

THE CLOSE SYMBIOTIC RELATIONSHIP BETWEEN WHITE POLITICAL SUPREMACY AND RACIAL CAPITALISM AND ITS CONTRIBUTION TO POVERTY¹

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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 *economic* systems [plural] to address the inequality of apartheid and to create a genuine democratic South Africa" (my emphasis).

I think it is appropriate to ask *when* and under *which* circumstances the political and economic systems - to which Pres. Mandela referred - were created and whose *fundamental restructuring* was, according to him, already long overdue in 1990.

I want to put forward the argument that both the system of *white political dominance* and the economic system of *racial capitalism* - and the legal structure and ideological justification in which they were embedded - were constructed and institutionalised during the last decade of the 19th century and during the first quarter of the 20th century. From 1924 until 1974 the systems of *white supremacy* and *racial capitalism* were maintained intact and - if anything - strengthened, i.e. they became even more exploitative, discriminating and unjust.

In the 20 years from 1974 to 1994 South Africa's *racist* political and economic systems experienced a serious survival and legitimisation crisis. Although important adaptations were made in these two decades to soften the *racist* and *exploitative* character of the political and economic systems, it stands above dispute that both

the political and economic systems - and the close symbiotic relationship between them - were to a large extent still in existence in 1994.

From say 1890 to 1924 three important things happened in South Africa. Firstly, the political system of *white political dominance* was institutionalised (mainly) by the Act of Westminster of 1909. Secondly, a series of legislation was enacted by the Cape and the Union parliaments to create an exploitative *African labour repressive system* as the legal foundation of the economic system of racial capitalism. Thirdly, a very close *symbiosis* or partnership has been forged between the white politicians (operating in the political system of white supremacy) and the white business people (operating in the economic system of racial capitalism). Without this symbiotic relationship both systems could not have lasted for almost a century.

White politicians and white business people were most of the time - from say 1910 until 1994 - hand in glove with each other to protect their mutual interests in the maintenance of the structures of *white power, privilege and wealth* on the one hand and the structures of *black deprivation, discrimination, exploitation and poverty* on the other hand.

If you would ask me whether the multitude of discriminative and deprivative legislation, which was enacted to *create* and *maintain* the oppressive racist systems, was motivated by *political* or *economic* consideration, it will be difficult to answer. The political, economic, social and ideological considerations behind this legislation were closely intertwined. But if I would have to make a choice, I would say that most of the *racist* legislation was enacted and maintained mainly *on behalf of white economic consideration*.

At the end of the 19th century the goldmining industry was confronted by an African peasant society which was reluctant to deliver the required number of

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workers into wage-labour. The Africans were satisfied to meet their economic needs by traditional farming and by rather profitable small scale maize farming. It is estimated that the small African maize farmers produced more maize in the decades before the Anglo-Boer War than White maize farmers.

To solve the labour problem of the mines a tendency developed from 1890 onwards, to deliberately create a "labour repressive system" - or, more correctly, to extend the labour repressive system from agriculture to mining.

Repressive labour systems played a causal role in the early phases of industrialisation of several countries.

Important differences exist, however, between the labour repression system that was introduced in South Africa from 1840 onwards and the systems of other countries. In the case of the other capitalistic countries, the social dislocation and proletarianisation caused by the labour repressive systems lasted only for 30 or 40 years before a section of the working population was able to command higher wages and was shortly incorporated into the social and political institutions.

The labour repression system in South Africa had several unique characteristics. Apart from its conspicuous 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. Successive phases of labour repression were implemented by different white modernising groups.

After the Anglo-Boer War, Milner appointed, on behalf of the goldmining industry, the South African Native Affairs Commission (SANAC) to seek

solutions for the severe shortage of African mineworkers. SANAC recommended that Africans' access to land and farming should be curtailed drastically to deliberately proletarianise Africans to induce adequate numbers to enter into wage labour at very low wages. The philosophy of SANAC was accepted when the Land Act was promulgated in 1913.

The relationship of structural dominance of whites over blacks, created by the Land Act and other racist legislation from 1910 onwards, 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! The real wages of migrant labourers were in 1972 lower than the level of 1911! During the same period the real wages of white miners approximately doubled! The Land Act was truly the rock on which the whole system of racial capitalism was built and maintained for six decades.

