interference took place between the domains of state and capital, creating — paradoxically enough — either severe tension between the hegemonic partners or a too close 'integration' of state and capital in daredevil attempts to secure their mutual survival. All these attempts to restore the aims of accumulation and legitimation were, however, in vain, not only for reasons related to the unsustainability of the inherently 'racist' character of white political dominance, but also for reasons related to the vulnerability of racial capitalism and its inability to regain its growth potential after 1973. During the period between 1973/4 and 1994, a profound 'power shift' took place in which the liberation organisations (inside and outside the country and with growing moral and material support from several foreign powers) slowly but surely started winning the liberation struggle, while the system of white supremacy (and especially the NP and its bureaucratic state) was losing its survival struggle.[68]

The cluster of events (from 1973 to 1976) that precipitated the survival crisis for the white hegemonic order were the 'unlawful' strike by black trade-unions in 1973, the OPEC oil crisis of 1973, the *coup d'etat* of General Spinola in Lisbon in April 1974 and the Soweto unrest of June 1976. In 1973 South African industry was shaken by a series of strikes by African workers demanding higher wages and the right to organise. The longevity and wide support of the strikes demonstrated the strength of African 'labour power' in a way that surprised even Africans. The coup in Lisbon and the subsequent independence of Angola and Mozambique broke the *cordon sanitaire* of white colonial regimes around South Africa and exposed the white minority regimes to the rest of '*uhuru*' Africa and to communist penetration in Africa. The abortive invasion of Angola by P. W. Botha's army in 1975 and the deployment of Cuban troops in Angola complicated the matter quite seriously from the NP point of view.

Even before the Soweto unrest in 1976, the economy had moved into a serious recession caused by the OPEC oil price hikes and the downturn in the growth performance of the international economy. The South African recession turned into a prolonged stagflation and creeping poverty that lasted until 1994. A reciprocal and invigorating interplay between the deteriorating economic situation and the intensification of the liberation struggle took place and nullified all attempts by the white hegemonic order to create conditions conducive for accumulation.[69] The long period of stagflation cannot be regarded as a long and normal cyclical downswing, but represented a deep-seated structural crisis for the system of racial capitalism (Smit, in Schrire, 1992, ch. 2). As a system essentially based on the exploitation of unskilled repressed labour, racial capitalism now reach a ceiling of profitability. We have reason to believe that racial capitalism was in any case in an accumulation cul-de-sac due to a growing shortage in the skilled African labour force. The political crisis in the early 1970s only deepened the economic crisis, while not necessarily antedating it. Racial capitalism had in all probability already reached the point where it was doomed to be less profitable and less conducive to accumulation — mainly due to the shortage of skilled labour. At the core of both the political and economic crises in the two decades after 1974 was the inability of the white hegemonic order to restore its legitimacy after it was seriously undermined by the events between 1973 and 1976.

The Soweto unrest in June 1976 was partly caused by the deteriorating economic circumstances and must be regarded as one of the most decisive events in the political and economic history of South Africa in the 20th century. O'Meara describes the importance of Soweto in the following terms:

> Soweto regenerated a deep sense of pride in much of the black population. It was a key catalyst of the psychological liberation which the Black Consciousness movement had worked so hard to produce ... Its major beneficiary was a rebuilt ANC, which emerged as the dominant force in South African politics ... Soweto was thus also a crucial moment which significantly shaped an emerging militarist political culture throughout the whole of southern Africa — a culture which was to play a crucial role in the unfolding regional tragedy of the 1980s (1996, pp. 181–2).

The reaction Soweto unleashed in the so-called 'frontline states' in southern Africa and in the rest of the world was as (if not more) damaging for the white hegemonic order as the awakening of a militarist culture in African circles in South Africa. The process of disinvestment got going after Soweto.

Soweto evoked opposite reactions from the NP and white capitalists — both English- and Afrikaans-speaking

capitalists. The Vorster government was paralysed and displayed an astonishing inability to grasp the true meaning of the crisis. Mr Vorster was clearly unable to re-orientate himself to the new regional situation created by the independence of Mozambique and Angola. His reaction to Soweto was even worse. The political vacuum created by Vorster's complete lack of leadership gave unexpected moral encouragement to the liberation organisations.

The deteriorating economic conditions from 1974 onwards, together with the political vacuum created by Vorster's indecision, prompted white capitalists (both Afrikaner and English-speaking) to assume a stronger political role than ever before. They now demanded from government the abolition of apartheid restrictions on the mobility and employment of African labour, hoping such abolition would restore corporate profitability. The business community now also expressed (for the first time ever) concern about the living conditions of urban Africans and endeavoured themselves (also for the first time) to incorporate the black middle-class into the capitalist economy. Vorsters's immediate reaction was to denounce the requests of the business sector as 'interference' in the realm of government. This attitude towards business not only caused severe tension between state and capital, but also between the *verligte* and *verkrampte* ('enlightened' and 'conservative') factions within the NP. In the mounting tension within the NP, the so-called 'Cape liberals' (under the leadership of P. W. Botha) and almost the entire Afrikaner business community (supported by important sections of the *Broederbond*) were on the side of those demanding reform to improve the position of urbanised Africans. An astonishing feature of the post-Soweto crisis was that all those in favour of 'economic' reforms (including the English business sector) did not put forward credible proposals for political reform to end the white monopoly of political power. This is an indication that the white élite not only underestimated the severity of the political implications of Soweto, but also did not grasp the depth of the *legitimacy* crises into which the Soweto crisis had plunged white supremacy — both political and economic supremacy.

The only field in which the Vorster government took the initiative was to change government spending priorities in favour of the defence budget. During the 1960s, when the threat to the white hegemonic order was identified as internal, the police budget and security legislation enjoyed preference. Early in the 1970s the NP realised that external forces may be the real menace. This insight was confirmed by the Angola debacle of 1975. The defence budget increased from R345 million in 1971/2 to R1701,9 million six years later.[70] This was a clear indication that the minister of defence (P. W. Botha) and the military establishment used the lame duck period of Vorster to strengthen their position, not only in the government and in the bureaucracy, but also in the business sector (through a substantial expansion in the production of Armscor). It was also in this period that the defence establishment crystallised the ideology of the 'total strategy' to counteract the alleged 'total onslaught' against South Africa. When Botha took over as prime minister from Vorster in 1978, 'total strategy' became the political agenda *par excellence*.

In contrast to Verwoerd's ideology of separate development, the ideology of 'total strategy' not only remained an ideology, but became the main policy approach of the bureaucratic state to salvage the survival crisis during the Botha regime. 'Total strategy' also supplied the ideological and economic pretext to redefine the symbiosis between state and capital into an 'unholy' coalition in which the 'normal' dividing line between the two domains became blurred.

As shown above, the NP was always mobilising electoral support by inciting fear about one or other peril. The ideologues of 'total strategy' cleverly reinterpreted the anti-apartheid movement as a 'total onslaught' against the continued existence of white civilisation, against Christianity, against Western values and against the capitalist system in South Africa. 'Total onslaught' was presented as part of the Cold War and as a high-profile project of the Soviet Union — organised, financed and orchestrated from Moscow![71] In a well-executed propaganda campaign the Soweto crisis was 'internationalised' and 'militarised' and deprived of any racial connotation. From a propaganda point of view, this was a rather astute twist, because the real struggle was against nothing but the *racist* character or system of white supremacy. It stands above dispute that the Botha government could not maintain the 'total strategy' against the 'evil empire' without the ideological and material support of Reagan and Thatcher in the 1980s.

The acceptance of the ideology of 'total strategy' also had the important implication that the main aim of the NP was no longer to promote the sectional interests of the Afrikaners (as in the days of Malan and Strydom) nor to promote the interests of white South Africans (as in the latter days of Verwoerd and during the Vorster period) but to protect the continued existence of *all* South Africans against the alleged dark forces of the devil. This widening of the 'common interest' to give greater ideological substance to 'total strategy' was of far greater importance for the eventual transition towards a non-racial dispensation than was realised in the early 1970s by the ideologues of the 'total strategy'.

It is also important to note that by presenting the

'survival struggle' as the overreaching purpose of government, the NP for the first time ever was justifying its *raison d'être* without falling back on heavy moral arguments. Since the formation of the Purified NP in 1934, Afrikaner nationalism — as a typical *petite bourgeois* phenomenon — was essentially a moral crusade. The fact that 'total strategy' was now presented as a survivalist ideology (and even as a 'holy war') deprived of any moral considerations can be the reason why the beleaguered white establishment was employing (especially during the eighties) such ruthless and even immoral methods not only against its enemies, but also against those political opponents not in agreement with the methods of 'total strategy'. The absence of a moral content in the ideology of 'total strategy' can also be the reason why the NP and the bureaucratic establishment deteriorated into such widespread 'structural corruption' during the 1980s (see below).

PW BOTHA'S COMPREHENSIVE POLICY AGENDA FOR SURVIVAL AND THE INTENSIFICATION OF THE STRUGGLE (1978–89)

After more than four years of paralysis, Vorster decided to step down as prime minister in September 1978 in the midst of the 'information scandal'. Against expectations, P. W. Botha was elected as the new prime minister.[72] Botha's election was regarded as a great victory for those in favour of an acceleration of the reform process. At the end of the 1970s, the business community was almost desperate to create conditions that would again be conducive for accumulation. They now realised that the repression of the Soweto unrest was not enough and that reform was necessary to develop a black middle class and to win their support for a policy of neo-apartheid. The highly concentrated English business sector was by now using complex technology and required semi-skilled permanent African workers. The interests of Afrikaner businesses had also become very much integrated into the monopolistic structure of South African mining and industry. The Afrikaner business community became convinced that 'free market' capitalism may promote their economic interests better than the traditional policy of state intervention and favouritism. In 1979 the Wiehahn and Rieckert commissions tabled their reports on trade-union rights for Africans and on the permanency of urban Africans. The Wiehahn report resulted in legislation (1979 and 1981) to give trade-union and striking rights to African workers. The Rieckert report divided the African population into urban 'insiders' and rural 'outsiders' and proposed that the 'outsiders' should be kept 'out' with strict influx control, but that permanent rights and privileges should be given to the 'insiders' and that job reservation should be abolished.[73]

Shortly after P. W. Botha became prime minister, a comprehensive new policy agenda was implemented in an attempt to ensure the survival of the white hegemonic order. This new policy agenda was a rather odd — but nonetheless well-integrated — 'concoction' of three policy measures, i.e.:

- firstly the 'total strategy' to counteract the alleged 'total onslaught' — to meet the security interests of the military and security establishment;
- secondly, the reform policy of 'neo-apartheid' — to meet the needs of the business community for permanent semi-skilled workers who would be loyal to the system of 'free enterprise' economy; and
- thirdly, a policy of 'centralised managerialism' — to meet the ambition for the government and its (loyal) bureaucracy to maintain a strong (managerial) grip on the process of reform.

Each of the three partners — i.e. the securocrats, the business sector and the government and its bureaucracy — was mainly interested in a specific aspect of the policy package, but also had vested interests in each of the other two aspects of the package.

The securocrats became (surprisingly enough) staunch supporters of 'free market reforms', hoping that the reformist policies would remove the grievances revolutionaries could exploit, while neo-apartheid concessions would also convince the urban blacks of the merits of capitalism. Botha's managerialism was very much in line with the strict discipline maintained in the securocratic bureaucracies. The business community supported the 'total strategy', hoping that greater security/stability would be conducive to accumulation and growth. Strangely enough the business community was (at least originally) not concerned about managerialism. It was apparently easy for monopolistic businesses to reconcile themselves with the government's emphasis on managed reform and the managed containment of conflict through the planned allocation of scarce resources. A large part of the business community also had a direct vested interest in the expansion of Armscor. During the time of stagflation, Armscor was one of the few moving concerns and for the 5 000 odd subcontractors of Armscor, the continued expansion of this parastatal was crucial for their profitability. P. W. Botha used his close co-operation with the securocrats and the business community to consolidate his own (rather vulnerable) political position. To consolidate his power even more, P. W. Botha created the State Security Council (SSC) not only to manage the reform process and 'total strategy' in great detail, but also to neutralise

ministers in his cabinet whom he did not like or did not trust. Botha's policy agenda was, therefore, an attempt to reconcile the economic interest of business, the political interest of the Botha administration and the security interests of the military and security forces.

Due to the close co-operation and the overlapping interests of the main partners in P. W. Botha's policy agenda, a rather artificial 'integration' of state and capital took place. A close 'interaction' between the private and public sectors became an everyday phenomenon. In 1979 and 1981 the Carlton and Good Hope conferences took place to enhance agreement on policy issues and to 'institutionalise' a role for private sector capitalists (both English and Afrikaans speakers) in the growing bureaucratic state. A unique 'trade-off' took place between the English-orientated capitalist sector in 'Johannesburg' and the Afrikaner-orientated bureaucratic sector in 'Pretoria'. After 'Pretoria' had accepted the free market ideology, 'Johannesburg' was quite prepared to accept an increase in payment of the top echelon of public servants to 'market related' levels, i.e. to more or less the same level as the salaries of senior corporate executives in 'Johannesburg'. Although the huge salary hike for senior public servants was intended to increase their loyalty to the embattled state, it created instead a 'rich man's cult' with the recipient becoming more interested in economic trends in the private sector.

