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MARXIST THEORY SEMINAR

UNIVERSITY OF THE WESTERN CAPE

**THE LIMITS OF CAPITALIST
REFORM IN SOUTH AFRICA**

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FORWARD

Until a few years ago, it was widely held that, 'apartheid cannot be reformed, it can only be destroyed'. Today, all participants in the negotiation process are agreed that one fundamental characteristic of the social order must be preserved: the new South Africa is to be a capitalist society; the productive wealth of the country will be the private property of a small number of capitalists, and the vast majority will try to sell their labour for a wage to capitalists who will buy it only when that labour can contribute to their profits.

There is still disagreement about how small or large the number of capitalists will be; about the colour of their skins; about who they will appoint to manage their mines, banks, factories and farms for them; about the rules that will govern disputes over wages; and above all about the use that the state will make of the taxes paid from their profits. There is also disagreement about the extent to which capitalism can afford to meet popular needs. But all of these disagreements take place within the framework of a common belief that the future is capitalist.

The aim of this seminar series, held by the Marxist Theory Seminar at the University of the Western Cape in April/May 1993, was to pose the question: What are the limits of social reform in a capitalist South Africa? Can the fundamental needs and aspirations of the vast majority of South Africans be met within a capitalist framework?

Very often these questions are brushed aside with the argument that, given the present balance of local and international forces, there is no alternative to capitalism in SA today. Even if this argument is correct, it still remains necessary to ask what can be achieved within the framework of the capitalist society to which there is no alternative. If that question is not posed in the most rigorous way, all kinds of illusions will be created about what the future holds in store for us.

The question of the limits of capitalist reform in SA is posed as it concerns five different areas; democracy, education, economic growth and employment, land and the oppression of women. What will democracy mean in a new SA which depends on foreign investment and capitalist profitability? Can the education crisis be resolved while meeting the needs of capitalist growth? Will economic growth take place in a capitalist SA, and will this lead to the creation of jobs and a higher standard of living for the majority? Can land be restored to the dispossessed, the virtual slavery of millions of farm workers ended, and land used in a way that produces food for all? What are the prospects of ending the oppression of women in a capitalist South Africa?

MTS does not believe that there are simple answers to these questions. Certainly, these questions cannot be answered by a general condemnation of the inequality and inhumanity of capitalism. In each case, it is necessary to give clear answers to such questions as: Has capitalism served historically to support the struggle for democracy or to oppose it? How has it affected education in SA? What are the present interests of the capitalists in solving the land question, or giving women control of their lives? To what extent can capitalism be

forced to make concessions - to provide jobs, for example - by the struggles of the oppressed?

In the past, capitalism has shown itself to be much more flexible than its critics have supposed. That does not mean that capitalism can do anything it likes, nor that the working class can force it to meet whatever demands it has. One of the indispensable insights of Marxism is that processes of social change are not determined by the intentions or integrity of political leaders, but rather by the fundamental relationships of society and the ability of the major classes to pursue their interests created by these relationships. We hope that the publication of this seminar series contributes to making this insight available to a wider audience.

Andrew Nash

CAPITALISM AND DEMOCRACY IN SOUTH AFRICA

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In this paper I shall consider the prospects of democratic rule in a deracialising (so-called post-apartheid) but capitalist South Africa against the background of the history of the relationship between capitalism as a system of social economy and democracy as a form of rule. For reasons that will become obvious below, the first part of this paper consists of a critical summary of the first chapter of Ronaldo Munck's book, *Latin America: The Transition to Democracy* and of a consideration of an as yet unpublished paper by Ian Shapiro of the Department of Political Science of Yale University in New Haven, USA. In the second part of the essay, I consider a few of the more feasible or controversial predictions about the future of democracy in a rapidly changing South Africa. In conclusion, I discuss briefly the democratic socialist alternative in South Africa.

Ralph Miliband's recent restatement of the classical Marxist understanding of the notion of bourgeois democracy is as good a starting point as any for our analysis. In his acid response to Fukuyama's attempt at glorifying the neo-liberal "victory" over socialism, he wrote that

Capitalist democracy is a contradiction in terms, for it encapsulates two opposed systems. On the one hand there is capitalism, a system of economic organisation that demands the existence of a relatively small class of people who own and control the main means of industrial, commercial, and financial activity, as well as a major part of the means of communication; these people thereby exercise a totally disproportionate amount of influence on politics and society both in their own countries and in lands far beyond their own borders. On the other hand, there is democracy, which is based on the denial of such preponderance, and which requires a rough equality of condition that capitalism ... repudiates by its very nature (Miliband 1992:109).

In this essay, we shall have to try to predict how the tension between these two "systems" is likely to be resolved in the South African context.

In "Democracy Reconsidered", the first chapter of his book on the transition in Latin America, Munck writes as follows :

There has in recent years been a profound rethinking and re-evaluation of democracy by the left, due in part to the post-1968 ferment within Marxism, but due also to the onslaught of the new right in ideological and practical terms. The 'question of democracy' has joined gender, race and nation, once neglected by Marxism but now centre-stage. This chapter reviews the treatment of democracy in the classical Marxist tradition, and some of the major contemporary debates. We consider whether democracy is a means to an end (socialism) or whether it is an objective in its own right for socialists. Is democracy the "best possible shell" for capitalism or is it, rather, profoundly contradictory to the objectives of late capitalism? What do we mean by 'bourgeois democracy' and how is it distinguished from the duly patented socialist version? (Munck 1989:1).

As a matter of interest, I should mention that he also reviews the present debate concerning the relationship between "democracy" and "development" in the so-called Third World, an issue which will be addressed in the South African context in later presentations in this seminar series.

Munck highlights the aboriginal ambivalence of the founding fathers of Marxism on the question of democracy. On the one hand (in *The German Ideology*, 1846) Marx and Engels saw democracy, the struggle for the franchise, as "merely the illusory forms in which the real struggles of the different classes are fought out among one another" (quoted in Munck 1989:1); on the other hand (in *The Class Struggles in France*, 1850), Marx considered "the most comprehensive contradiction" of the bourgeois democratic republican constitution of 1848 to lie in the fact that, "...it gives political power to the classes whose social slavery it is intended to perpetuate : proletariat, peasantry, petite bourgeoisie. And it deprives the bourgeoisie, the class whose social power it sanctions, of the political guarantees of this power" (quoted in Munck 1989:2).

In the wake of the events around the Paris Commune of 1871, Marx and Engels became convinced that the rising and militant proletariat could not simply take over the democratic apparatuses of the bourgeois state, but had to smash these and abolish the distinction between legislative and executive (administrative) power by establishing organs of direct democracy ("communes", "soviets", "workers' councils", etc.). Indeed, Munck discerns an ultra-left streak in some of Marx's later writings in which he allegedly condemned struggles for reform and suggested that only the (violent) revolution matters (see Munck 1989: 2-3). However, in general, both Marx and Engels hold that the democratic institutions of the bourgeois state should be used by the working class to gain important socio-political and socio-economic reforms. Engels, in the twilight of his life, even appeared to lean towards the view, later espoused by Eduard Bernstein and other "revisionists", that a peaceful road to socialism via the bourgeois parliament was completely feasible. In what has come to be called his political testament (i.e. his introduction to the 1895 edition of Karl Marx's work on *The Class Struggles in France*), Engels wrote, inter alia, "...the franchise has been ... transformed...from a means of deception, which it had been before, into an instrument of emancipation Rebellion in the old style, street fighting with barricades, which decided the issue everywhere up to 1848 was to a considerable extent obsolete" (quoted in Munck 1989:3).

Munck, correctly, I think, concludes that this represented a tactical, not a strategic, shift in Engels's thinking, one which on the one hand accepted the validity of revolutionary parliamentarism and, on the other hand opposed "the mistaken conception of the revolution as a 'revolution of the minority'" (Munck 1989:3).

After the death of Engels and largely because of developments within the German Social Democratic Party, the debate among Marxists centred on disagreements over the strategy of parliamentarism as opposed to the violent conquest of power by the mobilised proletariat and other oppressed strata before, during and immediately after World War I. In this debate, the extreme positions were propagated by the revisionists (Eduard Bernstein, Conrad Schmidt and, later, Karl Kautsky) on the one hand and the Bolsheviks (Lenin, Trotsky and others) on the other hand.

Bernstein saw the transformation of capitalism into socialism as a smooth process : "the liberal organizations of modern society ... are flexible, and capable of change and development. They do not need to be destroyed, but only to be further developed". Kautsky arrived at a similar position somewhat later, in effect espousing a strategy of "gradualist class struggle based on ... the revolutionary advocacy of reforms" (see Munck 1989:3). As against the revisionists, the Bolsheviks argued, in the words of Lenin (in *The State and Revolution*, 1917) that "fully consistent democracy is impossible under capitalism..." and if it were to become so (fully consistent), the limits of the bourgeois republic would have to be transcended, i.e., a "republic of labour" would have to be brought into being.

In capitalist society, under the conditions most favourable to its development, we have more or less complete democracy in the democratic republic. But this democracy is always restricted by the narrow framework of capitalist exploitation, and consequently always remains, in reality, democracy for the minority, only for the possessing classes, only for the rich (Lenin 1971: 336).

Lenin saw the democratic republic as the ideal "shell" for capitalism since it fetishised the rule of the bourgeois to such an extent that no change of personnel at the top could shake that rule. This "ideal state" has been attained hitherto only in some of the most advanced industrial capitalist societies. In less industrialised countries, bourgeois rule has had to find other "shells". While exposing the fraudulence and limitations of bourgeois democracy, Lenin stressed that it does afford the proletariat the opportunity to organise itself into a class against the capitalist system. Hence democratic tasks remain a priority for the working class. It is, however, only through smashing the state apparatuses of the capitalist class that the workers can achieve their democratic demands. The most consistent implementation of democratic principles automatically puts into question the bourgeois democratic republic and leads the workers on to the establishment of workers' rule.

Socialist democracy rises out of the ashes of bourgeois democracy, of bourgeois rule as such. Democracy is seen as an instrument, a means to the end of establishing new economic and social relations that will guarantee the abolition of all exploitation. For Lenin, democracy is not an end in itself, i.e., a set of practices, rules and constraints to regulate social relations, so valuable that they are "smashed" only at our peril. Hence Munck (and many others today) consider this Bolshevik myopia to be one of the greatest faults in the genetic heritage of what was until recently the really existing socialism of Eastern Europe and the USSR. Lenin's proletarian democracy, "equated with the dictatorship of the proletariat, inevitably became that Stalinist monster described disingenuously by Joe Slovo as "socialism without democracy" .

Be that as it may : the development of the Soviet system is a subject that lies beyond my brief for this paper. It is in the writings of Rosa Luxemburg that Munck finds a source for reconciling the obvious historical advance represented by the bourgeois democratic institutions and the need to graft essential principles of equality and liberty that they mask and distort on to the new system of economic and political relations brought about by a workers' social revolution. Her works, specifically her polemics against the revisionists, Bernstein and Schmidt, (*Reform or Revolution*, published in 1899) and against the Bolsheviks ("*Zur russischen Revolution*" written in 1918 as an incomplete untitled essay

while she was in prison shortly before she was assassinated), are indeed a valuable source for understanding the relationship between capitalism and democracy.

Luxemburg rejects Bernstein's teleological notion that democracy is the (inevitable) end towards which all social evolution is straining. She accuses him of a vulgar, petty bourgeois overgeneralization of a few decades of bourgeois rule in Western Europe and demonstrates that democratic forms of rule have existed in many different pre-capitalist social formations just as absolute monarchies and various kinds of dictatorships have. She traces the history of capitalist development and shows that in France alone, since the Great Revolution in 1789, there had been a succession of democratic republics alternating with undemocratic forms such as the Directory, the Napoleonic Consulate, the Empire and the bourgeois monarchy. She concludes that :

The uninterrupted victory of democracy, which to our revisionism, as well as to the bourgeois liberalism, appears as a great fundamental law of human history and, especially of modern history, is shown, upon closer examination, to be a phantom. No absolute and general relation can be constructed between capitalist development and democracy. The political form of a given country is always the result of a composite of all the existing political factors, domestic as well as foreign. It admits within its limits all variations of the scale, from absolute monarchy to the democratic republic. (Luxemburg 1978:46).

In retrospect, it seems baffling that any other point of view could have been entertained seriously. Today, in spite of the artificial euphoria induced by the myths of neo-liberalism, even such well-known apologists for capitalism as Peter Berger are forced to echo the insight of Rosa Luxemburg,

A useful way to describe the relationship between democracy and capitalism is to say that it is asymmetrical. Capitalism is a necessary - though not sufficient- condition for democracy but democracy is not a precondition for capitalism. This, it seems to me, is what the empirical evidence indicates. (And he adds propagandistically NA) As it happens, I regret this; I would much prefer a symmetrical relation, where the two institutional arrangements could be seen as the two sides of the same coin of liberty. Alas, they are not. (Berger 1992:11).

Luxemburg, far from equating capitalism and democracy, dialectically uncovers the real tendency for capitalist societies to abandon democracy as the rule of the bourgeois becomes established common sense. Hence any challenge to bourgeois rule leads to the diminution or even erasure of the cherished "rights of man" without, in general, affecting adversely the further operations of the capitalist class. Because of this tendency, the revisionists at the time propounded a soft line so as not to frighten the bourgeoisie into the arms of reaction. They called for a toning down of socialist demands and socialist propaganda since extra-parliamentary mass action could only be detrimental to the effective organisation of the workers. Luxemburg makes short shrift of this argument, one which has a familiar ring to socialists in South Africa today, and she turns it in upon itself by demonstrating that only the growing strength of the socialist movement can ultimately guarantee democracy. It is

worth quoting her at length on this pivotal question.

(Bernstein)... advises the proletariat to disavow socialism, so that the mortally frightened liberals might come out of the mouse-hole of reaction. Making the suppression of the socialist labour movement an essential condition for the preservation of bourgeois democracy, he proves in a striking manner that this democracy is in complete contradiction with the inner tendency of development of the present society.... In view of the fact that bourgeois liberalism has given up its ghost from fear of the growing labour movement and its final aim, we conclude that the socialist labour movement is today the only support for that which not the goal of the socialist movement - democracy. We must conclude that democracy can have no other support. We must conclude that the socialist movement is not bound to bourgeois democracy, but that, on the contrary, the fate of democracy is bound with the socialist movement. We must conclude from this that democracy does not acquire greater chances of life in the measure that the working class renounces the struggle for its emancipation, but that, on the contrary, democracy acquires greater chances of survival as the socialist movement becomes sufficiently strong to struggle against the reactionary consequences of world politics and the bourgeois democracy. He who would strengthen democracy should want to strengthen and not weaken the socialist movement. He who renounces the struggle for socialism renounces both the labour movement and democracy (Luxemburg 1978:47-48).

As we shall see presently, the answer to the question of how much democracy we shall enjoy in a post-apartheid capitalist South Africa turns on the way we position ourselves towards the orientation and the practices of the workers' movement. Of course, it can be argued that with the emergence of the "New World Order", all such theorising is irrelevant. After all, today the world bourgeoisie is not only overwhelmingly dominant but, via the neo-liberal myths of the "free market" and "democracy", also becoming increasingly hegemonic. In our own movement, we are right now observing the slide into social democratic (i.e. revisionist) ideologies and strategies by yesterday's "revolutionaries" and "Marxists". This is a world-wide tendency which, despite the surface strength of workers' organization in South Africa, we are unable to escape precisely because of the dependence of all sectors of our society on international sources (of capital, funds, ideas, skills, etc.).

James Petras in an illuminating article (1991), identified seven great transformations brought about in the 'seventies and 'eighties through the activities of the neo-liberal ideologies and strategists. Of these two are most relevant for the purposes of this essay. Transformation No.4 refers to "the extension of electoral regimes to vast areas of the Third World and Southern and Eastern Europe" (so-called transitions to democracy). He points out that these regimes were largely inserted into "authoritarian state structures and elitist economic systems that immediately defined the political-economic agenda for the electoral regimes : to provide legitimacy to the neo-liberal model, facilitating Western pillage" (Petras 1991:17).

The sixth transformation refers to what I have called the social-democratisation of the Left and the integration of traditional social-democratic and communist parties into the neo-liberal project. Petras (1991:18) adds significantly that, "...this integration of traditional parties - coupled with the flight of intellectuals from the movements to the institutes - deepened the tremendous gap between the political-electoral intellectual stratum and the mass of victims

of neo-liberal economics." It is clear that we need to have a closer look at what the theorists and strategists of capitalist democracy actually mean when they preach their new gospel to the "underdeveloped" masses of the Third World and of Southern and Eastern Europe.

In a review essay due for publication in *World Politics*, Prof. Ian Shapiro of the Department of Political Studies in Yale University, New Haven, USA., discusses the contested meanings of democracy among Western theorists, strategists and political groups. Referring to Eastern Europe, he makes the point that most people there have only a vague sense of what "democracy" and "the market", the twin pillars of their new-found freedom, mean and tend to use these terms interchangeably in a way that suggests "that they function as little more than vague symbols of an inchoate good that people believe they have been denied." (Shapiro 1993:2). In reply to the question whether it matters, i.e., whether "sustainable democracy requires people to agree on what democracy means", he sets out to consider four recent attempts by prominent bourgeois theorists to deal with this problem, viz., those by Adam Przeworski (1991), Giuseppe Di Palma (1990), Samuel Huntington (1991) and Donald Horowitz (1991).

The gravamen of Shapiro's analysis is that the tendency towards "anti-substantive, minimalist or procedural" definitions of democracy has become established in ruling-class circles since the 'seventies. This approach, whatever the variant, traces its pedigree back to Joseph Schumpeter's classic treatise, *Capitalism, Socialism and Democracy*, first published in 1942. In that work, Schumpeter defines democracy as "that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote." (Quoted in Shapiro 1993:2). Ultimately this reduces to the claim that a social formation can be said to be "democratic" if there are "contested elections based on universal franchise as well as the civil and political freedoms of speech, press, assembly and organisation "that are necessary to political debate and the conduct of electoral campaigns" (Shapiro 1993:2-3 citing Huntington 1991).

All such definitions, he points out, effectively do away with former substantive notions of bourgeois democracy as involving the pursuit of "the general good" or the expression of "the will of the people". They go beyond this, however, since the Schumpetrian notion of democracy also abandons the representational aspects of classical bourgeois democratic theory and is unashamedly elitist and leaderist:

He modelled his democratic theory on the neo-classical account of markets. Would-be leaders compete for roles, just as firms compete for business in capitalist markets. Although political elites must in some minimal sense be responsive to voters (or at least less unresponsive than their competitors), politics is not about representation; it is about selling a product - governmental output - in exchange for votes (Shapiro 1993:3).

In this political universe, all that matters is that competing elites should come to agree on the rules of the game against the backdrop of a minimal sensitivity to the needs of those they supposedly "represent". Hence, as Huntington observes, the euphoria that accompanied the toppling of authoritarian regimes in most of the recent cases of "transition to democracy" has been quickly followed by a sense of disillusionment and betrayal on the part of "the masses". Their leaders have invariably been accused of "selling-out" the interests of their

constituents but Huntington, paradoxically and cynically, sees the degree of such disaffection as the measure of these leaders' success. "...this is because there is a trade off, in 'the democratic bargain', between participation and moderation. Leaders moderate their demands in order to be included, and those who fail to realize that moderation "is the price of power" are marginalized" (Shapiro 1993:4).

Having demonstrated the bourgeoisie's tendency to "abandon democracy", as Rosa Luxemburg pointed out almost a century ago, Shapiro goes on to apply the insights of these theorists to the South African case by way of testing their descriptive accuracy and their predictive capacity. We would have to burst the bounds of this paper to do justice to Shapiro's careful analysis. I shall, therefore, only mention a few of the most relevant propositions he deduces from his study of these authors. From Przeworski, he infers that, "...democracy is a highly fragile institutional order, unlikely to be brought into existence in a sustainable way via negotiated pacts, and it is not easily compatible with disruptive and painful economic reforms" (Shapiro 1993:9).

Unless, therefore, groups who have the power to destabilise this "institutional order" have developed a "normative commitment to democracy" i.e., unless they believe that they will eventually be able to promote and further their interests, democracy is unsustainable. In such contexts, military or new authoritarian outcomes are very likely. To avoid this, the fledgling democratic regimes have to attempt a "neo-corporatist" (social-contract) solution, otherwise they have to destroy the unions, opposition parties and "other encompassing and centralized organizations". In short, they have to abandon all pretences of a commitment to democracy.

Shapiro, optimistically, points to the fundamental difference between Eastern Europe and South Africa, i.e., the fact that the latter has experienced a continuous, century-long expansion of a capitalist infrastructure and markets so that, unlike the case of Eastern Europe, "...the economic reforms that will follow democratization are less likely to breed foundational resistance to the democratic regime, even though they will involve redistribution that will be resisted by some strategically powerful sectors" (Shapiro 1993:14).

He also suggests, less persuasively, I think, that the Afrikaner elite in South Africa may well have developed the necessary "normative commitment to democracy" and discusses, in this context, the 1986 declaration by the Dutch Reformed Church of the incompatibility of apartheid and Christianity (see Shapiro 1993:16-17). It is, in my view, at such points that the importance of the historical method becomes obvious. The temptation to treat similar social phenomena according to standard paradigms, usually derived from the detailed study of only a few cases, is very great in sociology and politics as academic disciplines. Under the rubric of "transitions to democracy", sociological and socio-psychological generalisations are applied to the most diverse historical phenomena simply because at a certain level of abstraction, they are categorically the same. Hence, for example, the South African case, which is more akin to the struggles for the universal franchise by the working classes of Western and Central Europe during the 19th and early 20th centuries, gets lumped with superficially similar anti-authoritarian movements in the contemporary world, as in Eastern Europe, Latin America and other African countries. Such approaches inevitably lead to inadequate descriptions of the situation, schematic explanations that seem convincing at first blush but which are quickly exposed as fallacious as soon as they have to be applied in the

sphere of practical interventions.

Be that as it may: in Di Palma's account Shapiro highlights his speculation that the transition to democracy is only viable if democracy is "divorced decisively from any redistributive economic agenda" and concludes that democracy "may lead to redistribution, but it may not and need not" (Shapiro 1993:19). He rejects Di Palma's exclusive concentration on the beliefs and the behaviour of elites and makes the pivotal point that in South Africa with its well-developed and highly politicised civil society, "relations between elites and masses are likely to be decisive in determining whether or not democracy can survive" (Shapiro 1993:22).

It is in the depths of Huntington's Third Wave ,however, that Shapiro fishes most abundantly in relation to the South African case. A few of the more important propositions must suffice. Thus, Huntington distinguishes between four methods of transition, viz., transformations ("when the elites in power take the lead in bringing about democracy"), replacements (when opposition groups take the lead), transplacements ("when democratization occurs from joint action by government and opposition group") and interventions ("when democratic institutions are imposed by an outside power") (see Shapiro 1993 : 23). He places the South African case in Huntington's category of "transplacements" where governments and resistance groups ("opposition") recognise that they "are incapable of unilaterally determining the nature of the future" (Huntington, quoted in Shapiro 1993:23). Such transplacements are only possible, in Huntington's model, "when reformers are stronger than standpatters in the government and moderates are stronger than extremists in the opposition" (Shapiro 1993:28).

In line with the tenets of modernisation theory, Huntington considers economic growth to be a necessary condition for democratisation. Shapiro also discusses other factors such as degree of complexity of communications and alleged cultural limits to democratisation as postulated by Huntington. In addition to these factors, Huntington infers from recent history that racial orders are extremely resistant to democratisation and that democratic transitions in such orders are always accompanied and undermined by high levels of violence. He points out that South Africa is one of the most violent societies in the world and that even if a successful negotiated settlement were to take place, violence could still scuttle "democratic consolidation " (see Shapiro 1993:31-32). In the end Shapiro suggests that "a degree of confidence in the possibility of a successful transition is warranted" , based on Huntington's model (see Shapiro 1993:31).

In his discussion on Horowitz's work on A Democratic South Africa?, Shapiro deals with the other major modern bourgeois paradigm of a democratic order, i.e., consociational democracy, which is deemed to be more appropriate to so-called plural or "deeply divided" societies. "...the central question in this literature is whether questions concerning electoral systems and constitutional design should be approached differently in countries where there are enduring ethnic cleavages which dominate other divisions than in the multiple-cleaved societies of the developed West" (Shapiro 1993:33). This "contentious" literature distinguishes between "single-cleaved", i.e., deeply divided, and "multiple-cleaved", societies. In the latter societies, as in the developed West", the likelihood of destabilising revolutionary change is remote.

Leaving aside the fallacious perceptions about the nature of the "developed West", this theory arrives at a model of government for deeply divided societies based on "elite cartels" as opposed to "circulating (or alternating) elites" in the Schumpetrian model. In this regard, Shapiro - following Horowitz - concludes, in my view correctly, that consociationalism is a non-starter in South Africa, at least in the short term, since the recentness of the history of apartheid, "...makes the idea of group rights - with or without a territorial basis - taboo among too many of the relevant layers for its survival to be a serious prospect" (Shapiro 1993:37).

Various ways of preventing racial and ethnic polarisation in electoral contests are explored by Horowitz who, opposes both majoritarian and proportional representation systems in favour of vote-pooling by elites representing heterogeneous constituencies but combining in coalitions (see Shapiro 1993:39). However, as Shapiro points out, Horowitz's assumption that "the relevant groups" would have to be identified in advance in the electoral law is unrealistic and poses the question once again of the nature of the various social groups in South Africa, specifically the extent to which the country is ethnically divided "underneath it all", as it were. He adds (Shapiro 1993:41) astutely that, "Given that the immense and often overlapping complexities of racial, tribal, ethnic, linguistic, religious and other cultural bases of affiliation are so little understood, it seems to me that no one knows what the most salient groups in South African politics would be two elections hence."

Shapiro then discusses briefly the relationship between inner-party democracy, civil society and the sustainability of a democratic (capitalist) order. In particular, he believes that a hypothesis that merits serious attention is the proposition that "the likelihood of an opposition movement's achieving sustainable democracy once it comes to power varies with the degree to which its own organization in opposition is internally democratic" (Shapiro 1993:43). He also reminds us of the Tocquevillean tradition in which the institutions of civil society, though controlled by their members, are not necessarily democratic. He concludes his review essay with the eminently relevant statement that,

In the end...democratic habits of thought and action have to be learnt by being practised in the routine activities of everyday life. There is no convincing reason to think this will occur in an authoritarian political culture. In debates about the relations between civil society and democratic politics, we should eschew questions about how 'weak' or 'strong' civil institutions might be, and turn instead to the study of how democratic they are, and how democratic they might be made to be" (Shapiro 1993: 45).