Although the application of racist legislation was relaxed by the Smuts government during the 1940s, none of the discriminatory measures were removed from the law books by Smuts. When the political power shifted from the English-orientated UP to the Afrikaner-orientated NP in 1948, the systems of white supremacy and racial capitalism were still very thoroughly entrenched in the legal and constitutional structures of South Africa.

From 1934 to 1973 the annual growth rate of the economy was 4,5 per cent. If we take the political, economic and ideological power structures into account, the 40 years from 1934 to 1973 was par excellence a period in which whites were undeservedly enriched, while blacks were undeservedly impoverished.

The power relations within the structures of white supremacy and racial capitalism changed drastically - to the detriment of all the groups other than white - when the NP became the government in 1948.

The NP mobilised Afrikaner ethnic power in the 1940s and 1950s by portraying the Afrikaners as the wrongful victims of a double onslaught: firstly, by the exploitation by British colonialism, and secondly, the potential danger that Afrikaner culture could be swamped by the "uncivilised" African majority.

By implementing its so-called *apartheid* policy to solve the "native problem" and to allay the fears of the Afrikaners for 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 additional segregationist legislation was put on the law books. The existing arsenal of discriminatory measures was extended quite considerably and made stricter and also made applicable to the Coloureds and Indians.

While the per capita income of whites was 10,6 times higher than African per capita income in 1946/47, white income was 15 times higher in 1975! 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. *Given the power structures of white supremacy and racial capitalism, it was a period of high growth with a "trickle-up"-effect!*

It was not only Afrikaner business that profited in the 1950s and 1960s by NP policy measures. Apartheid proved to be good for every white business – also the English speakers. Dan O'Meara made in his 1996-book 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 NP "interference" in the "free market" and raise their worker's wages.*

At the end of the 1950s, Dr Verwoerd was astute enough to realise that the upliftment of the (alleged) poor Afrikaners was no longer an adequate ideological justification for the system of Afrikaner power and privilege. Consequently, he announced that the policy of apartheid was to be replaced with the alleged "non-racist" policy of separate development. According to the Verwoerdian ideology "national" sovereignty and political freedom would be granted to each of the nine African ethnic groups. The ideology was propagated with evangelical zeal. It is the prime example of ideological travesty and the highest degree of Afrikaner self-delusion.

What should be emphasised, however, is that many businesses – both Afrikaner and English – operated enthusiastically within "separate development" framework of Verwoerd and made huge profits – for example in "border industry" operations.

The power relations within the structures of white political supremacy and racial capitalism changed yet another time – as also happened in 1948 – during the middle of the 1970s. *This paradigm shift brought about a close and rather abnormal collaboration between the securocratic state and private business in a joint attempt to perpetuate white supremacy.*

With the intensification of the liberation struggle after the Soweto unrest, the NP crystallised the ideology of the Total Strategy to counteract the alleged Total Onslaught against South Africa. The ideology of the Total Strategy was used to justify the concentration of abnormal powers in the hands of PW Botha's securocratic state. In one of the darkest periods in South Africa's history, these powers were recklessly used – i.e. to create a Military Industrial Complex in which a large section of white business played a strategic role.

The business sector (both Afrikaner and English business) supported the Botha-government rather enthusiastically.

Through the close collaboration between the securocratic government and private business – with Armscor as the pivot on which everything hinged – a Military Industrial Complex was maintained and expanded. This “complex” was from a financial point of view extraordinary advantageous to those businesses that were part and parcel of the “structural pairing”.

The Military Industrial Complex set the scene for all kinds of corrupt wangleings that in due time became institutionalised as a system of *structural corruption*.

It is important to emphasise that during the period of stagflation and creeping poverty – from 1975 until 1994 – the average growth rate declined to 1,7% annually, while the real per capita income declined by 0,7% annually. This decline in per capita income affected all population groups (except the Asians) negatively. The income of the poorer 60% of both Africans and whites dropped by more or less 35% from 1975 to 1991 (Whiteford & McGrath, 1995) (see Fig. 1).

The close collaboration between business and the Botha government (and especially the business partaking in the Industrial Military Complex) was undoubtedly an intrinsic part of the (white) Resistance against the Struggle of the Liberation organisations. It, therefore, *perpetuated the life of the Botha-government and, with it, also apartheid*.

Between 1985 and 1989 Botha's policy approach was one of “co-optive dominance” in close co-operation with the generals of the SADF. This strategy was *per se* a pretext to institutionalise a system of *structural corruption*. 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 “elite” (of all the populations groups) that was prepared to be co-opted.