The different kinds of intertwinement between the government, key departments in the bureaucracy, the parastatals and a large part of monopolistic businesses raises the question 'Who was co-opting whom and at what price?'. This is a rather difficult question to answer. Perhaps the best answer is that every one of the main players in the comprehensive 'total strategy' 'compact of power' was of the opinion that he was co-opting the other. It was therefore not surprising that the overt and covert 'agreements' between private and public sector institutions and the lucrative 'transactions' between Armscor and its multitude of subcontractors set the scene for all kinds of corrupt wanglings that in due time — especially when Botha's reform degenerated after Rubicon (1985) into a policy of 'co-optive dominance' — became institutionalised as a system of *structural corruption*. Something that was indeed remarkable about the first six or seven years of P. W. Botha's term of office was that he succeeded — especially after the defection of Andries Treurnicht's *verkramptes* — to convince (or to co-opt) the majority of English-speaking whites to become supporters of the NP. The fact that the English establishment was in the political 'wilderness' for more than three decades perhaps made its leader core more susceptible to being slotted into the governing élite and into the attractive favouritism the besieged government was now prepared to offer (see Terreblanche & Nattrass in Nattrass & Ardington, 1990, ch. 1).

Botha's policy agenda represented a shift away from the NP's traditional rural and Afrikaner constituency towards an urban constituency comprising both the Afrikaner and English *(haute) bourgeoisie*. During Vorster's term of office, tension already developed between him and the more or less united pressure group of English and Afrikaner business. He, however, resisted their demands. As indicated above, the Afrikaner business sector (especially those based in the Cape) played a decisive role in Botha's election as prime minister. As soon as Botha was elected, the united lobby of Afrikaner and English business again demanded all kinds of concessions (mainly concerning urban African workers) with the purpose of restoring their corporations' profitability. Botha could not resist these demands. The reforms demanded by the business sector were, however, economically motivated without a proper consideration of their political and ideological implications. The end result was a reform process rife with contradictions. The economic reform to enhance accumulation raised expectations in the African community for political reform that was clearly outside Botha's reach. The one-sided nature of Botha's reform created a serious legitimation crisis due to the increase of African protests. Ironically enough, the economically motivated reform also did not succeed in creating conditions conducive to accumulation. Attempts to administer the crisis of the white hegemonic order by economically motivated reform only deepened the crisis as the legitimation problems escalated.

Dan O'Meara makes the interesting point that the NP's success in the third quarter of the century in creating a *haute bourgeoisie* in fact paved the way for the downfall of the white hegemonic order. His argument is that capitalism and apartheid were in the long run not reconcilable:

> The NP's very success in fashioning an Afrikaner bourgeoisie in the first twenty years of its rule, undermined the coherence of the social alliance which had brought it to power. This new Afrikaner bourgeoisie slowly developed a radically different concept of race relations from those fostered by Verwoerd. Over time, this fashioned something of a common interest among the major capitalistic groups to dismantle the — by now no longer profitable — labour, urbanisation and other policies associated with urban apartheid' (1996, p 478).

Botha's shift from the NP's rural to an urban constituency had important manifestations for agriculture, especially for the maize-producing farmers. The shrinking tax capacity of the slow growing economy, together with the higher spending on defence and education, created serious budget problems.[74] In these circumstances something had to give. Spending on agriculture was cut by more than half between 1971/2 and 1978/9, i.e. from 1,5 per cent to only 0,6 per cent of GDP.[75] This low level of spending on agriculture was more or less maintained during the rest of the Botha years, in spite of the serious drought in the beginning of the 1980s. The fact that the Botha government was unable (and perhaps also unprepared) to maintain the high level of subsidies for agriculture was an important reason for the split in the NP in February 1982 and the defection of Dr Treurnicht. But, as is often the case, a complicated interaction between political and ideological factors on the one hand and economic considerations on the other could have caused the split between Botha and the maize farmers. Due to their lack of support for Botha's reform initiatives, he was not sympathetically orientated towards their economic plight and his rather hostile attitude to their demands was an important reason for their discontent. The fact that the Verwoerdian policy package (of a high value of the rand, low interest rates and tax concessions for investment) could also not be maintained in the stagflationary conditions was also a large setback for maize farmers. The sharp increase in the rate of interest from 1982 onwards in the fight against inflation was a severe blow for the highly indebted maize farmers. The implementation of the Wiehahn and Rieckert reports was also not in the interests of the farmers. It caused a sharp increase in African wages. Agriculture was also severely hit by the ramifications of Botha's Rubicon speech. The sharp decline in the value of the rand increased the prices of the imported inputs of mechanised agriculture quite considerably. This further aggravated the already large indebtedness of farmers.[76]

Botha's problems with the white farmers were indicative of his policy agenda. In spite of the comprehensive nature of the policy agenda, Botha was unable to reconcile all the contradictions and conflicting demands in a period when stagflation continued and when the internal security situation deteriorated and external pressures on South Africa increased. Policy measures to please simultaneously the economic demands of the capitalists and the security demands of the securocrats proved to be inherently contradictory. While the capitalists were of the opinion that the reform concessions were 'too little too late' the generals regarded them as 'too much too soon'. The piecemeal nature of reform created the impression of reform undertaken from a point of weakness. This impression was a strong moral boost for the liberation organisations. The fact that the government acknowledged, overtly and covertly, that apartheid did not have a moral base, but that the government was nonetheless unable to get rid of it, seriously undermined the legitimacy of the white hegemonic order. Early in the 1980s, it became evident that the purpose of Botha's reform measures was only to reform apartheid instead of scrapping it. Its most serious shortcoming was that it left the issue of political rights of Africans unresolved.

Perhaps the two most serious blunders of the Botha reform measures were the labour legislation and the granting of political rights to coloureds and Indians in the Tricameral Parliament. The implementation of the Wiehahn and Rieckert reports represented a large leap forward, looked at from an economic point of view. It brought labour repression of urban African workers to an end. It resulted in a further sharp (and perhaps too sharp) increase in the wages of African insiders.[77] Unfortunately, this wage increase — very much out of step with the increases in productivity — not only fanned inflation, but also stimulated the unhealthy trend towards a further increase in the capital:labour ratio. The real problem with the labour legislation (looked at from the point of view of the Botha administration) was to give trade-union and striking rights to Africans in an 'African political vacuum'. The emergence of powerful trade-unions with a strong political agenda (and with growing militancy) was an unintended consequence of Botha's reform, but in the end a fatal one. Cosatu (Congress of South African Trade Unions) was launched in 1985, and with several other trade-unions, it became a member of the United Democratic Front (UDF) and, as such, part of the internal wing of the liberation struggle. It was rather ironic that far from taming the African labour movement, the Wiehahn reforms had politicised it with devastating results for the white hegemonic order (Worden, 1994, pp. 126–8).

The second serious blunder of the Botha reform programme was to extend parliamentary representation in the so-called Tricameral Parliament in 1984 to coloureds and Indians, but not to Africans. The split in the NP in 1982 was precipitated by the debate on 'power sharing' with the coloureds. The idea of 'power sharing' was approved by the referendum of November 1983 and the Tricameral system was introduced in September 1984. It remained puzzling why parliamentary representation was given to coloureds and Indians, but not to urban Africans with permanent residential rights.[78] From the perspective of the urban Africans, there was no logic in not extending parliamentary

rights to them. Their dissatisfaction with Botha's neo-apartheid — mainly the Tricameral Parliament and the Rieckert 'insider/outsider' strategy — crystallised with the formation of the UDF in August 1983. The important role the UDF played in co-ordinating the internal struggle of the liberation movements cannot easily be overemphasised. The UDF was responsible for the Mass Democratic Movement (MDM) that, *inter alia*, made many townships ungovernable by the end of the 1980s.

The protracted power struggle between the liberation organisations and the white establishment took a decisive turn in favour of the liberation organisations in 1985. Shortly after the introduction of the Tricameral system in September 1984, township unrest erupted in African townships and escalated during the first half of 1985. Botha deployed the SADF (South African Defence Force) in the townships in a desperate attempt to smash the unrest. In July 1985 a partial state of emergency was declared. On 15 August 1985, P. W. Botha made his infamous Rubicon speech that gave rise to a large outflow of foreign investment. In the 10 years after Rubicon, no less than R50 billion was disinvested. When Chase Manhattan and other banks in the USA refused to renew short-term loans, South Africa was plunged into its most serious financial crisis ever. This crisis had a multitude of ramifications, both internally and externally. It enabled the ANC to consolidate the mounting external pressures on South Africa. From now on it was clear that disinvestment was a far more effective punitive measure than trade sanctions. Internationally, the Rubicon crisis aggravated the already bad economic situation. The rand lost one-third of its already declining value in the week following Rubicon. The political effect of Rubicon was devastating for Botha. It spelled the end of his neo-apartheid 'total strategy'. The close co-operation between Botha and the English business sector — except for those who had links with Armscor — came to an abrupt end. Afrikaans business support for Botha's policy agenda was also in disarray.

Between 1985 and 1989 Botha's policy approach was one of 'co-optive dominance' in close co-operation with the generals of the SADF. The SSC in effect took over the governance of the country. Due to the additional power given to Botha as executive state president by the Tricameral constitution, the drive towards centralised managerialism reached its zenith. In May 1986, Botha used his extraordinary executive powers to reject the proposals of the Eminent Persons Group of the Commonwealth and ordered the bombing of Lusaka. In June 1986 a comprehensive state of emergency was declared and additional security legislation was enacted.[79]

The strategy of 'co-optive dominance' was *per se* a pretext to institutionalise a system of structural corruption.[80] The system of 'structural corruption' can be regarded as the final episode in a long drama (or tragedy) of white plundering. It was, however, a method of plundering that did not benefit all the whites, but only the small 'élite' (of all the populations groups) that was prepared to be co-opted. Those prepared to co-operate with Botha's bureaucratic state — like sections of the bureaucracy, businesses and co-opted Africans, coloureds and Indian leaders — were handsomely rewarded, while every form of opposition was mercilessly repressed. While the main purpose of the 'total strategy' reform at the beginning of the 1980s was to restore the legitimacy of the system, the 'co-optive dominance' was deprived of all moral considerations. The only purpose was the survival and the perpetuation of the white hegemonic order at whatever price. At the end of the 1980s the NP has lost its purpose and direction and found itself in a 'desert of disillusions'.[81] This attitude put the old order — without realising it — on the slippery slope of the inevitable, i.e. to its downfall!

From 1985 to 1987 the government made rather important policy announcements but to no avail. It made these announcements under severe internal and external pressure and therefore from a position of weakness or even panic. These concessions were important, not so much for their value towards the reform process, but as a clear indication of how power had already shifted from the NP government towards the liberation organisations — towards both its external and the internal wings. The overall effect of the concessions was a boost to the morality and the 'onslaught' of the liberation organisations. In May 1985 the NP admitted that the homelands policy had failed and that a different form of political incorporation of the African population had to be found. In 1986 the NP's federal congress endorsed the principle that Africans were to be incorporated into 'all levels of decision-making at the highest level'. The NP also committed itself to 'the principle of a united South Africa, one citizenship, and a universal franchise', but without indicating how this principle would be institutionalised. In 1986 the system of influx control was also abolished (O'Meara, 1996, p. 327).

At the end of the 1980s the white hegemonic order was in an almost unmanageable crisis from a security, international and economic point of view. In 1988 the Botha government deemed it necessary to enact additional security legislation, to ban several organisations and to restrict Cosatu. Cosatu, nonetheless, mobilised a successful boycott against the municipal elections of 1988. The extra-parliamentary opposition regrouped

itself into the MDM. The MDM organised several defiance campaigns. Internationally South Africa was very much isolated. A hostile block of Third World countries had forced South Africa out of almost all international political forums. Even the 'friendly' governments of the USA, Britain and West Germany exerted strong pressure on South Africa. After 15 years of stagflation, the economy was in a deep structural crisis. Unemployment reached record levels. Government spending was at an unhealthy high level.[82] The combined effect of the high capital intensity of the modern sector (due to Verwoerd and Wiehahn), the large outflow of foreign capital and the sharp drop in domestic savings created an extremely vulnerable situation. It was a situation that could not be maintained (O'Meara, 1996, ch. 19; Worden, 1994, ch. 6).

