

## INTRODUCTION: EMPOWERMENT AND ENRICHMENT VERSUS DISEMPOWERMENT AND IMPOVERISHMENT

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The South African history over the past 350 years is the unsavoury tale of on-going group conflict, intergroup warfare and group plundering. Each of the different groups – i.e. the well-defined ethnic, colour and language groups – constantly tried to enrich themselves by plundering other groups. The unsuitability of natural resources for arable production in agriculture and the unfavourable climatic conditions may originally have been an important reason why the different groups preferred to plunder each other, instead of being productive and self-supporting. But, paradoxically enough, when South Africa's lucrative mineral resources were discovered, it not only caused a sharp intensification of the internal group conflict and group plundering, but also drew South Africa into the global economy and its political and economic conflicts.

If one considers the multitude of group conflicts and wars that took place in South Africa during the past 350 years, one can distinguish out of the seemingly muddle of conflicts certain patterns. One of the clearest patterns is that during the long period of European colonialism and imperialism the colonial masters were mostly the victors in group conflicts, while the indigenous groups were often the losers. A second pattern – closely linked to the first one – is that in the post-colonial period the local whites (the descendants from erstwhile colonial Europe) were again (until 1994) mostly the conquerors and in a position to *enrich* themselves mostly at the cost of the indigenous population groups.

Some other patterns can also be distinguished from the group conflicts over the period of 350 years. In the on-going struggle the colonial powers and the whites in the majority of the cases succeeded to *empower* and *enrich* themselves mostly at the cost of the indigenous groups in mainly four ways.

*Firstly*, through the (political) SUPPRESSION of the indigenous people by way of colonialism, militarism and disfranchisement.

*Secondly*, through the DEPRIVATION of the indigenous people's land and cattle.

*Thirdly*, by exploiting the black labour force through slavery, serfdom and the enactment of a great variety of LABOUR REPRESSIVE laws.

*Fourthly*, by the LEGITIMATION of colonialism and white power, privileges and wealth through the effective propagation of a multitude of RACIST IDEOLOGIES.

1. Dutch colonialism and the development of a white Feudal socio-economic system (1652-±1800).



2. British colonialism, the humanitarian movement and the rise of agricultural racial capitalism in the Eastern Cape (±1800-1870).
3. British imperialism, wars of conquests and the broader institutionalisation of racial capitalism (1870-1910).
4. The political hegemony of the English Establishment and the close symbiotic relationship between white political supremacy and a fully fledged racial capitalism (1910-1948).
5. Afrikaner Establishment and the ideology and the policy of apartheid (1948-1974).
6. The crisis of white political supremacy, neo-apartheid and the intensification of the Liberation Organisation Struggle (1974-1994).
7. Black controlled democracy, reconstruction, development and black empowerment (since 1994).

## 2. DUTCH COLONIALISM AND THE DEVELOPMENT OF A WHITE FEUDAL SOCIO-ECONOMIC ORDER (1652 - ±1800)

In 1652 the Dutch East Indian Company (VOC<sup>1</sup>) established a fortified refreshment station at Table Bay with the simple goal to regulate the benefits which sailors had long derived from the Cape stopovers.

The VOC was originally dependent on the Khoikhoi for the supply of cattle which the Company needed. The VOC was therefore anxious to avoid costly wars at the Cape. The first commander, Jan van Riebeeck (1652-1662), was ordered by the VOC to treat the Khoikhoi with respect and to do nothing to disturb their cultural integrity and their socio-economic stability.