It ought to be obvious that Shapiro's essay is extremely useful not only because it is a state-of-the-art summary of bourgeois theories of democracy but also because it helps us to locate the main theories and strategies of South African activists and political elites. I am concerned here to make two simple points, viz., that all the extant bourgeois theories of democracy of South African political scientists and elites are either of the Schumpetrian ("liberal", in our context) or of the consociational ("conservative", "racist") variety, and that the rampant social-democratisation of the ex-liberation movement is rapidly leading to a convergence of former radicals and leftists on the Schumpetrian position. Examples of all these abound in the recent literature on South Africa's "transition to democracy".

Thus, Die Suid-Afrikaan, in a recent special focus entitled Preparing for Democracy , features a series of articles by well-known pro-capitalist political analysts such as Andre du Toit, Alex Boraine, Van Zyl Slabbert and Heribert Adam. It is safe to assume that their views on the future of bourgeois democracy in South Africa reflect more or less the prevalent thinking among those who are nowadays labelled as "the main players". Let us consider a few examples briefly.

On my reading of Andre du Toit's article on "The meaning of democracy", he considers a normative commitment to democracy and the recognition of the right to dissent to be the defining characteristics of a democratic order. The existence in such an order of space for legitimate opposition means that opponents of the regime "do not need to resort to rebellion or treason" (du Toit 1993:6). Being aware of the contending class interests in South Africa and the consequent contention over the meaning of democracy, he advises that South Africans not only choose for democracy but also between democracies. He concludes that this will necessitate honest debate but, I would add, also class struggle, including mass action in the streets. Like Huntington, Heribert Adam for his part considers economic growth to be crucial to the realisation of limited democracy in South Africa. As he sees it,

...the democratic dilemma lies in the fact that a "democratic oligarchy" - an authoritarian order with a semblance of popular participation - is likely to perform better economically and attract more foreign capital at lower labour costs than a genuine institutionalization of the popular will That predicament does not bode well for the prospects of genuine democratisation beyond the ritual of manipulated popular endorsement (Adam 1993:11).

In recent months, as if by magic, most South African political commentators and journalists have similarly and simultaneously discovered that the euphoria of 1990-91 was ill-founded and that we ought to prepare ourselves, in the words of the editorial in Die Suid-Afrikaan, for a dispensation of multi-racial domination rather than for genuine democracy. Or, as Heribert Adam puts it even more bluntly in the same journal: "The reluctant partners in joint domination may both reach the conclusion that they can afford only limited democracy" (Adam 1993:9)

This is par for the course as far as bourgeois "journalism" goes since it is obviously the flavour of the year. More to the point, however, is the fact that these same scribes are also beginning to reflect the rapid convergence of "the main players", to wit, the ANC and the NP leaderships, on all the issues that matter for the creation of a new Pact government. The best writing in this genre has come from the pen of Shaun Johnson who, in a significant analysis published in the Argus on 9/10 1993, put the matter beyond all doubt. Predicting that the year 1993 would be a better one than 1992 had been, he asserts that the economic disaster coupled with a general sense of despair among South Africans and the growing impatience of the "international community" were forcing the ANC and the NP into shared positions on many of the central questions

This shared government/ANC world view is the glue which holds South Africa's new political centre together : there are and will be vast differences in policy between the Nationalists and the ANC, but there is now almost total convergence on the fundamental rules of the game.

In the pages of the newsletters (and journals) of the Institute for a Democratic Alternative in South Africa, the Institute for Multi-Party Democracy, and even of the Human Sciences Research Council as well as numerous similar "institutes" sponsored by the private sector and foreign foundations, a veritable assault has been launched on all political activists of the ex-liberation movement. The purpose for which these millions of Rands are being invested is to circumscribe and confine their understanding of democracy within the minimalist Schumpeterian (in some cases, the consociational) models, lest traditional radical or Marxist notions of democracy towards which most of these activists were until recently inclined, reassert themselves as more appropriate analytical instruments. Literally hundreds of workshops are being held inside and outside South Africa in order to grow this "culture of democracy" among trade-union, student, women and other community activists under hot-house conditions, as it were. A typical example of such a workshop was reported in the MPD News, no. 4 of December 1992 under the title "Playing to the Rules". In that workshop, Prof. Lawrence Schlemmer and Dr Ziba Jiyane set about teaching the participants the basics of democracy a la Huntington and others in a completely unproblematical manner.

The point of drawing attention to all this ideological activity by ruling-class and middle-class intellectuals and publicists is to stress that in the road-maps that influence the decisions and actions of the main players, there is nothing that would indicate any attempt to come to grips with substantive notions even of bourgeois democracy. Almost to a person, all of these people are concerned merely with "the rules of the game" of "democracy".

From the point of view of the ex-liberation movement, the final concession to the bourgeois position was made in Slovo's "sunset clause" article (see Slovo 1992) which came to inform the "strategic perspectives" of the ANC. When all is said and done, this position accepts that until + the year 2000, South Africa will remain under the thumb of the white minority even if its hold on power will have been relaxed in important respects. More than that, as I shall demonstrate presently, it commits the entire population to the rule of capital within its "ideal shell" if all goes well. Needless to say, the spokespersons of the ex-liberation movement continue to make redistributive noises ("demands") and fondly imagine that their collaboration with the class enemy in various national and regional forums is somehow part and parcel of establishing a "culture of democracy". It does not, indeed cannot, strike them that these forums as constituted at present are mechanisms to attenuate the class struggle, i.e., to prevent the mobilisation and radicalisation of the downtrodden toilers through the institutionalisation of their struggle by means of such elite-level co-operation. In this perverted form, "democracy" becomes the enemy of class emancipation and of freedom per se.

Before we consider the social-democratic strategy/theory of the ANC-SACP, we need to summarise concisely aspects of a Marxist theory of the bourgeois state that are relevant to our understanding of the so-called transition to democracy in South Africa. This has become necessary because so many former activists have either "forgotten" or quite deliberately jettisoned their former Marxist analytical tools as so much ballast from another epoch. The point of departure of all reformism whether liberal bourgeois or social democratic, is that the capitalist state stands above class interests and can work in the interests of "society as a whole". Although crude instrumentalist theories abstract from the complex functions of the late capitalist state, it remains true that "the state in capitalist society has always been first and foremost the guarantor of capitalist property relations" (Sweezy 1970 : 349) even though,

as Kautsky realised more than eighty years ago now, "the capitalist class rules, but it does not govern. It is content to give orders to the government" (Quoted in Mandel 1987:479). Paul Sweezy, some fifty years ago developed an argument to demonstrate that this is the real nature of the capitalist state by taking the reformist position ad absurdum. I take the indulgence to quote the relevant passage (Sweezy 1970:350) in full :

What is required apparently is a mass party dedicated to reform which can meet the following specifications : (a) it must keep itself strictly free of capitalist influence, not only for a time but permanently; (b) it must acquire power and eliminate capitalists and their representatives at least from all critical positions in the state apparatus, and it must do so by non-revolutionary means; and (c) it must establish its position so firmly that it would be overwhelmingly plain that any resistance by capitalists in the economic sphere would be futile.

He goes on to point out (Sweezy 1970:351) that in such circumstances, any power-sharing is unthinkable and concludes that reformism as a strategy is futile since "in the sober world of reality, capital holds the strategic positions" and that "the outstanding characteristics of all movements of reform ... (is) the progressive bartering of principles for respectability and votes. The outcome is not the reform of capitalism but the bankruptcy of reform " (Sweezy 1970:352).

In Late Capitalism, Ernest Mandel restates the Marxist theory of the state under the changed circumstances obtaining since the end of World War II. He shows in detail the concrete mechanisms by which the capitalist class "rules" but does not "govern" and, amongst other things, insists that so-called socialist notions of using redistributive policies to bring about "socialisation" are typically "no more than preliminary stages in the development of a reformism whose logical end is an outright programme for the actual stabilisation of the capitalist economy and its levels of profit" (Mandel 1987:483). All the recent debates and actions of the social-contract partners in South Africa demonstrate the correctness of this proposition no matter how militant the rhetoric in which it is necessarily packaged in order to "persuade" the target constituency of unemployed or at-risk workers.

Mandel also discusses the tendency of the bourgeois state in the period of late capitalism towards the "strong state" which restricts democratic liberties and takes to its logical conclusion, as it were, the principles of the separation of powers and of a professional bureaucracy that effect "the permanent prevention of any direct exercise of power (self-administration) by the mass of the working class" (Mandel 1987:495). This reminds us that in the Marxist analysis of the capitalist state the relative autonomy of the repressive state apparatuses (army, police, judiciary, penal services and civil service generally) represents the last line of defence of the bourgeoisie should any political party tend to work against the perceived interests of their class (see, for example Harman 1983:47-50; Burns 1978:35-36; Mandel 1987: Chapter 15, passim; Sweezy 1970: Chapter 13, passim). In the words of Emile Burns (1978:35),

However far democracy might go in the representative institution, there has been much experience to support the view that it was unable to penetrate into the tough core of the State machine. So long as no serious issues arise, the fact that the State machine is separated from the democratic parliament is not obvious.

To the domination of the repressive state apparatuses by the bourgeoisie should be added their massive control of the ideological apparatuses, especially of the media. This is a well-researched area and I need do no more here than to point to the recent works of Noam Chomsky(1991) that have exposed the lie of "freedom of the press" to a gullible American public. Against the background of the foregoing historical and theoretical notes on the relationship between capitalism and democracy, it is possible to put forward a few pointers to what is likely to happen in a South Africa that is undergoing a process of rapid socio-political change.

In the first place, it is abundantly clear that all the strategists of the ruling class are intent on restricting the process of democratisation to procedural (rules-of-the-game) issues. They are attempting to smother any talk about "historical redress", the colonial-apartheid Wiedergutmachung complex, or even large-scale "affirmative action" notions under a blanket of constitutionalist verbiage in order to ensure the maintenance of the capitalist status quo. Since all of them are also very clear that for the foreseeable future, there will be no major economic growth, they are through their media- preparing the populace for the eventuality of the strong state, i.e., a capitalist state in which the ordinary bourgeois democratic liberties are severely curtailed.

This is necessary because, in the short term, the right wing and other conservative (mainly Bantustan) interests can be expected to attempt to destabilise the transition since its constituency stands to lose most immediately. In the longer term, as it becomes obvious to the urban and the rural poor that the pact government (of national unity) cannot "deliver the goods" of jobs, housing, health care, education and other social facilities, the left wing will mobilise for the radical restructuring of the economy but the likelihood is great that simultaneous pressure from both wings for the attainment of their contradictory ends will make a military government of some kind unavoidable.

Constitutional technicalities about regionalism, federalism, a unitary state, etc., are important insofar as they reflect the balance of forces between the competing elites, but they will not be resolved arbitrarily. Historical and traditional factors, in short, ideology as a material force, will have a limiting influence on any compromises arrived at during the process of negotiations.

Of course, the social and democratic demands for reform emanating from the black working and middle classes are the immediate reason for the attempted "transplacement" or realignment of class forces in the power bloc. Even Heribert Adam (1993:9-11) concedes that the restriction of the content of democracy to human-right issues is impossible in South Africa. On the other hand, he points to the fact that, "...the accumulated demands that real "people's power" would reflect, would at the same time drive away manifold vested interests on whose co-operation the performance of the new order depends."

In other words, he points to the interconnectedness of the mode of production and the mode of distribution, a structural feature of the capitalist system, the ignoring of which Rosa Luxemburg cited as a reason for the self-deluding character of social-democratic reformism.

In her celebrated critique of Bernstein's revisionist treatise, she accused him of attempting to deflect the revolutionary socialists' struggle from one against the capitalist mode of production to one against the mode of distribution within the capitalist framework.

It cannot be denied (she wrote) that the direct cause leading the popular masses into the socialist movement is precisely the "unjust" mode of distribution characteristic of capitalism. When the social democracy (read revolutionary socialism NA) struggles for the socialization of the entire economy, it aspires therewith also to a "just" distribution of the social wealth. But, guided by Marx's observation that the mode of distribution of a given epoch is a natural consequence of the mode of production of that epoch, the social democracy does not struggle against distribution in the framework of capitalist production. It struggles instead for the suppression of capitalist production itself. In a word, the social democracy wants to establish the mode of socialist distribution by suppressing the capitalist mode of production. Bernstein's method, on the contrary, proposes to combat the capitalist mode of distribution in the hope of gradually establishing, in this way, the socialist mode of production (Luxemburg 1978:44).

This is in principle the answer to the new social democrats in South Africa with their trendy slogan of "growth through redistribution" even if it does not indicate the tactics of the democratic socialist alternative. Insofar as they insist on substantive definitions of democracy, e.g., "economic democracy", redistribution, affirmative action, etc., the elite of the ex-liberation movement, speaking generally, close their eyes to the "sober reality" of capitalist relations of production. Typical of this approach are the recent writings of Karl Von Holdt and other regular contributors to the South African Labour Bulletin. In vol. 17, no.1, Von Holdt writes, among other things,

(T)he aim - or declared aim - of strategic unionism is the radical democratisation and gradual transformation of the social order. Is such democratisation and transformation compatible with participation in corporatist institutions such as the NEF and NMC, when these tend to stabilise society? Indeed, can corporatist institutions serve as a vehicle for democratising and transforming society? Is a gradual, 'reformist' route to socialism possible? (I)f such a socialist strategy is possible (and I believe it is), it will only be so if the labour movement develops the strategies outlined above - that is, builds an active, mobilised and confident base around an independent popular programme for economic and social reform....

This naivety is only a degree less than that of Ebrahim Patel (1993) who goes to the extent of advising (Big) "Business" on the best way to stabilise the system and accuses them of having "lost the vision of how to grow the economy".

The more audacious and consequential new social democrats take matters to their logical conclusion. Thus, Mike Morris and Doug Hindson (1992) in a sophisticated analysis of the roots of the present violence in effect warn the South African capitalist class that mere neo-liberal socio-economic policies (involving one or other Schumpetrian solution of the question of "democracy" NA) are doomed to fail and to increase instability because they cannot cushion the rising black middle class against the pressures from the urban and the rural dispossessed.

In a telling passage they state unequivocally that,

...we have to be willing to accept the process of differentiation between classes and, by recognising different interests, construct working relationships between classes around different elements of urban reconstruction. In other words, adopting an approach that recognises the continual existence of class contradictions but which attempts to contain the excesses of the market/private property system rather than trying to eliminate them (Morris and Hindson 1992:56).

This is, obviously, the ultimate testimony to the social-democratisation of the trade-union left and of all those who advocate the resuscitation of the South African capitalist economy through the adoption of the policy of "growth through redistribution" instead of the neo-liberal nightmare of "redistribution through growth". My point is not that this strategy is "wrong", the point is that it is an unashamedly capitalist solution, a defeatist capitulation that declares in effect, "if we can't beat them, let's join them."

This particular article is important for two other reasons. Firstly, it demonstrates on the basis of careful research that if this social-democratic solution is not adopted by the powers that be or by the powers that will be, increasing violence and instability will make any semblance of a democratic solution to the conflict in South Africa impossible. The authors in fact go to the extent of advocating strong military action against all armed formations and the enforcement of "the law" (!) against all who are opposed to the disarming of the people even though they concede pro forma that depoliticised neighbourhood self-defence units should be allowed to exist.

Secondly, they sketch in their conclusion a theme which Morris (1993) takes up later, i.e., the evolution of a "50% society" as the result of a "successful" neo-liberal strategy. In such a society, half of the population will be tolerated on the edges of social life while a niche is found within a slightly altered neo-apartheid South Africa for the black middle class and for some of the skilled working strata. This is, of course, an updated variant of the Marxist analysis of the present "transition to democracy" put to quite a different use from that to which we have always put it. Instead of serving as proof that only anti-capitalist, socialist solutions can solve the problems of the urban and rural poor and therefore act as a spur to class struggle and mass action, it is used by these authors as a kind of bogeyman that should frighten the working class into embracing the contending social democratic "solution". They quite correctly, let it be said, warn that such a 50% society will mean that "we will have shaken off apartheid only to find ourselves back in a new form of authoritarianism" (Morris and Hindson 1992:59).

In what can be said to be a sequel to this audacious but admirably honest analysis, Morris makes it quite clear that the present transition involves the absorption i.e., the co-option of the black "middle strata" and that it is not about "the transfer of power" (read attainment of "national democracy"). Because the old ruling forces have not been decisively defeated, i.e., because there has been no revolutionary overthrow of the apartheid state - a point which Slovo was the first, in the Congress-SACP camp to spell out publicly- the "opposition" cannot sweep aside the old institutions.

Indeed, it has like its predecessors in 19th century Germany, set out on the long march through the institutions.

It has to try and shape the terms on which it is incorporated into the state as a new ruling group. It has to extend and thereby transform state institutions so that they will cover new constituencies and new aspects of social life (Morris 1993:8)

In what is obviously a sincere but erroneous analysis based on some notion of the neutrality of the capitalist state, Morris advocates a policy that will redistribute resources and "institutional power" to be carried out by a new grand alliance of classes pivoting on "the middle strata" in such a way that the "marginalised masses" will be included rather than "fenced out". Even if we leave aside the fact of the worldwide economic depression and the consequent improbability of any significant economic growth in the next crucial period, this policy is a non-starter on more fundamental grounds since it misunderstands the systemic sources of the capitalists' lack of vision. Morris, Patel, Manuel, Mboweni et. al can wax eloquent until the cows come home and try to persuade the captains of industry and of finance to adopt more sensible (capitalist) policies, but "in the sober world of reality, capital holds the strategic positions". Their scripts, which prompt many of "the main players" in the ex-liberation movement, are a recipe for disaster for working people, no matter how well-intentioned they might be. Even if they do not say so explicitly, they anticipate, correctly, a period of "strong" government before the dawn of the democratic paradise.

The theory and strategy of the new social democrats do not hold out any real prospect of a democratic outcome of the present negotiations process other than the minimalist trappings of bourgeois democracy. Above all, if any further proof is necessary, they demonstrate the profound truth of Rosa Luxemburg's vision almost 100 years ago when she wrote that

(P)eople who pronounce themselves in favour of the method of legislative reform in place of and in contradistinction to the conquest of political power and social revolution, do not really choose a more tranquil, calmer and slower road to the same goal, but a different goal. Instead of taking a stand for the establishment of a new society they take a stand for surface modification of the old society. If we follow the political conceptions of revisionism, we arrive at the same conclusion that is reached if we follow the economic theories of revisionism. Our program becomes not the realization of socialism, but the reform of capitalism: not the suppression of the system of wage labour, but the diminution of exploitation, that is, the suppression of the abuses of capitalism instead of the suppression of capitalism itself (Luxemburg 1978:50).

Ultimately, the differences between the new social democrats and democratic socialism boil down to differences in philosophical assumptions about human beings and analytical concepts about how societies are structured. Democratic socialists continue to base their political and organizational strategies on what Morris (1993:9) cavalierly dismisses as "the daydreams of the past". The basic tenets of our position I have dealt with briefly elsewhere (Alexander 1992).

In regard to the question of democracy, I want to repeat that for democratic socialists the immediate tasks consist in struggling for the most radical forms of peoples' and workers'

power that the capitalist system will tolerate. This refers in one respect to the struggle for the unfettered universal franchise at national, regional and local levels. We must at all costs reject ultra-leftist disdain for formal-democratic institutions without, however, falling victim to the fetishism that comes with those institutions. Marxists accept, in the words of Paul Sweezy (1970:250) that

Only under a democratic form of government can the working class organise freely and effectively for the achievement of its ends, whether they happen to be socialist or merely reformist in character. It is for this reason that one of the first demands of the labour movement in all non-democratic countries has always been the establishment of democratic forms of government ... (Sweezy 1970:250).

The struggle for workers' power at another more fundamental level refers specifically to the democratisation of all organs of civil society. Much of the faddish discussion of the concept of civil society takes it for granted that the trade unions, civics, community organisations, new social movements, etc., to which the term refers, are as if by magic automatically possessed of some indestructible disposition towards something called "democracy". This is patently untrue, however. In the liberal-democratic tradition the organs of civil society, though controlled by their members, are not necessarily structured democratically. Or, to put it differently, it is usually not understood that "one person's consensus is often another's hegemony" or that "agreement can mask all kinds of things from cultish following, to strategic behaviour of various kinds, to ignorance of interests and of how to protect them" (Shapiro 1992:17). This is the reason for the existence of a contending social-democratic tradition that stretches back via the now well-known propositions of Gramsci to Engels's Origins of the Family, Private Property and the State (see Shapiro 1992 :10) which insists on the eminently political character of civil society. (For a good local exposition of this approach, see Narsoo 1991). If we accept the criticism, as I think we should, that the unrestrained invasion of civil society by the state can and usually does have exactly the same corrosive totalitarian consequences as do the built-in social inequalities that derive from the unrestrained operations of the "free market" in the liberal-democratic tradition, it ought to be obvious that one of the most urgent and most difficult tasks of democratic socialists in South Africa is to fight for the independence of the organs of civil society from party-political domination or bias. This is, in my view, the single most important thing that socialists can do at present in order to break the stranglehold which bourgeois and petty bourgeois nationalist conceptions (and practices) of democracy and of social ends have on the working people of South Africa. Whatever transitional consensus prevails within civil society, it is of the essence that it be the organic consequence of a process in which a hundred flowers bloom and a thousand schools of thought contend.

Democracy is both means and end as long as it remains necessary to restructure power relations in order to eradicate all exploitation and oppression of one human being by another. In this sense, it ought to be clear from the foregoing exposition that whatever democratic gains may come out of the present negotiations for power sharing, they will hardly begin to address the profound socio-economic, cultural and political problems that confront the working class, employed and unemployed, in the real South Africa at the end of the 20th century. In this profound sense, therefore, the struggle continues.

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CAPITALISM CRISIS AND EDUCATION REFORM IN SOUTH AFRICA

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INTRODUCTION

This paper attempts to examine the factors associated with the dialectical relationship between education and the economy, thus focusing to some extent on the nexus between education and the system of social economy of capitalism. The analysis will pose questions on, why and how the state has intervened to secure the labour requirements of the economy, to contribute to a "gluttonous" form of Capitalism. The educational institution in South Africa, according to the dynamics of ideology and strategy, has seen a fundamental historical relationship develop between the forces of state and capital for whom:

Education is..... an investment in the future legitimacy of a capitalist social order, helping to maintain a particular and unequal disposition of class based power and wealth (Nasson, 1990:73).

At the outset, and of obvious consequence, it is important to recognise that there are various theoretical and concomitant ideological approaches to addressing the question of the relationship between Education and the Capitalist Economy. The theme of "Capitalism and Economic Reform in SA" is analyzed historically by examining the ideological roots of Apartheid - segregated mass education: and by presenting and developing a critique of the strategy of reforming education under capitalism. Moreover, a few areas considered important to opening the debate are introduced by way of examining the political economy of education and capitalism. The paper will not however, present in detail issues related to "alternative strategies" on the relationship between Education and the Economy. Rather linked to the latter approach, various questions will be posed leading from the historiography of South African education.

The aim of this paper is to provide a broad analysis to contextualise the inter-relationship between the two fundamentally linked social institutions of Education and the Economy (capitalism), and the history of South Africa. Based on this approach, the limits of capitalist reform to education will be explored.

SETTING THE SCENE: THE SOUTH AFRICAN EXPERIENCE:

The historiography of South Africa reveals a deeply politicised educational struggle and a crisis-ridden economy. The decades of struggle directed at educational institutions in S.A. have to some extent become crystallised by the demands for "people's education for people's power". The report of the national Education Consultative Conference on the Crisis in

Education, in December 1985, resolved that:

PEOPLE'S EDUCATION aims to:

- a) enable the oppressed to understand the evils of the apartheid system and prepares them for participation in a non-racial democratic system;
- b) eliminate illiteracy, ignorance and the exploitation of one person by another;
- c) eliminate capitalist norms of competition, individualism and stunted intellectual development, and replaces it with one that encourages collective input and active participation by all, as well as stimulating critical thinking and analysis;
- d) equip and train all sectors of our people to participate actively and creatively in the struggle to attain people's power and to establish a non-racial democratic South Africa;
- e) allow students, parents, teachers and workers to be mobilised into appropriate organisational structures which enable them to participate actively in the initiation and management of people's education in all its forms;
- f) enable workers to resist exploitation and oppression at their workplace.

Enshrined in the resolution on people's education was the realisation that education has been subservient to the demands of the capitalist economic system. The impetus provided by the renewed struggle for people's education in 1985, represented a new direction and significant departure (especially at an ideological level) from the earlier challenges to the racist and class based educational system initiated in the 1950's and continued in the 1970's.

What arose from the 1980's endeavour is that: "the class stratification of education proceeds in a similar way to the class stratification of the workforce/society."

In other words, the way schools are organised is often the way work is organised", which forms part of apartheid and capitalism' hidden curriculum strategy. The Educational strategy, in accordance with the racist minority's apartheid education has failed dismally in providing a suitable rationale for legitimising a social order which is, and has been, characterised by gross inequalities of colour, class, income, wealth and power. In fact, the system of apartheid - racially segregated mass state schooling - has been severely disabled and thrown into crisis.

Since the educational crisis in S.A. is a key component linked to the structural complexities confronting the transformation of the economy, debates as to education's role in said economy are raging. Most have not been conclusively resolved.

To gain perspective in this debate we need to focus on the relationship between education/schooling and the existing order of economic and political power in a racially divided and class-biased South African society. There is a serious need to revisit the

theoretical premises at the centre of this debate.

THE IDEOLOGICAL CONTEXT OF EDUCATION

In analysing the issues and debates on "Education and the Capitalist Economy" as forwarded by various political actors and analysts, it is clear that education is given prominence as a mechanism either of social reproduction or social transformation. The basis of each strategy rests on ideological, theoretical or political approaches which are adopted to guide policy for change.

The pivotal role of education with regard to the socio-economic order could be presented rather starkly as a mechanism either of:

- * social reproduction of the racial order and the relations of production; or
- * social transformation of the stratification system, towards redistribution of the occupational opportunities.

Wolpe and Unterhalter, in "Reproduction, Reform and Transformation: the analysis of Education in South Africa" argue that:

...education may be a necessary condition for certain social processes, but it is not a sufficient condition, and hence cannot be analyzed as an autonomous social force. From the standpoint of the struggle for social transformation, the importance of this condition is that the structure and processes of educational change must be linked to changes in other social conditions and institutions (Unterhalter et al, 1991:3)

These formulations have developed out of ideas postulated by earlier writings tracing the relationship of the role of education in the social system of capitalism. Elements of a Marxist conception of education began to be promulgated in the 1840's, through the various works of Marx and Engels (for example in Capital I, Ch 13, Principles of Communism - {Engels 1847}). Subsequent contributions developed the theory of education in a coherent manner, with major impetus provided by the October Revolution and its call for a Marxist education practice. In essence, Marxist educational theory was presented as a theory of praxis.