THE (PROVISIONAL) ECONOMIC 'POWER SHIFT' SINCE 1974 AND THE REDISTRIBUTION OF INCOME IN AND BETWEEN THE FOUR STATUTORY DEFINED POPULATION GROUPS

From a socio-economic point of view, the period between 1974 and 1990 can be regarded as a period when an important economic *power shift* took place. This shift brought about deep-seated structural changes in both the economic system and in class formations. In spite of the fact that it was a period of stagflation and creeping poverty, a redistribution of income took place from the more affluent white group to the poorer coloureds and Indians and also to the upper strata of the much poorer Africans. Whiteford and McGrath (1994) estimated that the household income of the poorer 80 per cent of whites declined quite substantially between 1975 and 1991, while the household income of the top 20 per cent remained constant (see Table 2.1). The mean income of the poorest 80 per cent of African households also decreased quite substantially between 1975 and 1991. However, the mean income of the richest quintile (20 per cent) of African households increased by almost 40 per cent. This sector of Africans enjoyed the highest growth in income of all sectors of all population groups. This quintile represents 6 million Africans and their mean household income increased from R24 780 in 1975 to R34 243 in 1991 (constant 1991 prices).

This sharp increase in the household income of the top 20 per cent of Africans is a clear indication of the failure of the NP's policy of class suppression within the African population. Despite the vast array of controls and other repressive measures, a 'normal' socio-economic stratification developed in African society. In spite of Dr Verwoerd's idea of keeping Africans 'un-educated' and 'primitive', a well-educated and sophisticated upper strata emerged — especially over the last 30 years. Their social advancement gave rise to the emergence of an African 'civil society' strong enough to be an important constraint on the seemingly enormous political and economic power concentrated in the hands of the white hegemonic élite. The scene for the economic 'power shifts' from 1974 onwards was 'prepared' by capital's (both English and Afrikaner) growing need for skilled African workers. While the economic power shift was initiated by the 'youth' of Soweto in the 1970s, organised African labour became a strong, militant and focused 'power agent' challenging the white 'power block' (comprising the NP bureaucracy, securocratic forces and the white businesses sector). Anyone understanding the structural importance of the

Table 2.1: Mean household incomes

Statutory race group	Year	Bottom 40%	Next 20%	Next 20%	Next 20%
African	1975	3 048	6 790	11 894	24 780
	1991	1 784	5 004	10 741	34 243
	Change	-41,5 %	-26,3 %	-9,7 %	38,2 %
White	1975	39 167	72 469	90 901	177 194
	1991	23 594	53 721	84 937	177 134
	Change	-39,8 %	-25,9 %	-6,6 %	0,0 %
Coloured	1975	5 041	11 377	21 643	49 391
	1991	4 837	14 022	25 761	59 239
	Change	-4,0 %	23,2 %	19,0 %	19,9 %
Indian	1975	9 324	19 464	29 809	68 193
	1991	9 544	26 442	40 451	89 132
	Change	2.4 %	35,8 %	35,7 %	30,7 %

Source: Whiteford & McGrath, 1995, Table 6,3.

'power struggle' between the African 'power agent' and the white 'power block', will be convinced that the period of transformation did not start on 2 February 1990, but already in the period 1973–6.

The economic power shift from 1975 to 1991 (according to Whiteford & McGrath) did not only enrich the richest quintile of Africans and the majority of coloureds and Indians,[83] but also played an important role in the impoverishment of the poorest 60 per cent of white households. In glaring contrast to the sharp increase in white income during the third quarter of the century, the income of the poorest 60 per cent of white households declined by more or less 35 per cent from 1975 to 1991. Hard statistics are unfortunately not available, but we can make the guesstimate that at least 70 per cent of Afrikaners are part of the poorer 60 per cent of white households that became poorer between 1975 and 1991. This implies that a large section of Afrikaners lost a considerable part of the gains made during the heyday of white supremacy and racial capitalism from 1948 to 1974. The decline in the economic position of the agricultural sector (especially the maize farmers) since the late 1970s — due to lower government subsidies and several droughts — undoubtedly made an important contribution towards white (and especially Afrikaner) impoverishment. It is rather ironic that the increase in black bargaining power (affecting the distribution of income) happened concurrently with the decline in bargaining power of the Afrikaner farming community, while the gain in income of the top 20 per cent in the African community (during a period of creeping poverty) was off-set by a loss of income of the lower 60 per cent of the white (and mainly Afrikaner) community.

The relative decline in the position of whites took place in spite of the fact that government's social spending in favour of whites remained on a high level *vis-à-vis* the rest. At the end of the 1980s social spending on whites was in per capita terms still four times higher than that of Africans.[84]

The intensification of the power struggle from 1974 to 1990 brought about not only important shifts in economic power and income between ethnic groups, but was also associated with economic decline and a general drop in the per capita income of the population at large. During this period, the per capita income declined by almost 20 per cent — or by 0,7 per cent per annum. A rather complicated causative interaction took place between the intensification of the struggle, the relentless resistance against the struggle by the white hegemonic order and the declining economic situation. The liberation struggle deliberately chose the economic arena as its battlefield (especially during the 1980s) while the continuous decline in the income of the poorer 80 per cent of Africans heightened their discontentment with the apartheid system. The white hegemonic order also wasted billions of rands in its resistance against the struggle.[85] The end result was that the struggle and the resistance against it caused considerable damage to the South African economy. The group that was the most seriously harmed by this damage done to the economy, was the poorer 60 per cent of Africans. Their household income declined — as in the case of the poorer 60 per cent of whites — by more or less 35 per cent (see Table 2.1). While the poorer 60 per cent of whites experienced a decline from an artificially high level of income, the poorer 60 per cent of Africans were already living in abject poverty in 1975. The worsening of their situation indicated an alarming deepening in their situation of poverty.[86]

Africans that became poorer were mainly those living in the overpopulated former homelands. The position of these Africans is especially tragic. The several phases of labour repression had all but eliminated the African farming sector. African peasants had systematically been transformed into wage workers on large farms, in mines and in secondary industries. But almost half of the African population is still living in the former homelands where some practise subsistence farming. This, however, cannot support them. Up to 80 per cent of household income in the former homelands comes from migrant earnings and pensions (Mbongwa *et.al.*, 1997, p. 32). Ninety years after the publication of the SANAC report (1905) it is quite obvious that neither SANAC nor the Land Acts of 1913 to 1936 attained the 'delicate equation between land and labour' that SANAC regarded as a key factor. SANAC warned that if the land granted to Africans was too small and farming opportunities too restricted, it would not be possible to support the migrant workers when they preferred to go back to their families! The destruction of African farming in the interest of the gold-mining (and, in due time, also industrial) development caused, over a century, unmeasurable poverty and hardship for millions of Africans. It also caused irreparable ecological damage in the so-called native reserves.

Apart from the African poor in the former homelands, poverty is also widespread on white farms and in the squatter camps that have mushroomed around urban areas. An important cause of the growing African poverty is the lack of employment opportunities — partly caused by the low growth rate and partly caused by the abnormally high capital intensity of the South African economy.[87] To attain the necessary perspective on the poverty of the poorer 60 per cent of African households — i.e. those whose income declined by

40 per cent since 1970 — we can allege that they are not only the victims of the systems of white political supremacy and racial capitalism (i.e. the systems maintained for almost a century), but also the victims of the harm done to the South African economy during the 20-year period when both the struggle and the resistance against it intensified. Their situation of poverty can truly be described as structural poverty — caused by the structure of white political dominance and racial capitalism, but also by the 'structural' nature of the power struggle.

THE POLITICAL TRANSITION (1990–4) AND THE CHALLENGE TO BUILD A SUSTAINABLE SYSTEM OF DEMOCRATIC CAPITALISM

F. W. DE KLERK'S REFORM INITIATIVE AND THE NEGOTIATION PROCESS (1990–4)

On 2 February 1990, State President F. W. de Klerk stunned the world by his announcement that the liberation organisations would be unbanned, that Nelson Mandela and other political prisoners would be set free and that the NP government was prepared to enter into negotiations with all political parties to seek a peaceful transition towards a democratic political system for South Africa. The true reasons for the unexpected volte-face of the NP government are still shrouded in secrecy and speculation. The speech of President de Klerk was so much the more unexpected because he was, before his election as leader of the NP, associated with the right wing of the NP. What was certain, however, was that the state of the South African economy was — after 16 years of stagflation and rising unemployment – in a precarious state of affairs in 1989. The large outflow of foreign investment — that accelerated after P. W. Botha's Rubicon speech in 1985 — continued unabated. At the same time the MDM succeeded in making large parts of the African and coloured townships ungovernable.

Important events in the political and economic arena took place in the last years of the 1980s. In 1985 the NP acknowledged that the policy of separate development had failed and that it would be necessary to reintegrate the so-called independent 'homelands' into South Africa. Early in 1989 F. W. de Klerk replaced the ailing P. W. Botha as leader of the NP. By the time De Klerk took over all the ideologies put forward to legitimise white supremacy had become redundant and were without any credibility. For the white community this was a very uncomfortable situation. By the end of the 1980s the South African bureaucratic state could still mobilise the powers necessary to perpetuate the *status quo*. It was, however, unable to restore stability and the system's internal and external legitimacy. At the same time it could, for almost two decades, not create the conditions conducive for accumulation. The symbiosis of (the white controlled) state and (white controlled) capital was already in a survival crisis. It was indeed remarkable that the symbiosis was still in place, given that it was unable to attain its purposes of legitimation and accumulation for such an extended period of time. In the prevailing social, economic and political conditions, South Africa was extremely vulnerable to further measures to isolate it from international markets. During 1989 rumours were rife that Margaret Thatcher's Conservative government found it increasingly difficult — mainly due to pressure from the Commonwealth, the Security Council and the European Union — to maintain its non-sanction policy towards South Africa.

The political 'revolution' that took place in South Africa in 1990 should not be seen and judged in isolation. It should be seen as part and parcel of the comprehensive 'paradigm shift' that took place in international relations in the last few years of the 1980s and that culminated in the fall of the Berlin Wall in November 1989 and in the implosion of the Soviet Union in 1991. Different scenarios exist about the chain of external events that played a causative role in the NP government's volte-face. The most credible of these takes the summit conference that took place between President Ronald Reagan and Michel Gorbachev in October 1987 at Reykjavik in Iceland as of decisive importance. During the conference remarkable agreements were reached between Reagan and Gorbachev and it was, *inter alia*, decided to seek jointly for negotiated solutions for regional conflicts such as the conflicts in Namibia and Angola, in South Africa, in the Middle East, in Afghanistan, etc. One of the first results of this joint agenda of the two super powers was a peaceful settlement of the Namibian and Angolan problem.

As part of the new working relationship between the USA and the Soviet Union, the 'great powers' — including the United Kingdom, West Germany, France, Canada and Italy — it was decided that Mrs Thatcher was the best placed to enter — on behalf of all the 'great powers' — into renewed discussions with the NP government to seek a negotiated solution for the South African problem. According to this scenario, Mrs Thatcher used the opportunity offered by the newly elected leader of the NP to exert strong pressure on the government of President de Klerk during the second half of 1989.

It should also be taken into account that 1989 was a remarkable year in many parts of the world. The Tiananmen Square massacre in Beijing at the beginning

of June 1989 shocked the world. When unrest started to escalate in East Germany and in several Central European countries, Gorbachev ordered Soviet troops stationed in these countries to remain in their barracks out of fear that a confrontation would lead to a repeat of the massacre in Beijing. The 'military vacuum' that was created in this way gave these countries the opportunity to free themselves in an unexpected but rather dramatic way from Soviet domination. What happened in South Africa during the last months of 1989 and during the first months of 1990 was undoubtedly influenced by the ramifications of the momentous events that took place in Beijing and in central Europe during 1989. At the end of 1989 it must have been clear to President de Klerk and his government that a new world order was in the making and that the continuation of the system of white supremacy — legitimated in terms of the 'total onslaught/total strategy' ideology — would not have any place in such a new world order. Whether the NP government came to this conclusion on their own or whether Mrs Thatcher told them — on behalf of all the 'great powers' — in no uncertain terms that the 'apartheid game' was finally over is something that will become evident when the relevant historical documents are published. We have, however, reason to believe that when President de Klerk made his historic speech, it was not so much out of free choice, but because he had — for economic and international reasons — no choice.

The scenario that Mr de Klerk gave way under severe economic pressures was given credibility by what he said in his submission to the Truth and Reconciliation Commission (TRC) on 21 August 1996:

> Much of history has been the story of how changing economic relationships have led to changed social relationships. Ultimately these changed relationships have placed *irresistible* pressure on antiquated constitutional relationships and have led to the emergence of democratic societies (my emphasis).

This is a remarkably ironic paragraph (especially for its simple-minded materialism) to be present in a document which in many ways is anti-communist in a superficial way. The NP's materialism runs from the economic to the social to the political. The most important implication of the reasoning is that the political and the social does not have a momentum of its own; all momentum draws from the economic!