The system of white political dominance, the system of racial capitalism and the close symbiotic relationship between them, brought about an *empowerment* and an *enrichment* of (mainly) the whites and a *disempowerment* and an *impoverishment* of (mainly) the Africans. It was a *cruel and unjust* system and it remained in place for at least a 100 years.

The power structures underpinning white political supremacy and racial capitalism for 100 years were of such a nature that *whites have been undeservedly enriched and people other than whites undeservedly impoverished*.

The negative effects of these power structures on Africans can be summarised in the following seven points:

1. Firstly, the Africans were deprived of large parts of land on which they conducted successful traditional farming for centuries. White farmers, on the other hand, had the privilege of property rights and access to very cheap and docile African labour. On top of this the agricultural sector received from 1910 until 1980 more state subsidies than any other sector.
2. Secondly, for decades millions of Blacks were paid *exploitative* wages in all sectors of the economy, but mainly in the goldmining and agriculture. The fact that Blacks were politically powerless and economically unorganised made them easy prey (or *super-exploitable*) for their white masters.
3. Thirdly, a great variety of *discriminatory* legislation not only deprived Blacks from the opportunity to acquire skills, but it also compelled and humiliated them to do dreary unskilled work at very low wages. While discriminatory measures were often to the disadvantage of business, they were very much to the advantage of white employees.
4. Fourthly perhaps the greatest disadvantage which the prevailing power structures have had for Blacks, is that these structures deprived them from opportunities to “accumulate” human capital. For the first three-quarter of the century, social

spending (on education, pensions, health and housing) on Africans was in per capita terms more or less 8 to 10 times smaller than on whites. Since 1976 spending on Africans increased gradually to become 4 times smaller in 1990. As recently as 1970 the per capita spending on white education was 20 times higher than on Africans! In sharp contrast the whites were in the privileged positions to "accumulate" human capital completely as if South Africa was a First World country.

5. Fifthly, the fact that the legal right to own property and to conduct business was strongly restricted in the case of mainly Africans, also deprived them of the opportunity to accumulate property and to develop entrepreneurial and professional capabilities. The position of the whites was, again, the complete opposite. They enjoyed property rights, they deprived Africans from their land, they had access to capital and the opportunities to develop business organisations, entrepreneurial capabilities, etc.

6. Sixth, the Liberation Struggle and the Resistance against it had a devastating effect on the poorer 60% of the African population. Their income – already low in 1975 – decreased by more of less 35% from 1975 until 1991! During the period of stagflation and creeping poverty a large part of the "creeping poverty" was, so to speak, shifted on the most unorganised and most vulnerable 50% of the South African population. The fact that the *poorest* 40 to 50 per cent of the total population (more or less 18 million people) cannot satisfy their *basic human needs* on a regular basis, makes it so much the more urgently necessary to do at least something meaningful to improve the *quality* of their poverty.

7. Seventh, it was not only individuals that had been impoverished and "destroyed" by the racist systems, but also African and coloured *societies*, while it also prevented the South African people from becoming a society. We can put forward a strong argument that the deprivation, the repression and the injustices inherent to the racist systems, not only impoverished the non-White population groups, but also brutalised large numbers of them. Violent activity became widespread during the Struggle and the Resistance of the NP

government against it - especially in the period since 1976. 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 violent and a very disruptive and divided society, not only along racial and ethnic lines, but also because of seemingly unreconcilable values and attitudes.*

The South African distribution of income and property is presently very unequal and the lower 40 per cent of the population is living in abject poverty. This group received 5,6 per cent of total income in 1993 while the top 20 per cent received almost 70 per cent (see Fig. 2). This distribution has not changed much – especially as far as the lower 40 per cent is concerned². South Africa's Gini-coefficient is higher than 0,6 and in all probability the largest in the world. Many factors contributed to these inequalities and it would be wrong to blame it all on the exploitative nature of the systems of white political supremacy and racial capitalism. But a substantial part of the inequalities and poverty can, and should be, blamed on the apartheid structures.

The main argument I put forward today is that South Africa's history over at least the past 100 years, was a very sad one. It was a history of the *structural impoverishment* of (mainly) blacks on the one hand and the *structural enrichment*

² While only 2 per cent of African population in 12 main urban areas was in 1990 in the top quintile, this has increased to 6 per cent in 1995. While 65 per cent of urban Africans was in fourth and fifth quintiles in 1990, it has increased to 67 per cent in 1995. While a reasonable number of Africans became quite wealthy in a short period of time, the lower 50 per cent of Africans is in all probability becoming poorer.

