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OUR DYSFUNCTIONAL COUNTRY

Sampie Terreblanche

To many people South Africa is a wonderful country - to me as well. But looking at our country from the perspective of the total South African population, one realises that over the past 120 years it has been a hard and merciless land for the majority.

Since the gold revolution of 1886 South Africa has never commanded a politico-economic system that could deal in a peaceful and fair manner with the acute conflicts of interest that have always existed between the clearly defined racial and ethnic groups. Our politico-economic systems have always been dysfunctional and based on asymmetrical power ratios.

We can divide the history of South Africa since the gold revolution (1886) into five politico-economic periods.

Firstly, the period of British/English rule from 1886 to 1924, when the Afrikaner was subjected to an imperialistic war, and draconian exploitative laws on account of the gold mines were made applicable to Africans.

Secondly, the period from 1924 to 1948, when by way of various coalition governments an attempt was made (fairly successfully) to settle the hostilities between the two white groups, while the interests of the blacks were neglected.

Thirdly, the period from 1948 to 1974, when the NP government dominated politics, when the Afrikaner progressed to middle class status and when the grim application of apartheid led to an alarming impoverishment among Africans.

Fourthly, the period from 1974 to 1994, when the struggle against white dominance took place and led to stagflation and creeping poverty, through which all South Africans – apart from the upper 20% of the blacks – became poorer.

Fifthly, the period from 1994 on, when the political power shifted to the ANC elite and when various new capitalist power blocs and a new black elite (of more than 6 million people) and much bigger black poverty appeared on the scene.

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During the period of British/English rule (1886-1924) the conflict of interest between the British/English and the Afrikaners (of the northern "provinces") was so completely irreconcilable that it led to the Anglo-Boer War (ABW). The ABW was the biggest disaster ever to hit South Africa. Britain totally crushed the two Boer Republics. The ABW was like an earthquake, causing enormous material and psychological damage to the country and to group relations.

During the "coalition period" (1924-1948) white interests were protected by political domination and discriminatory laws, while the "gold bonanza" (1932/33) and the stimulus of the Second World War also benefited the whites. The actual income of all the black groups rose marginally, but from a very low level.

With Afrikaner political dominance and apartheid reigning supreme (1948-1974), the income of the whites doubled, with the Afrikaner's income almost tripling. But because of apartheid, the per capita income of Africans decreased from 8,9% of that of the whites in 1946 to 6,8% in 1970!

During the struggle period (1974-1994) the conflict of interests between the white and black population groups again became so irreconcilable that it led to a low-intensity "war". This "war" also caused enormous economical and psychological damage. As a percentage of that of western countries, the per capita income of South Africans decreased by more than a quarter. After 1974 the serious problem/complexity of black poverty, unemployment and inequality (the PUI problem) – with which South Africa is struggling today – came to the fore with a vengeance. In this period the NP establishment was increasingly guilty of corruption.

When the transition to the "democratic" dispensation took place in 1994, there were high expectations in many circles of South Africa at last shedding its dark past of

race-based and immoral politico-economic systems and establishing a dispensation which, in a fairly reasonable way, would afford socio-economic justice to all population groups.

South Africa has now been in this dispensation for 16 years. It is undeniably clear that the post-apartheid dispensation is also dysfunctional and immoral. My acknowledgement of the serious dangers currently contained in the post-apartheid dispensation does not imply that the transition of 1994 should not have taken place. On the contrary, the necessity of getting rid of that race-based and utterly immoral dispensation cannot be questioned. It should only have happened much sooner. The PUI problem then would not have been so big today.

The new political dispensation is dysfunctional because both the capitalist economy and democratic politics – and the interaction between the two – have not been “shaped” and “geared” so as to alleviate the PUI problem to any degree.

The capitalist economy is too narrow, too capital intensive, too neoliberal and too globally oriented as well as too oligopolistically organized, while the political dispensation on all three of the levels of government is too undemocratic, too ineffective and hopelessly too corrupt. Moreover, a large section of the economic elite possesses too much bargaining power, is too First World oriented and too indifferent regarding South Africa's Third World reality. In contrast the ANC elite has too little bargaining power, is by and large hopelessly inadequate, hopelessly undisciplined, badly corrupted and some of them are living in scandalous extravagance – especially when taking into account the abject poverty of the poorest section of the population.

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Since 1994 the South African economy has gained additional capitalist formations that are all involved in the “power play” in the market place. We can discern four capitalist formations.

Firstly, there is the white (or apartheid) capitalist formation, which accumulated its physical property, its human capital and its organisational capacity during – and thanks to – the apartheid century (1890 – 1990) of injustice. Thanks to the elite agreement that was entered into between the corporate sector and a leaders corps of the ANC in November 1993, the white capitalist formation experienced a friendly transition to the new dispensation. Unfortunately, it would seem as if the white corporate sector is not as aware as one would wish of the moral responsibility this “friendly transition” has placed on its shoulders in respect of the PUI problem.

The second capitalist formation is the black elite capitalism. This formation was created in a very artificial and even questionable way by the Black Economic Empowerment (BBE) programme of the ANC government. This black elite capitalism also includes the enormous public corporations which the ANC elite have taken over, as it were, in the name of black empowerment.

After 1994 it was necessary to create a black elite capitalist formation. However the manner in which this formation was created, and the culture of shameless plundering that has become its outstanding feature, has allowed a malicious tumor to grow within the South African economic body which is threatening to infect the entire body. The fact that BBE has blurred the boundaries between the private and public sectors is making this danger so much bigger.

A third capitalist formation to have entered the South African economy, and to a larger extent since 1994, concerns the large transnational corporations (TNCs) of global capitalism. They play a directional role in our economy, as well as the economy of other countries in the Poor South.