When negotiations tentatively started in May 1990, they quickly evolved into a new kind of 'power struggle', i.e. a negotiating 'struggle' between the (mainly white) *bourgeois* establishment and the (mainly black) liberationist alliance of the ANC, Cosatu and the SACP.[88] The *bourgeois* establishment comprised five smaller 'power blocks' — the Afrikaner-orientated bureaucracy (including the securocrats), the English-orientated capitalistic sector, the rather powerful (white) media, the well-organised professional groups (like the fraternity of lawyers, accountants, doctors, etc.) and the NP and its organisational structures. At the end of the 1980s a fairly close 'unholy marriage' existed between the English and Afrikaner establishments. When Mr de Klerk made his historic speech, the loosely-knit coalition between the five 'power blocks' was immediately united into a rather close 'compact of power', of which Mr de Klerk became the undisputed leader and spokesman. From a structural point of view the differences between the (white) establishment and the (black) alliance were rather striking. While the establishment could command rather considerable 'structural' power — in the form of economic, bureaucratic, securocratic, media and professional power — the alliance could only count on *people's power* (i.e. in the form of mass demonstrations or when a election should take place) and on the *ideological power* for being on the moral high ground — both internally and externally.

During 1990 and 1991 little progress was made in the negotiation process. The (white) establishment was mistaken in its belief that given its formidable 'structural' power it was negotiating from a position of strength and that it would be possible to 'construct' a democratic constitution of 'power-sharing' in which the whites would still be in control. President de Klerk repeatedly gave the categorical assurance to his mainly white constituency until late in 1992 that he would not agree to any constitution that did not contain a 'statutorily entrenched (white) minority veto'. The *bourgeois* establishment was not only mistaken in overestimating its own 'structural' power, but also in underestimating the moral and/or ideological power at the disposal of the alliance.

In May 1992 the negotiation process got derailed on the issue of the minority veto. When the alliance withdrew from the negotiations, after the Boipatong massacre on 17 June 1992, the situation in the country became very tense. In the beginning of August 1992 Cosatu organised a peaceful mass demonstration at the Union Buildings to demonstrate the alliance's huge 'street' power. When the Bisho massacre took place on 7 September 1992 the country was hovering on the brink of a civil war. In this extremely tense and volatile situation the NP government and members of the alliance signed the *Minutes of Understanding* on 26 September 1992. In signing this document the NP abandoned its demand for a 'statutorily entrenched minority veto' and

accepted the idea of democratic majoritarianism. The signing of the *Minutes* symbolised the victory of 'ideological' power over 'structural' (i.e. economic, bureaucratic, securocratic and professional) power. In signing the *Minutes* the NP also accepted the sunset clauses, i.e. the idea of a government of national unity (GNU) during a transitional period of five years. This was a decisive turning point in the political history of South Africa. In the period until December 1993 the details of the Transitional Constitution were negotiated at Kempton Park and on the 27/28 April an extraordinarily successful democratic election took place in which the alliance got 62,5 per cent of the vote, the NP 20,5 per cent and the Inkatha Freedom Party (IFP) 10,5 per cent. On 10 May 1994 Mr Mandela was inaugurated as the first democratically elected president of South Africa. The system of white political supremacy — created in the first quarter of the century — had at long last ended.

TOWARDS A SUSTAINABLE SYSTEM OF DEMOCRATIC CAPITALISM

South Africa is at present still in the midst of a (political, economic and ideological) transformation (or power shift). This process started in the middle of the 1970s and the political dimension underwent an important transformation in 1994. It would, however, be a mistake to allege that the transformation is almost complete. Very important transformations in *social* and *economic* relations and in *ideological* orientation are still taking place. It may take at least another 10 to 15 years before a stable social and economic framework, a common value system (or unifying ideology) and a new power élite is in place. Only then will it be proper to regard the transformation as complete.

From an economic point of view, the South African transformation will not be complete before a new symbiosis has been forged between (the black controlled) state and (the mainly white controlled) capital. To be in line with today's world, South Africa has no choice but to develop an appropriate and sustainable system of *democratic capitalism* to replace the previous system *of racial capitalism*. Due to the fact that political power will be concentrated mainly in black hands, while economic power will remain mostly in white hands — at least for the foreseeable future — the system of democratic capitalism will be rather vulnerable during its period of formation. The South African economic problem is presently mainly a *systemic* problem, closely intertwined with other systemic problems such as the task of building a *new* political order, of building a *new* society and of internalising a *new* unifying ideology. Given the importance of the global economy in today's world, the predicament in which South Africa finds itself will remain unresolved if our social and economic system cannot be reconstructed in a manner reconcilable with the rather strict conditions set by the global economy for developing countries such as South Africa.

To forge a new symbiosis between the (black controlled) state and the (white controlled) capital will not be easy. Apart from this thorny 'racist' dimension caused by the 'divisions' of political and economic power, we can identify several other problems that will also hamper progress towards a new symbiosis. It is rather important that these problems should be identified as clearly as possible and that reasonable solutions should be found *en route* towards (a hopefully) *sustainable* system of democratic capitalism. From the perspective of the incomplete 'power shift' — and therefore also from the perspective of the still ongoing 'power-struggle' — we can identify the following five problem areas as probable impediments that may retard the completion of all the dimensions of the transformation process:

1. a lack of the necessary *socio-economic stability* and a unifying *ideology* as manifested by the high level of violence, crime and other forms of lawlessness;
2. a lack of the necessary *equity* as manifested by the sharp inequalities in the distribution of income, of property and of opportunities and in the abject poverty in which the poorer 40 per cent of the population has to live;
3. the relatively low level of *economic growth* and the poor job creating ability of the economy;
4. the inability of both the private and the public sectors to create socio-economic and ideological conditions conducive to a fuller re-integration of the South African economy into the *global economy*; and
5. the inability of the new government to *govern efficiently and effectively* and the apparent inability of the government to facilitate the *systemic transformation* towards a sustainable system of democratic capitalism.

It is necessary to emphasise that these five problem areas are closely interdependent, in the sense that an adequate solution for each of them very much depends on progress attained in finding solutions to the other four problem areas.

The need for socio-economic stability

The most visible and the most talked-about problem in South Africa — both locally and internationally — is the high level of violence and criminality. South Africa's

murder rate is one of the highest in the world. To this we must add the high level of thefts, car hijacking, organised gangsterism, drug smuggling and the unlawful activities of a variety of local and international syndicates. Crime and organised lawlessness is not by any means restricted to the poor and traditionally disadvantaged population groups. Alarming forms of criminal activity, reflecting anti-social attitudes — e.g. the unpreparedness to pay rates and taxes — have also become prevalent in wealthy white circles. White collar crime and corruption attained a structural character in the 1980s and it seems as if this kind of corruption has been perpetuated intact into the new South Africa.

Opposition parties and their supporting media blame the high level of crime and violence almost exclusively on the inability of the new government to maintain law and order. There is some merit in this accusation, but it is unfair to put all the blame on the new government. The high levels of crime and violence must be attributed to a multitude of factors that have undermined society formation in South Africa over a relatively long period of time. We should not forget that the main characteristic of South Africa's history, over a period of more than 300 years, has been the dragged-out group conflict and group plundering between a multitude of ethnic, colour and language groups. During the apartheid period, society was artificially divided and fragmented into hostile groups. We can put forward a strong argument that the deprivation, the repression and the injustices inherent to the system of apartheid not only impoverished the African population, but also brutalised large numbers of Africans. It is not reasonable to expect that those sections of the population should suddenly act in a civilised and pro-society manner now that the structures of apartheid have been removed. The 'wounds' inflicted on society and on numerous individuals by apartheid will, unfortunately, remain part of the South African situation for a considerable period of time.

The struggle and the resistance against it gave people on both sides of the great divide ample opportunities to find all kinds of moral, religious and ideological justifications for their violent and criminal activities. Unfortunately, this tendency to act in an anti-social manner and to find easy ideological justification for such behaviour — some of a rather dubious nature — has become internalised in the value orientation of large sections of the population. After decades of apartheid and the struggle against it, the South African society is a very disruptive and divided society, not only along racial and ethnic lines, but also because of seemingly irreconcilable values and attitudes.

If we had to identify the most serious problem facing South Africa today, then it is the absence of a proper *social structure*. The South African population does not presently constitute a society. We do not have the shared values, the common ideological connections, the cross-cutting cleavages and the common history necessary to cement the population into some kind of community. There are signs of an emerging civil society, but it is still too fragmented to be instrumental in society building and to exert the necessary constraints on the tendencies towards lawlessness and corruption.

Against this background, South Africa's main task should be society building in the broadest sense of the word. This is necessary not only for its intrinsic value, but also because it is an indispensable precondition for a capitalistic-orientated economic system. South Africa can also not expect to receive the desperately needed support from the global economy if law and order is not restored within the framework of a social structure based on civilised values.

To suggest that society building should presently be our main task is more easily said than done. The problem is that society building is something that cannot be accomplished in the short term. It is a multi-faceted process that can only unfold over a relatively long period of time. What ought to be clear during this earlier phase of society building is that we cannot afford — especially from a political and economic point of view — to allow violence, criminality and lawlessness to degenerate into a situation of chaos. As is evident from the experience of other countries during their periods of transformation, tendencies towards 'lawlessness' are to be expected after long periods of protracted political conflict and strife. The lesson to be learnt from these countries in similar situations of threatening chaos is that the (new) authority should be strict and uncompromised in its efforts to restore law and order. Although strict law enforcement will not necessarily eliminate the root causes of the lawlessness and the anti-social behaviour, it is nonetheless an indispensable pre-condition of society building. Whether the ANC government — with its strong emphasis on democracy and human rights — has the will and the capacity to restore law and order with the needed iron fist is doubtful.

The need for a redistribution and a poverty relief programme

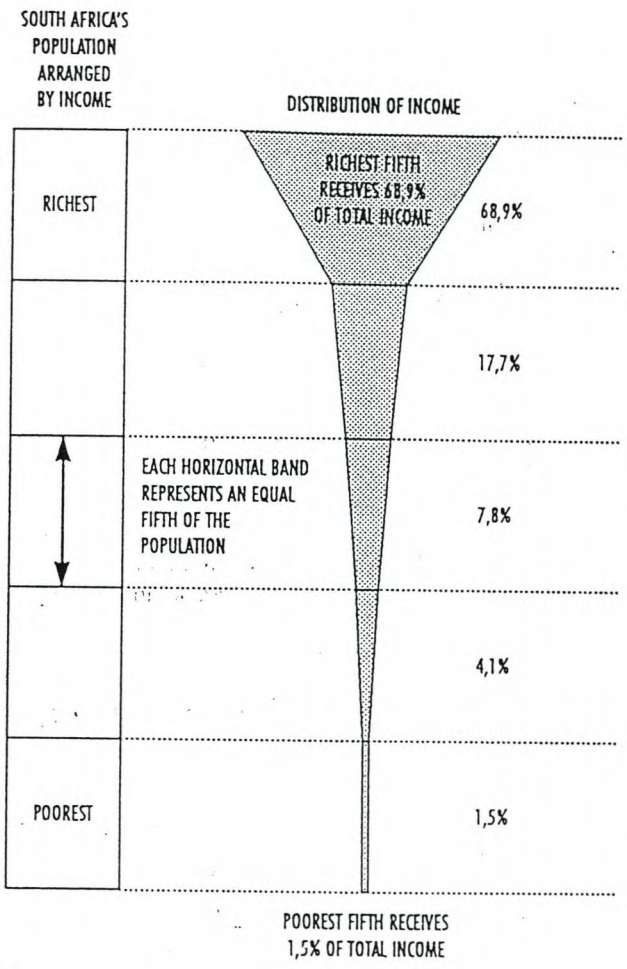
The very unequal distribution of income, property and opportunities must also be regarded as one of South Africa's most serious problems. Although racial capitalism and apartheid cannot be blamed for all the inequalities, a large (albeit indeterminable) part of these inequalities can — and should — be blamed on the social, economic and political structures created and

maintained during the period of white supremacy.[89] What is perhaps even more alarming is the large number of the population living in poverty, i.e. below a specified poverty line. The greater majority of those living in poverty are Africans.[90]

In the debate on the causes of inequality and poverty, sharp ideological differences exist between the arguments put forward by the (mainly white) middle class and (mainly black) lower classes. Wealth and poverty are often ascribed in the rich Western world to the merits and demerits of the relevant individuals. In South Africa whites are also very inclined to claim that they have earned their income and wealth through their individual abilities and hard work. The mainly white middle class — with its typical success ethic and individualistic orientation — is also inclined to blame African poverty on the alleged flaws and shortcomings in the character and personality of the impoverished individuals. Due to these white middle class prejudices, whites are in general rather unsympathetic towards the plight of the poor and are also unprepared to acknowledge that *systemic* and/or structural factors played a causal role in the unequal distribution of income and in the widespread poverty in the ranks of people other than white. Given the almost dogmatic acceptance of middle class (and freemarket) prejudices in white circles, it is a rather unavailing task to try to convince whites about the important role that *systemic* factors (or the *structures* of white political dominance and racial capitalism, i.e. disguised forms of group plunderings) have played, since the beginning of the century, in the enrichment of whites and in the impoverishment of people other than white. Whites are simply not prepared to acknowledge that a large part of their wealth is *undeserved* and that a large part of the poverty of Africans is also undeserved! It will take a huge effort of adult education to convince whites of the truth about white wealth and black poverty in South Africa.