⇒ In 1995 the income distribution in South Africa was still highly unequal. The poorest 10 per cent of households in the country received as little as 1 per cent of all household income in 1995, while the poorest 20 per cent received only 3 per cent. The poorest 30 per cent of households received only 5 per cent of all household income, while the poorest 50 per cent received only 11 per cent.

⇒ Sixty per cent of households in South Africa received only 16 per cent of all household income in 1995, while 80 per cent of households had 35 per cent.

⇒ The most affluent 20 per cent of households had as much as 65 per cent of all household income in 1995, while the most affluent 10 per cent received as much as 48 per cent.

In other words, the richest 20 per cent of households have 65 per cent of all household money at their disposal, while the poorest 20 per cent have only 3 per cent. Earning and spending in South Africa, Central Statistics, Selected findings of the 1995 income and expenditure survey, Central Statistics, 1997.

of (mainly) whites on the other hand. The abject poverty and the extravagant wealth are *structurally* linked. They are the two sides of the same (structural) coin. Although it may sound odd, it is important to acknowledge that South Africa is not only faced with a terrible poverty problem, but also with an equally difficult wealth problem. The problem with the super-rich is inter alia their self-righteousness, their arrogance and the absence of any repentance about the way they accumulated their wealth.

If we look at the inequalities and poverty – without taking the historical context into account – we can already put forward very strong and convincing arguments for comprehensive redistribution measures. But if we look at the inequalities and poverty in South Africa in their proper *historical context* and take the *structural exploitation* of the apartheid system over a period of at least 100 years into account, then the removal of these extreme inequalities and the abject poverty is not only an issue of *redistribution*, but becomes a more pressing matter of *restitution*.

Two additional arguments can be put forward why the focus of the redistribution and the restitution policy in the present South African situation should mainly be a *poverty upliftment* programme to improve the living conditions of the poorest 40 per cent of the population comprising 18 million people.

Firstly, because the poorest 40 per cent were the real victims of the injustices inherent in the apartheid structures. Secondly, because they were also the main victims of the creeping poverty of the 1970s and the 1980s caused by the Struggle and the relentless Resistance against it by the NP government.

Although white political supremacy has been ended, a large part of the structures of racial capitalism is still very much in place, and with it, the concentration of huge economic power and privileges in very few white hands – mainly the hands of white business and white corporations. The transformation process will remain

Fig. 1
1975-1991

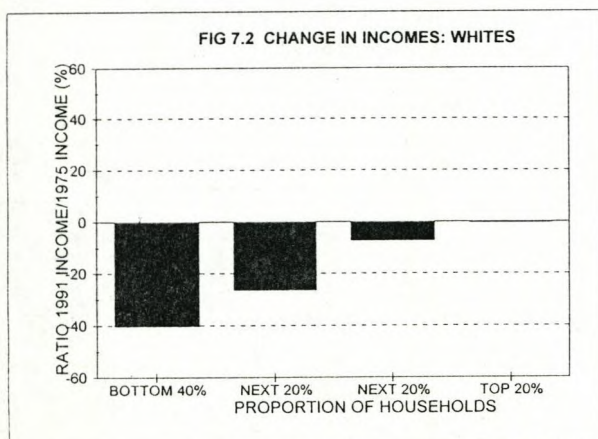
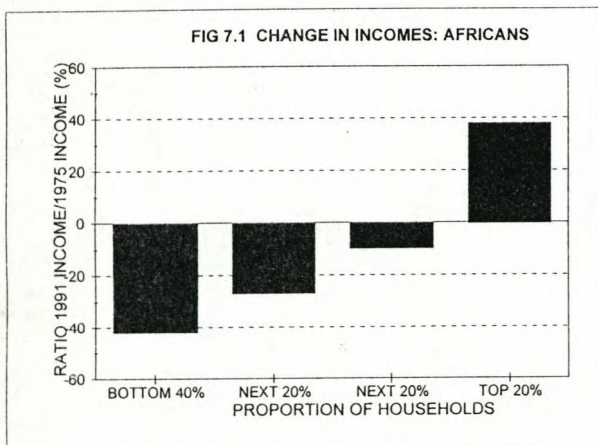
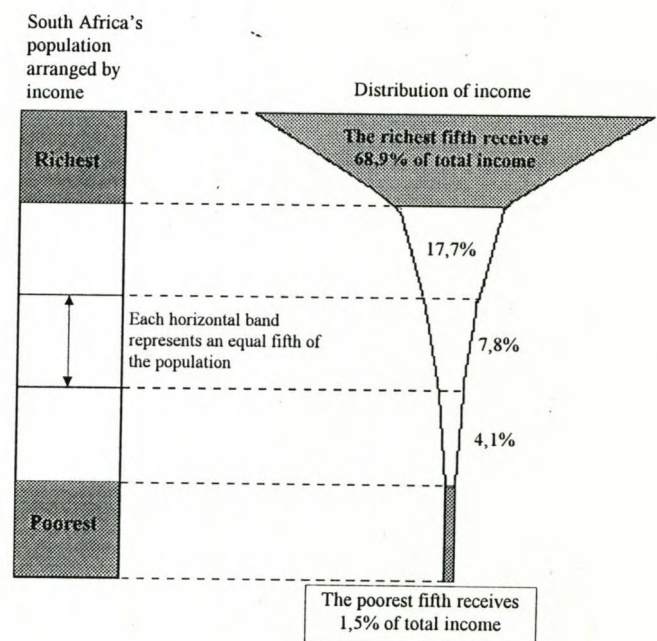