In the early 1670s the friendly relationship between the governor's office in Cape Town and the Khoikhoi started to break down when the Khoikhoi became increasingly reluctant to supply the Company with the type of livestock it needed. During the 1670s the governor used the garrison as an (official) commando to undertake several military assaults against the Khoikhoi. The military submission of the Khoikhoi in the later part of the 17<sup>th</sup> century was not brought about by the freeburghers, but by the Company. The Khoikhoi experienced an even more serious blow in 1713. A visiting fleet brought a smallpox virus to the Cape in early 1713. Although hundreds of Europeans and slaves died from the virus, it had a devastating effect on the Khoikhoi. They apparently had almost no immunity against the virus. It is estimated that hardly one in ten of the Khoikhoi in the south-western Cape survived the epidemic. The decimation of the Khoikhoi by the virus, opened up large parts of the south-western Cape for white settlement. Two different systems of land grants were given to the colonists by the Company: a system of freehold land tenure in the western Cape and a system of loan farms (on which a quitrent was payable) in the rest of the ever expanding colony.

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<sup>1</sup> VOC (Vereenigde Oostindische Compagnie)



Two labour systems developed in the Cape to solve the labour problems of tillage agriculture and pastoral farming respectively. The Company began importing slaves into the settlement as early as 1658. The majority were sold mainly to the freeburghers with freehold farms at very low prices to enable them to produce the products needed by the Company. A different labour system developed in the extensive farming of the *trekboere*. These farmers were normally too poor to afford slaves. Consequently a system of colonial serfdom was developed in which Khoikhoi (and later also San and some Xhosas) became increasingly "tied" to the pastoral farms. In the absence of effective colonial control, the *trekboere* developed a strict system of Khoikhoi serfdom to solve their labour problems. The status of the Khoikhoi and Bastard workers on the farms of the *trekboere* were at the end of the century reduced to an unmitigated condition of servility and nearly slavery.

### 3. BRITISH COLONIALISM, THE HUMANITARIAN MOVEMENT AND THE RISE OF AGRICULTURAL RACIAL CAPITALISM IN THE EASTERN CAPE (±1800 - ±1870)

Britain was at the beginning of the 19<sup>th</sup> century committed to the abolition of the slave trade and unfree or peonage labour and later abolished slavery in favour of "free labour" and "free trade". But the "freedoms" that emerged out of the order that replaced Dutch mercantilism and feudalism, were freedoms to the white elite, but new forms of bondage – in the form of different kinds of labour repression – to the coloured and black population groups. The role of the humanitarians in ending the servility of the Khoikhoi and the bondage of the slaves cannot be overemphasised easily. In setting the Khoikhoi and the slaves free, the humanitarians played a crucial role to remove the remnants of the old mercantilist and feudal order.

The arrival of the settlers was perhaps the most decisive event during the first half of the 19<sup>th</sup> century. Their arrival injected a completely new population group into the South African body politic. They carried with them the capitalistic idea of progress and an aggressiveness of action that vibrated through southern Africa during the rest of the 19<sup>th</sup> century. The British settlers had attained remarkable economic progress at the beginning of the 1830s. Godlonton wrote in 1834 that the settlers had "attained a degree of opulence at which they never could have expected to arrive had they continued in Europe". This progress was attained by making serious inroads on the living patterns of the Xhosa.

In December 1834 war erupted on the frontier. It was an exceptionally bloody war in which the British conducted a scorch earth policy to break Xhosa resistance. The war resulted in widespread dispossession and significant proletarianisation in Xhosaland. During the end of the 1830s a remarkable attitudinal change took place at the Cape. It happened in the aftermath of the Sixth Frontier War. In this tense atmosphere the most effective spokesmen of the humanitarian movement – John Phillip and John Fairburn and several of the missionaries – changed their ideological perceptions about the Xhosas and the Coloured population. Phillip



and Fairburn now regarded the forced "civilisation" of the Xhosas as a precondition for their conversion to Christianity. To solve the labour problem amidst large scale vagrancy among the Khoikhoi and the freed slaves, the first Master and Servant Ordinance was passed in 1841.