The sharp disagreement about the true causes of inequality and poverty hampers the introduction of an effective poverty relief programme. Those who judge the problem with typical middle class prejudices are normally quick to complain that poverty relief that involves handouts is morally unjustifiable. But in spite of this complaint, strong moral, economic and political arguments can be put forward in favour of a comprehensive poverty relief programme — or for a 'war on poverty'. Poverty is so widespread and severe, that poverty relief is desperately needed from a humanitarian point of view. Given the wealth available in the country, it is certainly indefensible that 40 per cent of the population — i.e. those living in poverty — receives only 5,6 per cent of total income, while the richest

Figure 2.1:
Income distribution[91]



20 per cent receives almost 70 per cent of income (see Figure 2.1). A comprehensive poverty relief programme is also needed to create the necessary social stability. The high level of violence and criminality is undoubtedly poverty related. Given the strong bargaining power of the middle 40 per cent (i.e. mainly those with job opportunities in the formal sector) *vis-à-vis* the poorest 40 per cent, a distinct possibility exists that the government may neglect the poorest 40 per cent. If this should happen, a new kind of 'apartheid' can develop between the so-called (organised) black insiders and the (unorganised) black outsiders. When the government of national unity (GNU) took office in 1994 and the ANC launched its Reconstruction and Development Programme (RDP), high optimism was created that the RDP would be mainly to the advantage of the poorer 40 per cent. Unfortunately, the RDP got bogged down in all kinds of organisational red-tape and did not live up to its promise. Some of its programmes were rather successful, for example the programmes to

supply clean water to remote areas, the programme for water conservation, and the school feeding and health programmes.

In spite of these strong arguments in favour of a comprehensive poverty relief programme, it seems as if fiscal constraints prohibit the new government from implementing such a policy. It also seems as if the new government does not have the necessary organisational capacity to implement an adequate poverty relief programme. The lack of capacity becomes more evident when it is realised that an appropriate poverty programme cannot be implemented by the Department of Welfare and Population Development, but would necessitate a special state department.[92] Consequently, the argument of the wealthy middle class that the only way to solve the poverty problem is to maintain a high economic growth rate seems to have won the day — at least for the present. The 'Redistribution through Growth' strategy is based on the assumption that a high growth rate will have a favourable 'trickle-down effect'. This, however, is not necessarily the case. The question whether redistributive measures — and especially a poverty relief programme — are in the present situation a *pre-condition* for greater social stability and for a higher economic growth rate will remain a nagging one.

The need for increased economic growth and employment creation

The two decades from 1973 until 1994 were periods of stagflation and growing unemployment in South Africa. During this period the annual growth rate was only 1,7 per cent and the real per capita income declined at an annual rate of 0,7 per cent. The part of the labour force that could not find employment in the formal sector of the economy increased from less than 20 per cent to more than 40 per cent — or to more than 5 million members of the potential workforce.

The poor performance of the South African economy since 1974 can to a large extent be blamed on the struggle and the resistance against it. The protracted struggle for political control in South Africa took place, to a large degree, in the economic arena and has done considerable damage to the economy.

As one can expect of a developing country, foreign investment played quite an important role in South Africa's development. During the period 1946 to 1976, an annual economic growth rate of 4,6 per cent was maintained. During this period, 13,5 per cent of gross domestic investment (GDI) was financed by foreign investment.[93] Since 1976 the investment to GDP ratio has declined to a low of under 16 per cent in 1993. An important factor in this decline was the outflow of foreign investment (due to the disinvestment strategy of the liberation movement).[94] During 1994 and 1995 the economy experienced a slight revival, concurrent with the political transformation. The growth rate increased to 3 per cent, but it turned out to be mainly jobless growth. The rather poor job-creating ability of the economy has become a matter of great concern. It can partly be blamed on the high capital intensity of the modern sector.

When the liberation organisations were unbanned in 1990, great uncertainty existed about the economic policies of a future black government. Immediately after Mr Mandela's release in February 1990, he stated in unequivocal language that nationalisation of private enterprises was still part and parcel of the ANC's economic policy. This caused considerable trepidation in the ranks of the highly concentrated corporate sector of South Africa. On the strength of the promises made in the 1955 Freedom Charter of the ANC, it was generally feared in white circles that an ANC government would be inclined towards the same kind of macro-economic populism that had caused havoc in Latin American countries. The interim period (from 1990 to 1994), when informal and formal political negotiations took place, was productively utilised by the capitalist sector for economic discussions with the ANC leader core on the economic system and policies for a future democratic South Africa. During these discussions the ANC moved through a so-called 'learning curve' to appreciate the hard realities of a market-orientated economy in an expanding global economy. During these discussions the ANC was also 'educated' about the severe economic problems facing South Africa after 20 years of stagflation and growing international isolation.

During the first two years of the new political dispensation, an unnatural 'windlessness' existed in the ideological debate on economic matters. In this period Nedlac (the National Economic Development and Labour Council) was formed as the central vehicle for dialogue on social and economic policy between the newly elected government and the major organised constituencies in the country.[95]

The continued poor performance of the South African economy and the high level of unemployment caused an extra-ordinary sharp debate on macro-economic and employment policy issues in 1996. The South African Foundation (SAF) — comprising the 50 largest corporations — published a document called *Growth for All* in February 1996.[96] The document is written in a very aggressive — perhaps too aggressive — style. Its attitude towards the new government's economic policy — or the lack thereof — is almost hostile. It alleges that 'no credible and comprehensive policy framework exists — only a broad conglomeration of

plans and objectives'. Its strongest criticism is targeted against the new government's fiscal, investment, labour and trade policies.[97]

In the SAF document the high level of unemployment is not blamed on the high capital intensity of the modern sector, but on rigidities in the labour market. The document states that unionised workers earn far more than their non-union counterparts and that wages are too high in relation to productivity. It claims that the inefficiencies and inflexibility built into the labour market has impeded growth (particularly via undermining industrial exports) and has led to the economy having virtually no capacity to create jobs.

The SAF document evoked a strong ideological reaction from Cosatu, which — in April 1996 — published a document called *Social Equality and Job Creation*. Whereas business sees the first priority as growth with job creation, organised labour sees the active promotion of social equity as the priority. The document opens by investigating the inequalities in society, in contrast to the SAF document, which starts by painting a picture of the poor growth performance and states that unemployment is South Africa's biggest problem. Cosatu's main complaint is that the SAF document is written in terms of the Thatcherite ideology of 'neo-liberalism' and that it is completely inappropriate for a country such as South Africa with its widespread poverty in black circles and the high concentration of economic power in white hands. After the publication of the Cosatu document, it seemed as if little common ground exists between big business and labour and that it would not be possible for government to find policies that can appeal across such a great divide.

In June 1996 the Ministry of Finance published the department's new macro-economic strategy — Growth, Employment and Redistribution (GEAR.) (prepared by a group of 15 economists).[98] The purpose of the document was to formulate a comprehensive and well-integrated macro-economic strategy. Both the SAF and the Cosatu documents emphasise the lack of a government strategy. GEAR's point of departure is that sustained growth on a higher plane requires a transformation towards a *competitive, outward-orientated* economy. It develops a strategy to attain a growth rate of 6 per cent per annum and job creation of 400 000 per annum by the year 2000.[99]

The GEAR document was received very well by the business community, while Cosatu's reaction to it was not as negative as expected. From an ideological point of view, it takes a position between the SAF and Cosatu documents, but undoubtedly closer to the former. Cosatu's mild reaction towards GEAR can be attributed to the moderate idiom in which it is written, compared with the SAF document.[100]

The fact that the ANC government — including President Mandela — has not only accepted the macro-economic strategy, but has also declared that its contents are non-negotiable, can be regarded as a remarkable shift in the ANC's ideological orientation in the period from 1990 to 1996. The ANC's strong commitment to stick to the strategy has opened important ideological differences within the tripartite alliance of the ANC, Cosatu and the SACP. Whether the 'broad church' would succeed in accommodating the ideological differences within the alliance will not only be one of the most interesting, but also one of the most meaningful developments to watch.

The general agreement between the ANC government and the business sector on GEAR is indicative of a growing understanding between (the mainly black controlled) state and (the mainly white controlled) capital. To claim that it is also indicative of a symbiosis between state and capital will be premature. As long as the alliance between the ANC and the black labour movement remains as close as it is (if not ideologically then organisationally), and as long as the relationship between big business and the black labour movement remains as confrontational (and even hostile) as it is, it would be over enthusiastic to talk about a growing symbiosis between state and capital.

For the moment we cannot come to any other conclusion than that the political and economic power struggle towards a new 'constellation of power' is far from complete. Against this background we should regard GEAR not only as an economic strategy, but also as an important ideological strategy. The implicit ideological purpose of GEAR is to drive a wedge between the ANC and Cosatu/SACP. The chances that it would accomplish this must be regarded as good.

One of the key words in the vocabulary of the ANC is 'transformation'. Although the new government has been a strong instrument for transformation, we have reason to ask critical questions about the 'transformation' experienced by the ANC and by the tripartite alliance. To what extent the ANC has succeeded in 'transforming' itself from a liberation organisation into a political party with the responsibility to govern the country is not clear. Similarly, it is also not clear to what extent Cosatu has succeeded in 'transforming' itself from a highly politicised (and even militant) trade-union confederation (that has played a strategic role in the liberation struggle) into an ordinary trade-union confederation. This kind of 'transformation' — also in the relationship between the ANC and Cosatu — can be regarded as an indispensable pre-condition for the completion of the 'restructuring' of power relations necessary for a sustainable system of democratic capitalism

based on a symbiosis between (the black controlled) state and (white controlled) capital.

The need for a re-introduction of the South African economy into the global economy

For many years South Africa's economic and political relations with the outside world have been a controversial and ambivalent matter. As a developing country and as an exporter of primary products, South Africa is highly dependent on the inflow of capital and on the availability of export markets.

After two decades of increasing international isolation, the South African economy is currently faced with the challenge of being *re-introduced* into the global economy. It is generally acknowledged in business circles that it would not be possible to move the economy to a higher growth path without a large influx of foreign investment and without succeeding in exporting labour-embodied industrial products. Unfortunately, no unanimity exists about the necessity of being re-introduced into the global economy. Cosatu and the SACP are anything but enthusiastic about the global economy and are not prepared to subjugate themselves to the harsh discipline of international markets. There are also indications that the ANC government does not appreciate fully the importance and the true character of the fast-growing global economy. In marked contrast with the tripartite alliance, the white business sector and the (mainly white) opposition parties are very positively orientated towards the global economy. They strongly emphasise the alleged beneficial effects of the disciplinary working of international markets.

To appreciate the issues at stake in the ideological debate on the global economy, it is necessary to identify the different conjunctures of the evolving global order. We can distinguish three conjunctures in the global order since the Second World War (O'Meara, 1996, pp. 472–5). The first conjuncture was in place from 1945 until 1971. It was the period of the Bretton Woods system, the golden age of high economic growth and the height of the Cold War. The kind of international economic co-operation established under this system explicitly set out to reinforce a country's economic sovereignty. This kind of world order created the 'space' (or the latitude) for the NP government in the third quarter of the century to pursue its apartheid policy in spite of the fact that it was (ideologically) against the grain of the anti-racist attitude in not only Third World countries but also — albeit to a lesser degree — in Western countries.

In August 1971 the United States abandoned the fundamental principles of the post-war Bretton Woods system. From then on a very different dynamic took hold of the international order. The changing configuration limited countries' autonomies quite drastically. In the new growing global economy, South Africa could only maintain its international position so long as its export markets were not threatened and so long as its access to international financial markets remained unchallenged. Both came under attack from the mid-1970s and especially in the latter part of the 1980s. By the end of the 1980s the sanction and disinvestment strategies — propagated by the liberation organisations — brought South Africa to its economic knees. It can be said, to the benefit of the NP, that when it acknowledged defeat in 1990, it subjugated itself fully to the pressure and discipline of the global order.

Since 1990 the global economy has moved into a new conjuncture. This new conjuncture is characterised by two aspects: the international uncertainty following the end of the Cold War and the rapid extension of all aspects — trade, monetary, financial, investment, etc. — of *galloping* globalisation (O'Meara, 1996, p. 474). In this new conjuncture the economic sovereignty of individual countries is limited even further.

The SAF document *Growth for All* is a plea for a closer integration into the global economy. It regards a 'vigorous export drive as part of a strategy to promote more rapid growth in exports of manufactured goods' (pp. vi and vii). One of the important reasons for Cosatu not being in favour of a vigorous export drive is because it realises that such a policy can only succeed if wage moderation can be maintained and if the labour market can become more flexible.[101]

The GEAR strategy is strongly orientated towards the global economy. It acknowledges that a growth rate of 6 per cent by the year 2000 would require capital inflows equivalent to almost 4 per cent of GDP (p. 6). It states 'that the central thrust of trade and industrial policy had to be the pursuit of employment creating international competitiveness' and that 'world competitiveness nowadays depends as much on comparative advantage in the public policy arena as it relies on technology, human resources and physical capital' (pp. 17 and 21). The fact that the ANC government has committed itself strongly to the GEAR document is an indication that it also realises the importance of a full *re-introduction* into the global economy. Whether the ANC also realises how important the restoration of social stability is as a pre-condition for inviting the necessary foreign investment is still uncertain.