The four central components of the theory argued for:

- a) Free public education, compulsory and uniform for all children, assuring the abolition of cultural or knowledge monopolies and of privileged forms of schooling. Thus, the role of "education in institutions". The justification provided dealt with preventing the poor living conditions of the working class from hindering the overall development of the individual; weakening the role of the family in social reproduction; raising children under less unequal conditions; and utilising the socialising force of the community. Educationalist, Paulo Freire who conducted research on the basis of these tenets, introduced the concepts into the education institutions in Latin America and Cuba.
- b) The combination of education with material production (or as Marx quipped... the

combination of instruction, gymnastics and productive work!). "The objective implied here is neither a better vocational training, nor the inculcation of a work ethic, but rather the closing of the historical gap between manual and mental work, between conception and execution, by assuring to all the understanding of the productive process." This intention in itself may be theoretically quite valid, but in practise there has been mixed results given the conditions of rapid scientific progress and technological change.

- c) Education to ensure the all-round development of the personality. With science and production unified, the human being can become a producer in the fullest sense. This process ideally releases the potentialities of the individual, activating the individual in all spheres of life including consumption, pleasure, creation, enjoyment of culture, participation in social life, interaction with others, and self-fulfilment. The realisation of this objective requires, amongst other things, the transformation of the social division of labour (a formidable task still in its infancy).
- d) The community to be assigned a new and vast role in the educational process. The focus being on addressing group relations in schools, on encouraging a move from competitiveness to co-operation and support, opening up the relationship between school and society, and presupposing an active and mutually enriching dual relationship between teacher and student. (Ferge, 1987:144)

Here it is important to highlight these principles and to acknowledge their prevalence in debates. The broad principles of Marxist theory, and the praxis corresponding to them, are the cause of many a dilemma. These principles also form part of the debates (both amongst Marxists, and between Marxists and non-Marxists) about the role of schooling and education in social reproduction; and the innovative potential within prevailing social determinisms. The relative importance of the contents, the methods and the structuring of education in promoting social (economic) change also stimulates discussion. Of great importance is their relevance regarding the theme of "capitalism and educational reform."

In their analysis, "The Capitalist System - Schooling and the reproduction of Inequality", Bowles and Gintis argued that, "the social relations of the school (education) correspond to and are largely determined by the social relations of the workplace, and thereby tend to minimise the ideological and political significance of educational policy and practice." (Bowles and Gintis, 1972:79). Furthermore, it was contended that efforts to equalise education through the exercising of state power via government policy and intervention will at best scratch the surface of inequality and ensure that inequality will continue to be built into society.

Thus, arising from the ideological underpinnings and various contributions from the praxis literature in South Africa, it could be argued that to achieve meaningful and necessary structural change, the broader socio-economic roots of education in the hierarchy of work relations (the social division of labour) will need serious scrutiny. As will the associated differences in class culture, and the vast inequalities arising from the distribution of economic power, in order to allow the processes of social transformation of the capitalist system. Therefore, the terrain of education should be a necessary component to a total strategy of change in various other social institutions and practices, in order to give life to "people's

education" and "education for liberation" projects.

In applying this theoretical framework to South Africa, the latter analysis aims to provide evidence to expose the manner in which educational policies in South Africa have been applied in an isolated manner, without any consideration of other necessary components, thereby exposing the inherent contradictions.

In the crucial task of tracing the nexus between education and the economy, this analysis will focus on the state and capital, and selectively provide the "theoretical assumptions underlying the particular educational policies", as pursued over various periods. Of important consequence will be the introduction of reformism in bantu education between 1953-1988,, together with an overview of an attempt to locate it within the apartheid regime's political and economic strategies.

Moreover, the paper aims at contextualising the foundations of state and capitalist education strategies - locating them firmly in the ambit of "the reproduction of the racial order and the relations of production." A strategy which is intent on preserving hegemony over the terrain of education and its role in the capitalist order. This then provides the perfect opportunity in turn, to contextualise the "education for liberation" project as based on the "transformation of the stratification systems and towards redistribution of the occupational opportunities." More importantly, however, it provides the basis for examining the foundations of the latter.

ECONOMIC THEORY AND EDUCATION: A BRIEF STATEMENT

There are various areas that could be covered to provide an insight into the mechanisms underlying the nexus between economic theory and educational strategy. This analysis will confine itself to exploring the socio-political features of education, and economic theories are used to illustrate various relationships as emanating from the state reform ideology. Of importance to this analysis is an overview of the role of education as an allocator of economic roles, and of its relation to economic growth.

The areas of relationship range from considering education and intersectoral links; employments; income distribution; social class; discrimination; economic growth; and economic crisis.

THE POLICY OF BANTU EDUCATION: EDUCATION FOR THE REPRODUCTION OF THE RACIAL AND CLASS ORDER AND THE PRESERVATION OF POWER

In examining the history of education in South Africa, it is clear that the underlying preoccupation of the architects responsible for bantu education was that of ensuring that education maintained a role for the "reproduction of the social order". During the 1950s and 1960s education was regarded as the essential mechanism for the reproduction of specific components of white domination at an economic level, and the maintenance of the ideology of white supremacy. At the level of economic interest, this meant the reproduction of segregated occupation structures, which maintained that blacks were excluded from all job categories apart from those of unskilled and cheap labour.

The mechanism to enforce the state's strategy was the Bantu Education Act of 1953, an

ideological policy, which stressed segregation in education. The act initially meant moulding the structure of education to guarantee white supremacy hegemony over education. It later contributed to minority monopoly of economic interests and power. White education would provide only for a basic level of skills, and impart the values of Christian Nationalism. The primary objectives of bantu education, being to ensure a subordinate and readily available cheap supply and resource base of labour. In this manner, the labour requirements and basic economic interest of profitability for the white capitalist class were to be realised, as based on the segmented, unequal and segregationist educational model.

Thus, the political and economic order served to foster and support the racial occupational structure and subordination, and the instalment of the bantu Education system under this structure contributed to the reproduction of the cheap labour requirements. The latter, however, also served as a foundation for maintaining the hegemonic position of the state, and for the appeasement of the burgeoning white bourgeoisie.

On examining the functionalist view of early apartheid education, there is the debate of "education serving the needs of capital", and- or "education of black South Africans for oppression and barbarism", where inequality, segregation, repression and authoritarianism are viewed as central characteristics which contributes to subordination. In examining the "Changing aspects of reformism in bantu education", Unterhalter stresses the periodisation of various reform strategies in order to establish a relationship to the apartheid regime's overall political and economic policies regarding the dominant forces in society.

In the periodisation, from 1953-1988 of the "moments of reformism", unterhalter identifies four distinct stages:

- a) 1953-1963: the period of segregation and incidental reformism,
- b) 1963-1973: the regime's utilisation of educational expansion to underpin the bantustan development strategy,
- c) 1973-1983: education reform for economic expansion and political stability,
- d) 1983-1989: education reform and repression of popular mobilisation.

Unterhalter asserts that there was sufficient overlap between periods when focusing on strategy. (Unterhalter et al, 1991, 37). The contribution importantly posits reformism within the educational system, in relation to the unfolding political processes and the state's economic strategies. The intended objectives of bantu education in the early period post-1953, was met with varied and contradictory responses, including organised political opposition, which altered its original purpose and operation.

Resultant changes in the apartheid economy and the political system during the 1960's, and indeed within bantu education itself, began to undermine the conditions which had facilitated the "reproduction function" given to bantu education. Importantly, the 1960's saw a period characterised by demands from large sections of the oppressed population for an expansion of educational provision for black South Africans. The demands included calls from sections of monopoly capital, for an educated workforce who would in turn contribute to economic growth. These developments and the resultant mass mobilisation which occurred during the late 1960's and early 1970's, related primarily to the challenges aimed at the conditions of white domination. The upshot was a slow erosion of the old doctrine (of predetermined

occupational structures) led by conditions emanating from the economy and the new demands for labour by capital.

Therefore (it is clear that) the notion of bantu Education operating under specific conditions as a mechanism for the reproduction of social relations, did not derive solely from the ideological motivations of the regime, but was also beginning to reflect the needs of the dominant capitalist class. When the situation became critical, capital, faced with the option of economic survival versus political allegiance, opted for the former, which necessitated a reformist strategy.

SOUTH AFRICAN CAPITALISM IN THE 1970'S - 1980'S AND EDUCATIONAL REFORMISM - THE STRATEGY FOR TRANSFORMATION

At this juncture, the focus is to be that of examining the turbulent period of the 1970's, with especial consideration of the needs of capital against the backdrop of the liberal reform initiative of the state. The central issue of the interrelationship between race, class and education will predominate. In order to allow the analysis to explore the relation between apartheid, capitalism and education. Also to be considered is whether there existed any deviation from the reproduction of the racial order and the preservation of power.

During the 1970's, the conditions upon which bantu education were based - ie. as of the mechanism for the reproduction of white domination in the workplace and in the political structures of society - were increasingly being met with resistance not only from the displaced majority, but also from certain sectors of capital. The June 1976 revolt and the regime's subsequent brutal and repressive response served to expose the educational crisis and to reassert the plight of the economically and politically deprived majority. As a result, the increased international focus; sanctions; the declining rates of profitability of investments; trade union mobilisation; and changing labour) as relating to the mechanisation of production resulted in the capitalist classes reacting to the increasing pressure, was therefore forced to explore a new theoretical approach and reconsider policies regarding education. This formed the context for the De Lange Commission of 1981 and the White Paper of 1983.

The central objectives of corporate capital, given the need for the expansion and restructuring of the capitalist political economy, was aligned to the liberal premise of assigning an autonomous and determining role to the state in the redefining of the racialised system of social stratification. According to this strategy education change was seen as the route to social change. The engineers therefore striving for equal access for all to educational opportunities, and in this manner to providing for entry into skilled, well-paid and high-status employment. The intention was to achieve equality in education, from within the existing system, and thereby the reform of the education system would engineer the reform of the system of capitalism. Importantly, the strategy was not only aimed at education, but was intended to impact indirectly on affecting and stabilising black trade unions and at the provision of black housing.

The strategy proposed by capital on the role of education, was in turn supported by reformist elements within the state structure. The De Lange Commission of 1981 and the White Paper of 1983 were based on a liberal premise, calling for the abolition of bantu education, and its

replacement by a system claiming to equalise the provision of education, which would allow for equal mobility and access of blacks and whites to the occupation structure (i.e; including the provision of technical training). The commission also placed emphasis on economic growth and productivity, where mass education was viewed as a service industry to reproduce and process a force of stable, urban, skilled operatives for a workplace structured by the requirements of modern science, technology and management skills.

The central criticisms aimed at the "unusually liberal" De Lange commission are many and varied, yet worthy of consideration. It was argued to be a reformist and modernisation strategy in that it was an instrument for the transformation of South Africa into a dynamic capitalist economy. Nevertheless, it reflected the preservation of the foundations of bantu education as linked to the reproduction of white domination. Schooling in itself was viewed as a subordinating and adaptive social practice, necessarily tailored to the reproduction of labour for unequal and hierarchical social relations of production (Davies, 1984).

Moreover, the "reform" of the education system was an attempt to resolve the economic and political crisis confronting the state, thus the concern with the ideological dimensions of change. Given the power of the state and its capacity to manage the educational reform, plus the new structural form introduced, the aim was to depoliticise education as a "site of struggle" into more market-regulated forms of social differentiation. Therefore, by isolating the needs of the dominant capitalist class and the state, it is evident that: "... in a capitalist society, education is not a means to social mobility, but an important mechanism to the reproduction of capitalist relations of production, and hence of the crystallisation of class divisions (Unterhalter et al, 1991:6; Kallaway, 1984).

In short, simply a reproduction of the dominant capitalist strategy. The analysis on "Apartheid Education and Popular Struggles", outlines in detail, the two major arguments as when dealing with the state, acting as in instrument of capital, which in turn provides the structures and processes to ensure the reproduction of capitalism, the "functional requirements of the capitalist system for a particular labour force to produce the means to satisfy those needs." (Unterhalter et al, 1991:6).

The factors and points arising from the educational reforms of the 1970's and 1980's, as located within the aim of transformation, points directly to the impossibility of assigning a transformative role to education, when there is a distinct lack of consideration of the social political and economic conditions which would allow the strategy to prosper and become effective. "In practice, would the deracialisation of education change the entry of people into particular occupations, if legislation continued to maintain white monopoly of skilled jobs, white trade unions continued to utilise their power to exclude black workers from apprenticeships, and capital itself refused to facilitate the employment of black supervisors and managers." (Unterhalter, 1991:9).

In concluding this section, it is reiterated that education in itself is a contested terrain, and that the results of reform are not without contradiction. It is asserted that the capitalist demand for labour of a specific type meant that the educational system needed to reform in response. The response merely perpetuated the reproductive role assigned to apartheid education, and perpetuated and exacerbated the definite race and class divisions.

STATE EXPENDITURE AND THE MARKET AGENDA:

The extent and devastating impact of inequalities in educational spending as generated under apartheid, contribute in a significant manner towards the assigned reproductive functioning of black education. The apartheid policies, with their concomitant reproduction of inequality, overrode and precluded any impetus of actual changes in spending since the 1950's. In effect, the strategy went as far as ignoring the restructuring of the capitalist political economy. Therefore, as a result of state inequity in spending on education the occupational structuring was maintained thus embedding the racialised system of social stratification.

The S.A. educational system has a clear differential pattern of development. This is expressed with reference to the resource provision by the state, touched on above. White education is of a higher level, and comparable to the best in the industrialised world, whereas black education is characterised by an inequitable allocation of resources; overcrowded classrooms; high failure and dropout rates; and an insufficient and poorly qualified teacher base. Thus, bantu education is noted for its inferiority and is constructed so as to confine blacks to lower-class occupations. The differences within black education are further sub-divided, making African education the most underdeveloped. (Pillay, 1991:30). The inequalities in various aspects of S.A.'s education are numerous. However, state expenditure is the key indicator to examine the disparities.

Table 1: Expenditure on Education by segregated education departments, 1960-88 (millions of rands).

	African	Coloured	Indian	White	Total
1960	19,5	24,3	7,9	79,0	130,7
1965	24,9	30,9	14,3	252,3	322,4
1970	66,3	45,0	19,8	366,0	497,1
1975	160,2	104,9	43,8	738,7	1 047,6
1980	553,0	247,1	122,7	1 360,9	2 283,7
1985	1 816,0	724,1	324,0	2 973,7	5 837,8
1988	4 096,6	1 103,4	463,2	3 727,5	9 390,7

(Source: Unterhalter, 1991, SAIRR 1988/9)

Table 2: Proportional expenditure on segregated education departments, 1955 - 88 (percentages)

	African	Coloured	Indian	White
1960	14,9	18,6	6,1	60,4
1965	7,7	9,6	4,4	78,3
1970	13,3	9,1	4,0	73,6
1975	15,3	10,0	4,2	70,5
1980	24,2	10,8	5,4	59,6
1985	31,1	12,4	5,6	50,9
1988	43,6	11,8	4,9	39,7

(Source: as above, derived from table 1)

Table 3: Per Capita Expenditure on education in segregated education department, 1953-88 (rands).

	African	Coloured	Indian	White
1953	17,08	40,00	40,00	128,00
1955	15,68	n/a	n/a	n/a
1960	13,60	74,50	74,50	114,00
1965	12,70	71,00	91,50	357,00
1970	47,64	87,30	121,00	428,00
1975	50,00	126,00	171,00	605,00
1980	87,27	286,00	318,00	1 021,00
1985	293,86	891,62	1 386,00	2 746,00
1988	582,93	1 325,64	1 980,41	3 982,82

(Source: Unterhalter 1991, Du Plessis et al 1989, SAIRR 1988/9)

Table 4: Expenditure on African education as a percentage of total state expenditure 1953-85 (millions of rands)

	Expenditure on African education	Total government expenditure	Expenditure on African education as a % of total govt expenditure
1953	16,0		0,57
1955	15,8		0,49
1960	19,5	655	3,00
1965	24,9	653	3,80
1970	66,3	1 993	3,30
1975	160,2	5 157	3,10
1980	553,0	11 542	4,80
1985	1 816,0	31 144	5,80
1988	4 096,6	53 963	7,60

(Source: Unterhalter, 1991:53)

Table 5: Expenditure on white education as a proportion of total state expenditure, 1960-88 (millions of rands).

	Total State Expenditure	Expenditure on White Education as a % of the total
1960	79,00	12,1
1965	252,30	38,6
1970	366,00	18,4
1975	738,70	14,3
1980	1 360,90	11,8
1985	2 973,70	9,5
1988	3 727,56	6,9

(Source: Unterhalter, 1991, 53).

The differential pattern of development is linked to the differences in expenditure, which, when translated to per capita expenditure (PCE), reveals that from the 1950's to the 1980's, spending on the education of each white child was approximately ten times spending on the education of each African child. (See table 1). Since 1953, there has been a steady increase in PCE on white children, whereas the PCE for black - African children slowed to steady decrease. Since 1985, there has been a slight narrowing of the differential, as evident by

1988, when the PCE on each white child was approximately six times the PCE on each African child. (See table 3).

When examining the state budget, there is clear evidence to suggest the continuing disparities in so-called reformism of South African education. State legislation restricting the finance available for black education illustrates the low political and economic priorities given to expanding african education beyond rudimentary provision. The increases in spending on African education since 1985 need to be placed in the context of the increases in educational expenditure for all South Africans, and particularly needs to be examined in relation to accelerated increase in expenditure on white education. (See tables 4 & 5).

Overall, the tables show that the greater proportion of state expenditure on school education was for the white minority up to the 1980s. Although the proportion of total government expenditure on african education has increased since the 1960's, education spending as a whole in the segregated departments has decreased markedly since 1965. Therefore, the proportional increase on African education in the mid-1980s is all the more "significant", put into perspective (Unterhalter, 1991:54).

In addition, the shifts in expenditure and enrolment need to be seen in relation to the changing political and economic conditions, noting the reformist policies of the dominant forces in society. During the 1953-1963 period the demands from monopoly capital for an expansion of education provision for blacks was minimal. The economic expansion which occurred in the secondary industry during the 1960's demanded an increase in the employment of black workers, but with low levels of skill and literacy. moreover, the state felt that, given their high levels of profits the mine-owners could institute their own on-the-job training where necessary (Innes, 1984:150-154).

The other dominant employer groups in the economy shared the view that there was little need to develop and expand black education. White farmers resented the idea of increased provision of education for blacks arguing that urbanisation would affect the insufficiently mechanised and labour-dependent agricultural sector. On the other hand, the white working class, an important and protected political force in the National Party government, entrenched their positions as favoured artisans and skilled workers in manufacture and mining, by arguing against competition from educated black workers (O'Meara, 1983:239).

The De Lange commission of 1981, contained major recommendations for expanding and reforming educational provisions, such as providing for the "needs of the economy". This reformist strategy was ideologically related to ideas that "a more educated workforce would provide for higher levels of productivity/profits and hence economic growth and also would provide for a stratum of better-paid workers with a stake in the system, who would be politically pliable". (Unterhalter, 1991:64).

The human capital formulae is significantly apposite to the modernisation/reformist programme, since there is still a widening remuneration gap between white and black workers in the manufacturing and public sector services. This could be explained by the fact that equal opportunity programmes are their infancy, but particularly because state expenditure has been somewhat laggard in actual performance to say the least.

During the 1973-1983 period, and particularly after the Soweto uprisings, there was collusion between state and Capital (corporate sector) once again it was aimed at redividing educational strategies geared to gaining a better supply of skilled black labour, to creating more wealth in the economy and also to maintaining political order and stability.

In agreement with the state, major corporations engaged in large-scale investment in various educational and training alternatives for displaced black students and workers. Thus, the ethos of these "corporate social responsibility" projects need to be seen in light of the overall "reformist" strategy.

SA LABOUR MARKET, CORPORATE SECTOR INTERVENTION IN BLACK EDUCATION AND TRAINING

During the 1960's the state discouraged private sector involvement in education. However the 1970's saw a shift in policy towards that of allowing investment in education and training facilities for blacks in urban areas. The core of corporate investment strategies was based on the "ethos of social responsibility" via a programme of human resource development.

The structuring of the mass segregated schooling system prevalent in S.A. has had a direct bearing on the segregation and differentiation of the labour force. This is evident when examining the occupational distribution of whites and blacks and the race composition of high level manpower. (See tables 6, 7, 8).

Table 6: The Occupational distribution of blacks and whites in 1985.

Category	Percentage distribution	
	Blacks	Whites
Professional and technical	39,9	60,1
Managerial and executive	12,4	87,6
Clerical and sales	47,1	52,9
Production workers	92,3	7,7
Unskilled	98,9	1,1

Source: Compiled from Department of manpower's Manpower Survey No. 16, 1985. Data exclude employment in agriculture and domestic service and in the 'independent homelands'.

Table 7: Race composition of South Africa's high level manpower, 1979, 1985

	High Level manpower	
	1979	1985
Africans	17,1	20,2
Whites	71,9	69,2
Coloureds	7,8	7,2
Indians	3,2	3,4

Source: National Manpower Commission, Report on high level manpower in South Africa, 1980, 1987. Data exclude Transkei, Bophuthatswana and Venda.

Table 8: Percentage distribution of blacks in some key occupations, 1965, 1975 and 1985.

Occupation	1965	1975	1985
Engineers	0,0	0,5	0,1
Architects and surveyors	0,0	1,2	2,9
Doctors	2,0	5,7	8,1
Technicians	5,4	11,7	17,8
Scientists	0,6	3,7	5,5
Nurses	44,9	8,5	60,0
Accountants and auditors	0,3	4,5	7,4
Lawyers	0,9	5,0	6,0
Managing directors	3,6	6,9	3,9
Educationists	56,2	61,2	63,0

Source: National manpower commission, 1987.

Given the racial composition of S.A.'s "high level manpower", (see table 7, 8, 9) it is clear that the economy has a divided and segmented labour market in which the white workforce monopolises key occupations.

Therefore, since the 1960's the issue of "human resource development" has been a major concern of corporate education commitments, particularly for mining companies with

international ties like Anglo American Corporation (AAC) and GENCOR. The emphasis being on promoting stability and encouraging a better supply of skilled black labour. The different forms of private sector investment must be contextualised as part of the larger reformist strategy. On the other hand, Afrikaner institutions were bound by social and political limitations and as a result their initiatives have remained limited and on a small scale. During the 1980's there were comparatively large allocations of funds directed from the private sector into both formal and non-formal black education programme. These corporate sector projects were aimed at the improve and upgrading of black education; the promoting of skills development; and towards in-house training and education for employees of companies. The underlying motivation and impetus of the corporate sector's involvement in education and training has been towards the promotion of political and social stability and to provide for both the general and specific human resource needs for economic growth. (Swainson, 1991:97). The corporate sector intervention in the educational terrain has had a very limited impact due to a range of associated factors. They failed to reduce social conflict and to improve the supply of skilled blacks in the economy. Moreover, contrary to their corporate statements there was minimal movement of blacks into managerial and professional positions. Since the 1970's the corporate sector's large investments have been accompanied by a period of wholesale deterioration in the quality of black education. In fact, these projects failed to meet set objectives largely due to limited credibility from the workforce and communities.

Corporate initiatives have in many cases been associated with the state education authorities, which has consistently caused problems of legitimacy. It is still apparent, granting that corporations are formulating new strategies for educational intervention, that their main interest is the maintenance of the private enterprise system, based on the goal of: "...acclimatising black South Africans to the contagious 'logic' of capitalist materiality." (Nasson, 1990:75)

EDUCATION AS A MECHANISM OF SOCIAL TRANSFORMATION - PEOPLE'S EDUCATION FOR PEOPLE'S POWER:

The people's education programme contained within it a redefinition of the relationship between education and the social system of capitalism. It became evident that the implementation of a transformation project could not be implemented within the specific conditions of apartheid's reproductive educational system. This attempt would merely constitute the creation of new educational structures and institutions of new practices, which in turn would be subversive and thus not conducive to the notion of transformation. In itself, this constituted a rejection of the notion of education as a functionalist instrument of the reproduction of the system. The challenge then posed to the National Education Crisis Committee (NECC), was whether education was a means of social transformation. The NECC formulated its positions for the construction of an alternative education system, which would clarify its meaning,, content and envisaged organisation.

In effect the strategy of people's education put forward objectives as, an education "which serves the people as a whole, which liberates, which put people in control of their lives and which is determined by and accountable to the people" (Sisulu, 1986) and an education "which prepares people for the total human liberation and for full participation in all social, political or cultural spheres of society, helps people to be creative, to develop a critical mind

and to analyse". (Mkatshwa, 1985 - as quoted in Unterhalter, 1991, 10). The objectives presented in the ideals were argued to be the basis for a future educational system. (See page 2).

Wolpe and Unterhalter argue that, it was necessary to conceive of people's education as an element of the national liberation struggle, to which it was ideologically, organisationally and strategically linked. "The transformative role of people's education was not, in the first place, seen to be in the content or character of people's education but rather in its use as a means of mobilising and organising teachers, students and parents as a political force in a particular sphere of struggle for national liberation."

NEW POLICIES IN TRANSITION: LIMITS AND POSSIBILITIES

The new era, ushered in by the unbanning of political organisations, and the release of political prisoners, made a radical impact on the context, and especially the manner, in which struggles were conducted. The "shifting terrain" confronted the opposition forces of the state, on the manner in which to engage the state. The period of transition of the 1990's, was accompanied by a number of policy researched educational proposals for a future educational system, these are from the state (ERS - Educational Renewel Strategy), the African National Congress, the Congress of South African Trade Unions, and the NECC (NEPI - National Education Policy Initiative). There is broad agreement that the educational system is in crisis and needs a massive national effort to be transformed. Furthermore, principles of universal education, literacy, and innumeracy, technical and vocational education and teacher training are accepted, together with new policies given the budgetary constraints. There does however, exist fundamental differences!. The nature of education financing and the areas of priority are noted, but the crucial area of policy processes, the role allocated to the market and to the state are resulting in a deadlock of sorts.

The ANC, COSATU and the NECC emphasised national planning and national co-ordination with local or regional administrations serving as functional departments within a unified system. The national budget was seen as a key instrument with which to empower disadvantaged groups to transform the education system to one which is "open, democratic, non-racial and non-sexist". On the other hand, the state and some private sector bodies stressed deracialisation, possibly within a federal system, with consumer-led, market-driven policies in a future educational system. This proposal also calls for a reduced state provision for compulsory schooling, and reducing the role of the state in setting up an educational and vocational training system in the non-formal sector. In an important argument on the relationships between education, earnings and poverty, and on comparing experiences of a wide range of countries during transition, Nasson asserts:

In essence, it seems to be the only in condition of cataclysmic social rupture and reconstruction that educational reform can be seen to be playing some positive part in a collectivist policy framework which attempts a redistribution of income and wealth. Regardless of where one may stand in debates about educational change, the important point is surely to recognise the extent to which educational issues are linked to the social order, so that any conflict about education inevitably becomes conflict about the nature of society. In social change, therefore, education might be seen as an important participating force, but not as an arbitrating one (Nasson, 1990, 102-3).