The Master and Servant Ordinance of 1841 can be regarded as the first phase of black labour repression in South Africa. From 1841 until the 1980s no less than four different phases of labour repression can be distinguished. In each of the different phases a new white modernising elite – with enough political power at their disposal – was responsible for every new phase of labour repression

It remains one of the great riddles of the history of racism in the first half of the 19<sup>th</sup> century, that just as the battle against slavery was being won by the abolitionists in 1838, the war against racism was lost. Although it is of little avail to venture into historical speculation, one has reason to allege that the 140 years of racial capitalism in South Africa – from 1840 to 1980 – could have been avoided if liberal humanitarianism was not so easily turned into liberal utilitarianism to serve the interests of the emerging capitalist class.

#### 4. BRITISH IMPERIALISM, WARS OF CONQUEST AND THE BROADER INSTITUTIONALISATION OF RACIAL CAPITALISM (1870-1910)

The discovery of diamonds (1867) and gold (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 precondition 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 goldmining industry

During the fifty years of economically motivated imperialistic plundering – of *inter alia* the lucrative diamond and gold fields – the social and cultural patterns of the still traditional population groups were seriously disrupted and drawn into a commercial sphere of influence. Through these processes of modernisation and urbanisation, large groups of people – both white and black – became a wage-earning proletariat.

Apart from economic considerations, cultural and racial considerations may have played an equally important – if not a more important role – in the motivation of British imperialism in South Africa. The British sociologist, Herbert Spencer, formulated in the 1860s his theory of Social Darwinism and coined the phrase, "struggle of life, survival of the fittest". His theory quickly attained a cultural and racial connotation



During the last quarter of the 19<sup>th</sup> century the attitudes and actions of the British elite were characterised by Victorian righteousness and the acceptance of British superiority as a self-evident truth. Both these characteristics played dominant roles in the aggressive and even ruthless expansionism of British imperialism and in the exploitative nature of British capitalism in South Africa. During this period the idealism of evangelic humanitarianism of the first four decades of the 19<sup>th</sup> century was completely forgotten. Likewise, the idea of liberal utilitarianism was now replaced by the ideology of *racist superiority*.

The last quarter of the nineteenth century was a rather traumatic period for the different African tribes. It is estimated that the rapid spread of human and animal diseases throughout southern Africa, the demands of the expanding labour markets, the last push of British colonialisation and the deprivation of land, had resulted in a decline of twenty-five 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 the Africans were regarded as an inferior race likely to follow the Australian aborigines and the American Indians towards extinction.

The 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 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 new "labour repressive system" on behalf of the mining industry. In a final attempt to solve the labour 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 entrench the principle of migrant labour with subsistence in rural areas. Milner was recalled in 1905 before he could implement the recommendations of SANAC. The philosophy of SANAC was nonetheless accepted when the Land Act was promulgated in 1913.

At the end of the 19<sup>th</sup> century, the gold-mining industry was still confronted by an African society which was reluctant to deliver the required number of workers into wage labour at the required low wages. Paul Kruger stipulated a wage level for African mine workers in 1896 that was regarded too high by the mining companies.

The need to get full control of the labour supply, food stocks and 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 (Oxford History, II, Chapter I). The Anglo-Boer War was undoubtedly an *economic* war fought by Britain on behalf of not only mining capital, but also on behalf of British and Jewish capitalism at a time when the British economy was in a stage of contraction.

We have every reason to allege that Britain's imperialistic exploits and the Anglo-Boer War had rather unfortunate ramifications for the relationship between English and Afrikaans speaking whites and even more negative ramifications for the relationship between white and black South Africans. All these negative ramifications reverberated through the greatest part of the 20<sup>th</sup> century with rather unfortunate effects on intergroup relationships. It is indeed impossible to give a credible explanation for the processes of English speaking (both British and Jewish people) *empowerment* and *enrichment* and Afrikaner *disempowerment* and *impoverishment* in mainly the first half of the 20<sup>th</sup> century, without taking into account the effects of British imperialism and the Anglo-Boer war. Similarly it is also impossible to give a credible explanation for the processes of white *empowerment* and *enrichment* and black *disempowerment* and *impoverishment* during the 20<sup>th</sup> century, without taking into account the effects of British imperialism and the Anglo-Boer War.

Within four years after the Anglo-Boer War the British government decided 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. 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.