The need for efficient and effective governance

Until the end of 1995 the new ANC government's ability to govern looked rather promising. It enjoyed a high degree of internal and external confidence. But since

the beginning of this 1996, it seemed as if the new government had lost its touch. Apart from a lack of efficiency in many government departments, and apart from personal blunders by several ministers, there have also been signs of a lack of co-ordination and of direction in the new government. The sharp decline in the value of the rand since February 1996 can be attributed to a negative re-evaluation of the South African situation — and especially the new government's performance — by the global economy.

A great deal of the problems encountered by the new government can be blamed on the structure of the government, on the ANC's lack of experience and on it's policy of affirmative action. It seems that the lack of co-ordination originates at cabinet level.[102] Problems created by the lack of experience and/or of ability in the case of many ministers are aggravated by inefficiencies in the bureaucracy. Some of these inefficiencies are the result of the obstructive behaviour of public service from the old order — i.a. in the all important police force. A large part of the inefficiencies must, however, be attributed to the incompetence of public servants who have been appointed in accordance with the policy of affirmative action. Many of these appointees are simply not capable of shouldering the responsibilities with which they have been entrusted. While we have to criticise the application of affirmative action, it is not justifiable to question the validity of the principle, i.e. the need for restitution after decades of exploitation and group plundering. In its attempt to rectify the injustices of the past in too short a period, the new government unfortunately has appointed persons in professional positions for which the appointees do not have the necessary professional capacity. South Africa can certainly not afford — given the poor state of the economy — the 'unprofessionalism' that is built into the bureaucratic system by many of the affirmative action appointments. The policy of affirmative action runs the additional danger that due to the manner in which it is implemented, it may only empower (and enrich) the upper 20 to 30 per cent of the black community, while the 'trickle-down' effect to the poorest 20 per cent may be negligible (see Table 2.1 and Figure 2.1).

The fact that the ANC still acts like a liberation organisation and still experiences problems in transforming itself into a political party is undoubtedly also an important reason for its inability to govern effectively. The tripartite alliance between the ANC, Cosatu and the SACP has the character of a 'broad church' accommodating a great variety of conflicting ideological convictions. The overarching purpose of the 'broad church' was to defeat apartheid. As long as the struggle continued, the ideological strife was easily subdued. A world of differences exist, however, between the challenges facing a liberation movement and the challenge facing the new government in the post-liberation period. If the impression should continue that the ANC is unable to achieve control over the conflicting elements within the 'broad church', the chances for the new government to succeed in achieving effective control over events in the country would remain slim.[103] This is a very unfortunate state of affairs, given the ANC government's responsibility to facilitate the transformation towards a sustainable system of democratic capitalism.

To put all the blame for the lack of efficiency and of effective governance on the shoulders of the ANC is certainly not fair. It is also necessary to take due account of the nature of the legacy inherited by the new government from its predecessor. It would not be an exaggeration to claim that this legacy was in many respects — and especially from a structural point of view — almost 'bankrupt' legacy. The 20 years preceding the political transition was a period of stagflation and creeping poverty.[104] In spite of severe fiscal constraints, the new government has the responsibility towards its constituency (i.e. those who have been disadvantaged for generations) to attain parity in social spending as soon as possible. This is an enormous task if we take account of the fact that social spending on the much poorer African population (comprising 75 per cent of the total) in 1990 was (in per capita terms) only 27 per cent of the social spending on the relatively affluent whites!

When judging the present lack of efficiency, the wastefulness and the endemic corruption in both the political and public sectors, we should remember that all these things were the order of the day during the last 10 years of white political dominance, when a serious breakdown of government took place. We have reason to fear that the structural corruption that had become part and parcel of the old system in both the public and private sectors — during its last (or dying) years — has been perpetuated almost intact into the new South Africa.[105] If true, it is a precarious state of affairs.

The unpreparedness of many whites to acknowledge guilt and to show repentance for the injustices inherent in the apartheid system should be identified as an important impediment in building consensus about South Africa's past and future. Many whites — including the mainly white political parties and important business leaders — claim that they had no knowledge of the exploitative nature of apartheid or that they had personally not been involved in any immoral deeds against people other than white. For many whites it is convenient to claim that they did not have any knowledge of — or did not understand — the phenomena of

structural injustice and group plundering. This kind of alleged innocence should not be allowed to remain unrebuked. It is such a prevalent attitude in white circles, that it is indeed a pity that the government has appointed only one, instead of two, truth commission. The task of the second truth commission could have been to establish the truth about socio-economic and political developments in South Africa since the beginning of the century, in an attempt to uncover to what extent the political and economic systems (and the power structures on which both these systems were based) were morally unjust. The report of the second truth commission could have played an important role in educating the white population about their own history and awakening within them a sense of social consciousness. A better understanding of the *exploitative* nature of the structures of white political dominance and racial capitalism – that lasted almost a century — could make a meaningful contribution towards reaching consensus on matters economic and ideological.

NOTES

1 My translation from Leipoldt (1938, p. 199). After a peace was agreed on, Van Riebeeck treated the Khoikoi on wine and presents!

2 The fortunes of the Dutch East Indian Company (VOC) declined sharply after 1648. The end of the Eighty Year War meant that fewer opportunities for 'profit on the enemy' existed. But the VOC's greatest setback was Cromwell's Navigation Act of 1651. Due to the English Revolution (1640–9) the commercial classes strongly influenced the successive governments in England in promoting the extension of trade and colonialisation. In the trade and colonial wars Holland could not resist England's military and naval power. During the second half of the 17th and in the 18th centuries England proved to be much more successful in colonial and navigation plundering than Holland.

3 Monica Wilson described the conflict in the Cape during the 18th century as follows: 'The basic fact of frontier history is the conflict between black and white over the occupation of land — fertile land. The strong raided the weak and in turn were raided ... As colonists, seeking hunting and grazing land, move eastward, Xhosas moved westward seeking exactly the same things ... The San raided Xhosa and Thembu cattle ... and they stole cattle, sheep and occasionally horses from white farmers. The Xhosa raided cattle and horses from the farmers, and the farmers retaliated not troubling greatly whether the cattle recovered were all originally their own or not ... Reluctantly, Cape governments [both Dutch and British] tried to maintain order between competing [groups]. The Xhosas for their part, fought bitterly to retain the land and independence ... Between six and nine wars followed over a hundred years — the number depends on what point raiding and retaliation may be termed war.' (Wilson & Thompson, 1975, Part I, pp. 268, 235, 236 and 240.)

4 These conflicts over land and other scarce resources were particularly violent in the ZAR. The Transvaal Afrikaners were rather unsuccessful in their attempt to conquer the Pedi tribe of Sekhukhune. The Pedi's power was eventually broken by several military campaigns by the British forces in 1878 and 1879, i.e. in the period when Transvaal was a British colony (Clark, 1994, p. 15).

5 This led i.a. to the incorporation of Basutoland (1871), Bechuanaland (1885) and Swaziland (1885) in the British empire and caused the bloody wars fought against the South and North Nguni in the eastern Cape and in Natal.

6 Gold was central to the fiscal stability of the capitalist world economy of the 1890s since the currencies of many industrial nations were based on the gold standard. Britain was very keen to secure control over the Rand gold supplies. It accounted for 27,5% of total world gold output in 1898. In 1899, on the eve of the war, gold supplies of the Bank of England were falling sharply (Worden, 1994, p. 26; see also Atmore & Marks, 1974).

7 According to Lonsdale conquest and consolidations took quite a long time: 'Until the 1880s whites had only a very shaky hold on most black, precapitalist societies ... Conquests were scarcely complete when the mines' labour demands became insatiable' (1983, pp. 78–9).

8 For a more detailed analysis of Britain's role in the creation of the 'South African system' see Atmore & Marks (1974). See also Hobson (1900) and Cell (1982).

9 According to Trapido, the British colonial authorities realised that a political accommodation with the large landowners — that dominated the social order before the war — was necessary 'because of their continued capacity to resist the new state's incursion upon (or neglect of) their interest, and because these landowners were seen as necessary in containing the proletariat emerging from within the white as well as the black peasantry' (1978, p. 27).

10 Lionel Phillips, a mining magnate, described the events of May 1907 as follows: 'The whole position is getting topsy-turvy; a Boer Government calling out British troops to keep English miners in order, while Dutchmen are replacing them in the mines' (Yudelman, 1984, p. 75).

11 When John X. Merriman, prime minister of the Cape, criticised Smuts' recommendation that the 1907 constitution should include a political colour bar, Smuts' answer was as follows: '... it ought to be the policy of all parties to do justice to the Natives and to take all wise and prudent measures for their civilization and improvement. But I don't believe in politics for them' (*Smuts Papers*, ii, 242).

12 An important incident that sparked the rebellion was the (alleged) accidental killing of General de la Rey on 15 September 1914 when the car in which he was travelling to meet Afrikaner generals in Potchefstroom drove through a roadblock set-up to catch the Forster gang.

13 Yudelman alleged that if there had been a pact in 1914 between (white) rural and (white) urban rebels, they might conceivably have succeeded in destroying the symbiotic relationship of state and capital and helped shape an entirely different state — a state of affairs that may have been less sensitive to the interests of the white proletarian and the white *petit bourgeois* (1984, p. 215).

14 The working costs of the gold-mines increased from R1,81 per ton milled in 1911 to R2,58 in 1920 (Horwitz, 1967, p. 237).

15 According to Yudelman the new industrial order in effect co-opted organised white labour into the leadership structure of white supremacy in order to avert threats to the stability of that structure. By co-opting white labour, the white trade

union movement was depoliticised and an important section of marginalised whites (mainly the proletarianised Afrikaners) were incorporated into the political and administrative structure of the white-controlled state. For the African labour force the Act was a serious setback (see Yudelman, 1984, ch. 6).

16 This section rests on Bundy (1979 and 1986); Cell (1982); Trapido (1971); Iliffe (1987, ch. 8); Keegan (1982).

17 This development locked in a large part of the potential industrial labour force into the agricultural sector until the Second World War. The absence of a reservoir of cheap labour was an importarit reason for France's slow process of industrialisation in the 19th and early 20th century. The most striking examples of capitalist accumulation in labour repressive economies were to be found in Imperial Germany, in Tsarist Russia during the period after the emancipation of the serfs (1862) and in the pre-Civil War American South. The best example of a non-capitalistic labour repressive economy is the Command Economy of the Soviet Union that was based on cheap labour, forced from the agricultural sector by Stalin's collectivisation programme.

18 As the industrial pioneer Britain encountered severe problems in maintaining the process of industrialisation in the 30 years after the end of the Napoleonic Wars. The British Reform Act of 1832 gave the industrial and commercial *bourgeoisie* control over Parliament. The Poor Law of 1834 (that replaced the Poor Laws of Elizabeth I) was enacted to force every able-bodied man and woman on the labour market. It forbade all forms of charity for the unemployed. According to Ricardo the Iron Wage Law would ensure subsistence (or very low) wages. The Poor Law was enacted to make Ricardo's Iron Wage Law a reality. The Poor Law of 1834 can be regarded as the beginning of the second phase of 'labour repression' in Britain. This system became institutionalised and remained in place until the First World War. The Poor Law of 1834 was the basis of class capitalism in Britain in the 19th century. An interesting and illuminating parallel can be drawn between class capitalism in Britain in the 19th century and racial capitalism in South Africa in the 20th century. The Land Act of 1913 played a similar role in South Africa as the Poor Law (1934) in Britain. See De Schweinitz (1964, pp. 110–30).

19 'The underdeveloped sector of the South African economy is not "separate" from the developed sector: the economy of the former is firmly integrated with that of the latter. The emergence and decline of the peasantry was a necessary component of, and not distinct from, the process of capitalist development in South Africa. The structural underdevelopment of the peasantry was the other side of the coin of capitalist development in South Africa' (Bundy, 1979, p. 243).

20 'By the time of the Native Land Act of 1913, the Cape already possessed a formidable battery of anti-squatter laws and had already done much to undermine the position of the squatter-peasant in the Eastern Province' (Bundy, 1979, p. 137).

21 Wilson & Thompson (1975, Part II, p. 330).

22 This system was originally developed for health and safety reasons (i.e. to prevent diamond theft) at the Kimberly diamond mines. It soon became apparent that the system had other advantages for gold-mining. It enabled the mines to impose a 'quasi-military' pattern of conduct upon African workers whose freedom in the market was very much restricted. The system forced workers to move continually throughout their working life between their rural families and the all-male mining barracks. This mobility hinders or prevents miners from acquiring urban political and organisational (e.g. trade-union) skills and undermines the social structure of rural society (Trapido, 1971, p. 312).