A central issue as to the unfolding process is the level of co-operation in the broad forums, its purpose and whether the dealings meant a "social contract" or forum at the education level. The question of mass participation to the process is identified, noting that only the people themselves can transform education. What will come of the process will need to be closely monitored and any strategy will need to consider the grotesquely huge legacy confronting apartheid education.

TOWARDS A CONCLUSION

Education "as a site of struggle" in South Africa rests firmly on the experience of firstly, decades of uncompromising, and then on "reformist" strategies, which are in turn rooted in notions of the reproduction of the class stratification of a capitalist system. Bantu Education, and subsequent reformist strategies, have been geared towards the reproduction of labour as required by the needs of capitalist accumulation. In fact, the state strategies contain the reproduction of the inequalities of power and wealth, which only gains legitimacy from those it directly privileges.

The educational crises that rose to the fore in the 1970's as a central aspect of the deep seated "organic crisis", coincided with the end of the long economic boom in South Africa (1948-1973). Early state educational policies as based on capital accumulation motives, did not match the new skill requirements of the economy, in effect leading to serious structural contradictions which were coupled to the economic crisis.

The South African educational crisis, in the final analysis, can only be solved along with fundamental transformations in the crisis ridden economy and with other socio-economic and political structures. Any attempt to "reform" the education crisis from above is bound yet again rebound off the aspirations of the majority of the people. Thus, Education for Transformation and of Liberation: stresses the restructuring of the entire educational infrastructure, towards meeting the social, economic and political obligations of "popular" classes.

Broadly stated, the education question is synonymous to the debate around the future shape of the South African economy and the national democratic question. An understanding of the centrality of the education struggle, however also requires an unravelling of the links between education and capitalist society in general, as well as scrutiny of the specific forms which capitalism and education in South Africa have assumed in the past, at present and into the future.

THE LIMITS OF CAPITALIST REFORM UNDER CONDITIONS OF CAPITALIST CRISIS

Patrick Bond

A questioner from the floor of the World Bank's final function at the annual meetings asked bank president Lewis Preston whether this year's meetings had been any different because of the absence of socialists following the collapse of the command economies. "There are still some socialists here," Preston replied. "There are still even some communists around. But they are talking in very low voices, and they are mostly South Africans." Business Day, 25/9/92

Has capitalism served historically to support the struggle for democracy in South Africa or to oppose it? Can the fundamental needs and aspirations of the vast majority of South Africans be met within a capitalist framework? What will democracy mean in a new South Africa which depends on foreign investment and capitalist profitability? What are the present interests of the capitalist class? To what extent can capitalism be forced to make concessions by the struggles of the oppressed?

These are some of the direct questions posed by this Marxist Theory Seminar series, and I am flattered to be asked to help debate the answers. I think that by focusing on South Africa's capitalist *crisis* some of the questions may become clearer, and hints at answers may even emerge. Short notice requires the reworking in this paper of previously-published material about the nature of South Africa's crisis (Section 2), which is preceded by a brief theoretical discussion (1), and followed by an update on the course of the present crisis (3), concluding with some ideas about the manner in which the crisis compels us to consider reforms in general, and in particular with respect to the major basic commodity required by the working class: housing (4).

In the midst of what appears to be another dangerous stage of a long-term global capitalist crisis,¹ I believe it is important that we again place such issues at the front of our critique of capital, not only for local purposes, but because the next few years of political change in South Africa will provide vital lessons for Marxists across the globe.

THEORETICAL ARGUMENTS

The crisis of apartheid-capitalism: Understanding the *disjuncture*

The standard Marxist critique of capitalism relies not only upon moral disgust with exploitation at the point of production, upon concern with unveiling commodity fetishism, or upon the need, denied by capital, to liberate the full human potential of all women and men. Of equal importance within all Marxist argumentation is reference to the *inner contradictions of capital*. This means, simply, that the system has self-destructive dynamics, and tends toward "crisis."² Moreover, such crises offer new opportunities and incentives for the working class to struggle for revolutionary change.

Today the South African economy faces a classical capitalist crisis that Marx would not have cringed at describing or theorising. Yet the paucity of good, insightful material about this

crisis is as striking from the progressive forces as it is from the establishment. We will return shortly to an account of the crisis, but I want to argue in this initial section that the theoretical legacy of Marxist thought in South Africa has, unfortunately, not facilitated an easy engagement with classical crisis theory.

Elsewhere in the "Third World" (especially Latin America), the Marxist intelligentsia attempted to understand periodic economic crises as *external* phenomena through what became known as dependency theory, which advances the notion that global economic processes actively underdevelop those areas which are dependent upon exporting primary commodities to "First World" markets.³ Although few South African analysts have engaged the theory directly, there may well be a role for dependency analysis — historical and contemporary — of South Africa in the world economy.⁴

For obvious reasons, South Africa's radical political economists instead focused more on the *internal* and institutional nature of the social structures which affect race and class relations. Some of the "neo-Marxist" literature of the 1970s emerged from an intellectual struggle with proponents of the well-known South African equivalent of modernisation theory, namely, the traditional liberal thesis that racially-inscribed underdevelopment would succumb to the market's incessant drive to growth, progress and racial equality. Radical analysts contested this vigorously, arguing that the evolutionary paths of apartheid and capitalism were interwoven, and to break from one required breaking from the other. In retrospect it appears neither camp got it right.

How do we know this — in other words, how do we return easily to evaluate the theoretical assertions popular two decades ago amongst the South African left? Concretely, what happened to verify or to discredit aspects of the liberal and radical theory? Simply this: from the late 1970s leading elements of the ruling bloc made clear their desire to jettison apartheid. But, as reform was occurring in a slow and extremely painful way, it also became evident that the condition for reform was not capitalist *growth* (as liberals such as O'Dowd posited),⁵ but rather *stagnation* (hence the need for capitalists to explore a new export-oriented route to accumulation unhindered by South Africa's status as global pariah). If this is true, then the strategic orientation of the ANC — to weaken the economy with international sanctions (especially financial) as one pillar of the national democratic struggle — appears to have been essentially correct.⁶ (There are implications here for post-apartheid reintegration into the global economy, and for avoiding huge foreign indebtedness, as discussed later.)

The evolution of theory

Returning to theory, consider this paradox from the standpoint of historical materialist analysis. On the one hand a hegemonic project was gradually constructed within the ANC-SACP-Mass Democratic Movement alliance during the recent period, suggestive of a "two-stage revolution" (bourgeois democracy followed by socialism). The second stage of the revolution will have to begin rather soon, but it is by no means clear that the first has yet been either consummated or adequately understood by protagonists. Nevertheless, "colonialism of a special type" (CST) the South African Communist Party analysis officially adopted in the early 1960s, is a form of *internal dependency theory* still in use today.⁷

But on the other hand, the CST framework came under repeated questioning from left intellectuals.⁸ This took place over a period of two decades, and had various stages. True, a version of CST was rescued by SACP member Harold Wolpe's application of "articulations of modes of production" theory: the idea that South African capitalism required and nurtured the *superexploitation* that was available by harnessing colonial-style dominance of pre-capitalist modes of production.⁹ Simply put, migrant workers were to be subsidised by their kin in rural areas, such that wages could be kept at ultra-low levels. Yet as subsequent research and theoretical argumentation showed, there was ample room for contesting Wolpe's chronology and understanding of the dynamics of capitalism.¹⁰

Meanwhile, international trends in historical materialism — especially the success of Althusserian and Poulantzian structuralism — were by the mid 1970s having a major impact on South African political economy. From articulations of modes of production emerged a fascination with which "fractions of capital" controlled the state at particular moments of political change. Although the various fractions became increasingly blurred by the 1960s as South Africa's big mining finance houses diversified into manufacturing, several leading neo-Marxist researchers identified earlier distinctions between capitals in terms of their sector of production (mining, manufacturing or agricultural), their location within the circulation of capital (industrial, financial, commercial, landed), or their "nationality" (Afrikaner, English-speaking, foreign).¹¹ Before long the Poulantzian analysis itself came under sharp attack. Whereas focusing on fractions of capital highlighted questions of power, the costs of this single-minded focus were excessive: the capital accumulation *process* was downplayed, capital-labour conflicts dismissed, and thus a sense of necessity and contingency in the development of the social and economic formation diminished.¹² (There has been little or no subsequent work in the Poulantzian tradition.)

The fractions perspective was also criticised by a new school of South African *social history* which prided itself for looking at society and economy not from the top (state and capital), but from the very lowest levels of the voiceless majority. However, no matter how rich and interesting the particularities of the social history case studies proved, they added up to very little that was generalisable for the purpose of answering the larger questions of capitalist development.¹³ The broader theoretical discourse about race and class in South Africa seemed to peak in the 1970s, and with rigorous detailed probing underway in the 1980s in the context of the search for specificity, research into the nature of the mode of production tailed off markedly.¹⁴

The need for Marxist theory today

Conveniently, in the late 1980s, the larger questions were again placed on the agenda. It was a time when South Africa's capitalist class demanded, more sincerely and energetically than ever before, an end to formal apartheid. The reasons for this are relatively clear (again, related directly to capitalist stagnation and financial crisis) but what was disconcerting was how dramatically this shook many Marxist theorists who, earlier, so profoundly rejected the liberal thesis that apartheid and capitalism were incompatible. As Gelb put it, radicals must "develop a substantial and consistent analysis of capital accumulation which preserves their view of the earlier relationship between apartheid and capitalism, explains the transformation from long run apartheid boom to economic crisis and then analyses the crisis itself."¹⁵

To that end Gelb introduced "regulation theory" to dissect the relative stability of South African capitalism from 1948 through the early 1970s. A new wave of international scholarship had just emerged from France under the rubric of regulation, seeking to explain how post-war "fordist" economies faltered.¹⁶ South African "racial fordism," as Gelb termed it, captures the post-war combination of formal apartheid with industrialisation based on import-substitution: "As with fordism in the advanced countries, accumulation in South Africa during this period involved the linking of the extension of mass production with the extension of mass consumption, but in a manner that was restricted on both sides of the equation, as is very familiar."¹⁷

With the crisis in racial fordism largely understood as a breakdown in the institutional apparatus that regulated capitalist instability (witnessed in the form of 1970s strikes and social unrest, the import of international inflation, and the oscillating gold price), the key task for the regulationists now becomes how to stitch together a new set of "post-fordist" institutions and assist in the process of "kick-starting" capitalist growth. Wage restraint, productivity *quid pro quos*, social contracts and even Taiwan-style export-orientation have been advocated by Gelb and progressive economists (many connected to the Economic Trends Group "Industrial Strategy Project" of Cosatu) who gain inspiration from the post-fordist discourse.¹⁸ Controversies over trade union policy — particularly social contracts and shopfloor flexible specialisation — have begun to emerge.¹⁹ Meanwhile, as with earlier approaches to neo-Marxist analysis, a historical materialist critique of regulation theory has become widespread in international radical circles.²⁰

What, then, is a more appropriate framework for capturing capitalist development processes that have eluded so many local Marxists, neo-Marxists and post-Marxists? If we return to the brief posited at the outset of this section — to understand why the condition for political reform was not capitalist growth, but rather stagnation (and hence the need for capitalists to explore a new export-oriented route to accumulation) — a classical Marxist approach to *cycles of capital accumulation* may be rather more helpful. Cycles of accumulation are the waves of investment and growth which are invariably followed by periods of excess capacity and stagnation.²¹

The classical theory can, I believe, adequately incorporate the best insights of previous radical scholars. If, for example, there is a pre-capitalist subsidy to capitalism — as "articulations of modes of production" analysis suggests was the case during at least part of the 20th century in South Africa — that would have a substantial impact on the cycle. Given the possibilities for superexploitation, certain kinds of South African production were consequently more labour-intensive. The fact that workers were severely oppressed allowed South Africa's cycle of accumulation more time to develop, from the beginning of the current long cycle in 1933, before labour problems — skills shortages and militancy — arose in the 1970s. Indeed, as suggested in the next section, a more classical Marxist crisis theory would insist that neither labour problems nor the international economic slump are at the very root of South Africa's present economic crisis. Instead, the key variables were excessive investment and subsequent inventory gluts in domestic luxury consumer goods in the late 1960s and again in the early 1980s, reflecting the race and class extreme distortions in the economy.

Similarly, if one "fraction of capital" — mining, in this case — has an historically dominant role in the economy (especially in terms of earning exports), that will affect the way the cycle plays out. South Africa is often said to be "cursed" by having such wealth in the form of natural resources, for that gave capitalism an added subsidy such that the development of an indigenous skilled labour force could be avoided, and instead sophisticated machinery ("capital goods") required for luxury consumer goods production could be imported rather than produced locally. In turn, the conditions required to operate such machinery in South Africa — high import tariffs on finished products — attracted multinational corporations, which only exacerbated the import-substitution bias towards luxury goods and primary commodity exports. The implications of this historical legacy for the current crisis are taken up next.

A crisis of overaccumulation²²

South Africa's economic slump has, since the mid 1970s, reduced the rate of economic growth per person to less than zero. Inflation has ravaged the currency, new investment in the manufacturing base has been slashed, and hundreds of thousands of jobs have disappeared. At the same time, billions of rands in profits have been made from financial speculation.

Some mainstream commentators have explained the slump in terms of the barriers that apartheid placed on free market allocation of resources. They have also accused trade unions of demanding excessive wage increases at a time when worker productivity was slipping. The lack of new investment in production, bourgeois economists continue, is largely the result of multinational corporate disinvestment and the absence of confidence in the country's political stability and future. Militant worker calls for sanctions and nationalisation have contributed to slump. If black workers were more reasonable and the international community again embraced South Africa, the economy would recover, by this argument.

But there are other explanations of the crisis, advanced by a host of more progressive economists. Marxist explanations of economic crisis often fall into three different camps. First, insufficient demand for goods — or "underconsumption" — is the cause of crisis. As Stephen Gelb and John Saul put it in 1981 (in *The Crisis in South Africa*), "From the late 1960s, the growing saturation of the white consumer market limited not only sales but also the ability of the manufacturing industry to benefit from economies of scale. Since an expansion of the black consumer market was not then contemplated, this made more urgent the state's often reiterated, yet difficult to realise, call for an increase in manufacturing exports."

This is a common argument, drawing on a mix of the British liberal economist John Milton Keynes and the US Marxist Paul Sweezy. The implications are morally satisfying: give blacks more income, they'll consume more, and that will spur the economy. At first blush, this sounds logical both as a way to explain economic stagnation and as a possible solution. But does it really get to the root of the way capitalism works? Marx commented that "It is sheer tautology to say that crises are caused by the scarcity of effective consumption." Moreover, adds Charles Meth of the University of Natal, "'Underconsumption,' while always lurking, is not a theory of crisis, nor a permanent hindrance to capital accumulation."

More recently, Gelb has rejected the underconsumption argument, and predicts that if a post-apartheid government simply attempted a general redistribution of income from rich to poor, it "would lead quickly to supply bottlenecks and higher levels of inflation eroding any real gains. Furthermore, it would simply exacerbate one of the underlying causes of the crisis, which originated on the supply side of the South African economy." In other words, boosting the purchasing power of low-income blacks might fuel the economy for a very short while, but would do nothing to solve the underlying problems.

A second explanation for the crisis focuses on labour. As white privilege became even more extreme during the 1960s — after black political resistance was decimated — African labour came under much more intense pressure. As is well-known, this resulted in an explosion of strike activity in 1973. On top of new-found labour militancy, Saul and Gelb also identify the shortage of skilled labour as a crucial weakness created by the apartheid system's colour bar and bantu education policies. These shortages became acute by the early 1970s. The argument here is that economic crisis is rooted in resistance by (and problems of) workers, which led to a "squeeze" on corporate profits and a slowdown in growth. This argument is central to the question of the labour movement's post-apartheid wage demands.

For Gelb rising wages are a key culprit — an "originating cause" — of the crisis. The mid 1970s wage demands stemmed from rising inflation (not the other way around) and labour's increased clout in the wake of the 1973 Durban and PWV strikes. Mining industry wages were also possible following the 1971 rise in the gold price. A second round of wage increases in the 1980s coincided with the massive consolidation of trade union organisation first in the Federation of South African Trade Unions, and then Cosatu.

But this explanation for the economic slump is distasteful for some people. As Meth puts it, "There is a slight awkwardness about holding an analytical position which may be used to justify an attack on workers." After all, a progressive post-apartheid economy would aim to provide higher wages for exploited black workers. And while class struggle certainly affects profitability — both on the shopfloor and at the negotiating table over how corporate income is distributed between profits and wages — such struggles cannot be the essential reasons for capitalism falling into a long-term structural crisis. Normally, in fact, wages fall during a crisis. To paraphrase Meth, a profit squeeze arising from struggles over wages, while always possible, is not a theory of crisis, nor a permanent hindrance to capital accumulation.

If worker demands are seen to be a cause of economic crisis, there is a simple capitalist solution: "wage restraint." Gelb, for instance, cites "a need to lower costs and improve productivity in the existing productive sectors, especially mining and manufacturing. This will require increased investment in new technologies, and/or lower wages at least in real terms. In other words, capital in these sectors needs to be strengthened, that is, profitability restored." But can such wage restraint resolve the crisis? Experience from the US and Britain in the 1980s is telling. There, highly distorted "growth" was essentially "borrowed" through massive debts and military spending. Substantially lower wages did not contribute to any sort of longer-term economic solution.

In a third explanation, Gelb's recent work goes beyond the consumer and labour explanations. He now includes causes of the crisis more directly related to capital

accumulation. Increasing automation at the end of the boom (1970-73) ate away at profits, since automation shrinks the labour force that is the basis for exploitation. "The growth of the capital-labour ratio accelerated, while productivity growth began to level off," says Gelb. Using this explanation, the "solution" proposed for the slump is a new investment programme directed by the state and aimed at producing mass consumption goods for a local market of low- and middle-income people. Key to the programme is that production would be much more labour-intensive than the current strategy of the state and big business.

The overaccumulation of capital

It is this third approach — examining the process of accumulation — which is most faithful to classical Marxism, and which takes us to a richer understanding of the present capitalist crisis. In short, the New South African economy is burdened by the legacy of *overproduction* and *excessive automation* of the 1960s, which led to the decline in economic growth and the drought of new investment during the 1970s and 1980s. This "overaccumulation" of capital best explains why South Africa's economy has become rotten with waste and speculation.

The basis for Marx's theory of overaccumulation crisis is the unstable combination of technological change and intercapitalist competition. Individual capitalists cannot afford to fall behind the industry norm, technologically, and this leads to a continual introduction of state-of-the-art production processes, especially labour-saving machinery. With intensified automation, the rate of profit tends to fall, for the following reason. Profit correlates to "surplus value" which is only produced through the exploitation of labour. (Labour is paid a certain proportion of the value produced, but some surplus goes to capital.) Since capitalists cannot "cheat in exchange" (ie, consistently buy other inputs — especially capital goods — from each other at a cost less than their value), the increases in value that are the prerequisite for commodity production and exchange must emanate from workers. This simply means, in class terms, that capitalists can't exploit other capitalists; but they can systematically exploit workers.

Here arises the key contradiction: with automation, the labour input becomes an ever-smaller proportion of the total inputs into production. And as the labour content diminishes, so too do the opportunities for exploitation, for surplus value extraction and for profits. Automation thus engenders, in the medium-term, productive capacity far beyond an expansion in what consumer markets can bear. The result, a permanent tendency under capitalism, is termed *overaccumulation* of capital. Failure to stave off overaccumulation is typically behind the business cycle downswing.

In sum, at the root of overaccumulation is the continual improvement of machinery and other productive forces. Too many goods are produced, workers are replaced by machines, and competition between capitalists becomes ruinous. Overaccumulation thus leads to a situation in which goods cannot be brought to market profitably, leaving capital to pile up without being put back into new productive investment. Other symptoms include unused plant and equipment; huge gluts of unsold commodities; an unusually large number of unemployed workers; and the rise of speculative financial markets, particularly in shares and real estate.

In the words of Karl Marx,

The capital already invested is idle in large quantities because the reproduction process is stagnant. Factories are closed, raw materials accumulate, finished products flood the market as commodities. Nothing is more erroneous than to blame a scarcity of productive capital for such a condition. It is precisely at such a time that there is a superabundance of productive capital, partly in relation to the normal, and partly in relation to the paralysed consumption. Then, a crisis could only be explained as a result of a disproportion of production in various branches of the economy, and as a result of a disproportion of production between the consumption of capitalists and their accumulation.

Charles Meth translates the quotation: "It seems obvious that it is overaccumulation and the non-fulfilment of capitalist plans that is at issue, not the restricted consumption of the masses. That condition is a given in capitalist development." Thus when an economy reaches the stage of overaccumulation, it becomes difficult to bring together all these resources — surplus capital and labour — in a profitable way to meet social needs.

How, then, does an economy recover from the illness of overaccumulation? Capitalism is a system that must, to regenerate itself, always engage in creative forms of destruction of the overaccumulated capital, painful as these may be for the majority of people who are in the way. That process of destruction can be thought of as *devaluation* of capital. In short, economic deadwood is cleared away, inefficient and outmoded companies are weeded out through collapse or takeover, large firms often get much bigger in the process, and labour is sharply disciplined as workers' living standards plummet. (But overaccumulation crisis is also a time of extreme chaos and flux at the pinnacle of the economy, and this gives poor and working people a chance to affect the outcome in sometimes substantial ways.)

There are many examples of overaccumulation and devaluation throughout history. Measured as the world economy, capitalism has suffered through such crises lasting from 1815-48, 1873-96, 1917-48 and 1974-present, according to the British historian Eric Hobsbawm. And as Marx points out, the ebb and flow of overaccumulation and devaluation usually affects different parts of the economy in different ways. One important symptom is an imbalance in investment between consumer goods production and production of heavy machinery. In South Africa, this imbalance — or in Marx's terms, "disproportion in production" — was particularly extreme. In 1978 Simon Clarke wrote: "The economic crisis in South Africa is a manifestation of the failure to solve one of the perennial problems of South African capitalism, that of the relations between the different departments of social production." The departments Clarke was referring to are consumer goods (whether for luxury consumption or basic needs) and machines (here taken to mean metal products, machinery, electrical machinery and some transport equipment).

In the 1950s and 1960s an extensive range of consumer goods was produced locally within South Africa because the state provided generous protection from foreign competition. On consumer goods, import fees and tariffs amounted to 15%, compared to only 2% for imported machinery. This captive market for first world goods attracted all kinds of foreign investors, who largely brought their own equipment with them, much of it top-of-the-line

quality. The South African economy was based in large part on production of consumer goods, but this led, in the 1960s, to overaccumulation in this sector. The machines for local production of consumer goods were paid for with foreign exchange revenues earned from gold mining and agriculture. According to regulation theory, this relationship between local manufacturing and gold exports provided enough balance to stabilise racial fordism. But the balance was already becoming undone — half a decade or more before the crisis really showed itself as a long-term decline in growth and investment in late 1974.

Evidence of overaccumulation

It is often difficult to tell exactly where an overaccumulation crisis begins, because capitalists and the state have so many avenues available to move the problems around, without letting them bubble up to the surface. This was especially true in the 1970s, when the awesome economic power of the South African state increasingly supported what it perceived to be the long-term interests of South African capitalism, rather than just expanding Afrikaner employment rolls.

Indeed there were unmistakable premonitions of crisis quite early on, from the late 1960s. The stunning crash of the Johannesburg Stock Exchange, from mid-1969 through 1971, was particularly telling. The big gainers in the two years before the collapse were real estate, banking and insurance, and mining finance. Of the industrial shares, commerce (including transport and services) rose highest and dropped fastest. The feedback wounded some discount houses and commercial banks, and showed that South African markets were not all they were cracked up to be. Luckily for capital, though, the economy's "fundamentals" were still reasonably strong, so the only serious losers this time around, it appeared, were investors in the new unit trusts.

But the speculative financial markets were an indication that all was not well with the underlying economy. Just prior to the stock market boom, one of the most obvious signs of the impending overaccumulation crisis was the glut of private sector inventories — that is, goods that couldn't immediately be sold and instead sat on shelves gathering dust. The five years leading to 1971 witnessed an unprecedented R2,8 billion worth of inventories piling up in the private sector.

This commodity glut was worst for wholesale trade, retail trade and catering establishments. Between 1967 and 1974, these companies accumulated R2,2 billion worth of inventories (at 1975 prices), while over the same period, they put R3,2 billion into new investments. In contrast, the previous eight years (1959-66) saw inventories of just R453 million pile up in this part of the economy, as against a healthy and balanced R1,6 billion of investment. Thus, from 1959-66, the ratio of inventories to new investment was a reasonable 28%, but from 1967-74 it had jumped to an untenable 69%. This glut in consumer goods should have become apparent to observers well before the stock market surged and economic growth began to slump.

Overaccumulation is always a potential feature of capitalism, but one that only becomes agonizing when there appears to be no further profitable outlets for investment. In South Africa's case, overaccumulation exhibited itself first in wholesale and retail goods, next in financial speculation from 1967-69, and then also became apparent throughout the economy.

By 1974, the bottlenecks first associated with the commodity gluts spread into other sectors. In manufacturing industries, new investment in plant and equipment raced along until about 1973, levelled off, and then dropped significantly in 1976. At that point, efforts to unload unprecedented manufacturing inventories also began in earnest. What new private sector investment there was, went mainly towards automation rather than opening new factories.

The essential dilemma was the continual drive of capitalism to overproduce relative to what can be sold. This quickly became obvious in specific manufacturing sectors. Local production simply reached certain limits to growth in the 1970s. Some manufacturing sectors were affected much more than others, but the general response was even more intense automation. From 1970-73, companies automated at an astonishing 57% more rapid annual rate than during the 1960s. The automation growth rate from 1919 to 1976 was 1,5% per year — in the 1970s automation increased by more than 4% every year. As a result, private sector manufacturing jobs dipped dramatically, especially from 1975 on. "The introduction of new technology meant changes in the imposition of the rule of capital at the point of production, on the one hand, and the creation of large scale redundancy, on the other," according to Simon Clarke. "During the boom of the 1960s economic expansion made it possible to keep the lid on the situation as employment opportunities expanded and some limited concessions could be made." But not in the 1970s, as the Durban and PWV strikes were to prove.

Ironically, although the 1970s automation may have seemed to offer businesses temporary relief through lower production costs, the basic economic crisis worsened. Industry after industry ran up against the barrier of overaccumulation. By 1975, the chemical industry stabilised at a point where it could produce about 85% of the total chemicals consumed in South Africa, but no more. In textiles and paper products, local manufacturing also hit the 85% barrier in the mid 1970s. South African-made rubber products had already stabilised at 80% of the local market. The most serious barriers appeared in the motor vehicle industry, which moved quickly during the 1970s to occupy a stable 70% of the local market. But when that level was achieved, it was accompanied by near-ruinous overproduction (the motor vehicles and transport equipment industry was forced to cut back capacity by more than 3% a year during the 1980s).