Exactly 8 years after the Peace of Vereeniging the Union of South Africa was launched. Although it was based on a remarkable *alliance* between an Afrikaner farming elite and a British mining elite, several problems remained unresolved. Of these problems the most pressing were the following two: firstly, the labour problems of the mines and the white maize farmers and how to solve them without endangering the elite alliance, and secondly, the widespread poverty in Afrikaner and African circles and how to address both simultaneously with the scarce resources available. The first problem was "solved" by the Land Act of 1913 to the detriment of Africans. The second problem remained simmering beneath the surface until the early 1920s. After the Mining strike of 1922 – the Industrial Reconciliation Act was put on the law book by Smuts in 1924 and after the 1924 election victory by the Pact (comprising of white petty bourgeoisie and the mainly Afrikaner proletariat) the second problem was "solved", also to the detriment of the Africans.

## §, THE POLITICAL HEGEMONY OF THE ENGLISH ESTABLISHMENT AND THE CLOSE SYMBIOTIC RELATIONSHIP BETWEEN WHITE POLITICAL SUPREMACY AND A FULLY FLEDGED SYSTEM OF RACIAL CAPITALISM (1910-1948)



The Union of South Africa came into being on 31 May 1910 in accordance with the Act of Westminster of the British parliament of 1909. The constitution supplied by the British entrenched white supremacy. The coloureds and Africans retained their qualified voting rights in the Cape and Natal, but these rights were not extended to the Transvaal and the Free State

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).

In a *systemic* analysis of South Africa's recent history, 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.

One can put forward a strong 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.

During the first half of the century it was mainly the business sector of the white English Establishment that was in cahoots with the Botha/Smuts governments to promote its economic interest through the system of racial capitalism. In the third quarter of the century it was mainly the business sector in the white Afrikaner Establishment which was in a very close co-operative - one can even say "conspiracy" - with the NP government to strengthen the "racist" character of racial capitalism to enable it to close the income gap between itself and the English business sector.

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 (1911) laid the basis for the statutory colour bar in the workplace, and the Black Labour Regulation Act (1911) made it an offence for a black miner to break his employment contract. The 1913 Land Act not only restricted black 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 the Africans. (See 5.2 for a more detailed discussion of the Land Act.) Racist legislation of the Smuts government was consolidated with the Industrial Relations Act of 1924.

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 the 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 goldmining industry and the large maize farmers to attain access to cheap African labour *without being in direct competition with each other.* For the next 60 years the goldmining corporations were successful in producing yellow gold profitably by employing cheap and bound migrant labour from the native reserves and from the neighbouring countries. For the next 60 years maize farmers were successful in producing yellow maize profitably by employing cheap and pass-carrying Africans "outside" the native reserves. The Land Act allocated only 7,8 per cent of South Africa's territory and native reserves. This was increased to 13 per cent by the Native Laws Amendment Act of 1936.

By depriving the 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 indigenous 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.

*The second phase of labour repression* was implemented on behalf of the mining revolution after the discovery of diamonds and gold. This phase lasted from 1890 onwards. The Land Act intensified the repression and the exploitation of the second phase. This phase of labour repression (on behalf of the mining and agriculture revolutions) was in fact perpetuated until the middle of the 1970s. This perpetuation was made possible by the *third (1933-±1960) and the fourth (1948-1973) phase of labour repression that created the legal shield for the goldmining industry to persist with repression and exploitation.*

*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 National Party 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 Asians. (A more detailed analysis of the third and fourth phases of labour repression will be made below).

The years 1933 and 1934 were watershed years in South Africa's political and economic history, as they signalled a significant reorientation in political and economic structures and power relations. The context of power created by the events of 1933/34 and its ramifications in the white (and especially in Afrikaner) society, were detrimental to the Africans. It not only prolonged their period of subjugation, but also intensified it.

At the beginning of the 1930's the Pact Government was confronted with a serious and seemingly unsolvable 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 45 per cent. The South African government made the costly mistake of not following suit. 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.

