

## **SOUTH AFRICA AS THE LAST OUTPOST OF THE BRITISH EMPIRE AND AS THE NEWEST OUTPOST OF THE AMERICAN EMPIRE**

Sampie Terreblanche

When gold was discovered in South Africa (1886) Britain experienced rather serious economic and financial problems – in spite of the fact that the British Empire projected itself in that period as being at the zenith of its power. Britain experienced its Great Depression from 1873 until 1896 and also chronic balance of payment problems and an outflow of gold. When gold was discovered in South Africa, Britain regarded it as a gift from God. But to extract gold profitable and in large quantities, the mainly British mining companies needed large numbers of cheap and docile unskilled labour. Attempts to recruit Africans as unskilled mineworkers encountered several serious problems. To solve these “labour problems”, Britain institutionalized in South Africa a politico-economic system of white Political Dominance and Racial Capitalism. Although the British Empire collapsed shortly after the First World War, the “system” - or the power constellation that was institutionalized in South Africa by Britain – on behalf of the mining corporations – was maintained and perpetuated until 1994 by the two white settler groups – the English speakers and the Afrikaners.

The politico-economic system in place in South Africa until 1994 can aptly be described as the “last outpost” of the British Empire. It can also be described as “colonialism of a special type” because the system “produced” *systemic privileges* for the white settler groups and enriched them systemically, while systemic exploitation and poverty was “produced” for mainly the Africans. It built a *systemic duality* into the body politic of South Africa and created the deeply divided two-economies economy in South Africa.

When the price of gold increased sharply during the early 1970s, the “system” lost its effectiveness. From then on the system did not need any longer cheap, unskilled labour in such large numbers. Consequently, this kind of labour was declared redundant and growing unemployment was experienced from 1974 until 1994.

At the end of the Second World War, the USA emerged as the dominant country in the world, especially from an economic and military point of view. Since 1945 the USA used its dominant position to consolidate its *military, economic and ideological* grip on the world and to realize the long-term American disposition towards primacy and ultimately towards imperialism. During the

third quarter of the 20<sup>th</sup> century, the USA played a constructive role to stabilize the World amidst a Cold War and to create conditions conducive for the post-war economic boom. But during the 1970s the post-war boom came to an end and the USA experienced – for several reasons – a decline in its power and prestige. To stop this decline, the USA unilaterally implemented a *neo-liberal* “counter-revolution” and institutionalized new power relations in and between countries. The social democratic power relations between capital and labour – forged after the Second World War – were suspended and the 19<sup>th</sup> century dominance of capital was reinstated. The policy aim of full employment was replaced with the policy approach that regards the highest possible productivity of *employed* workers as the main strategy to ensure competitiveness in global markets. A new global economy was built under the leadership of the USA: the only thing that counts was to produce at the lowest unit cost after productivity and exchange rates had been factored in. This led to unemployment rates of ±10% in Europe and between 15-30% in the developing countries in the global South.

The fall of the Berlin Wall and the implosion of the Soviet Union created a unique opportunity for the USA to export its neo-liberal model worldwide. These events also created an atmosphere of triumphalism in the USA about the suitability of the “American model” for all the countries in the world. The terrorist attacks on 9/11 created an opportunity for the USA to demonstrate its global military power and to become openly a unipolar imperialistic power.

The USA is exercising its global power and its imperialistic plundering since ± 1980 through a system of “closed frontiers and open markets”. The USA acknowledges the “closeness” or “independence” of almost all countries – on condition that these countries should practice “good governance” and keep their markets “open” for the infiltration of the ± 40 000 American multinational corporations (MNC). Over the past 30 years the USA has developed a comprehensive system of rewards and penalties that are applicable on all states with “closed borders” and “open markets”. The MNC “co-opt” and reward the “productive segments” in countries participating in the America-controlled system of neo-liberal global capitalism. At the same time the “unproductive segments” – or those segments that cannot attain a price in global markets – are systemically excluded and “penalized”.

In most of the countries in the global South, only the top 20-30% of the total population are co-opted and rewarded quite generously for their participation in and contribution to global capitalism, while the poorer 40-60% of the population are systemically excluded and neglected for their lack of value and/or productivity. In this way global inequality is not only perpetuated, but also intensified and entrenched.

During the first half of the 1990s a new power constellation was institutionalized in South Africa to replace the one institutionalized by the British almost 100 years earlier. When the new power constellation was forged during the early 1990s, the South African corporate sector, global corporatism and the American administration were strategically very much involved. The “old” British system of “colonialism of a special type” was replaced with a new American system of “colonialism of a special type”, but the new “special type” is very much different from the old one. Instead of being the “last outpost” of the British Empire, South Africa became the “newest outpost” of the American empire. When South Africa became fully integrated into the power, economic and ideological structures of the American empire, it happened at a time when the Americans were in an exuberant mood of triumphalism about the alleged virtues and the inevitability of neo-liberal capitalism, globalism and market fundamentalism.

From the USA point of view the South African “borders” are “closed”, the ANC government has been groomed to maintain “good governance” and the SA markets are “open” for the infiltration of the MNC and International Monetary Institutions (IMI). Since 1994 SA maintains an annual growth rate of almost 4%. The economy is more than 50% larger than in 1994, but almost all the new wealth accrued in the hands of the top 20-30% of the population. The power relations on which the new “American outpost” is based, has not only maintained the “*systemic duality*”, but has perpetuated it and has driven the “two-economies divide” – inherited from the “last outpost” of the British Empire – even further apart.

It should be granted that the fault line between the first and the second economy has been shifted during the struggle and by the conditions of the political transition. While the capitalist elite were in 1975 restricted to only 15% of the population, it shifted to include  $\pm$  25% of the population presently – i.e. the old (somewhat smaller) white elite and the new black elite.

Since South Africa has been integrated into the American controlled neo-liberal global capitalism in 1994, the systemic duality has been perpetuated. Instead of the systemic enrichment of the whites and the systemic impoverishment of the Africans in the British outpost, South Africa experiences since 1994 the systemic enrichment of the non-racial middle class (±12 million people) and the *systemic exclusion* of the poorer half of the population (± 20 million people) that are almost exclusively black.

Who is to be blamed for this dismal state of affairs? The British Empire, the mining corporations and the two white settler groups are to be blamed for the structural duality that was introduced and maintained during the 20<sup>th</sup> century. The American empire, MNC and the capitalist elite (both the old white and the new black middle class) are to be blamed for the perpetuation and the deepening of the structural duality since 1994. It would, however, be wrong to blame the American empire exclusively for the growing inequality and for the persistence of poverty over the past 13 years. When South Africa became part of the American controlled system of neoliberal global capitalism, some restricted maneuvering space or sovereignty was granted to the new government. Unfortunately, the new government squandered that maneuvering space on driving Black Economic Empowerment too hard, on corruption and greed in elite circles, on seemingly unreconcilable infightings between factions in the ANC and the ANC alliance and by being not honest enough about the fact that it has become an "outpost" of the American empire.