Fig. 2
1993



Source: Whiteford, Posel and Kelatway, *A profile for Poverty and Human Development*, HSRC, 1995.

incomplete as long as the economic power and wealth that was accumulated through the *racial* structures, remain as undisturbed in (mainly) white hands as has been the case over the past 4 years. This is a legacy of apartheid that we cannot afford to condone. At its conference in Mafikeng, the ANC decided that in the next few years it will concentrate on *transformation*. It was unfortunately not clear what the real content of transformation would be. The transformation will be inadequate as long as the problem of the shocking gap between the abject poverty of the lower 40 per cent and the extravagant wealth of the say top 10 per cent remain unaddressed.

After 18 months of GEAR strategy, this strategy has not delivered the projected economic growth and job creation. It is time to acknowledge that from scratch GEAR has been too narrowly *economic* in its approach. The strategy was framed in terms of the ideological tradition of liberal capitalism of the British-American countries (and the World Bank), while South Africa's circumstances demanded that it should be framed in terms of the ideological traditions of *social democracy* of Continental countries. GEAR took as its point of departure that the lack of economic growth and unemployment should be regarded as South Africa's gravest problem. In fact, the most serious problem facing South Africa after centuries of conflict, strife and exploitation, is the *absence of a proper social structure*. GEAR unfortunately neglected the decisive importance of society building and social stability. The GEAR strategy should be complemented with a comprehensive poverty relief programme and redistributive strategy financed through additional taxation – preferably on the wealthy.

It is important that the new government motivate its redistribution and poverty programme as a policy of *restitution* to restore the necessary degree of social justice and social stability. I have lately become quite concerned about the *recalcitrant* attitude in white circles – especially in the ranks of the wealthier part of the white community. We should take note of the fact that the majority of whites

were more prepared to make sacrifices in 1994 than at present. This hardening of their attitude is a matter of great concern, especially in so far as they motivate their stand with rather dubious arguments. The wealthier part of the whites should realise that a substantial part of their wealth is *undeserved*, because it was accumulated within the structures of white power, white *privileges*, white *favours* and white *patronage* and white *corruption*. For the sake of reconciliation it has become of the utmost importance that whites should be convinced – or even be *re-educated* – about the *systemic injustices* that have been part and parcel of the South African system for at least 100 years. It is also necessary that they should be convinced that sacrifices from their part to create the necessary social justice and social stability, are an unavoidable “investment” to secure the viability of our democratic and capitalistic systems. Given the recalcitrant attitudes in white circles the government should consider the appointment of a *Justice and Reconciliation* Commission. Such a Commission can, hopefully, play an important role in educating the white population about the grave injustices inherent in the 20th century history of South Africa.

Without a clear *understanding* of the *systemic* nature of the *exploitation* that has taken place, it would not be possible for the beneficiaries (i.e. mainly whites) to make the necessary *confession*, to show the necessary *repentance*, to experience the necessary *conversion* and to be prepared to make the needed *sacrifices*. Confession, repentance, conversion and sacrifices are not only prerequisite for forgiveness (by the victims), but also a precondition for promoting *social stability* and *systemic* justice in the long run. Social stability and systemic justice are, in their turn, preconditions for economic growth and job creation and for the viability of a system of democratic capitalism in South Africa.