When Hertzog and Smuts decided on "Samesmelting " (Fusion) and launched the United Party in 1934, a section of Afrikaners under the leadership of DF 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. The second event (i.e. the Purified movement) spelled the upsurge of the aggressive version of Afrikaner nationalism that led to the victory of Malan's NP in the election of 1948 and the subsequent intensification of the discrimination against blacks. Neither the closer symbiosis between state and capital, nor Afrikaner nationalism and apartheid, were good news for the Africans, already beleaguered by segregation and the repressive labourer system. *Both trends subjugated the Africans to new types of deprivation and plundering*

The increase in the price of gold (1932) and the regaining of political power by the English Establishment, laid the basis for an unprecedented growth period that lasted for 40 years. 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 the gold mines supplied the foreign exchange to finance the large scale extension of secondary industry in both the private and public sector. Another notable state contribution to the



development of manufacturing was the creation of the iron and steel industry. High duties on imported machinery also encouraged and in effect subsidised local industry

The Smuts government's continued commitment to segregation and labour repression was convincingly demonstrated by the manner in which the mine workers strike of 1946 was suppressed. 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 book, are clear indications that segregation and labour repression were still firmly entrenched when the NP won the election of 1948.

## 6. AFRIKANER NATIONALISM AND THE IDEOLOGY AND THE POLICY OF APARTHEID (1948 – 1974)

Looking at the South African history from an ideological point of view, we can distinguish at least three ideological "turnabouts" which on each occasion brought about a hardening of white attitudes towards the blacks. All three "turnabouts" must be regarded as key events in the tragic history of the black people of South Africa. The first unfortunate ideological "turnabout" took place from 1840 onwards when evangelic humanitarianism was replaced by Benthamite liberal utilitarianism. The second "turnabout" took place from 1870 when the upsurge of British imperialism was legitimised by the racist ideology of Social Darwinism. This ideology was in due time supplemented by the business friendly ideologies of liberal capitalism and "protective segregation". These ideologies were enthusiastically propagated by the influential "mining" press from 1890 onwards. The third – and perhaps the most unfortunate ideological "turnabout" – occurred with the rise of an aggressive and religiously orientated Afrikaner nationalism from the 1930s onwards and with the hardening of the racism ideology when apartheid was implemented and legitimised by the NP from 1948 onwards.

The ideological transformation of Afrikaner nationalism into "Afrikaner Christian-Nationalism" after 1934 was essentially the work of the petty bourgeois intellectuals in the northern province. They exulted the sufferings of Afrikaners - especially women and children - during the Anglo Boer War into a "folklore" to instigate anti-British and "anti-imperialistic" feelings - also against the 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.



It is often alleged that the Afrikaner business was on its own responsible for the Afrikaner's economic upliftment – i.e. that it pulled itself up economically “by its own shoelaces” before the NP's election victory of 1948. This theory about the Afrikaners' “great leap forward” before it attained political power, is true in a rather limited sense of the word. In the 1910s Afrikaner corporations like the Nasionale Pers, Sanlam and Santam were launched by mobilising the capital of the relatively wealthy landed gentry in mainly the Western Cape. The Symbolic Great Trek of 1938 – to commemorate the Great Trek of the 1830s – caused a great surge in Afrikaner nationalism. On the strength of this nationalistic fever, the first economic *Volkskongres* was organised by the Afrikaner *Handelsinstituut* in 1939. At the congress the *Reddingsdaad Bond* and a *reddingsdaadbeweging* (“salvation movement”) was launched to improve the Afrikaners' position in the South African economy.

The percentage Afrikaner ownership in the private sector of the South African economy (excluding agriculture) increased from ±5 per cent in 1938/9 to 9,6 per cent in 1948/9.