Other manufacturing sectors also overproduced, and subsequently also had to cut back. These included motor vehicle parts and accessories, furniture, clothing, wood products and metal products, footwear and leather. Other basic sectors simply stagnated during the 1980s, finding no way to expand profitably. These included industrial chemicals, basic iron and steel, textiles and rubber products. None could find the means to increase their production capacity by more than 1% a year. A few manufacturing industries escaped the worst effects of general overaccumulation, including beverages, paper and plastic products, food, tobacco, printing, and a few others. New investment in these and several other industries was especially impressive during the brief economic upturn of the late 1980s, reflecting how worn out existing manufacturing equipment had become by that time.

Geographical responses to overaccumulation

The wide variety of responses to overaccumulation by capital and the state are instructive. Devaluation of overaccumulated capital is generally resisted by those who must pay its costs,

and this resistance leads to new ways of displacing the crisis elsewhere, even if only partially and temporarily. For example, one problem facing South Africa, according to Charles Meth, is that "when the phase of import substituting industrialisation came to an end and an export orientation was mooted beginning in the early 1970s with the Reynders Commission, those capitals which had overaccumulated stood exposed. Not only can they not export profitably, but continuing protection is required as well for these high-cost producers, to prevent them from being eliminated by competition." Yet such protection from lower-cost foreign producers would later be called into question by a few major export-oriented producers who understood how manipulating an economy's geography can help provide short-term relief from a crisis of overaccumulation.

Thus the decline of private sector investment in South Africa since 1974 is closely linked to international expansion by Anglo American and other mining companies, Barlow Rand (grain), Liberty Life (British insurance), Rembrandt (international cigarettes), and the like. These companies were able to move enormous amounts of funds abroad (or, just the same, to reroute funds from abroad — such as Minorco's birth from compensation paid when Zambian copper mines were nationalised). By 1980, more than R4,2 billion had been moved into foreign direct investments. By 1985, this figure had soared to R16,6 billion.

While major private sector firms moved investment offshore in response to overaccumulation, the government also addressed the deepening crisis with a new geographical strategy. Parastatal firms that classify as manufacturers — including Iscor and Sasol — undertook major building plans during the 1970s. Overall, their investments in plant and machinery increased by 17% annually from 1970-77, compared with 9% a year in the 1960s. To some degree, this expansion paralleled the goals of the 1967 Physical Planning Act, an unsuccessful attempt to address the imbalance of investment in the PWV and other major economic centres.

The state's chosen "growth points" were mainly on the borders of bantustans. This allowed the state to combine its political goals with a manufacturing export strategy based on the familiar themes of cheap labour plus subsidies. State incentives to decentralised businesses included everything from rail, road and harbour transport subsidies, to inexpensive services, interest and wage bill subsidies, and tax relief. By 1990, 4 700 companies employing 200 000 workers had benefited from subsidies and the National Productivity Institute calculated that these enterprises generated nearly R10 billion in sales. The strategy also bred corruption, rapidly replaced male workers with females on the presumption that the latter are easier to control, and weakened urban trade unions in sectors like textiles. Plant closings in South Africa's major cities coincided with new opening in decentralised zones.

More generally, most of South Africa's "built environment" — the entire range of factories, office buildings, residences, and infrastructure that alter the natural landscape — was constructed during the overaccumulation crisis, so that at least temporarily, if ultimately fruitlessly, overall investment and employment growth could be sustained. As the Marxist geographer David Harvey has argued, "Each of the global crises of capitalism was in fact preceded by the massive movement of capital into long-term investment in the built environment as a kind of last-ditch hope for finding productive uses for rapidly overaccumulating capital."

How "massive" a movement of capital was there into the built environment, as the slowdown in productive investment commenced? During those crucial recessionary years, 1976-77, when business investment declined so drastically, hundreds of millions of rands that could have otherwise gone into new machinery — had this been profitable — made their way instead into outlets that could potentially help overcome the barriers to profitability presented by distance. Some of the money went into better transportation (which, to use Marx's phrase, "annihilates space by time"). From 1970-77 the increases in annual investments in transport, storage and communication were 65% higher than during the 1960s, even after inflation is discounted. Richards Bay was constructed during this period in order to lower transport costs for international trade. Iscor funded similar facilities — Sishen-Saldanha — to export iron ore. And South African Airways invested heavily in new airplanes, in part for its cargo trade. Parastatals also made huge investments in new electricity grids and water lines, for which the increases in annual spending from 1970-77 were 28% higher than during the 1960s. These also expanded the prospects for capitalist production and markets.

But while South African capitalists gained the benefits of the state's new spatial investments right away, the crisis in production itself was not fixed. Overaccumulation was not truly cured, and would bubble up again beginning around 1982, following the dramatic rise and fall of the gold price. At that point a new response to overaccumulation emerged: financial speculation during a period of declining productive investment.

Financial responses to overaccumulation

Since the early 1980s there has been a period of relative drought for new fixed capital investment in the South African economy. The total amount of manufacturing capital stock (mainly plant and equipment) peaked in 1984 at around R50 billion, and has been falling ever since (when inflation is taken into account). Employment in manufacturing also declined, since what little new investment there was made production relatively more capital-intensive, not labour-intensive.

The problem was not, as many mainstream economists argued, the lack of savings in the economy. Savings or not, the banking system found ways to create record amounts of credit each year. Corporate savings increased from a low point in 1982 to 1990. But the savings did not translate into investment in productive plant and equipment. In South Africa corporate savings are rarely used — as they should be — to plan for new investment or as a nest-egg to guard against unforeseen problems. Instead, corporate savings were funnelled into high finance. In the money markets of the 1980s, the rate of return was much higher than what corporations received from new productive investments.

Indeed perhaps the most damaging feature of the South African economy in the early and late 1980s was the extremely high rate of interest, which represents the cost of money. This tendency was no accident, nor merely a particular strategy of government. As Vishnu Padayachee (University of Durban/Westville) and Mike Morris (University of Natal) conclude, government policy "was buttressed by the international ascendancy of monetarism and of finance capital. The domination of international economic affairs by developments in the international capital markets from the late 1970s bear testimony to this. In South Africa, local finance capital appeared to have a lot to do with shaping the local monetarist initiative, including the removal of interest rate ceilings and foreign exchange controls." Marx once put his finger on precisely this tendency: "In times of crisis the demand for loan

capital, and with it the interest rate reaches its maximum; the rate of profit as good as disappears, and with it the demand for industrial capital."

Ironically, the demand for loan capital — credit — rose dramatically during the early and late 1980s, during exactly those years when interest rates peaked. South African banks once limited the amount of their outstanding private sector loans to around 30% of annual economic output. But in 1980 that figure began rising steadily, reaching nearly 50% a decade later. After taking inflation into account, interest rates were at a very low -6% in 1980, so initially it was very much to the benefit of people and companies to borrow. That low interest rate only lasted briefly, however, for as a result of international financial pressure, South African interest rates soared to 12% (after inflation) over the next four years. South African finance had become, by early 1985, the most dynamic sector of the economy.

Corporate debt grew rapidly, but was not the only source of rising financial activity. Personal savings (much reduced in recent years as incomes dropped) are mainly captured by insurance and pension funds, which have been pumped largely into speculative outlets. A trade union guide to pension fund investment returns during the 1980s listed the best earners as unit trusts (23,6% annual return), Johannesburg Stock Exchange (JSE) financial and industrial shares (21%), and property (16,6%). The inflation rate during these years averaged 14,5%. The high rate of return on the JSE meant that the value of shares rose from around R50 billion in 1982, following the slight gold slump, to nearly R400 billion in 1990. And real estate transactions doubled from around R10 billion a year in the mid 1980s to R20 billion in the late 1980s.

The JSE is absurdly speculative; its mission is accurately described by ANC economists as "paper chasing paper." South Africa's largest company, Anglo American, controls anywhere from 33% (Anglo estimate) to 45% (independent estimate) of the JSE, while Anglo and the next five firms account for 80% control of the stock market. The paper value of JSE shares has risen dramatically over the years in spite of the very small volume of shares traded (just 5% a year, compared with 50% or more in many major stock markets). This has allowed just a few major players to tinker with share values nearly at will. In 1989 the JSE rose by 50% in US dollar terms, the highest increase of the world's major stock markets. And again in 1990, the JSE rose fastest, in terms of local currency, even though the economy was shrinking badly.

During the 1980s then, overaccumulated capital was placed in the JSE, real estate, and various other financial markets, rather than in new productive plant and equipment. In essence what was being achieved was the displacement of the overaccumulation crisis across time (because credit and finance are essentially promises to pay tomorrow for overaccumulated capital consumed today), much as the reorganisation of South Africa's economic geography represented a displacement of overaccumulation across space.

In sum there were many ways in which overaccumulated capital avoided devaluation. Capital stood exposed, but trade barriers, new ways of organising the economy's geography, and debt and speculative outlets all helped South Africa displace — though not resolve — the conditions of crisis. Nevertheless, aside from mining (temporarily), finance and a few other successful industries, it became increasingly obvious that South Africa was experiencing a long-term economic slump. Disruptions caused by intense township and shopfloor protests

were becoming debilitating. Big business and the state were faced with a range of problems arising from the very structure of society, and this was one area which received growing attention through the 1980s.

Socio-political responses to overaccumulation

In the late 1970s, following the advice of the Riekert Commission, Pretoria launched a programme aimed at coopting urban, middle- and some working-class blacks, while leaving the masses of poor Africans in the homelands. Riekert was supplemented by the Wiehahn Commission's legalisation of trade unions, the Kleu Commission on industrial development and the De Kock Commission on monetary policy. "They formed part of a market-oriented, monetarist state reform policy," according to Morris and Padayachee. "Capital and the state were starkly confronted with the realisation that their policy towards the popular classes had resulted in an overt unification along colour lines rather than a political division along class lines. This was very quickly recognised as a serious and dangerous problem."

But the Riekert Commission's attempt to decentralise government responsibility to new black township councils, only intensified black resentment and politicised more township residents. Other tactics followed during the 1980s: state-owned houses would be privatised, the urban economy deregulated, and "orderly" urbanisation would be allowed. "The point was to encourage informal settlements for the poorest layers of the working class and thereby differentiate them from those layers of the working class which could afford ordinary, or upgraded, township housing," conclude Morris and Padayachee. "It proposes to use to use urbanisation to increase competition between workers, not only to hold wage levels down, but principally to act as a process of class differentiation. Those black workers who are unable to secure steady employment, secure housing and services are hence forced out of the more stable urban townships."

For the "insider" blacks, there would be a few more social benefits, ranging from more education funding to electrification to township upgrading, collectively known by critics as the "winning hearts and minds" (WHAM) strategy. Indian and "coloured" South Africans were also given a minor role in national policy through the tri-cameral constitution. All such efforts failed, of course, to pacify increasingly militant township and shopfloor activists. And so while the socio-political responses to the deeper South African crisis included new uses of economic geography and financial markets (epitomised by R8 billion in mortgage bonds pumped into townships during the late 1980s), none of these attempts to displace overaccumulation were ultimately effective.

THE CRISIS CONTINUES

Since the previous pages were penned in late 1990, thirty months have produced only a deepening of the overaccumulation and devaluation crises. South Africa has experienced this in something of a see-saw form — occasionally declines in speculative activity and the odd burst of cheer on the industrial front (a new investment here, access to a foreign market there), but usually the reverse — while overall economic management has been oriented to carefully-controlled devaluation. The standard of living of the average South African has fallen 13,5% since the present downturn began in 1989, putting the country back to mid

1960s levels. In this century, only the 1930-33 Great Depression was deeper, and only the 1904-08 depression was (at this writing) longer.

The fact that significant devaluation of excess manufacturing, mining and agricultural capacity is now underway has not, however, precluded the South African economy's most parasitical, self-destructive processes (such as bank profiteering and capital flight) from gaining steam at the same time. Simultaneously, the international economic environment — the source of so much hope for the growth denied during South Africa's pariah years — has turned hostile. While a profusion of characteristics of South Africa's capitalist crisis should come under discussion, limited space prevents this section from considering anything more than anecdotal evidence of the most recent trends in these three areas, laying the basis for political implications in Section 4.

Industrial decline

The most significant single indicator of the economic downswing is the complete cessation of net new investment. Net fixed capital investment (plant and machinery) has now declined to 1% of GDP from average levels of 14,5% in the 1970s and 8% in the 1980s, leading *Business Day's* lead finance writer to conclude, "A revival of investment needs an act of faith" since "a decade of local economic stagnation while world demand has been sluggish does not provide a rationale for private investment spending."²³

What new investment is being planned, is of the old-style capital-intensive, publicly-subsidised variety. The R7,2 billion Alusaf project (supported by at least R700 million in taxpayer funds) produces jobs at a cost of R3 million each (the Small Business Development Corporation cost is R18 000 each),²⁴ while the R3 billion Columbus stainless steel plant generates no new net jobs. The movers and shakers behind Alusaf and Columbus include Anglo American, Sanlam and Gencor, the Industrial Development Corporation and Eskom. Such investments completely contradict the labour-intensive, non-subsidised approach that appears to have become a consensus position within the World Bank and hence among many local bourgeois economists. (However, the megaproject approach does stress an export-oriented "beneficiation" strategy, and this — unfortunately — has led to endorsements from within even the ANC and Cosatu.)

Setting aside the boondoggles which unite monopoly capital and the giant parastatal corporations, the lack of investment and shrinking markets have proven disastrous for many small and medium sized enterprises. The only manufacturing sectors which claimed growth in 1992 were plastic products, other chemical products, nonferrous metal products and professional/scientific instruments. Worst hit were footwear, glass and textiles, which suffered large excess capacity problems. Still to come are major shakeouts in heavier industrial sectors, especially automobiles, as the international law of value begins to play a more important role. While 300 000 vehicles were produced and sold annually in the early 1980s, the early 1990s averaged less than 200 000.

This desperate need to downsize the industrial economy to restore profitability cannot be blamed on the advanced stage of class struggle in South Africa, as bourgeois economists are often wont to do. True, large strikes have been witnessed in the auto, metals and public service (especially health and teaching) sectors in the past year, while Cosatu shop-stewards

have maintained a salutary militancy and class-consciousness.²⁵ Nevertheless, while workers demanded wage increases of 55% in 1992, they were forced to accept just 12,6% (i.e., below inflation).²⁶ Overall working-class advance on the wage and benefits front has been reversed even further in recent months (leading to reduced demand for consumer goods and further problems in repayment of outstanding consumer credit), while a further spate of retrenchments are expected until a fragile upturn takes hold, possibly sometime in 1994.

On the other side of the class struggle, monopoly capital appears more highly concentrated, collusive and anti-social than ever. Economic Trends members Joffe, Kaplan, Kaplinsky and Lewis note that price fixing and agreements to allocate market shares are customary, and that product lines of many key manufacturing sectors remain dominated by a single firm. South African monopoly capital is still characterised by interlocking directorates, a tiny number of major corporate shareholders (Anglo American, Rembrandt, Old Mutual, Sanlam, Liberty Life), and an incessant search for profits via short-term financial ratios (rather than long-term R&D).²⁷

In sum, industrial development remains stymied by the limits of the market (the overaccumulation problem) and by the extremely distorted productive infrastructure in the country, through which linkages and articulations between different sectors (capital goods and consumer goods, for example) remain underdeveloped or bottlenecked. The challenge lies in moulding the present industrial sector into one more capable of generating mass production of basic needs goods, through conversion of the capital-intensive, luxury consumer-oriented infrastructure into a labour-intensive, more locally-responsive, environmentally-friendly economy.

Financial parasitism

With a growing crisis in manufacturing and the demise of new investment in plant and equipment, it is difficult for many observers to understand how the big banks and other financial institutions are earning record profits. Are they not carrying billions of rands of unpayable farm debt on their books, and experiencing record levels of corporate, consumer, housing bond, and taxi loan defaults? Are they not, like most landowners, facing the problems of the crash of the commercial property market? The answers are yes, but that somehow has not mattered.

The most immediate reasons for banking and financial ascendance during industrial decline are, it appears, market power and pilfering. The four large banks rarely engage in generalised price wars on their product (i.e., the interest rate charged for a loan, or paid to a saver). Just before the current depression began, the margin between what bankers charge borrowers and what they reward savers was 2,25%; it now stands at more than twice that. One result was record profits for banks, and a huge rise in share values of banking stocks.²⁸

Financial profits are also gained through Johannesburg Stock Exchange speculation. Although between June and October 1992 the JSE shed 20% of its share value (more than R100 billion), there has been a comeback on the basis of the steady annual flow of R40 billion of "contractual savings" (insurance and pension funds) into institutional investors like Old Mutual, Sanlam and Liberty Life, who together control more than R200 billion in assets. As a result of this guaranteed income stream and the prohibition on foreign investment of

such funds, the JSE share value soared to R560 billion at its recent peak. It was the fastest growing stock exchange in the world from 1989-mid-1992. In 1991 JSE industrial shares increased in price by 56%, while the industrial economy experienced negative growth. The recent fall-back does not, however, yet represent a real "correction," and leading analysts say the JSE "cannot defy gravity for much longer" (meanwhile Wall Street too "is more overvalued than at any time in history, more expensive than in both 1929 and 1987.")²⁹ Nevertheless, until the JSE crashes the 30% or so it is due, profits for institutional investors, led by Liberty Life, remain glorious.

These institutions' control of contractual savings should, in a working capitalist economy, provide the long-term basis for fixed capital formation. But in the hands of JSE brokers like Greg Blank their role in backing corporate investment diminished and they more quickly became putty for yuppie fraud. This sort of financial parasitism — even by men who in earlier years garnered enormous respect — completely justifies Keynes' plea for the "euthanasia of the rentier." Whether it is Blank and his insider-trading network at the upper echelons of Old Mutual, superbanker Bob Aldworth and his enemies in the ABSA hierarchy, former MP Jan Marais (implicated as a director in a failed investment company), Sol Kerzner (still subject to extradition to the Transkei on bribery charges), or dozens of other leading financiers convicted or charged with various forms of fraud, today's models of high-flying financiers and cutting-edge entrepreneurs are caricatures of capital.

Even at the industrial heart of the South African economy a man like Anglo chief executive Julian Ogilvie Thompson is reduced to a hapless shyster, when trying to market rancid De Beers shares to sceptical London stock market investors in mid 1992.³⁰ Capturing Unita's diamonds (thus fuelling Angolan civil war) may have temporarily rescued De Beers (whose share price had crashed by more than 50%), but the diamond market's decaying fundamentals (increased supply from Russia, diminished demand from shrinking East Asian luxury markets) will very likely yet prove to be decisive.

More generally, fraud has come to dominate many business (not just government) careers. More than 55 000 "economic crimes" took place in 1991, according to the Witwatersrand Attorney-General.³¹ Corporate crime on the order of R6 billion a year is estimated by the Office for Serious Economic Offences. South Africa has been cited by a British organisation (the Centre for International Documentation on Organised and Economic Crime) as "a prime target for future growth in international economic crime and money laundering."³² One police report widely cited last year estimated fraud costs on the order of R374 billion, a figure so enormous that it defies belief.³³

The worst cases of financial parasitism, however, are yet to come, and the vehicles again are the banks, the mechanisms various forms of "capital flight." What, after all, does First National Bank do with its new offices in Panama and the Cayman Islands? What does Standard do in the Isle of Man? These are notorious "hot money centres," the playgrounds of drug and currency smugglers. It is a travesty that before opening their first branch within a township of 300 000 residents (say, Alexandra), FNB and Standard have invested hundreds of millions of pensioner's funds (raised on the JSE) for this purpose. In the process this not only crashed the finrand last October (according to the Reserve Bank) but is set to strip the country's financial cupboards bare in the short- and medium-term.³⁴

International economic hostility

Meanwhile on the international trading and investment front the news remains appalling. Instinctively or through trial and error, South African manufacturers are learning what minerals and agricultural exporters have found out the hard way over the past couple of decades: the rules of the international trade game are simply not fair. After peaking in 1973, raw materials prices have sunk to their lowest real level in recorded history at present, with no prospect for an upturn in sight. As a result, orthodox economists and politicians expect manufacturers to lead an export-oriented growth strategy.

But manufacturers themselves are learning that this is a foolish approach — the "export confidence barometer" of the SA Foreign Trade Association fell from a level of 32 in late 1991 to 16 during 1992.³⁵ Of more than 600 manufacturers surveyed by the Department of Trade and Industry last year, 43% produced exclusively for the local market while another 42% could only export 10% or less of their production.³⁶

Cosatu-affiliated economists seem to recognise the dangers too. Joffe, Kaplan, Kaplinsky and Lewis concede that "Entry in external markets has been difficult, partly because of the growth of protectionist barriers in key, large economies and partly because of heightened competition. At the same time, most of the developing world (including South Africa) is being forced to open domestic markets to imports." (Yet we must also note, sadly, that Joffe et al "agree with most of the World Bank proposals for trade policy reform" — which in the pre-lending stage, it must be said, appear to be much more lenient for South Africa than for other developing countries — and even call for the "selective liberalisation" of basic wage goods such as wheat, shoes and garments, a liberalisation "that goes beyond that of the Bank," and a sure route to more retrenchments in sectors that are extremely vulnerable.)³⁷

Searching high and low for export-oriented industries, the World Bank has gone on record with a claim that South Africa is "able to compete internationally" at the high end of the clothing market, where South African "wages were up to ten times *lower* than Korea, Taiwan, Hong Kong and Italy."³⁸ Yet for good reason (tough foreign competition) nearly every South African apparel manufacturer still produces at least 75% of output for local markets.³⁹ Indeed, if South Africa's export strategy has not been working it is not for lack of trying. For example, energy costs for export producers have been priced artificially low (to the extent that bauxite will be shipped to South Africa for conversion into aluminum by Alusaf thanks solely to very low Eskom rates), leading to concerns about further coal-related destruction of the environment. More generally, the government's General Export Incentive Scheme costs the equivalent of a 2% increase in the VAT rate; yet it is "relatively useless for boosting exports" according to officials from the General Agreement on Tariffs and Trade. An ANC trade advisor adds, "Many companies are exporting only because they receive GEIS payments. It is questionable whether the benefits warrant the cost."⁴⁰

Why, then, can't South African manufacturers compete? While some economists claim that protectionism within the rest of the South African economy generates a bias against exports (due to higher materials prices), a recent World Bank report concedes that in comparison to 31 other developing countries, a variety of exemptions and special arrangements within the South African tariff structure result in the lowest "effective tariff take" of all the countries.⁴¹ The World Economic Forum and the International Management Institute (both based in Switzerland) studied the economic competitiveness of 22 industrialised and 14 "newly

industrialised economies" and ranked South Africa 29th overall. Amongst the 14 countries in the latter category, the sectors where South Africa showed a comparative advantage were finance (ranked fourth) and science and technology (fifth), neither of which can claim much contact with the majority of the South African population. With respect to education, equal opportunity in jobs, and "worker motivation," South Africa is worst of all contenders.⁴²

Foreign investors report paradoxical experiences in South Africa. Thanks to monopolistic conditions in local markets the average US manufacturing multinational earned huge profits in 1989 (the latest year surveyed): an 8,3% after-tax return on South African investment, compared with 6,5% in Latin America, 5,5% in Asia and 4,9% in Western Europe. Nevertheless, there seems no real scope for substantial additional growth of the saturated local market.⁴³

Anti-apartheid pressure has contributed to multinational corporate disinvestment in recent years, but the dwindling of foreign investment in South Africa actually began two decades ago when overaccumulation became increasingly evident, as total foreign direct investment (measured in 1985 rands) fell from R31 billion in 1973 to R26 billion ten years later and R22 billion today. As for the future, as Sanlam's "scenario planning" exercise put it, "It would not be wise to overestimate the foreign investment potential."⁴⁴

What is also important here is to specify the conditions under which direct foreign investment and foreign loans are brought back to South Africa. Foreign investment typically involves profit repatriation of R95 for every R5 invested, and foreign debt is particularly worrisome, given the strings typically attached (IMF and World Bank "conditionality"), its high cost (what with a declining rand) and the emphasis it puts on an export-oriented growth strategy to repay the hard currency.⁴⁵ According to some experts, South Africa's annual development-related borrowing in coming years will not exceed \$1 billion (aside from likely IMF balance-of-payments loans), of which the World Bank would provide around half. Repayment or rescheduling of the existing foreign commercial bank debt (still at around \$19 billion) will be a serious challenge, given continuing international doubts about political stability in South Africa.⁴⁶

If other developing countries provide any lesson, it is in the ideological policing function that prospective foreign investment plays — "If you demand higher wages or housing for all, we will get no support from US or European companies or banks" — that most care will have to be exercised. Which leads directly to the question of what reforms might most optimally be demanded, and what strategies and tactics appear to correspond with the opportunities that present themselves in the continuing crisis.

POSSIBILITIES FOR CAPITALIST REFORM

The three areas of particular difficulty outlined in Section 3 — industrial decline, financial speculation and the international environment — and the profusion of problems mentioned in Section 2 are by no means exhaustive. State management of macroeconomic variables (the money supply, interest rates, inflation, currency values, the budget, state investment, etc) deserves a paper or two on its own, as do micromanagement issues ranging from new techniques of labour control at the point of production to control of women in the household.

However, it is to the central theme of Section 1 — classical Marxist crisis theory — that this conclusion turns to argue for certain political insights.

If one studies the crisis through the lens of the classical theory, the ebb and flow of overaccumulation and devaluation present themselves as central points of political, social, labour and community intervention. In setting up some broad principles for debate, there are two central aspects of capitalist reform that deserve attention (but again, far more than space presently allows): political will and financial viability. Hard enough as it is to calculate the strength of the post-apartheid fiscus (government budget) and the capital markets, these financial variables are nevertheless far easier to judge than the political balance of forces. It is there we begin, first with a quick overview of some political constraints, followed by an ideal-type trajectory of political mobilisation around economic demands utilising insights from crisis theory.

Political constraints and opportunities

"Big business says it accepts the need for stability based on social compacts, for consultation, for democracy," complained two leading ANC economists in an article about the Alusaf and Columbus steel projects.

In these conditions, we would expect massive, capital-intensive ventures to emerge only after a serious review of other options, and as part of detailed plans to maximise upstream and downstream linkages so as to provide more jobs. Surely, then, the captains of industry — whether in the private or the parastatal sector — will seek wide debate before taking decisions that affect all our lives.⁴⁷

The harsh reality, however, is that while many on the Left strive mightily to realise expansive social contracts (and while they may be egged on by the likes of Nedcor/Old Mutual "Scenario Planning" or "Mont Fleur Scenarios"), the agenda of big business remains one of contraction (or in the megaprojects case above, raiding the state coffers while there is still a chance). If the Sanlam-financed *Platform for Investment* must so ponderously spell out the facts of life to its conservative constituents — "Social accords are not purely about limiting the demand for high wages"⁴⁸ — then prospects would appear somewhat gloomy for this strategic approach to capitalist reform.