Since the establishment of neoliberal globalisation at the start of the 80s by President Reagan – with his deregulation and privatisation measures – the TNCs have become the instruments with which the American-led post-colonial empire is plundering the Poor South. All Northern countries acknowledge the “independence” of the countries of the South and respect the “confines” of their constitutional boundaries on condition that the TNCs can move “in” and “out” at will, despite the disruption this is

causing. Consequently most of the countries in the South have become quasi states and through "transnationalisation" they have been reduced to neocolonial satellites of the American-led empire.

An important feature of the TNCs is that they only employ skilled labour – which is relatively cheap – in order to keep the costs per unit as low as possible.

Consequently, about half of the population of the majority of the countries in the South are *excluded systemically* from participation in transnational global capitalism. This applies to South Africa as well. The prospect of significantly reducing our unemployment rate is very bleak indeed as long as we remain a satellite of the American-led empire.

The fourth power formation taking part in the "power play" in the private and public sectors is Cosatu and the other trade unions. The trade unions which originated in the Struggle had, alongside their economic agenda, a political agenda as well. After 1994 Cosatu kept its political agenda as part of the ANC alliance. It and other trade unions are therefore successful in negotiating salary increases for themselves which are significantly higher than the inflation rate, despite the high unemployment rate that exists in South Africa.

The manner in which all four power formations are neglecting the poor and jobless and are causing increased inequality on the economic terrain is a big cause for concern.

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Since 1994 South Africa has had a so-called democratic dispensation. In the four general elections since 1994 the ANC has time and again gained more than 60% of the votes. We should not allow ourselves to be misled by this. The outstanding feature of our democracy is its undemocratic character.

In their book *The Democratic Challenge* (2009) Jorge Nef and Bernd Reiter claim that

all countries in the world – but in particular the countries in the Poor South – have since 1980 experienced undoubted *de-democratising* because of the rise of transnational globalisation. They also claim that the poorest 50% of the inhabitants of countries in the Poor South – namely that section which is systemically excluded from participation in global capitalism – are too poor anyway to participate in any meaningful way in democratic processes. They are so poor that they can get no practice in making a choice between worthwhile alternatives. The only choice in their lives is restricted to the fight for survival.

Giving grants to 14 million poor people in South Africa is laudable, but this will not assist them in rising up out of the violent and unhealthy squatter camps. It also limits their freedom of political choice.

The ANC government very remarkably does not fall under the discipline of a democratic electorate. Those who think that the electorate will discipline the ANC elite into responsibility, into being disciplined and into a genuine concern for the PUI problem (of poverty, unemployment and inequality) should rather forget about it.

Apart from the undemocratic character of our political dispensation, the ANC elite is also lacking in the *capacity* as well as the *power* and/or *sovereignty* to do that which it ought to be doing in order to significantly alleviate the worsening PUI problem and govern the country effectively.

The ANC government lacks the capacity needed to govern as one would wish because of the fact that virtually all state departments have become severely inefficient after affirmative action in the public sector was driven hopelessly too hard and many public officials today have proved to be too unskilled, too inexperienced, too corrupt and too money-grabbing. This also applies to a large part of the ANC's political elite.

It is true indeed that apartheid is to blame for the lack of skills and experience of the bureaucratic and the political elite, but apartheid cannot be blamed for the bureaucratic and political elite's extravagant standards of living as evidenced amid

(and despite) the inhuman poverty in which almost 60% of the black people have to live.

The ANC also does not have the power to do what it should in respect of the PUI problem because it is left powerless against the formidable might and efficiency at the collective command of the three capitalist formations. If the ANC were to request the capitalist formations to just move out of their First World "cocoon", or to be less capital intensive, or to become more socio-democratically minded, the three capitalist formations would reject these requests with arrogant contempt. And if the ANC were to choose a new growth path in the name of the PUI problem and were to deviate from the prescriptions of the Washington Consensus, the global TNCs would harshly reprimand it. The sovereignty of all quasi states of the South is being severely curtailed by the American-led empire.

It is a pity that the capitalist elite has so much power in respect of the ANC elite's impotence. It would have meant a lot if the ANC government had the power, the will and the capacity to play a marshalling and supportive role towards the private sector.

It is necessary for the capitalist formations continuously to subject themselves to self-criticism. Two American intellectuals (Noam Chomski and Tony Judt) attribute the Great Recession of 2008 to the excessive materialism, the boundless greed, the irresponsible "short-termism" and the irrational speculations committed by the American capitalist elite groups. Are the three South African capitalist elite groups also guilty of this?

It is important to realize that the excessive power that the capitalist formations possess vis-à-vis the ANC government should not be ascribed to the existence of competing free markets, but rather to the oligopolistic nature of both the local as well as the global capitalism.

The economic historian Immanuel Wallerstein correctly states that since the world became overpopulated with TNCs, the large corporations are no longer striving after profits in competing markets, but are succeeding by way of their oligopolistic power

structures in acquiring security and enriching themselves with "rent seeking", because they command enough power to manipulate the supply and/or demand so that their oligopolistic "rent" can be very big.

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Despite all its impotence, the power that the ANC government does command should not be underestimated. The ANC government has the capacity to collect revenue and execute state expenditure. The ANC is tasked with ruling the proverbial roost. Over the past 16 years it has gained the reputation of ruling the roost extremely arbitrarily.

There is a substantial threat that the undemocratic ANC elite – as is happening in other quasi states in the South – will not be able to withstand the temptation to raid the state coffers. Alternatively, a dogfight over the "golden bone" in the state coffers could erupt, which could cause the ANC alliance to explode in a multitude of factions.

Anyone who thinks that next week in Durban the ANC will not once again be guilty of crippling factional infighting, does not understand the ANC alliance's urge to self-destruct.