The economic predicaments experienced by Afrikaners during the process of modernisation - allegedly caused by British "exploitation" from "above" and by African "oorstroming" (inundation) from "below" - were cleverly used by Malan's G/NP to mobilise the different socio-economic groups in the Afrikaner society into an well-integrated *volksbeweging*. 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 die "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 the 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 NP's agenda before the 1948 election was to create a *new socio-economic order* in South Africa. The agenda had three main aims. Firstly to "restructure" the economy to free the Afrikaners from the exploitative "foreign" system of capitalism and to adapt the system to the needs of the (Afrikaner) *volk* - i.e. to "restructure" it into a system of Afrikaner *volkskapitalisme*; secondly, to implement the policy of *apartheid* as a solution to the "native problem" to ensure the purity of the Afrikaner *volk* and to solve the conflict and friction inherent in a process of racial integration; and thirdly, to solve the poverty of the poor white Afrikaner and to rectify the (alleged) injustices of the past *by implementing a comprehensive welfare policy of Afrikaner upliftment*. Two groups in the Afrikaner community - the farmers and the urban workers - were



identified for special governmental support programmes. (One can draw quite remarkable similarities between the NP agenda of 1948 and the ANC's RDP of 1994).

Once in government, the NP failed conspicuously in its intention to create a *new socio-economic order* to replace the "foreign" system of capitalism.

How should we explain the NP *volte face*? Firstly, it is perhaps another example of the strength of the structural and racist 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 them than the "Boer/Brit" squabble. Once in government, the racist NP discovered that the "racial" character of the South African system of capitalism was, from an Afrikaner perspective, far more advantageous than the alleged disadvantages of the "anti-Afrikaner" system of capitalism.

*Within 10 years almost all state departments - including the security departments - were brought under the strict control of the NP and were "Afrikanerised" and politicised at the same time.* During its 46 years in office (1948-1994) the NP used (and most of the time misused) its control over every state department and every parastatal to *empower* the Afrikaners.

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 the Afrikaners. The lucrative employment opportunities created in the public sector and the parastatals 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) *embourgeoisment* of the Afrikaners in the third quarter of the 20th century. The 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 the whites. RW Johnson claimed that "at some point around 1970, white South Africans overtook the Californians as the single most affluent group in the world" (Johnson, 1977, p. 28).

In implementing its 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 segregational legislation was put on the law books. The existing arsenal of discriminatory measures was extended and also made applicable to the Coloureds and Indians.



The 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*.

A very high rate of economic growth was maintained in the 1950s and 1960s. 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 1946/47, white income was 15 times higher in 1975! Apartheid undoubtedly reached a zenith in the early 1970s. The concentration of economic and bureaucratic power in the hands of the Afrikaners played a decisive role in the *embourgeoisement* of the 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. Given the power structures of white supremacy and racial capitalism *it was 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 "affirmative action" or social upliftment the NP used its fiscal powers to tax the wealthier English speakers and to increase social spending on Afrikaners. This kind of redistributive policy improved the economic position of the Afrikaner petty bourgeois - i.e. the poorer three quarter of the Afrikaners - quite considerably. The NP policy of Afrikaner "favouritism", was, however, even more advantageous for the upper section of the Afrikaners - it enriched and empowered the richer Afrikaners in a spectacular manner! In an awkward twist of destiny, the emphasis of the NP shift in the early 1960s 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.

Due to the NP's small majority attained in the election of 1948, the party had an obsession to consolidate its grip on (white) political power. A first step in this direction was to give parliamentary representation to the 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, the 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 over the extra-parliamentary groups.

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" which 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 fifties, 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 fifties,

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.

Dr Verwoerd's policy to create 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 PW. 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.

Due to these policies, the capital/labour ratio increased by more than 300% 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. The very high capital intensity has become an outstanding structural feature of the South African system of capitalism that remained intact in the post-apartheid era. The high level of unemployment and the poor job creating capacity of the South African economy must, to a large extent, be blamed on the high capital intensity.

## 7. THE CRISIS OF WHITE SUPREMACRY, NEO-APARTHEID AND THE INTENSIFICATION OF THE LIBERATION STRUGGLE (1974-1994)



A series of dramatic that events took place in the middle of the 1970s caused a serious survival crisis for the white hegemonic order. This crisis caused a profound paradigm shift in the ideological thinking of the whites and changed the power relations within the structures of white political supremacy and racial capitalism quite dramatically.