This is not merely because controlled devaluation of excess capacity is such a high priority prior for big business gearing up for immersion into the international economy. It also reflects a fear expressed often that a Freedom Charter-oriented social welfare state could become uncontrollable; an irresponsible Sandinista/Mugabe-style fiscal populism could infect the economy, like AIDS, sapping its entrepreneurial life-blood.⁴⁹ If, for example, decent housing is built for all South Africans at an affordable price (a project eminently feasible in financial terms as argued below), so too must wages rise to pay for the higher standards of services, fittings, and new community facilities. While employers may complain occasionally about the problems associated with a poorly-housed and transported workforce, there is a certain convenience in maintaining relatively low wages such that the bulk of workers (and the unemployed) have no choice but to inhabit the lowest-cost housing available.

As a result, there has been increasing concern on the Left about the prospect for the "insider-outsider" dichotomy, a "thirty-seventy solution" in which elite leaders cut deals and a small proportion of the upper echelons of the working-class is catered for (through vehicles such as job security, skills-upgrading, employer-guaranteed housing bonds and employer housing subsidies, pensions and pension-linked bonds, and various other insider programmes). Under this scenario, the masses of workers and the poor are faced with, at best, a site-and-service ("I Do Toilets") so-called "housing policy" which entails self-help shack construction in peri-urban dumping grounds far away from job opportunities or community facilities, and full cost-recovery for inadequate, expensive services.

It is not just the private sector which is to blame (although for designing the toilet policy the Urban Foundation will gain the condemnation of urban historians when all is said and done). Others in the ruling class — for whom the title "econocrat" (coined by Mark Swilling) still seems fitting — also exercise ideological control on what is considered financially feasible. "Kick-start" programmes (such as the first version of Nedcor/Old Mutual Scenario Planning) have run into opposition from extremely powerful econocrats, including Reserve Bank governor Chris Stals and special government economic advisor Japie Jacobs.⁵⁰ Meanwhile, the corporate tax cuts in Minister Keys' recent budget (from 48% to 40%) seem the height of fiscal irresponsibility, perhaps to be paid for, in spite of continued heavy opposition from Cosatu, by privatisation (South African Airways and Abacor meat processing are now in preparation, and Foskor fertilisers and Eskom also under study for privatisation or commercialisation).⁵¹

There are, of course, dangers in the econocrat strategy (which also apply to the kick-starters): by most accounts the society may implode — the Vaal has become the metaphor Lebanon once was — if certain basic improvements are not apparent. Strictly along racial lines, the main areas of demand and conflict will be as follows (according to Sanlam's *Platform*):

- whites in public service displaced to make way for blacks;
- blacks able to reclaim original land;
- whites more heavily taxed for welfare of blacks;
- companies appoint more blacks to achieve quotas;
- black farm workers given parts of farms; and
- many blacks being appointed to good jobs.

In the soothing words of Lawrence Schlemmer (author of this section of the *Platform*), "Many of the most severe perceived threats are symptoms of the twin current phenomena of competitive transition and deep recession. They will subside to some extent." How will they subside?

Once in an interim government the ANC's close association with the labour movement and with progressive NGOs will have to be loosened, allowing it to become more balanced in its approach. There is already a close working relationship between the ANC, the World Bank, the Development Bank of Southern Africa, the Consultative Business Movement and other organisations which are painstakingly pointing out the longer run costs of many redistributive strategies... Once it is functioning, the National Economic Forum will assist the process of establishing common ground. The recent positive interaction between ANC leaders and Mr Keys is an early indication of what could be achieved *within* an interim government.⁵² This is the optimistic voice of big business; if it is guarded at all, then mainly by concerns

of "inconsistency" in ANC policy.⁵³ How realistic is this "convergence" scenario? Nicoli Nattrass (a social democrat) argues that "It would be a mistake to believe that some form of social democratic consensus is on the cards. In crucial respects, agreement is superficial only."⁵⁴ At a Nattrass lecture at the Institute of Race Relations in late 1992, Bobby Godsell (of Anglo American and the Chamber of Mines) seemed to agree, terming the National Economic Forum a "talk-shop" due to the widely divergent interests.

If more sophisticated readings of social contracts conclude that there really is not much scope for anything more than symbolism here, it may be, then, that an appropriate response in this doubly-dangerous environment — devaluation of overaccumulated capital mixed with class differentiation along geographical lines — is to avoid those social pacts which have the characteristics of elite politics and insider-outsider dichotomisation. In contrast, there is an obvious need for labour and social movements to intensify mass struggles for basic human rights (access to meaningful employment, housing, education, health care, etc), and simultaneously to seek out what might be considered "non-reformist reforms"; i.e., those strategic gains which open the door to further struggles through empowering activists and their grassroots constituencies (on shopfloors and in communities) with new tools, new insights and new courage to press for what is rightfully theirs.

There are a few developments emerging which may be of particular interest to worker and community leaders aiming to maximize their impact against capital and state while gaining at least minimal non-reformist victories that keep momentum high. As hinted at previously, these sorts of developments often emerge organically from the conditions on the ground and strategically with respect to the opportunities tossed up by capitalist crisis. Two examples will suffice.

In the field of labour struggles, there is a strong argument for grappling with the contradictions in South African capitalism where they are most extreme. As shown above, the crisis has been displaced rather emphatically into the sphere of finance. It is here, for example, that workers indebted with housing bonds place the greatest pressure on their trade union leaders to settle a strike, for after a couple of months the threat of foreclosure and homelessness sharpens the choice between staying on the picket line for the final push to victory, or accepting the company's offer. In turn it is the overindebted company which is being pressurised by its bank (a fair amount of the time) to cut the wage bill in order to pay the interest bill.

The financier then plays the complicated organising role for the devaluation of overaccumulated capital, which has now taken the form of a loan to the company. The squeezing of even South Africa's large firms by the banks has become commonplace (for example, ABSA against Tollgate, FSI Holdings and Bester Homes in recent months). To an ordinary trade union strategist, the complexity of these corporate power relations, and the prospect of a new, more powerful target (the financier standing behind the company), is daunting upon first consideration.

But it need not be so. In the US, the roaring 1980s — characterised by leveraged buy-outs, junk bonds, asset-stripping, greenmail, golden parachutes and other contraptions of high finance — left industries, regions, individual companies, pension funds and workers in tatters. The logical response by the most militant workers, in the form of strategic trade

union campaigns that often accompanied strike action, was to focus attention on the links between finance and production (and consumption — i.e., that housing bond). This entailed identifying means of raising the costs to the financier of its practices, which in turn translated into potent pressure upon the primary corporate target. Because such US trade union "corporate campaigns" were carefully constructed to build alliances with local forces (community groups, churches, anti-apartheid activists, civil rights groups, etc), there emerged enormous scope for linking issues, gaining respectability in the struggle for political and media influence, and raising social consciousness about the manner in which people's money is handled by financiers. Such a process inevitably led to a much stronger bargaining position in negotiations over who, effectively, would bear the brunt of devaluation, and over how restructuring of a company (even an industry) might occur.⁵⁵

A second example is drawn from South African community struggles over credit. When R7 billion was pumped by banks and building societies into the townships between 1986 through 1990 (170 000 housing bonds) — much of it at 12,5% interest rate but rising to 20,75% within a few months, at a time when civic associations were repressed, no community involvement was sought, serious retrenchments would soon affect borrower affordability, and for often shoddily-built housing geographically positioned far from commerce or employment — the result could only be a massive repayment crisis. The banks had saturated the top ten percent of their market (those who could afford a R35 000 house) and in mid 1990 promptly pulled out of the townships, even in areas mainly unaffected by repayment problems or political turmoil.⁵⁶

Indeed this particular form of the broader financial crisis began to emerge in South Africa even before formal "bond boycotts" became a regular tactic of organised communities across the country facing problems with their lenders (in particular the South African Housing Trust), and long before the national civic movement SANCO threatened a bond boycott to pressure banks to stop supporting the government and homelands (in mid 1992). Rough estimates are that 30% of all such township bonds went into arrears or default in recent years. The inability of banks to actually foreclose (due to community opposition to the sheriff) meant that the devaluation of overaccumulated financial capital (i.e., that R7 billion so recklessly loaned out) would be borne by the banks, not by the borrower.

At one level this is an interesting and instructive response to the crisis, for here the bond boycott can be seen as a means by which organised communities used organic tactics aimed, strategically, at getting relief from anti-social financial practices. At another level, however, the effect of bond boycotts is rather more important. The end result of this extraordinary battle between borrower and lender, probably unique anywhere in the world, was a near-complete cessation of initiatives aimed at commodifying township housing and hence building the black middle class through housing finance. Even the Urban Foundation's Home Loan Guarantee Fund, meant to churn out R1 billion of new low-cost housing guarantees every year, has sputtered to a halt at less than 10% of capacity. The much-vaunted secondary sales market, by which the old matchbox houses could be privatised and sold, does not work in any township because there is no financing. Prospects for "gearing up" further housing finance from state funds are dim under these conditions. A giant morass has emerged (not only due to the bond repayment crisis, of course) which has resulted in low-cost housing developers going bankrupt, communities overcrowded and underhoused, and growing social tensions.

This is what urban capitalism has wrought through the banks' poorly-conceived strategy of providing loans to the top sliver of township residents, on an extremely uneven basis in which the flow of funds was rapid but the ebb of funding nearly instantaneous. Politically there appears no real hope for short-term resolution of this crisis of the circulation of capital, and certainly very little appears on the horizon (aside from SANCO's agreement with the Perm) with respect to social contracts aimed at restarting the flow of funds into townships. However, where capital has failed so ignominiously, there arises the opportunity for a more creative approach to reforming capitalism, which is taken up in the concluding lines.

The financial viability of reform: The case of housing

The argument that must be advanced, is that if reformed profoundly, South Africa's financial markets and budget (under a new tax regime) could relatively easily generate the finance required to meet the basic needs of the country's poor and working people. Due to the enormous number of state financing agencies, the overlap in these, and the extremely poor state of record-keeping more generally, it is not possible to accurately and conclusively document the amount of government resources currently being used for job creation, social welfare, health, education, housing, community development, etc. But it is the responsibility of progressive policy-makers (even Marxists) to actively search out the social (and private) resources currently being disguised, misused or misappropriated, and support the demands of labour and social movements to gain better access to these, and on terms that sustain rather than undermine social organisation. A brief exercise along these lines is presented next, using housing (the principal commodity demanded by the urban social movements) as an example. Mass housing provision is interesting because it is often considered the capitalist reform of primary importance, given its effects on ensuring social stability as well as for its counter-cyclical kick-start effects on the economy.

By most accounts, the cost of providing a basic housing unit (whether a two-room structure in a new development, an inner-city flat rehabilitation or unit in a high-rise building, or a decent shack-upgrading)⁵⁷ is around R25 000. The capacity of the building materials and construction sectors to deliver a mass housing plan is hotly contested (industry representatives claim 300 000 low-cost houses per year is feasible; if strong anti-trust mechanisms and support for community builders was possible, add another 100 000). The housing shortage at present is, according to some guesstimates, three million units; add another million for new household formation during the next decade.⁵⁸ The result: build 400 000 houses a year for the next ten years at an annual (present-value) cost of R10 billion, and the popular demand of "housing for all" can be satisfied in a decade. The next issue is, where to get the R10 billion each year. How much of that can recipients reasonably afford to repay under the principle that "housing is a right, and housing payments should be affordable"?⁵⁹

In 1991, expenditure on housing (measured in aggregate by the Reserve Bank as residential building expenditure, which is part of gross domestic fixed investment) was R6,533 billion for the economy as a whole, with public authorities responsible for R932 million and public corporations for R224 million. In real terms (measured in 1985 rands), this represents an enormous decrease and potential unutilised financial capacity. In 1984, for example, government spent R1,029 billion on residential buildings (in R1985), as opposed to R527 million (in R1985) in 1991.⁶⁰ What this means, in effect, is that the government is

spending effectively *half* of what it did in the mid 1980s.⁶¹

In contrast, the government spent just over R100 billion on total goods and services in 1992/93 (a substantial real increase over previous periods). Under an optimal system of rationalised and efficient expenditures, the amount of government spending on housing and related infrastructural provision would be several times more than the present R2-R3 billion in total on- and off-budget spending. State spending of, say, even R5 billion a year on low-income housing subsidies, would put South Africa within (not at the top of) the range of countries such as Malaysia and Tunisia which have made a serious commitment to this sector of the economy.⁶²

In addition there are substantial private sector resources that could be diverted from current unproductive uses into housing and infrastructural development if mechanisms, affordability enhancements and political will existed.⁶³ There are several important private sector providers of finance for housing, including commercial banks and (former) building societies, and others (such as those institutional investors) which should be tapped.⁶⁴ The point here would be to capture such funds at something close to the present market rate (for the sake of savers and pensioners), blend them with state grants, and distribute the proceeds to community-oriented intermediaries which can make loans and assure repayment effectively.

In somewhat technocratic terms, the principles under which such a subsidy scheme might work include a universal acknowledgement to the "right" to decent housing (not just to a toilet on a serviced site). The recipient would be expected to pay at least 20% of available monthly income towards the housing, and the collection agency would be a new, non-profit, community-controlled, development institution (a "People's Bank" of some sort would be ideal). The pool of funds available for the housing would total R10 billion per year, coming from the state (in the form of a grant) and the private sector (at close to market rate, perhaps through a "prescribed assets" mechanism) such that the effective cost of funds is half the market rate (i.e., around 8%). Calculations using standard income distribution models suggest that the necessary amount of average subsidy for a R25 000 house would be around R12 500, which for 400 000 units is the amount the state would be expected to contribute each year (R5 billion). Hence this type of reform effectively decommodifies housing (in order that even the very poor gain access), and is financially feasible even under present conditions of deep overaccumulation crisis. The other R5 billion is not too much to draw (and repay) from annual contractual savings flows of R50 billion+, since with little new fixed investment underway there is nothing of the mythical "crowding out" of the private sector to worry about. However, the political balance of forces in South Africa — in particular the influence of the IMF and World Bank which Schlemmer referred to above — suggest that it is exceptionally unlikely that such a "housing for all" reform programme will be implemented. Nevertheless the point of any socialist argument is that the capitalist system has provided the forces of production which make it possible to meet society's basic needs. If the capitalist class is unwilling to actually make such a commitment to society, then that calls for a bit of a rethink about the mode of production itself.

CONCLUSION

Finally, this brings us to a very brief consideration of agency. Who might we expect to

champion such far-reaching reforms, even beyond the point that they are rejected by the ruling class? Those who insist that it is organised labour that must be the standard-bearer for programmes such as "housing for all," often point to the inherent conservatism, communitarianism and inconsistencies of urban social movements.

What sort of rebuttal is in order? In the recent Amin, Arrighi, Wallerstein and Gunder Frank collection, *Transforming the Revolution*, the position of Frank and Fuentes is worth our consideration:

In seeking and organising to change society in smaller, immediate but *doable* steps, which did *not* require state power, the utopian socialists were perhaps much more realistic than the scientific ones — and they were more akin then to the social movements of our time than the "scientific" socialists of the intervening century. What is more, many utopian socialists proposed and pursued social changes and particularly different gender relations, which were subsequently increasingly abandoned or forgotten by scientific socialists... The real transition to a "socialist" alternative to the present world economy, society, and polity, therefore, may be much more in the hands of the social movements. Not only must they intervene for the sake of survival to save as many people as possible from any threatening abyss. We must also look to the social movements as the most active agents to forge new links, which can transform the world in new directions.⁶⁵

This is little more than an assertion, of course. But if there is any truth here, and if the broad forces of the Left are to capture the imagination of those alienated from a sunset-apartheid dispensation marred by continuing processes of capitalist devaluation and the continued intransigence of bureaucrats, police and army, it strikes me that struggles can effectively be waged against capitalism, even in the context of reform (not necessarily reformist) programmes. The rest of the seminar series no doubt provokes plenty of strategic insights. I would still insist, however, that classical Marxist crisis theory provides some of the most interesting ideas in the defense against capitalist economic tyranny, as well as in our efforts to creatively utilise those resources (such as liquid financial markets) which are still provided by a capitalist society today facing seemingly interminable decay and self-destruction.

CAPITALISM AND THE 'AGRARIAN QUESTION' IN SOUTH AFRICA

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INTRODUCTION

It has become fashionable to introduce the agrarian question in South Africa with the complaint that it has been scientifically neglected and politically forgotten. With at least five major conferences and workshops on agrarian issues, land or rural development over the last three years (Okumo, 1990; ANC National Land Commission, 1990; Matlhabe and Munz, 1991; de Klerk, 1991; van der Walt, 1991),⁶⁶ a number of journals with special issues on land⁶⁷ and a variety of publications focusing on the rural and agricultural South Africa, this complaint has become rather passé. In contrast, this paper does not attempt to correct any quantitative imbalances or urban biases in the work of social scientists on South Africa. Rather, its purpose is to challenge the qualitative bases of the debate on land in South Africa.

The paper has four sections. Firstly, it attempts to provide a clear definition of the agrarian question in relation to the development of capitalism in the countryside and the political possibilities for alliances with rural classes. In the second section the process of class formation in South Africa is discussed with specific reference to the displacement of proletarians to the reserves. The third section gives a brief description of the rural crisis by emphasising the fundamental division between the reserves and white-claimed South Africa and by highlighting some of the problems confronting farm workers on white commercial farms. Finally, the paper advances the argument, peculiar as it may seem, that there is no social basis for the agrarian question in South Africa. Indeed, there is no agrarian question in South Africa at all.

It may seem paradoxical to address the agrarian question and then to assert that it does not exist in South Africa. My view is that this paradox is confined to the level of appearance and originates out of a crude conflation of the land problem and the agrarian question. Saying that the agrarian question is non-existent in South Africa, does not mean that exclusive white minority ownership of land is not a monumental problem for the oppressed. The 87:13 ratio, false as it may be in practice⁶⁸, is still the core of the land problem. This argument instead, implies an entirely different approach, based specifically on the proletarian character of the vast majority of the rural population. The crucial question confronting rural South Africa, is thus not whether the agrarian question can be resolved within the framework of the capitalist system, but how best the interests of displaced proletarians in the reserves and farm workers on the so-called white 'platteland' can be advanced towards the eventual control of agricultural production in South Africa.⁶⁹

THE AGRARIAN QUESTION

There are a number of related issues which make up the broad agrarian question. In general, it refers to the transformation to capitalist production in the rural areas characterised by a complex variety of transitional forms of backwardness and uneven development and giving rise to specific class forces. More particularly, it relates to the transition from feudalism to capitalism, the specification of different modes of production and the possibility of a political alliance of peasants and proletarians (embodied in the symbol of the hammer and sickle).

The central questions, thus are, on the one hand, the extent to which capitalism has penetrated and transformed agriculture and proletarianised the rural population. On the other hand, there is the vital political question of identifying non-proletarian class allies in the rural areas for the urban working class.

The first question is elaborated most poignantly in Lenin's (1977) seminal work, 'The Development of Capitalism in Russia' first published in 1899.⁷⁰ In it, the main emphasis is on the historically progressive tendency of capitalism to sweep aside traditional forms of production, ensuring the decay of feudalism as well as the erosion of the commune. While recognising the resilience of household production in Russia, as well as the tenacity of consciousness⁷¹ which it facilitates, Lenin demonstrated, with detailed empirical substantiation, that capitalism was well-advanced in the Russian economy. Consequently, the communal organisation of villages could not be the basis for Russian socialism. Instead, the growth of capitalism in the countryside led Lenin to argue that the property-owning proletariat is not anomalous at all. After a lengthy exposition on why many rural-dwellers in Russia are in fact proletarians he writes:

...our literature frequently contains too stereotyped an understanding of the theoretical proposition that capitalism requires a free, landless worker... the allotment-holding rural worker is a type to be found in all countries, each bearing the traces ... of a specific history of agrarian relations-but this does not prevent the economist from classing them all as one type of agricultural proletariat. The juridical basis of his (sic!) right to his plot of land is absolutely immaterial to such a classification (Lenin, 1977:178).

In his consistent battle against the position of the narodniki that the peasantry in general could be anti-capitalist, Lenin purports that the economic history of Russia demands a proletarian leadership over the democratic struggle. The narodniki view of 'skipping the capitalist phase' or a 'direct transition to socialism'⁷² was inherently utopian since it was based on a class of middle peasants that was rapidly disappearing as it divided into capitalising farmers on the one hand and rural proletarians on the other:

If we take the peasant agriculturalist we shall find that on the one hand masses of peasants are giving up the land, losing their economic independence, turning into proletarians, and on the other, peasants are continually enlarging their crop areas and adopting improved farming methods... split(ing) our community peasants into a bourgeoisie and a proletariat (Lenin, 1968:34).

The differentiation of the peasantry thus dictated Lenin's evolving theoretical formulations on the political role of the peasantry in relation to the urban proletariat in the Russian revolution (Alavi, 1973:296). From a tacit assumption that the rural bourgeoisie, the kulaks, would provide the main force in agriculture in the battle against feudal autocracy, Lenin's position changed dramatically in favour of an alliance with the poor peasantry after 1905. In practice, however, this alliance never materialised and the failure of the Bolsheviks to mobilise the poor peasantry led Lenin, in 1920, to the conclusion that:

...the rural population...is capable of giving resolute support to the revolutionary proletariat only after the latter has won political power (cited in Alavi, 1973:305).

While Lenin was concerned with a political strategy involving the rural population on the basis of a thorough analysis of the economic history of Russia, Kautsky's 'The Agrarian Question', also published in 1899, tried to demonstrate that large scale agriculture was more efficient than small-scale farming. Moreover, Kautsky predicted that the commercialisation of agriculture and concentration of landholding would undermine and eventually destroy peasant forms of production (Banaji, 1976; Pearce, 1985:66).

Quite clearly, the work of Lenin and Kautsky, at this stage, was complementary. They were in agreement that the peasantry as a class was a remnant of feudalism and therefore doomed to extinction by the inexorable advance of capital accumulation on an ever-increasing scale. Despite the fact that this may be true for South Africa, (I will be taking up this issue in a later section of the paper), the experience of the vast majority of poor countries has been a lack or a low level of commercialisation in agriculture. Peasantries have persisted, even in advanced capitalist countries (Byres, 1991:11; Goodman and Redclift, 1981:11). Indeed, the displacement of non-capitalist relations of production and the dispossession of independent producers, especially in agriculture, have been extremely varied processes.

Even though there is no single path for the integration of peasants into exchange relations and the wider economy generally, the common thread is the ever-greater dependence upon the commodities of and wage labour under the capitalist system. According to Giddens (1990:520) the concept of globalisation best describes this growing interdependence of world society. "Our lives," he asserts, "are increasingly influenced by activities and events happening well away from the social contexts in which we carry on our day-to-day activities." There can be little doubt about the truism of this statement. However, without examining the specific manner in which this 'influence' is brought to bear upon our lives, we may be left with the sanitised version of world history based on the 'neutral' concept of cultural diffusion. As Hoogvelt (1976:18) remarks about the work of the North American sociologist, Talcott Parsons:

In Parsons's approach one gets the impression that the history of mankind (sic!) has been one happy, relaxed and peaceful exchange of ideas, stimulating progress here there and everywhere where contact between societies was made. Cultural diffusion appears as a friendly merchant traveller,... innocently roaming the world, gently picking up a few ideas in one place and harmlessly depositing them in another. Incredulously, domination, exploitation, imperialism and colonialism are not discussed in any of Parsons's work on evolution.

We may find coca cola advertisements in the remotest of Chinese villages but this tells us very little about rural life in China besides the fact that some commodities are available for exchange. The agrarian debate is an antidote to the grandiose claims that globalisation has brought about "dramatic transformation" in world society (Giddens, 1990:517).

At the heart of the agrarian question lies the rather rustic reality that many rural-dwellers have retained their access to land. How they hold this land, their land tenure system; and what they do on this land, their mode of agricultural production obviously vary considerably from place to place. A consideration of these regional variations and historical specificities is vital for a more informed interpretation of rural social relations and class formation in an era of world capitalism.

CLASS FORMATION AND ACCESS TO LAND: The Making of a Displaced Proletariat

Within South Africa, as elsewhere, the process of class formation was uneven. It was undoubtedly structured by colonial incorporation and capitalist transformation of indigenous society. White settlers, be they farmers, miners, industrialists or administrators, required cheap labour⁷³. Invariably, this labour was supplied by Africans. But the conversion of independent producing Africans into wage labour was not uniform across the entire country or within communities. While some Africans were thoroughly proletarianised to become permanent wage earners soon after the arrival of whites, many became migrant labourers, only partially proletarianised, subsisting from both urban wages and rural production and living in specifically designated reserve areas for Africans. Still others entered a variety of rent, share-cropping and labour-tenancy contracts with white landlords. Against all odds, some Africans managed to secure freehold land rights in the white-claimed part of South Africa, the so-called, 'black spots'.

Apartheid crucially influenced the various paths of proletarianisation and forms of landholding in South Africa. It also had a direct bearing on the distinctive development of capitalism in the country as a whole. Territorial segregation in the form of 'scheduled' rural reserve areas for Africans, the distortion of the communal system of land tenure in these areas and the brutal imposition of control over African influx into the cities through the pass laws and the resultant political exclusion, shaped African proletarianisation. In essence, apartheid policy attempted to drive a wedge between the processes of African urbanisation and proletarianisation.

While dispossessing and expropriating the mass of the people, the apartheid state prevented the permanent urban settlement of millions of Africans, compelling them to remain domiciled in the impoverished reserves where they had a semblance of access to land. Thus, the extent of their dependence upon wage labour far outweighed the level of their urbanisation. Needless to say, apartheid policy was not altogether successful in realising its objectives. Despite influx control in the shape of pass laws and a battery of other repressive legislation, apartheid failed to prevent the growth of an urban African proletariat. The emergence of an independent trade union movement as well as popular community and civic organisations, particularly from the 1970's onwards, has effectively put paid to the notion of geographically

confining the political expression of Africans to the reserves. The trade unions and community organisations have sunk their roots deeply in the factories and townships. These efforts, often against severe repression, ensured that African residence outside of the reserves is a permanent and extremely important feature of South Africa's political landscape. Moreover, their labour power is no longer necessarily cheap.

But, apartheid policy was not without its impact. It certainly succeeded in maintaining a legacy of rural-rootedness through the institutionalisation of the one-man-one lot system in the reserves and setting up tribal authorities. The government's imposition of a distorted and regimented version of the communal system of land tenure had a number of far-reaching consequences for the development of capitalism in South Africa. Firstly, it allowed the maximum occupation of land in the reserves by prohibiting the concentration of land-holdings, preventing the commercialisation of African agriculture and paralysing their accumulation of capital (Bundy, 1979). Africans were not to be self-sufficient nor surplus-producing peasants and certainly not capitalist farmers. Capitalist commodity production was the prerogative of whites and Africans entered this relation almost invariably as proletarians. Individualisation of land holdings was irreconcilable with territorial segregation and apartheid generally. In order to rule Africans separately they had to be kept quite apart from the institutions of white-claimed South Africa. The land market was one such institution. While whites could buy and sell land in virtually the entire country, Africans were supposed to 'develop along their own lines' usually as displaced proletarians in the reserves.