23 The original Land Bill was drafted in 1912 by Hertzog, the then minister of native affairs, but was introduced by J.W. Sauer after Hertzog left the Botha cabinet. The Hertzog Bill was more generous in its land provisions to Africans than Sauer's Act. In 1913 Botha's SAP government had a strong incentive to introduce stricter measures to pacify white farmers in order to prevent any further haemorrhaging support for Hertzog, following his departure from the cabinet (see Rich, 1996, p. 18).

24 An important reason for enacting the Land Act was a threatening conflict between the gold-mining industry and the large maize farmers over access to cheap labour. Such a clash would have endangered the 'alliance between gold and maize'.

25 The level of real wages of migrant labourers on the gold-mines in 1961 was 15% lower than the level of 1911! Wages of Africans in the agricultural sector were even lower than those in the gold-mines. The African reserves and migrant labourers from neighbouring countries made it possible for the mining industry to justify average wages below the bare subsistence level, on the grounds that jobs in white areas were merely supplementing the Africans' basic economic life (see Lipton, 1986, p. 410).

26 If the African agricultural tradition had not been destroyed, but given more or less the same government support to modernise than that which was given to white farmers, the agriculture and economic history of South Africa would have been drastically different. A black farming sector could have been more self-sustainable and it would in all probability have employed more labour and developed less capital intensively than was the case with white farming.

27 'They bought at extraordinary high prices and sold the product at the dealers' own figure because their product was all they possessed with which to settle their liabilities' (Trapido, 1978, in Perry, 1931, p. 30).

28 To make things worse, the rinderpest reached South Africa in 1896 and it is thought to have killed over 2 500 00 cattle — of which a large number was owned by Africans (O'Meara, 1983, pp. 24–5; Iliffe, 1987, p. 123).

29 Approximately 30 000 homesteads were burned down, and a large part of their livestock and crops were destroyed. The war was immensely destructive of life and property. An estimated 22 000 British troops died and somewhat larger numbers of burgers. About 26 000 Boer women and children and 14 000 African internees died in concentrations camps (Worden, 1994, p. 29).

30 He wrote in 1905: 'In the mind of the average Boer farmer, the only function of the Government is the safeguard and foster his material prosperity, and if once convinced that the existing Government fulfils that function, he will probably support it as readily he would a purely Boer Government from which he derived less practical help' (*Selborne Papers*, quoted by Trapido, 1978, p. 52).

31 According to the *Carnegie Commission Report* (1932) a strong rural exodus took place after 1911: 'Such a considerable decrease in the number of white rural inhabitants (mainly Afrikaners) took place (after 1911) in many areas that it could no longer be treated as a fairly harmless and normal process' (Part 1, p. 7). This acceleration of migration of poor

white Afrikaners in the decade 1911–21 was in all probability a direct result of the Land Act and the stimulus it gave for a further commercialisation of farming in South Africa.

32 See Le Roux (1978 and 1984). The per capita income of whites in 1946/7 was 10,6 times higher than the per capita income of Africans (Whiteford & McGrath, 1994). One must take into account that the per capita income of Afrikaners was — during the first half of the century — between 60 and 70% of the per capita income of English speakers. If we had to make a guesstimate about the gap between the per capita income of the poorest third of the Afrikaners and, say, the poorest 70% of Africans, the income of Afrikaners must have been (at worst) 6 to 8 times higher than that of Africans.

33 The Indigency Commission in the Transvaal estimated that in 1906 there were 10 000 indigents in the Transvaal alone. For South Africa as a whole the estimates of the 'very poor' increased from 106 000 in 1916 to approximately 140 000 in 1929 to 300 000 by 1930 (Le Roux, 1984, p. 2). If the effect of the Great Depression is included, the number may be as much as 350 000 in 1933. At that stage the white population was 1,7 million, of which more or less one million were Afrikaners. A third of the Afrikaners could therefore be classified as 'very poor' at the beginning of the 1930s.

34 The Commissioner also blamed the poverty of the poor whites on 'unrestricted competition on the labour market between the unskilled non-European and the poor white and the low wages the European then received, create conditions of poverty which have a demoralizing effect on the latter' (para. 61).

35 These acts empowered the government to determine wage rates in non-unionised industries (and thereby set higher rates of whites) and to restrict skilled jobs to white workers in the mining industry.

36 Although Hertzog's NP was based in rural areas, it was growing in strength in the industrial areas as poor white Afrikaners poured into the town. The party's priority therefore shifted towards employment. In order to create more urban jobs for poor whites, the Pact tried to accelerate the process of industrialisation by pursuing a strategy of inward industrialisation. The first five years of the Pact government looked promising from an economic growth point of view. This promise, however, was nipped in the bud by the Great Depression.

37 The fact that Smuts was prepared to be pressurised by the Chamber of Mines to make an 'ugly horsetrade' and to commit himself to the abolition of the entrenched franchise of Africans in the Cape and Natal in exchange for lower taxes of the gold industry demonstrates the power of the mining interests at that stage. It also demonstrates that Smuts (and the majority of the old SAP) was prepared to sacrifice African rights on the alter of economic expediency. Eleven members of the old SAP (including F. S. Malan and J. H. Hofmeyr) voted against the 1936 Act on the Constitution. They were bitterly critical of Smuts's betrayal of the entrenched principles in the constitution of 1910.

38 The price of gold increased from R12,48 in 1932 to R16,90 in 1940 and to R25 in 1950. In spite of the higher taxes on the gold industries, the mining companies made extraordinary large profits (in both working capital and shareholder profits) in the decades after 1933. A historian of a mining house later acknowledged that 'they made (after 1933) profits beyond the dreams of average' (see Yudelman, 1984, pp. 241–52; O'Meara, 1983, pp. 43–6). The revenue of the gold-mines (as a percentage of total ordinary state revenue) increased from 5,8% (or R3,2 million) in 1930 to 33,6% (or R21 million) in 1935 (see also Van der Poel & Hacock, 1973, vol. 5).

39 The acceleration of the economic growth from 1934 created thousands of new job opportunities for white and black workers. The employment of jobless Afrikaners made a big stride towards solving the poor white problems. The fact that young Afrikaners 'joined Jan Smuts's war' also offered lucrative job opportunities to them.

40 The contribution of manufacturing and construction to economic activity increased from 13% in 1936 to 27% in 1970, while the contribution of agriculture and mining declined from 34% in 1936 to only 18% in 1970 (Lipton, 1986, p. 402).

41 White annual wages in manufacturing only increased from R1 413 in 1935 to R1 418 in 1940 (1970 prices) and in gold-mining from R2 214 in 1931 to R2 312 in 1940. African annual wages increased from R263 in manufacturing in 1935 to R278 in 1940. In gold-mining African wages increased from R186 in 1931 to R191 in 1940 (Lipton, 1986, pp. 409–10).

42 In 1934 the Chamber of Mines rejected the Mine Natives Wages Commission's recommendation that wages be raised by 4 cents per shift. All subsequent attempts to rise the wages of migrant workers were also in vain. The real value of the wages of migrant workers in mining remained unchanged until 1961, when it was raised by 10 per cent to a level where it stayed until 1972. This level was still in real terms 15% lower than the level of 1911 (Lipton, 1986, p. 410).

43 The argument about the 'economic imperatives' is a highly controversial one. The total wage bill paid to white and black mineworkers were most of the time an equal amount. The wages of whites were at least 10 times higher while only one white was employed for every 10 blacks. If blacks were allowed to do more responsible work, mining cost could have been much lower in the period before 1940. The constraints on the mines were, therefore, not only 'structural' but also 'social and political' (see above).

44 In 1930, 50% of migrant labourers on the gold-mines were from foreign countries — mainly Mozambique and the High Commission countries. In 1950 foreign migrants made up 60% of labourers and it increased to 80% in 1973 (Lipton, 1986, p. 407).

45 The policy implication of this ideology of 'protectionist segregation' was formulated explicitly by Smuts in 1930 as follows: 'The natives will be free to go to work in the white areas, but as far as possible the administration of black and white areas will be separated, and such that each will be satisfied and developed according to its own proper lines' (quoted by Cell, 1982, p. 225).

46 The Land Act of 1936 increased the area of the Native reserves to 13% of South Africa's territory to create more space for the 'retribalisation' of the different African tribes. Africans in the Cape were also deprived of the right to buy land outside the reserves. The general amendment of the Native legislation in 1937 extended the system of urban segregation and strengthened the system of influx control.

47 In 1941 the African Mine Workers Union was founded to protest against the continuous low level of wages in the gold-mines. When all its requests for an improvement of wages were rejected, 50 000 mineworkers decided to stay in their kampongs in 1946. Smuts used 16 000 policemen to smash the strike. The leaders were tried according to the war regulations.

48 In a discussion between P.W. Botha and a group of Stellenbosch academics in 1987, this conviction was reaffirmed by Botha! This section is mainly based on O'Meara (1983, ch. 3 and 1996, ch. 1); Cameron (1986, ch. 18); Cell (1982).

49 During the election Transvaal farmers deserted the UP *en masse*. In the 1943 election, the UP captured 15 of the 23 rural Transvaal constituencies, but lost all in 1948. The UP held only eight of 71 rural seats in 1948. In the next 30 years the rural constituencies with the dual demands of strict control over African labour and high agricultural subsidies dominated NP politics (O'Meara, 1996, pp. 27–37).

50 The Chairman of the *Ekonomiese Volkskongres* (Eeconomic People's Congress) of 1939 (organised by the AB) said bluntly that the aim was to 'mobilise the volk to capture this foreign capitalist system and adapt it to the needs of the "volk"' (O'Meara, 1996, p. 121).

51 It should be emphasised that an important difference existed between the Hertzog NP's attitude towards capitalism and the Malan NP's attitude towards capitalism before the 1948 election. Hertzog's complaint was against the foreign nature of capitalism as an extension of imperialism. Malan's complaint was against the exploitative and anti-Afrikaner character of the South African system of capitalism.

52 The important acts were the 1950 Population Registration Act, the 1950 Group Areas Act, the 1953 Reservation of Separate Amenities Act and the 1954 Black Resettlement Act. The 1953 Bantu Education Act pegged expenditure on black education back to the level of black taxes and the 1957 Extension of University Education Act made provision for the creation of separate ethnic universities. The 1950 Suppression of Communism Act declared the Communist Party an unlawful organisation and was used to smash the non-racial and black trade union movement. The 1953 Natives Settlement of Disputes Act banned blacks from registered trade unions and provided them with a separate system of emasculated plant level 'works committees'. The 1956 Riotous Assemblies Act, *inter alia*, effectively banned picketing. With the 1956 Industrial Conciliation Act, provision was made for the extension of the job colour bar to industry.

53 Real African industrial wages, which had risen by more than 50% between 1940 and 1948, fell continuously after 1948 for the next five years and did not reach 1949 levels until 1959. White industrial wages, however, continued to increase (Lipton, 1986, p. 409).

54 The urbanisation of Africans increased from 27% in 1951 to 33% in 1976 (Lipton, 1986, p. 401).

55 It was estimated that by 1981, 3,5 million Africans were relocated as part of apartheid's control measures. This cause enormous disruption and hardship (Bundy, 1992, p. 34).

56 During the period 1947–74 the average annual increase in real GDP was 4,9%. We should, however, remember that the economic growth rate of the OECD countries during the 'golden age of capitalism' (1950–73) was even higher. The white hegemonic order and its maintenance of the labour repressive system created lucrative opportunities for foreign investors. South Africa enjoyed a large influx of foreign investment during this period.

57 The per capita income of Africans increased from R1 055 in 1946/7 to R1 301 in 1970 (1990 prices) or by 23%. The per capita income of whites increased over the same period from R11 190 to R19 558 or by 74%. The personal income of Africans, as a percentage of the total, decreased from 22,2% in 1946/7 to 19,3% in 1970 in spite of the fact that the Africans share in the total population increased from 68 to 70% (Whiteford & McGrath, 1994, pp. 36 and 38; Lipton, 1986, p. 408).

58 It is interesting to note that Dr Malan's NP succeeded in implementing a 'welfare state' for the upliftment of the poor Afrikaners, while Hertzog's NP failed to implement a welfare state for the upliftment of poor (white) South Africans. The larger tax capacity in 1948 created possibilities that were completely unattainable in 1924. Dr Malan was also more ruthless in creating his own bureaucracy than Hertzog.

59 Largely as a consequence of NP policies, Afrikaner control of private industry rose from 6% in 1948 to 21% in 1975. If the state corporations are included, industrial output under 'control' of Afrikaans speakers was calculated to have risen to 45% of the total in 1975 (O'Meara, 1996, p. 80).

60 O'Meara made the important point that although English speakers have had 'moral and theoretical qualms with the NP racial policy', he knows of 'no anglophile liberal businessman who declined to profit from this NP "interference" in the "free market" and raise their workers wages'; (1996, p. 81).