A somewhat tense relationship existed between the NP and Afrikaner business (i.e. the Afrikaner Establishment) on the one hand, and the business orientated English Establishment on the other hand from 1948 onwards. The crisis of the mid-1970s suspended this tense relationship between the two white establishments and created conditions conducive for the gradual integration - over the next 20 years - of these two establishments into a single white establishment.

the paradigm shift during the 1970s and the subsequent "powershift" caused an even more profound change in the relative bargaining positions of blacks. The events during the middle years of the 1970s twisted the power equilibrium dramatically towards the side of the blacks. Although it took a protracted "powerstruggle" that lasted for two decades before the blacks emerged as the victors, the events of the mid-1970s were nonetheless of decisive importance. At the beginning of the 1970s the white hegemonic order – as it was based on well-structured and well-integrated political, economic and ideological power – seemed rather invincible. The steps taken by the white regime in the next 20 years to salvage its survival crisis, succeeded to perpetuate its position of *political* and *economic* power to a reasonable degree. But what the white regime could not maintain in its struggle against the liberation organisation, was its *legitimacy*.

Soweto must be regarded as one of the most decisive events in the political and economic history of South Africa in the 20th century. The reaction Soweto unleashed in the so-called Front-line 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.

The Vorster government was paralysed and displayed an astonishing inability to grasp the true meaning of the crisis.

Early in the 1970s the NP realised that external forces may be the real menace. 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, the 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.* The Total Strategy also supplied the ideological and economic pretext to redefine the symbiosis between state and capital into an "unholy" collaboration in which the "normal" dividing line between the two domains became blurred.

Shortly after PW 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.

Due to the close co-operation and the over-lapping interests of the main partners in PW Botha's policy agenda, a rather artificial "integration" (or collaboration) of state and capital took place.

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 wranglings 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*.

Perhaps the two most serious blunders of the Botha reform measures – looking at them from his point of view – 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 them 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. 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 (again 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".



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The strategy of "co-optive dominance" 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. Those prepared to co-operate with Botha's bureaucratic state - like sections of the bureaucracy, businesses (of both white groups) and co-opted Africans (especially in the so-called homelands), Coloureds and Asian leaders - were handsomely rewarded, while every form of opposition was mercilessly repressed.

At the end of the 1980s the white hegemonic order was in an almost unmanageable crisis from a security, an international and an economic point of view.

On 2 February 1990 State President FW de Klerk stunned the world by his announcement that the liberation organisations would be unbanned, that Mr 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.

When negotiations tentatively started in May 1990, they quickly evolved into a new kind of "powerstruggle", i.e. a negotiating "struggle" between the (mainly white) Bourgeois Establishment and the (mainly black) Liberationist Alliance of the ANC, COSATU and the South African Communist Party (SACP). 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 National Party and its organisational structures.

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 votes when a election should take place) and on *ideological* power for being on the moral high ground - both internally and externally.

## 8. THE EFFECT OF EMPOWERMENT AND DISEMPOWERMENT ON THE DISTRIBUTION OF INCOME BETWEEN THE DIFFERENT POPULATION GROUPS: A SUMMARY



## 8.1 The cumulative effect of discrimination, deprivation and (labour) repression on the Africans

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 to a larger or lesser degree in place for  $\pm 150$  years.

the power structures underpinning white political supremacy and racial capitalism for 150 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:

Firstly, the Africans were *deprived* of large parts of land on which they conducted successful traditional farming for centuries. Profitable small maize farmers were deprived by the Land Act of their access to land (in both white and African areas). This deprivation destroyed an agricultural tradition that showed great promise for the future.

Secondly, for decades millions of Africans were paid (within the framework of the successive labour repressive systems) *exploitative* wages in all sectors of the economy, but mainly in the goldmining and agriculture.