The pre-colonial system of land tenure was premised on unfettered control over land matters by an independent community. Under conditions of confined reserves this system of land tenure only superficially resembles its pre-colonial predecessor. But, just like the chieftaincy in charge of local policing, it struck a chord of familiarity amongst the people. It gave some reserve dwellers access to an arable allotment and the majority, access to a homestead site. In many ways this access to land chained the consciousness of the people to the homelands. Only recently, with the growth of independent trade unions on a national scale, have these shackles become somewhat unbound. The important point is that access to either a residential or an arable allotment or livestock does not necessarily make peasants of the reserve population. Access to land by rural dwellers is a smokescreen for the extent to which the mass of the rural population have been proletarianised. Undue emphasis on this access leads to the conclusion that migrant labourers, who may spend eleven months of the year in wage-labour, are some category other than the proletariat.

It would be misleading to suggest that there are no differences between migrants and permanent urban workers. Indeed, until very recently, the constraints and controls placed on the latter were far more stringent than those on the former. The basis of commonality between them lies in the fact both migrants and non-migrants have been liberated from their independent means of livelihood and they have as their principal interest, the earning of wages. Communal tenure does not prevent proletarianisation at all. It merely deflects it onto the reserves and it is integral to this form of displaced proletarianisation in the country.

The communal system goes hand in hand with the political authority of a coopted chieftaincy which controlled the allocation of land and became the local extension of rural class power with their transformation from independence to subordination. Just as the system of land tenure was distorted, so was the chieftaincy. But both the chieftaincy and the system of equal

share allotments are deeply-rooted in African society. By shoring up the chieftaincy and even creating these where there were none, an attempt was made to reinforce separate tribal identities and, stall united nationalist opposition.

Structurally, the vast majority of South Africa's rural black population, in the reserves and on white-owned farms, is incapable of making a living out of farming. The people, en mass, have effectively been denied the wherewithal to undertake farming and reproduce families on this basis. Yet, the relational vestiges of tribalism in the shape of traditional leaders persists with its role in a future democratic South Africa legitimised by the ANC, PAC and AZAPO. It is clear that the political recognition of the existing chieftaincies has profound implications for; gender discrimination, the principle of universal franchise, the form of local government in the reserves and the possibilities for transforming the communal system of landholding in these areas.

Chiefs cannot be separated from tribes and tribalism. After all, it does not make much sense to speak about chiefs outside of a tribal constituency. The recognition of chiefs is therefore an implicit approbation of tribalism (Hendricks, 1992). Pandering to the political appeal of separate tribal or ethnic identities in order to muster as much rural support as possible for an oncoming election is, in my view, misguided. The advantage, if at all there is any in this strategy, will be short-lived as the long term implications of chiefly support are essentially inimical to democracy.

The chieftaincy and the distorted version of communal tenure under conditions of confined reserves persist even in the wake of the absolute decline in the productive capacity of the pre-existing African society, its thorough dissolution and absorption by capitalism. Indeed, the chieftaincy as well as the system of communal tenure have been expediently moulded so that they have become an intrinsic part of the wider capitalist system in the country. Thus, the process of proletarianisation has assumed a particular form, shaped by apartheid policy and it has not been retarded, inhibited or prevented.⁷⁴ No doubt, some agricultural production is undertaken by African smallholders in the reserves and in 'black spots'. However, commodity production, the commoditisation of labour power and the accumulation of capital through expanded reproduction are both general and determinant in the country (Cliffe, 1987:631). As Banaji (1977:34) argues:

Subsistence production now figures, under this system, as a specific form of reproduction of labour-power within a capitalist process of production. It becomes misleading therefore to regard it as a specific, separate mode of production...in a system of modes of production dominated by capitalism.

It is indisputable that the vast majority of the rural black population is heavily dependent upon wage labour for its survival. The fruits borne of independent agricultural production cannot hope to meet the barest requirements for subsistence even if a significant proportion of the people retains a semblance of access to land. The returns to an enormous amount of backbreaking work on the small arable allotments are so minimal that about half the people with access to these plots simply do not bother to cultivate anything. In addition, the residential (the so-called homestead or kraalsites) sites in the reserves are, in essence, rural slums and thus indistinguishable from urban townships (Bundy, 1992:5).

APARTHEID AND CAPITALISM IN THE COUNTRYSIDE: Uneven Development and Problems of the Rural Proletariat

The Glen Grey Act of 1899⁷⁵, The Native's Land Act of 1913 and the Native's Trust and Land Act of 1936⁷⁶ were the three pieces of segregationist legislation principally responsible for the creation of reserve territories for exclusive African occupation. Outside of these reserves, Africans were prevented from acquiring land until the passage of the Abolition of Racially Based Measures Act in 1991. State intervention in the shape of these laws produced two agricultures in South Africa, one White and one Black (Weiner and Levin, 1991:93). While Africans were systematically dispossessed of their land and confined to small reserves; their competitiveness, annihilated; their communal system of land tenure, undermined; their autonomy, smothered; as they drifted into debt and were compelled into wage labour: Whites were able, especially after the Anglo-Boer War, to commercialise their agriculture through; easy access to land, subsidies, grants, transport concessions, favourable credit facilities, tax relief, the availability of African labourers and a host of direct measures of state assistance (Bundy, 1979:116).

This uneven development in South Africa has left an indelible imprint on the nature of rural social relations, one that is certainly not overcome by the repeal of the land acts, as Lewis Nkosi (1992:18) notes:

Even after the abolition of the laws of dispossession, the white minority is not inclined to give up control over the land they hold.

Currently, there are about 67 000 white commercial farmers in South Africa (SAIRR, Survey 1992/93:401). Together, these farmers produce about 90% of gross farm income. Agriculture as a whole, however contributes only 4,7% to the gross domestic product and provides only 9,6% of the labour force with employment on 85.7 million hectares, or 80% of the non-homeland area, of designated white farmland. (SAIRR, Survey 1992/93:396; Weiner and Levin, 1991:94)⁷⁷. The rural population on these white farms is about 4,2 million while between 9 and 12 million people live in the reserves. Thus, the per capita availability of arable land is 3.7 hectares for the white areas and 0.2 hectares for the homelands (SAIRR, Survey 1992/93:382). These averages tend to hide the differentiation and uneven development within the white commercial sector. About twenty thousand or one third of all white farmers produce 75 % of total agricultural income and 6 % of these farmers produce 40 % of total farm income. (Cooper, 1988 cited in Weiner and Levin, 1991:94; de Klerk 1990:181) A tiny minority within this small group of white farmers (they make up only 0.17% of South Africa's population) dominates and controls the agricultural sector in South Africa, with strong ownership links in other sectors of industry (Marcus, 1991:26).

The concentration of landholdings amongst white farmers is directly linked to the question of the economic viability of the farms. Apartheid governments have heavily subsidised this sector in an attempt to maintain white farmers on the land while removing blacks. The collective effect of this assistance is that a substantial proportion of the white farmers are totally dependant upon it for their survival. In fact it is estimated that only two thirds of the white farmers could be regarded as farming on viable units and that 40% of them would be

forced into liquidation if state assistance was suddenly withdrawn (SAIRR, Survey 1992/93:401; Weiner and Levin, 1991:95)⁷⁴.

The continuing drought, the worsening terms of trade and the state's macro economic policies are, according to Klerk (1991:208-217), the immediate causes of the accumulation crisis in South African agriculture. Possibly the most visible symptom of this crisis is the inordinately heavy debt burden of R16 billion. It is expected that agriculture's contribution to the gross domestic product will continue to decrease and the capacity for employment creation in farming is due to decline absolutely, not only because of the drought (de Klerk, 1991:222-223).

The fact of the matter is that all is not well in white agriculture. It is precisely this parlous state of agriculture: the debt of the farmers, their dependence upon the state, their reliance upon cheap labour, their ideological backwardness, their low profitability and the limited monopoly control over agriculture which dictates the resistance of the white farmers to the extension of post-Wiehahn labour legislation to agriculture (Krickler, 1987:100-104). From May day this year however, farmers were supposed to implement the Basic Conditions of Employment Act (BCEA) on their farms. In sum the, the act contains the following provisions: a 52 hour week, fourteen days' annual leave, thirty-six days' sick leave over a three year period, regular inspections and regulated Sunday work. The act does not provide for the right to strike or to organise nor does it encompass a minimum wage for farm workers (Haffajee, 1993:14).

The independent union movement is particularly weak in agriculture. Only 0,03% or 41 000 out of a total of 1,3 million farm workers, excluding the estimated 1,8 million seasonal workers, are organised into trade unions. The majority of these workers, 26 000 are members of the Food and Allied Workers Union (FAWU), an affiliate of COSATU (Madlala, 1992:18). There is much, much room for improvement in the organisation of rural proletarians on commercial white farms. Yet, this sector is notoriously difficult to organise. The dispersion of the workers, the inaccessibility of the farms to the unionists, the practice of seasonal labour, child labour, the tot system⁷⁵, the extreme poverty of the workers, their low level of education, their lack of legislative protection against retrenchments, their utter vulnerability since their place of work is simultaneously their place of abode (loss of work thus implies immediate homelessness) together make it difficult to advance the interests of the farm workers. Notwithstanding the obstacles, there is clearly an urgent necessity for organising these workers, for training them in trade union skills and ensuring that they may be capable of defending themselves. Without this organisation it will be impossible to implement even the minimum conditions of employment set out in the BCEA. The president of the Transvaal Agricultural Union, Dries Bruwer, makes it very clear that his constituency will defy the new act: "Farmers have no choice but to disobey the law when a disloyal government wants to force it on them." (Haffajee, 1993:14; Taljaard, 1993:2) COSATU simply has not committed the resources necessary for the urgent task of organising the rural workers and challenging the likes of Bruwer. There is much discussion about the formation of a separate Farm Workers Union within COSATU. But, in the absence of the infrastructure, administrative and technical competence and proper structures, this idea will not see the light of day (Bosch, 1991:60).

THE POLITICS OF RURAL OPTIONS

The agrarian question was the peasant question. The fact of a differentiated and differentiating peasantry was crucial. It looms large in Kautsky. It lies at the very heart of Lenin's treatment (Byres, 1991:10).

If indeed, the agrarian question is synonymous with the peasant question then the crucial question concerns the empirical weight of the peasantry in the country. In this regard, it has been argued that the extent of proletarianisation in South Africa has been exaggerated. Instead, African attachment to the land is widespread and so are claims that the land belongs to them which goes together with a solid commitment to agriculture as a means of reproducing families (Claasens, 1991:58; Budlender and Latsky, 1991:126). As evidence, they point to the battles on 'black spots', the legalisation of labour tenancy and the demand for land in the reserves (Weiner and Levin, 1991:112). Invariably, the political hope inherent in these arguments is that small-scale African agriculture will mushroom all over the country if the land is made available. This peasant option or the re-peasantisation of the population needs to be treated with caution. The evidence of black commitment to farming, detailed as it may be for particular communities in 'black spots', is flimsy in relation to rural South Africa as a whole and it amounts to a little more than rural romanticism.

Despite all the legislative impediments and resource restrictions placed in the way of black commercialisation of agriculture, there are currently 1 700 black commercial farmers in the country (SAIRR, Survey 1992/93:402). Proponents of market-based options for a resolution to the crisis in South Africa point to this increasing African occupation of 'white land' in a variety of forms, the growth of small-scale farming, possibilities for the extension of tenancy arrangements, a greater access to capital by blacks. The question remains, can these 1 700 African farmers, about whom very little is known, make a real difference to the political economy of the country? Is peasantisation of the rural poor a viable means for eliminating poverty?

Yet again, the vital question concerns African access to land. To explore the possibilities for African access to land it is imperative to focus on the policies of the different organisations in the country.

The evolution of the ANC position on land can be traced through three of the important policy documents of the organisation, the freedom charter of 1955, the constitutional guidelines of 1988 and the policy guidelines of 1992.

The land clause in the Freedom Charter reads as follows:

The land shall be shared by those who work it. Restrictions of land ownership on a racial basis shall be ended, and all the land redivided among those who work it, to banish famine and land hunger. The state shall help the peasants with implements, seeds, tractors and dams to save the soil and assist the tillers. Freedom of movement shall be guaranteed to all who work on the land. All shall have the right to occupy land wherever they choose. People shall not be robbed of their cattle, and forced labour and farm prisons shall be abolished.

In 1988, the Constitutional Guidelines were adopted ostensibly as means through which the principles of the Freedom Charter could be put into effect in the country. However, while the clause on land in the Freedom Charter allowed for the possibility for a socialist reorganisation of land, no such possibility is mentioned in the Constitutional Guidelines. The relevant statement in this regard instead asserts:

The state shall devise and implement a Land Reform Programme that will include and address the following issues:

Abolition of all racial restrictions on ownership and use of land.

Implementation of land reforms in conformity with the principle of affirmative action, taking into account the status of victims of forced removals.

Last year, at the National Conference of the ANC, policy guidelines were adopted which included a new policy on land and agriculture. It calls for a redistribution of the following categories of land; vacant, unused and underutilised state land, land held for speculation, land which is being degraded and hopelessly indebted land (ANC Policy Guidelines, 1992:17).

The stated policy of the ANC is thus to uphold existing property relations, to compensate for land that is expropriated and to set up judicial procedures for land claims. The shift from the implied nationalisation of land in the Freedom Charter to the recognition of the legitimate rights of the present land holders in effect means that the unequal division of land will only be tinkered with but not fundamentally transformed at all. As Bundy (1992:8) asserts that there is:

...a gap between the language of these intentions (of the land policy) and the mechanisms specified for achieving them...the gap between the rhetorical intentions of the ANC's land policy and the means towards realising those intentions.

Affirmative action and a land claims court are simply inadequate as methods to rid the rural poor of their misery. By recognising existing property relations on the land, the ANC effectively spikes its own stated policy of providing access to land. It cannot provide this access and protect the existing property holders. The two intentions are necessarily contradictory. Another major problem, according to Bernstein (1992:14), is the success of the apartheid regime in dominating the constitutional negotiations by restricting what is achievable to the balance of forces in the negotiations. In this manner, the demands of the popular forces may be delimited to what is acceptable to the regime. According to Bundy (1992:7) this is already happening in practice:

...one can identify an emerging area of consensus over land issues between De Klerk's government and the ANC. Both parties accept that access to land should be open to all, regardless of race; that future policy will involve the need to settle and to assist a layer of small black farmers; and that different forms of tenure, not just individual private property, will have to be protected in law.

At the Ruth First Memorial Colloquium at UWC last year, Laurence Harris (1992:1) made the point, in agreement with Bernstein, that, "...the legalisation of the ANC and SACP ... (has been) followed by self-censorship discouraging arguments for nationalisation lest they discomfort big business."

The PAC also adopted a new policy on land at its economic seminar in Durban last year. The PAC would make use of state-owned land for redistribution and the organisation recognises that nationalisation of privately-owned land would require equitable compensation (Sole, 1992:3).⁸⁰

For its part the National Party government as well as monopoly capital reject affirmative action in relation to land. Instead they supposedly advance a free market policy of promoting individual agricultural enterprise (Marcus, 1991:30).

It seems to me that the legislative proposals of the major parties in the negotiation process as well as existing evidence of African peasant production, do not provide for the peasant option in any real or radical sense. By guaranteeing the rights of existing property holders in their land, the possibilities for genuine land reform that opens up access in a fundamental way are slim. The hope of African re-peasantisation is, consequently, facile.

We are dealing with an extremely complicated situation where even the minimalist reforms of the BCEA are rejected by the organised white farmers, bearing distinctive fascist tendencies. Their argument is that the legislation will destroy the, "...special relationship between farmers and workers" and, in any case, it does not make much sense for a, "...biological process to be the subject of legislation." (Haffajee, 1993:14) The total number of farm labourers, ie permanent and seasonal workers, in the country is about three million. If we compare this concrete reality with the dubious 1 700 African farmers then it is clear that the emphasis of organisation and struggle should be with the rural workers. Put differently, can 1 700 African farmers constitute a peasant question and therefore an agrarian question in the country? Given the compromises that are inevitable in the negotiation process, very little land will be made available for land reform. The process will necessarily be limited by its own weak social basis and the recalcitrant white farmers whose right to land both the PAC and ANC are prepared to safeguard.

It is quite clear that the negotiation process is not going to lead to a dismantling of the white monopoly ownership of land on highly capitalised farms. There may be some resettlement of Africans on unutilised land. But the experience of Zimbabwe where this was attempted should teach us the lesson to avoid it. The land is not utilised for very good reasons. In most cases it is poor land and the state then needs to commit an inordinate proportion of its resources in order to make this land productive. Thus, within the framework of the capitalist system, which inherently separates the owners of the means of production, in this case, the land, from the workers, the possibilities for a resolution to the problems of poverty in the rural areas are slim.

The overwhelming majority of our rural population are proletarians who are rotten ripe for organisation. If there has been neglect then this is precisely where it lies. Our rural proletarians have simply not been organised along the same lines as the urban working class. This is undoubtedly the first step towards a solution to the abysmal conditions of the rural poor. The essential question thus is proletarian through and through. There is nothing agrarian about mobilising the rural proletariat around the issues of wages and working conditions on capitalist farms owned by whites. The question of the displaced proletariat in

the reserves is obviously quite different to that of rural workers on the 'platteland'. But with the repeal of influx control regulations masses of these workers are becoming permanently urbanised, albeit in squatter camps on the periphery of the cities. Those that remain in the reserves will continue to be subjected to the distorted version of the communal tenure system under chiefs who may now parade as legitimate traditional leaders.

Lewis Nkosi (1992:18) speaking at the New Nation Writers' Conference introduced a sour note to the discussion by making the forcefully simple point that nothing has changed very much. By examining the possibilities for change in rural social relations I am left with the same sour note. The type of settlement proposed is not going to change things fundamentally for the vast majority of the people.

Knowing Ruth's uncompromising principles I think that today she would say it is time to put socialism back on the agenda in South Africa (Harris, 1992:1).

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THE LIMITS OF CAPITALIST REFORM IN SOUTH AFRICA THE OPPRESSION OF WOMEN¹

Debbie Budlender

INTRODUCTION

A colleague was recently asked, together with several other leading political and economic thinkers, to speak at a forum on "economic democracy". The forum was organised by a German funding agency. My colleague's task was to speak about women and economic democracy. Most of us would like to be considered democrats. Nevertheless, the subject of the talk had us confused. "Economic democracy" seems even more open to widely differing interpretations than the adjective-less version of the abstract noun. One interpretation would be that at this forum economic democracy was a synonym for capitalism. Another, more nuanced, interpretation is that it is the particular type of (capitalist) institutional structure of Germany (or what was previously West Germany).

The organisers of this UWC series of talks have suggested that, just as we are all in favour of democracy, "all participants in the negotiation process are agreed that one fundamental characteristic of the social order must be preserved: the new South Africa is to be a capitalist society..." (Outline of proposed seminar series). My brief was to look at how far such a society could go towards reaching the other much-vaunted goal - that of non-sexism.

DDEMOCRACY AND VOTES

In a democratic political system the people (demos?) have power through their votes. Ideally these are distributed equally among all adult citizens. In a capitalist/democratic economy people have power through economic votes. These come in the form of rands, mark, pounds, yen, dollars or whatever. Every rand is more or less equal to every other rand. (The equality or equivalence between the various currencies is somewhat less democratic.) But economic votes, or rands, are not at all equally distributed between the people.

I will no doubt be taken to task (a) for simplifying the economic system in this way, and (b) for concentrating on distribution rather than production, or ownership of the means thereof. But I would argue that a too exclusive focus on production has done women a disservice. It is the distribution level which most strikes the woman or man in the street, impoverished rural area, factory or home. It is the inability to acquire adequate goods and services that is the most immediately felt aspect of poverty. And a focus on this level throws up clearly some of the reasons why women generally have less economic and other power under economic democracy.

¹ Some of the ideas in this paper come out of discussions with Adrienne Bird.

I am not going to bore or bamboozle you with a load of statistics. The figures are there, in South Africa and all other capitalist countries, to back up the blunt statements I will now make:

- * Women predominate in the lowest-paid jobs
- * Women predominate in the lowest-paying sectors
- * Women do many jobs for no pay at all
- * Women with equal qualifications receive lower remuneration than men
- * Women are less likely to receive training than men
- * und so weiter...

Thus, according to an oft-quoted United Nations statistic, women worldwide, in a world economy dominated and shaped by capitalism, perform two-thirds of the world's work, receive one-tenth of the world's income, and own one-hundredth of the world's property. (Quoted in Bazilli, p.17)

PRODUCTION AND REPRODUCTION

The "facts" above raise several issues. Perhaps the most fundamental is the distinction between the private and public spheres, coinciding in large part with that between reproduction and production, and also with that between predominantly unpaid and underpaid, rather than paid, labour. This distinction is present under other economic systems, but is particularly prominent under capitalism.

Under capitalism production and reproduction occur to a large part in different places. Production occurs in the factories and on the farms. Reproduction in the (private) homes, in the family, in the community. Production is visible and valued, and its performance rewarded with economic votes. Reproduction is largely invisible, undervalued in a variety of ideological and other ways, and almost completely unvalued (i.e. unpaid) in terms of economic votes.

This has obvious and serious repercussions for the many women who perform all the domestic and other reproductive tasks, yet are reliant on those who own or earn the rands to buy the vital necessities unobtainable without these rands in today's society. It also spills over onto many women who (also) engage in the public sphere. Women are employed in jobs - as cleaners, tea-makers, teachers, nurses - which reflect the reproductive work they do in the home. Women are employed in sectors - garment, food, services - which reflect tasks undertaken in the domestic sphere. Even women employed in unsterotypical jobs and sectors usually also do a fair amount of reproductive work back home. In the private sphere the jobs and tasks are unpaid. In the public economy they are undervalued and underpaid.

One way to address this type of problem is through legislation. Many countries have variants of equal pay acts. In 1981 South Africa's Wage and Industrial Conciliation Acts (now Labour

Relations) outlawed different minimum wages for men and women doing the same job. The National Party's latest proposals have further clauses aimed at eliminating obvious discrimination.

Recent statistics from the United States, the centre of capitalism and the home of many militant feminists, bear testimony to the shortcomings of this type of legislation. The Equal Pay Act was introduced in the US in 1963. Employers were forbidden to discriminate in the wages paid to men and women doing essentially the same job. The law was later refined and the National Committee on Pay Equity was established "to help workers win pay based on the skill, effort, responsibility, and working conditions of the job - not on the race or sex of the person doing it." Yet, "after 30 years of litigation, legislation, and agitation, a black man in America takes home only 73 percent of a white male's wage; a white women, only 69 percent; a black women, 62 percent; a Latino women, 54 percent; and a Latino man, 65 percent." (Public Employee, January 1993, p28)

Legislation can ameliorate the condition of individual women, and even groups of women, and provide some protection. The move from calls for equal pay for equal work to that of equal pay for work of equal value was an improvement. But the problem of value has not been adequately addressed. Nowhere have women been able to find a form of legislation which removes the patterns seen above. None of the legislation addresses the underlying social patterns and assumptions.

DISTRIBUTION

I noted above that "economic democracy" could refer to a specific type of capitalism, that of Western Germany. This conception acknowledges the presence of groups, in particular groups involved in production. Many official bodies have representation from what are seen as the two main parties - the employers and the workers. Workers have won significant advances under this system. But, again, women's position and roles are not adequately addressed.

In tandem with their role in reproduction, most women are involved in distribution. It is women who are most involved with the bearing, rearing and caring of children and adults. It is women who have to find the wherewithal to do these tasks. It is women in their role as consumers who have to make ends meet. It is women in the home and community who have to deal with housing, water, fuel and the other mundane but essential matters on a day to day basis. Again, most of these jobs are unpaid. They are invisible, taken for granted. And the groupings and roles are not included in the German conception of economic democracy.

UNPAID LABOUR AND VALUE

Until the question of unpaid labour is addressed and its value acknowledged, there will not be an end to women's oppression, whatever the economic system. Value is an unsolved, but

central problem, in Marxist economics. There is the distinction between exchange and use value. There is the conversion between one and the other. There is the problem of productivity, which means that goods incorporating the same use value incorporates vastly different amounts of labour time. In the absence of other measures, monetary value, or exchange value, is used as the measure. And we get to the problem of work for which no money is paid.

There have been some moves to place a value on unpaid labour. Estimates in various countries suggest that adding in the value of unpaid work would increase the GDP of these countries by amounts of 30% and more. In its economic policy of last year the ANC agreed that it would work towards the incorporate of unpaid labour in a set of supplementary national accounts.

Demanding recognition of unpaid labour is not a matter of demanding wages for housework. It is a demand that the value which women bring to the economy and society be acknowledged and rewarded and taken into account in framing policy. Sam Bowles analyses the economy in terms of the three goals of efficiency, fairness or equity and democracy. Efficiency is the production of the greatest value using the least resources. Fairness is fair distribution of both the burdens (i.e. the labour) and the benefits (i.e. the use of the good and services produced). Democracy is seen in terms of participation in the government of the country.

What would this mean for unpaid labour?

Efficiency would mean that everything possible is done to aid production and increase productivity in the unpaid sector. For example, it would mean ensuring water and fuel supplies in rural areas so that women no longer need to spend such long hours fetching fuel and water, cooking and washing. It would mean providing production aids such as fertiliser and transport to enable more efficient production and marketing.

Fairness would mean distributing the burden of unpaid work more equally between people (and between men and women). It would mean ensuring that unpaid work is rewarded in proportion to the benefit society gains from it. For example, this would mean maternity and other social benefits would take account of women's work in the home. It would mean that social services are not cut without some payment to the women who have to cope with the shortfall by themselves caring for the sick, the elderly, the children. It would mean more equal sharing of household tasks by men and women.

Democracy would mean not only full participation by all in the government of the society. It would extend to democracy on a smaller scale - in the workplace and in the home and family.

THE ADAPTABILITY OF CAPITALISM

Capitalism has impressive adaptive abilities. In South Africa we have seen this in racial terms. In the late sixties and early seventies the revisionists put forward their theory on the relation between the polity and economy, developed in opposition to the prevailing liberal theory. The revisionists pointed out that the retention of the bantustans, with a distorted pre-capitalist mode of production, aided capitalism by cutting the costs of the reproduction of labour. Crudely, children were born and reared in the bantustans at a lowered cost and older ex-workers lucky enough to live that long were sent back to the bantustans to die. The money wage on the mines and in the factories did not have to cover the full costs of a family. Influx control has ended. But South African capitalism has survived. (I have not yet heard anyone argue that the weakened state of the post-influx control economy is a result of the "end of apartheid").