61 The average rate of return on foreign capital invested in apartheid South Africa after 1964 (i.e. after investor fears had been stilled by the post-Sharpeville crackdown) was among the highest in the world. As late as 1974, the average American corporation received an 18% return on its SA investment, as compared with a return of only 8% in Britain (O'Meara, 1996, p. 174).

62 The policy of favouring the larger farmers led to a continuous outflow of whites from agriculture. The number of whites in agriculture, forestry and fishing fell from 180 000 in 1936 to 96 000 in 1970. The number of white farms likewise declined from 120 000 in 1950 to 75 000 in 1976 (O'Meara, 1996, p. 143).

63 Although the average real income of white farmers grew by 7,3% per annum between 1960 and 1975, most white farmers were virtually totally dependent on state support. A commission reported in 1972 that state assistance provided 20% of an average white farmer's income. This was the state of affairs in spite of the fact that black agricultural wages barely increased from 1866 to 1966 (Wilson & Thompsom, 1975, vol. 11, pp. 160–74).

64 O'Meara (1996, p. 73). Ironically enough Verwoerd originally (1956) rejected the recommendations of the Tomlinson Commission on the development of the Native reserves. The Commission's central finding was that R204 million should be spent to develop the reserves. If this money was not spent the Commission warned that 'the inevitable consequences of the integration of the Bantu and European populations into a common society must be endured'. Verwoerd, nonetheless, found the 'solution' for the 'Bantu' problem in 1959 in the 'undeveloped' reserves, and declared that these areas should in due time accommodate 75% of the population not only politically but also economically.

65 Ghana became independent in 1957 and in the following 10 years almost all the colonies of European countries were granted independence.

66 Because of the growing capital intensity due to Verwoerd's policies the number of unemployed workers rose from 600 000 in 1962 to more than a million in 1970.

67 In 1962 the powers of the police were extended with regard

to interrogation procedures, and detention without trial for 12 days was permitted. This was extended to 90 days in 1963 and to an indefinite period if authorised by a judge in 1965.

68 Due to this 'power shift' a profound redistribution of income from white to groups other than white took place in the two decades after 1974 (see below). See also Terreblanche in Van Beek (1995, ch. 4).

69 The only exception was 1980/1 when the gold price increase to R900. The average annual increase in real GDP from 1974 until 1994 was only 1,7%, while the real per capita income declined by 0,7% and caused an unprecedented two decades of creeping poverty and rising unemployment.

70 See Calitz (1986, table 15.6). Defence spending as a percentage of GDP doubled from 2,4% to 4,8% in these six years!

71 From the point of view of the NP-ruled state, the Cold War was a godsend in two senses. Firstly, the victim mentality of Afrikaner nationalism required a demonised external enemy ... Secondly, South Africa's particular position within the international political system, meant that while the Cold War persisted ... Pretoria could count on its key strategic interest being defended by the USA (O'Meara, 1996, p. 476).

72 Before the election of Botha, one of the most relentless political power struggles took place between the *'verligtes'* and the *'verkramptes'* within the NP. In the months before the election mysterious leakages were made to the press from the inner circles of government. The leakages were always to the disadvantage of Dr Connie Mulder and to the advantage of P. W. Botha. This stimulated speculation that the so-called 'Muldergate' affair was deliberately 'managed' in high circles. O'Meara came to the conclusion that 'Muldergate' is a useful prism through which to view the interaction between the politics of Afrikaner nationalism and the crisis of the South African state. It also highlighted a great deal concerning the development of the state (i.e. the Botha 'managed' bureaucratic state) since 1978 (O'Meara, 1996, p. 245).

73 This section is mainly based on O'Meara (1996, part III).

74 Spending on defence increased from 2,4% of GDP in 1971/2 to 4,8% in 1977/8 and remained above 4% until 1989. Spending on education was only 1,3% in 1971/2 but increased rather sharply after Soweto. It increased from 1,5% in 1977/8 to 2,5% in 1983/4 (Calitz, 1986, table 15.6).

75 Due to the sharp increase in government spending, spending on agriculture as a percentage of the budget declined even more. In 1970/1, spending on agriculture was 6,6% of the budget. In 1978/9 it declined to only 2,5% of the budget. In the early eighties spending on agriculture increased moderately. In 1983/4 spending on agriculture was 1% of GDP and 3,9% of the budget (Calitz, 1986).

76 By 1986 the total farming debt of R11,2 billion exceeded gross agricultural income (R9,9 billion) and was nearly 10 times larger than the total agricultural profit (O'Meara, 1996, p. 357).

77 African wages started to rise (especially in the gold-mining industry) in the middle seventies due to the rise in the price of gold and the suspension of migrant labourers from Mozambique after its independence in 1975.

78 Two possible reasons can be offered. The Cape wing of the NP was responsible for the removal of coloureds from the common role in a rather immoral manner in 1956. Perhaps the NP wanted to restore the earlier mistake. Secondly, Botha's neo-apartheid was ideologically not prepared to risk political reform that may cause a loss of political power. Neo-apartheid tried to give apartheid a more human face, but without surrendering white political and economic supremacy.

79 Eight months after the imposition of the state of emergency in June 1986, *Business Day* (6 February 1987) observed that 'the once-cosy relationship between government and the business community ... has steadily deteriorated ... to the point where business leaders now exhibit excessive cynicism about virtually everything the government does' (quoted by O'Meara, 1996, pp. 360–1).

80 Ken Owen described the 'reform by corruption' in 1988 as follows: '"Reform" has turned out to be nothing more than one immense machine for spending money, for spreading the gravy to buy off the revolution ... There is no coherence, no logic, no policy. There is just one vast, expanding bureaucratic pork barrel with thousands of greedy little snouts pushing and shoving to get into the ... trough' (quoted by O'Meara, 1996, p. 352). In April 1989 Terreblanche made a speech in which he put forward arguments why the corruption in the NP had attained a 'structural' character (see Terreblanche, 1989).

81 'After 40 years of wondering in the wilderness of apartheid, Afrikanerdom and the NP are today further from their promised land than they were at the point of departure. Instead of arriving on the banks of the river Jordan ... Afrikanerdom finds itself in a desert of illusions marooned amongh the mirages' (Terreblanche, 1988, p. 25). Written to coincide with the NP commemoration of 40 years in office.

82 During the 11 years of P. W. Botha's term of office, government spending increased by an annual average of 18,5%, rising from 25,1% to 27,3% of GDP. A 'conservative' estimate of real 'security' spending, put the figure at 20 to 25% of the 1987/8 budget or 8 to 9% of GDP. The ratio of gross domestic fixed investment to GDP fell from 27,7% in 1982 to 18,7% in 1987. Net savings dropped from 14% in 1982 to 7% of GDP (Smit, 1992).

83 The richest 60% of coloured household's income increased by 20% and the richest 60% of Indian household's income increased by almost 35% (see Table 2.1).

84 If the per capita social spending on whites were put on an index of 100 in 1990, the per capita spending on Indians, coloureds and Africans would be 85, 62 and 27 respectively. The highly uneven provision of social services is also reflected in education expenditure. In 1990, R4 087 was spent on every white pupil, R907 on Africans, R2 406 on coloureds and R3 055 on Indians (Van der Berg, 1991).

85 Spending on defence increased from 2,2% of GDP in 1972 to 4,3% in 1989. The additional spending on defence (as part of the total strategy to counteract the alleged total onslaught) was, taken in 1996 prices, almost equal to half the present public debt.

86 Whiteford & McGrath estimated that 67% of Africans lived in absolute poverty, i.e. below a specified poverty line. They also estimated that 76,7% of households in the TBVC countries lived in poverty, while 43,4% of households in the rest of South Africa lived in poverty (1994, tables 7.1 and 7.3).

87 As indicated above, the sharp increase in the capital/labour ratio should be blamed on Verwoerd's economic policy and on the legislation resulting from the Wiehahn and Rieckert reports. It was estimated that more than 40% of the potential labour force of 14 million could not get jobs in the modern sector of the economy.

Growth for All, An Economic Strategy for South Africa, Prepared by the South African Foundation, Johannesburg, February 1996

88 The other political parties like the CP, the IFP and the PAC played a minor role.

89 It was estimated in the mid-1980s that 88% of all personal wealth was owned by the top 5% of the population. Due to the Land Acts of 1913 and 1936 it was (until recently) not possible for Africans to own land (small exceptions aside) in 87% 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. The four largest 'corporate conglomerates' control more than 80% of the value of the stock on the Johannesburg Stock Exchange. 'Media power' is also concentration in the hands of a few white-controlled newspaper groups. This situation may change in the near future. An African business consortium has taken over Johnnic, which currently controls several newspapers.

90 Whiteford & McGrath (1994, table 7.1). They estimated that 67% of African households live in poverty (table 7.3).

91 Drawn from Whiteford, *et.al.* (1995, table 10).

92 It is envisaged that the new local authorities will have a quite meaningful redistributive effect. It is unfortunately too early to assess their impact.

93 During the 1960s and early 1970s, South Africa's overall investment record was very impressive, with the ratio of fixed investment to GDP rising from 18% in 1962 to a peak of 30% in 1972 (*Growth for All*).

94 During the same period real net domestic savings also declined sharply. The gross domestic savings is at present 16,5 per cent of GDP, while investment forms 19 per cent of GDP (*Growth for All*).

95 In 1995 Nedlac played a key role in finding enough common ground for a new Labour Relations Bill to be enacted with the support of the parties at Nedlac. The apparent agreement in Nedlac was, however, deceptive. This became evident in the 'ideological war' between big business and organised labour in the first half of 1996.

96 *Growth for All*.

97 It makes a plea for a drastic decline of the budget deficit from almost 6 per cent to less than 3% and to decrease it at a rate of at least 1,5% of GDP annually. To attain this, all government spending (including social spending) as percentage of GDP should be decreased and government employment should be decreased rather drastically, while income taxes should also be decreased. Its most controversial proposal is for a brisk privatisation programme that could generate approximately R100 billion. The argument set out in the document is that the proceeds could be used to repay a large part of the public debt (presently almost 60% of GDP) and to create lucrative investment opportunities to invite the highly needed foreign investment and entrepreneurship.

98 Dept. of Finance (1996).

99 To attain a growth rate of 6% in the year 2000, GEAR emphasises the need for government consumption expenditure to be cut back and for private and public wage increases to be kept in check. It is hopeful that gross domestic savings will rise to 22% of GDP and that gross domestic investment will increase to 26% of GDP in the year 2000. This will require a capital inflow equivalent of 4% of GDP, i.e. more or less R30 billion in the year 2000. An influx of foreign investment of this magnitude would presuppose much greater re-introduction of the South African economy into the global economy.

100 An important complaint raised against GEAR by the 'left wing' of the alliance is that if the macro-economic strategy succeeds in moving the economy onto a higher growth path, it will very much be to the advantage of the (mainly white) corporate sector and that it may even bring about a greater concentration of economic power. This is probably a valid complaint, but the wealth owned by whites and the concentration of economic power are 'structural problems' that must not be confused with short-term macro-economic problems. The 'restructuring' of power relations in the economy is a matter that should be addressed irrespective of the success, or not, of the macro-economic strategy.

101 The fact that Cosatu and the SACP still have a hostile orientation towards the global economy is somewhat incompatible if we compare their attitude with the capitalist sector and the NP's total commitment to the global economy. While the latter two tried to 'go it alone' during the struggle, the tripartite alliance succeeded in 'employing' the global economy against the old white order. It is indeed ironic that important sections of the alliance are now trying to opt out of the 'new' global economy. The fact that Cosatu announced recently that it would support privatisation programmes conditionally could be a first step in the direction towards accepting the economic philosophy of the global economy.

102 Although President Mandela is a strong unifying factor from a symbolic point of view, he is not exerting the necessary co-ordinating influence on the cabinet. In the absence of a strong and centralised 'prime ministerial office', many of the ministers are free to do their own thing. This clearly has a disruptive effect on government activities. The fact that some of the ministers belong to the IFP is also not conducive to co-ordinated government action.

103 Strangely enough, the ANC's strong democratic tradition is probably also impeding the government's ability to govern effectively. The tradition to consult all the so-called 'stakeholders' before a decision can be made on virtually any issue may be laudable, but it is definitely not conducive to the kind of decisiveness desperately needed in the present situation.

104 Unemployment increased from 20% in the early 1970s to more than 40% today. The poorer 60% of Africans are considerably poorer than 20 years ago. In the years preceding the political transition, the public debt increased from R100 billion in 1990 to R280 billion in 1995 (or from 36 to 57% of GDP). A part of this increase is due to the incorporation of the public debt of the so-called 'independent homelands'.

105 As part and parcel of the tendency to corruption, a greedy and money-grubbing élite is emerging. In an article in *The Sunday Independent* (24 November 1996) — 'Greedy new élite is betraying the Struggle' — he puts it as follows: 'There is something deeply wrong with a new élite becoming super rich while so many remain poor. It is troubling when those we look to for a new style of leadership in business and the parastatals slide so easily into the money-grubbing culture of the past, instead of transferring it'.

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