Thirdly, a great variety of *discriminatory* legislation not only deprived Africans from the opportunity to acquire skills, but it also compelled and humiliated them to do dreary unskilled work at very low wages.

Fourthly, perhaps the greatest disadvantage which prevailing power structures have had for Africans, is that these structures *deprived* them from opportunities to “accumulate” *human capital*.

Fifthly, the fact that the legal right to own property and to conduct business was strongly *restricted* in the case of Africans, also *deprived them of the opportunity to accumulate property and to develop entrepreneurial and professional capabilities*.

Sixth, while the prevailing power structures impoverished the great majority of Africans during the first  $\frac{3}{4}$  of the century, 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 or less 38% from 1975 until 1991!



Seventh, it was not only individuals that had been impoverished and “destroyed” by the racist systems, but also African *societies*, while it also prevented the South African people from becoming a society.

*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 unreconcilable values and attitudes.*

While the Africans were suppressed, deprived and repressed for many decades by the *power structures* that were in place in apartheid South Africa, the whites were in a position to accumulate land, capital and human capital. They were in a position to build a healthy and modern white society. They were also in a position to build corporations and to attain invaluable experience in entrepreneurship and other professional fields. Through their initiative and efforts the South African economy has developed and grown to become the strongest and most modern economy in Africa.

#### 9. BLACK CONTROLLED DEMOCRACY, RECONSTRUCTION AND BLACK EMPOWERMENT (SINCE 1994)

The necessary hard statistics to evaluate the ANC government’s black empowerment programmes over the past five years are unfortunately not available. From Table 4 it is clear that the income of the top 20 per cent of Africans increased by 38,2 per cent from 1975 to 1991. The income of the top 20 per cent of Coloureds increased by 20 per cent and the income of the top 20 per cent of Indians increased by 30,7 per cent from 1975 to 1991. There are indications that these trends have continued and even accelerated since 1991. Out of a total of 37 million blacks, the income of the top 6 to 8 million has continued to increase. According to Central Statistics in 1997 (see Table 6) 10 per cent of African households, 17 per cent of Coloured households and 45 per cent of Indian households were in the top quintile in 1995.

Although the economic position of the top 20 per cent of the different black population groups has improved considerably over the last 25 years, and especially the past 10 years, this is unfortunately not the case as far as the lower 60 per cent of the black population are concerned.

It is commendable that the new government spent more than 60 per cent of its non-interest spending on social services. But the *redistributive* effect of these spendings are clearly not large enough to compensate for the *deep-seated structural tendency in the South African economy towards increased inequality and towards more wide-spread poverty*. We cannot emphasise the point enough that the South African economy is not a “normal” capitalistic system, but a remnant of more than 150 years of racial capitalism. The power relations operative in the South African system of capitalism still tends towards *capital intensity and towards*



a concentration of economic power in mainly white hands. Given that the South African economy has remained “fundamentally unstructured” over the past five years, we still experience a *systemic exploitation* of blacks due to the strong tendency towards inequality, unemployment and increased poverty for the lower 60 per cent of the population. While the government’s empowerment programmes have improved the economic position of say the top 20 per cent of black households (or 6 to 8 million individuals), it is not the case with the poorer 60 per cent of black households. To *empower* the lower 60 per cent to the necessary degree, the government should implement a comprehensive *poverty relief* programme. The government should either finance it through a wealth tax or through increasing the present forms of taxation. The TRC also recommended that “if a wealth tax is not the way forward [to address the poverty problem] then some other measure should be sought and implemented as a matter of urgency” (p 58, vol 4, chapter 2). From a *social justice* point of view, it is preferable that the poverty relief programme should be financed through a wealth tax. Whatever the method, the emphasis should shift during the next five years from the empowerment of the top 20 per cent of the black population *to the empowerment of the lower 60 per cent of the black population*. The emphasis should also shift from GEAR policy towards a truly developmental strategy with the purpose to bring about the highly needed “restructuring” of the South African economy.