The bantustans are largely people by women. And there are analogies between the role played by the bantustans and that played by the family. Like the bantustans, women lower the costs of reproduction of labour by performing unpaid but necessary work. Like the bantustans, women fall in to provide goods and services not provided by the social wage. Where there are limited pensions and other provisions for the aged, limited child-care, limited and/or expensive health care, limited education, it is women who provide these, usually unpaid. Again at a crude level, this free or cheap provision of goods and services is a saving to capitalists. If these services were provided by the state, it would mean an increase in taxes. If these services were provided on the market, it would mean an increase in the wage so that the worker and family could afford them.

But the lack of a social wage - of child care, health care, etc - also limits women's freedom, choice and ability to compete. She bears a double, triple or whatever load. In terms of time alone she does an impossible juggling act. If a child is ill, it is the woman who needs to take time off. She is then judged a less reliable worker, one less worth training and one deserving of lower status and a lesser job. The unwillingness of the state to provide social services thus impacts on women's economic position.

In other countries capitalism has used the differences between men and women in another way. In the Export-Processing Zones of many countries, employment is almost entirely female. This occurs even where there is an exceptionally high level of unemployment among the men. It is chiefly the exceptionally young women who are employed. Part of the reason is the type of production - often garment or other sectors stereotyped as women's spheres. Probably more important is that by employing such young, and unmarried women, employers are, as with South Africa's migrant labourers, supporting only a single person rather than a family. Here one could argue that it is men who are losing out. But they too are losing because of the lack of explicit acknowledgment of the importance of unpaid and reproductive labour.

"THE PRESENT SOUTH AFRICAN CONJUNCTURE"

Some analysts argue that women are part of the reserve army of labour. Women add to the pool of available labour. They increase the supply of labour and so, in pure supply and demand terms, lower the wage of those who are employed. Added to this is the (totally incorrect) assumption that the norm is a household consisting of man, wife and two and a bit children. Because men are seen as the primary bread-winners in this set-up, they will usually be employed before women. Women will therefore be even more vulnerable to fluctuations in employment and periods of recession.

In South Africa of 1993 we have an exceptionally high rate of unemployment and little prospect of improvement. If the reserve army analysis is correct, the outlook for women is poor: "the time is not ripe". If one wanted to be really cynical, one could see the Nationalist Party proposals not only as an election ploy, but also as a response to the one area - skilled workers - who are both their most likely supporters and in which labour shortages may exist.

In this situation women could have difficulty securing even the limited types of equality gained in other capitalist countries. On the other hand, employers could choose to employ women rather than men because of their perceived cheapness, or use the presence of women to equalise wages, but at the lower, female, level.

CONCLUSION

The likelihood of ending the oppression of women in a capitalist South Africa are slight. The form of the oppression of women may change, just as the form of capitalism has changed and will change over time. As Phumzile Ngcuka said at a conference some time last year, what women need is money and power. I argue here that women will only get this money and power when the value of all the work they do is acknowledged. They need power to ensure that this value is acknowledged at the level of public policy as well as in the home. This will mean the inclusion of domestic workers under labour legislation. It will mean the upgrading the value of nurses' salaries relative to those of engineers. It will mean including those involved in subsistence agriculture among those listed as "economically active" in the labour statistics. It will mean ensuring that unpaid work reaps benefits in money or the equivalent in goods and services. In the present economic system women need money, because money buys power. In another economic system they may no longer need money in the same way, but, if they want equality, they will still need the power to ensure that all their work is valued.

NOTES

1. For classical Marxist crisis theory applied to the world economy since the early 1970s see Clarke, S. (1988), *Keynesianism, Monetarism and the Crisis of the State*, Aldershot: Elgar, pp.279-360; Harvey, D. (1989), *The Condition of Post-Modernity*, Oxford: Basil Blackwell, pp.180-197; Mandel, E. (1989), "Theories of crisis: An explanation of the 1974-82 cycle," in M. Gottdiener and N. Komninos (Eds), *Capitalist Development and Crisis Theory: Accumulation, Regulation and Spatial Restructuring*, London: Macmillan, pp.30-58; Armstrong, K., A. Glyn and J. Harrison (1991), *Capitalism Since 1945*, Oxford: Basil Blackwell, pp.169-260.

2. Definitions are often crucial to the way a question is posed and hence the answers that are supplied. One way to think about "crisis," especially the current South African capitalist crisis, is as a "turning point." "The popular connotation associated with 'crisis'," according to Stephen Gelb (South Africa's leading radical economist), "is an idea of collapse or breakdown. But the original, more useful, meaning of the term is 'turning point.' In this sense a crisis of capitalism implies that the system cannot continue to develop along the same path as before — it must 'adapt or die,' as P.W. Botha eloquently expressed it more than a decade ago."

However, Gelb is only partly right about the origins of the word. When Hippocrates originally used the term in this way — possibly its first recorded use, in ancient Greece — it was in referring to *diseases*, and there the "turning point" was a point at which either death or recovery was the result. In other words, the possibility of a "collapse or breakdown," in addition to a new round of growth, was indeed there from the beginning.

Is the idea of "turning point" appropriate to a radical understanding of capitalist crisis? Not particularly. Such crises are "violent eruptions," in Marx's words, "forcible solutions of the existing contradictions which for a time restore the disturbed equilibrium." The term crisis is best invoked, then, when problems arising logically from within a system, *cannot be resolved according to the normal operation of that system*; in other words, some form of extraordinary intervention is required. That intervention, as explained below, is "devaluation of capital." It is this which provides the "forcible solution" to capitalism's troubles and allows a new round of growth to begin. The task ahead is to understand how the South African economy has already begun devaluation — while it has attempted to withstand the worst effects, by expansion of the credit system — and is now preparing for more devaluation.

3. Andre Gunder Frank offered one of the more radical versions, which in turn was critiqued — by Laclau, for example — as not being sufficiently true to Marxist thought. A useful review of dependency theory in the context of Marxist economic analysis is Brewer, A. (1980), *Marxist Theories of Imperialism: A Critical Survey*, London: Routledge and Kegan Paul. A contrary line of work, much more amenable to classical Marxist crisis theory (since it concerns itself more with articulations between "Departments of Production"), is de Janvry, A. (1982), *The Agrarian Question and Reformism in Latin America*, Baltimore: Johns Hopkins University Press.

4. An example, in the spirit of Frank, is Martin's thesis concerning South Africa in the 1930s:

Having broken the power of mining capital and free trade, the state laid the foundations for industrialization, a corporative institutionalization of white labour movement, and a more assertive — and momentarily autonomous — state. Interwar advancement would have been impossible without each of these ruptures. None of these features are encompassed, much less explained, within the restricted ambit of either black-white conflict or even national boundaries. Indeed, the resolution of the crisis of the primary-producing, free-trade regime was only possible by shifting the country's position in core-peripheral networks and the interstate system. This endeavour was, nevertheless, movement down an uncharted path. It depended to a very great degree upon world conditions of hegemonic crisis and great depression. (Martin, W.G. [1990], "From NIC to NUC: South Africa's semiperipheral regimes," in *idem*, [Ed], *Semiperipheral States in the World-Economy*, New York: Greenwood Press, p.213.)

Simply stated, as South Africa delinked from the world economy from roughly 1933 to 1945, its secondary manufacturing industry (ie, beyond mining equipment) burgeoned. Moreover, the rate of growth of the black wage share rose more than 50% during this period (from 11% to 17% — the black share had reached only 21% by 1970). And the overall GDP growth rate (8%) was the fastest recorded in modern times. (Nattrass, J. [1981], *The South African Economy*, Cape Town: Oxford University Press.) This rough evidence supports the general dependency position. Furthermore, as noted below, it was the subsequent post-war reintegration of South Africa into the world economy which fostered the crisis conditions that are so overwhelming today: a near-exhausted raw materials export sector, an overproductive and overprotected luxury goods sector, an inadequate capital goods sector, and a hopelessly under-resourced basic needs sector. As in many countries, import-substitution industrialisation was geared to the desires of the local bourgeoisie.

5. See, e.g., O'Dowd, M. (1978), "The stages of economic growth and the future of South Africa," in L. Schlemmer and E. Webster (Eds), *Change, Reform and Economic Growth in South Africa*, Johannesburg: Ravan.

6. Ovendon, K. and T. Cole (1989), *Apartheid and International Finance*, London: Penguin. It is interesting to note that it was Simon Clarke, the classical Marxist crisis theorist, who first rigorously formulated this strategy in the late 1970s.

7. SACP (1989), *The Path to Power*, London. The following extract is a useful summary:

The South African capitalist state did not emerge as a result of an internal popular anti-feudal revolution. It was imposed from above and from without. From its birth through to the present, South African capitalism has depended heavily on the imperialist centres. Capital from Europe financed the opening of the mines. It was the colonial state that provided the resources to build the basic infrastructure — railways, roads, harbours, posts and telegraphs. It was an imperial army of occupation that created the conditions for political unification. And it was within a colonial setting that *the emerging South African capitalist class entrenched and extended the racially exclusive system to increase its opportunities for profit. The racial division of labour, the*

battery of racist laws and political exclusiveness guaranteed this. From these origins a pattern of domination, which arose in the period of external colonialism, was carried over into the newly-formed Union of South Africa. From its origins to the present, this form of domination has been maintained under changing conditions and by varying mechanisms. In all essential respects, however, the colonial status of the black majority has remained in place. Therefore we characterise our society as colonialism of a special type. (emphasis added)

From this analysis, it is not hard for the SACP to defend a vision of a revolution first of national liberation from internal colonialism, followed by the socialist struggle against capitalism. The SACP's Joe Slovo has also suggested that there is no "Chinese Wall" separating the stages, and that "dominant ingredients of later stages must already have begun to mature within the womb of the earlier stage."

8. Perhaps the most vituperative analysis can be found in Callinicos, A. (1988), *South Africa: Between Reform and Revolution*, London: Bookmarks.

9. See Wolpe, H. (1972), "Capitalism and cheap labour power," *Economy and Society*, #1; and Wolpe, H. (Ed)(1980), *The Articulations of Modes of Production*, London: Routledge and Kegan Paul. Some of the best evidence for the articulations thesis came from the Chamber of Mines, which in official testimony to a government commission in 1944, admitted that a subsidy drawn from pre-capitalist society was crucial to the maintenance of their profits:

The ability of the mines to maintain their native labour force by means of tribal natives from the reserves at rates of pay which are adequate for this migratory class of native, but inadequate in practice for the detribalized urban native, is a fundamental factor of the economy of the gold mining industry.

From this foundation, Wolpe went on to argue that as capitalism increasingly dominated pre-capitalist society, employers necessarily exploited the cheap labour pool ever more thoroughly. Although more and more workers began living permanently in cities near manufacturing jobs, there was still a large supply of migrant labour. That coincided with more and more families being pushed onto the reserves, which could simply not handle the environmental demands placed on them. From its inception in 1948, the apartheid state's response, according to Wolpe, was to make the problems worse by dumping more and more "surplus people" into the bantustans and more strictly controlling the movement of workers and their families. From the standpoint of apartheid and capitalist managers, it was better that the families starve, rather than move to the workplace where the wage-earner would require — and demand and perhaps win — higher pay to support their women and children. In the face of political and economic protest in the 1940s and 1950s, Wolpe concluded, "Apartheid may be seen as the attempt of the capitalist state to maintain the system of cheap migrant-labour, by means of the erection of a 'perfected' and 'modernised' apparatus of political domination." Thus the *functionality of apartheid to capitalism* was thus a logical outcome of the post-war development of South African capitalism. After apartheid controls were applied and the problems got worse, Wolpe concluded that it was here — in the "articulation" between capitalism and pre-capitalism — that the *dominant contradiction* in South African society appeared. Moreover, the political implications of this argument were self-evident: the ANC, supported by the SACP, should struggle first for national liberation to overcome that contradiction. The second stage of the struggle would follow when

capitalist relations were established and the end of the cheap labour subsidy would transfer the contradiction into South African capitalism directly.

Wolpe's more recent *Race, Class and the Apartheid State* (1988, Paris: UNESCO) backtracks substantially from the earlier position that apartheid was *necessary* to capitalist development; Wolpe now suggests that aspects of their mutual evolution were *contingent*.

10. The first, and perhaps most powerful critique (focusing on the tenuous link between the Bantustans and cheap labour), was Williams, M. (1975), "An analysis of South African capitalism: Neo-Ricardianism or Marxism?", *Conférence of Socialist Economists' Bulletin*, v.4, #1. Legassick's work on the increasing capital intensity of manufacturing offered a much more fertile direction of inquiry; Legassick, M. (1974), "South Africa: Capital accumulation and violence," *Economy and Society*, #3.

11. See, e.g., Davies, R. (1979), *Capital, State and White Labour in South Africa, 1900-1960*, Atlantic Highlands, NJ: Humanities; Davies, R. D. Kaplan, M. Morris and D. O'Meara (1976), "Class struggle and the periodization of the state in South Africa," *Review of African Political Economy*, #7; Kaplan, D. (1976), "The politics of industrial protection in South Africa, 1910-1939," *Journal of Southern African Studies*.

From one account — Davies, R., D. O'Meara and S. Dlamini (1986), *The Struggle for South Africa, Volume 1*, London: Zed Press — the historical argument of the fractions of capital school can be summarised as follows. In 1910 the Union of South Africa was founded, and led by a South African Party representing an alliance of foreign-oriented mining capital and more prosperous capitalist agriculture, and also commercial capital and the incipient industrial bourgeoisie. The National Party/Labour Party "Pact" government followed in 1924, combining the interests of small white landowners, local capitalists (especially in manufacturing) and racist workers. Pact policies also supported agricultural capital. A decade later, in 1934, the United Party was a fusion of the National Party and South African Party, with mining interests increasingly favoured. Mining ties to industrial capital also strengthened at this stage, but agricultural capital eventually deserted the party to support the Herenigde Nasionale Party. The Labour Party and Dominion Party (representing large sugar farmers and petty bourgeoisie) joined a coalition government in 1939. By 1948 a coalition of the Herenigde Nasionale Party and Afrikaner Party won the election on the broad support of capitalist agriculture, non-monopoly industrial and financial capital, the white petty bourgeoisie and white labour. Renamed the Nationalist Party in 1951, it codified the existing set of measures of racial segregation known as apartheid. In the late 1970s Nationalist Party leaders became increasingly ambivalent about their social base in white rural and labour constituencies (who have largely moved to the Conservative Party), while instead supporting reform policies originally advanced by big capital's Progressive Federal Party (now Democratic Party).

12. Criticism emerged from a variety of angles, most convincingly from Clarke, S. (1978), "Capital, fractions of capital and the state: 'Neo-marxist' analysis of the South African state," *Capital & Class* #5. It has subsequently become clear that there is a more appropriate means of utilising insights into fractions of capital: to gear these towards the *circulation of capital*, not merely institutional interests. Fractions represent the vehicles by which capital circulates through the various profit-making outlets that are open for investment, whether factories, mines, farms, retail shops, banks and other debt markets, the stock market, speculative real estate, etc. Thus it is far less important to *theorise* how fractions are

organised and what methods they use to gain access to state power. These largely depend on a variety of circumstances particular to each setting. Instead, the focus becomes what kind of capital accumulation — landed, industrial, commercial, financial, etc. — is most dynamic at particular periods. See, e.g., van der Pijl, K. (1984), *The Making of an Atlantic Ruling Class*, London: Verso.

13. This is a central point of the rebuttal to social history offered in Morris, M. (1988), "Social history and the transition to capitalism in the South African countryside," *Review of African Political Economy*, #41.

14. A notable exception was an approach to understanding the social formation known as "racial capitalism," in Saul, J. and S. Gelb (1981, 1986), *The Crisis in South Africa*, New York: Monthly Review.

15. Gelb, S. (1987), "Making sense of the crisis," *Transformation* #5.

16. It is clear, of course, that capitalism does manage to generate fairly long periods of growth before its internal contradictions become overwhelming. Describing how capitalism could stabilise itself over a period of several decades was the task that the founder of regulation theory, Michel Aglietta, set for himself in his study of United States economic history, *A Theory of Capitalist Regulation* (1979, London: Verso). According to Aglietta, the seeds of the greatest stability and most stupendous growth capitalism has ever known — in the US from the late 1940s to the late 1960s — were actually sown from 1915-45. They could be found in automaker Henry Ford's assembly lines and visions of mass consumption, in the growth of huge corporations, and in the power of the US government to provide limited social welfare handouts and to control financial markets. Subsequently, the post-war period of prosperity was based on the articulation of mass production and mass consumption organised at the commanding heights of US society. Success was based not merely on the fact that the US won World War II, but that the new system of growth had already begun developing within the decay of the old pre-war system, and simply needed the chance to blossom that was provided by the catharsis of the depression and war. The label for the stability that came of this articulation, in honour of a phrase coined by the Italian Marxist Antonio Gramsci, was "fordism." As a "regime of accumulation," fordism coherently locked together certain forces that are necessary for capitalist accumulation. Fordism involved *intensive* kinds of production in which capital "deepened" (i.e., production became capital-intensive with high productivity). Prior to fordism there were various *extensive* regimes of accumulation which relied on the "widening" of capital (but with relatively unproductive, labour-intensive production) and on its geographic mobility and expansion (particularly through classic imperialism). With fordism, workers' wage gains closely matched increases in their productivity. Productivity was related mainly to the amount of fresh new labour-saving machinery invested in the production process. In this manner workers tended to be paid according to how efficiently they produced, and they also consumed according to the same rhythm. Too, there was a fairly good balance between production of consumer goods and production of the machines that in turn could produce more consumer goods. Moreover, the coherence of the regime of accumulation ensured a match between the *financing* of production to the financing of consumption. This was particularly important because more widespread use of credit gave the economy an extra degree of latitude such that problems that arose today could be put off until tomorrow. Through an expansion of the credit system,

financiers could ensure that profits plus other forms of corporate finance like debt or new share issues were consistent with new investment in plant and equipment. And they ensured that wages and consumer credit roughly corresponded to the purchase of consumer goods. With the post-war boom, there was plenty of room for give and take, trial and error, so long as the basic assumptions are shared by most of society. To make sure those assumptions were adopted by the working class and that the general business environment was hospitable, there emerged under fordism a wide range of social and political institutions. Those that were most important to the US version — which then served to spread the fordist regime throughout the advanced capitalist world — were the Bretton Woods agreement (which stabilised the world financial system under the power of the US dollar); a social contract between big business, big government and big trade unions (which also involved the McCarthyite purge of communists); and a limited but real welfare state (which supported consumption). Radical analysts found regulation theory useful as a heuristic device, to help tie down divergent economic components into simple concepts. (The US version uses the phrase "social structure of accumulation," which in many respects can be considered a tangent of regulation theory.) The regulation school and its various offshoots now encompass a large proportion of the world's radical political economists, and that alone was one reason for taking the approach seriously in South Africa. A useful review is Jessop, B. (1990), "Regulation theory: Retrospect and prospect," *Economy and Society*, #19.

17. In "Making sense of the crisis" and his 1991 edited collection *South Africa's Economic Crisis* (Cape Town: David Philip), Gelb explained that expensive imported machinery was paid for by a relatively stable flow of foreign currency provided by mineral exports. Although political turmoil disturbed the economic boom in 1960, growth was relatively secure for at least two decades after apartheid was introduced, and this qualifies as the longest uninterrupted period of prosperity that the country's entire white population had ever had. Even short-term business cycle downturns helped correct imbalances in the system, says Gelb, in a "reproductive" rather than destructive way. But white mass consumption only goes so far — an entire industrialised economy with South Africa's aspirations could not build on so small a base. Because "the size of the internal market is the main barrier to this type of accumulation," ANC economists Maria Ramos and Fuad Cassim write, "the fordist model within a domestic economy must be described in terms of the conditions of its interaction with the world economy." South Africa's location on the periphery of the world economy gives it certain peculiar characteristics, which Ramos and Cassim call "peripheral fordism" (unpublished paper presented to economic conference, Lausanne, 1989). Contrary to Gelb's analysis of racial fordist regulation, the mass production-mass consumption link occurred *between* the global and economy and South Africa, and not primarily *within* South Africa, although at first, "peripheral fordism began by producing for a middle class both at home and abroad," Ramos and Cassim acknowledge. "To survive, the (international) fordist regime had to relocate to a country where high rates of exploitation existed," which explains the post-war manufacturing boom in places like South Africa and Brazil. "But though foreign capital has been crucial in underpinning South Africa's growth, South Africa has been unable to penetrate the world manufacturing market, in particular against the competition of more skilled and better utilisation of labour elsewhere." Thus South Africa must still rely on mining exports. In sum, it is the international link, insist Ramos and Cassim, that accounts for the development of South Africa during the post-apartheid economic boom years, when many other nations on the periphery were submerged in the stagnation of "dependency."

18. A recent statement of work from this perspective is by Joffe, A., D. Kaplan, R. Kaplinsky and D. Lewis (1993), "Meeting the global challenge: A framework for industrial revival in South Africa," Paper presented to the IDASA conference on "South Africa's International Economic Relations in the 1990s," 27-30 April. An impressive cataloguing of many of the issues underlying the institutional form of the present economic crisis, the paper nevertheless reveals a great deal in the final paragraph: "What is required is to identify a structured form in which these strategic discussions can be pursued across the spectrum of industrial activity without at the same time becoming swamped in a wider agenda of class conflict."
19. This is best documented in issues of the *South African Labour Bulletin*.
20. A thorough critique of Aglietta is to be found in Brenner, R. and M. Glick (1991), "The regulation approach: Theory and history," *New Left Review*, July-August. See also the recent work of Simon Clarke, David Kotz and Anna Pollert. In South Africa regulation theory has come also under attack in Callinicos, A. (1992), *Between Apartheid and Capitalism*, London: Bookmarks.
21. These range from fifteen-thirty year "Kuznets cycles" to fifty-sixty year Kondratieff "long waves." The seminal work on the question of long waves in South Africa (from a Keynesian perspective) is Schumann, C.G.W. (1938), *Structural Changes and Business Cycles in South Africa, 1806-1936*, London: P.S.King and Son, Ltd.
22. This section of the paper is drawn directly — with a few minor edits and additions from the original manuscript — from Bond, P. (1991a), *Commanding Heights and Community Control: New Economics for a New South Africa*, Johannesburg: Ravan.
23. Steyn, G. (1992), "Ultimately, revival of SA investment needs an act of faith," *Business Day*, 26/11/92, p.12.
24. *Sunday Business Times*, 15/11/92.
25. Pityana, S. and M. Orkin (Eds)(1992), *Beyond the Factory Floor: A Survey of Cosatu Shop-stewards*, Johannesburg: Ravan Press.
26. Andrew Levy and Associates, quoted in South African Institute of Race Relations (1992), *Race Relations Survey*, Johannesburg: SAIRR, p.366.
27. Joffe et al, "Meeting the international challenge," pp.10-13.
28. *Sunday Business Times*, 6/9/92; *Star*, 19/4/93. Bankers, moreover, have also developed a naughty habit of violating the Usury Act on overdraft facilities, for which untold millions may yet be claimed by zealous lawyers. ABSA has allegedly overcharged customers by R1 billion. The vast number of publicised consumer complaints against banks suggests a stunning level of officially-condoned fraud, emblematised by the fact that when the bureaucrat responsible for Usury Act enforcement tried to do his job he was shipped to Pretoria's equivalent of Siberia.

29. *Star*, 19/4/93. This fact should temper the enthusiasm of "Community Growth Fund" advocates, who argued in mid 1992 (at the moment the JSE began its 20% mini-crash) that workers who wanted to beat inflation had to invest in the JSE (*Weekly Mail*, 22/6/92). Fortunately the CGF fund managers did not begin to take this advice until long after the fund was initiated, which meant that it fared better than any other fund in the second half of 1992; JSE investments in the near future look like a bad idea, however. The lesson with high finance is *never*, "if you can't beat them, join them."

30. Thompson came under heavy attack for allegedly misleading the London diamond trade about supply conditions. London's *Financial Times* said simply "His credibility has been dented," while Johannesburg *Star* finance guru John Spira suggested that De Beers "might well have damaged its reputation irreparably." Anglo's own newspapers were just as brutal. *Sunday Times* writer John Cavill called the subsequent "dumping" of De Beers stocks "traumatic," while *Business Day* editorialists raised a more damaging spectre: "Investors who had overcome antipathy to SA and had their fingers scorched [on De Beers] are morosely wondering about the way South Africans do business. De Beers' handling of its dividend cut has inadvertently done this country's investment hopes a disservice."

31. *Business Day*, 11/9/92.

32. *Star*, 12/2/93.

33. *Star*, 30/9/92.

34. The amounts involved are already enormous. One estimate of post-1970 capital flight is R55 billion (from Brian Kahn of the World Bank and London School of Economics). More recently, the 25% in foreign reserves held by the Reserve Bank, and the unexpected R3,7 billion outflow on the balance of payments during the last quarter of 1992, are just two indications of the dangers just ahead. The one most obvious effect of capital flight is to push the current account so far into the red that a major IMF loan not only looks appealing, but is absolutely necessary (once the Transitional Executive Council is in place).

35. *Business Day*, 24/8/92.

36. *Business Day*, 1/9/92.

37. Joffe et al, "Meeting the global challenge," pp.1,8,9.

38. *Business Day*, 11/3/93.

39. Locally, of course, the (non-homeland) clothing sector is being decimated by a series of post-fordist innovations — the output of informal cottage manufacturing, home sewing, homeland export processing suburbs, second-hand imports, etc — and as a result the sector's output today is 40% lower than in 1981. Finally, it is worth noting that the World Bank structural adjustment strategy for Zimbabwe also hinged on clothing and textile sales to niche export markets, but that there too the industry is now on its last legs.

40. *Sunday Business Times*, 27/9/92.

41. Belli, P., M. Finger and A. Ballivian (1993), "South Africa: Review of Trade Policy Issues," Informal Discussion Papers on Aspects of the Economy of South Africa, Paper #4, Southern Africa Department, Washington, DC: World Bank. The unevenness of the tariff system is what is at stake, with South Africa claiming more than 2 800 different types of surcharges; Nepal is next in complexity, with 87 surcharges.
42. *Star*, 31/7/92.
43. High profits prevailed in spite of the fact that US multinationals' South African wages were more than a third higher than Latin America, and twice as high as most of Asia. According to the *Sunday Business Times*, the survey provides another "reason not to be optimistic about major infusions of US investment — at least until SA can demonstrate that it has a healthy and growing market for products made by American affiliates." Only 10% of US companies' South African output was exported in 1989. (*Sunday Business Times*, 4/4/93.)
44. Frankel Max Pollak Vinderine Inc, Sanlam, Ernst & Young and the Human Sciences Research Council (1992), *Platform for Investment*, Johannesburg, p.112.
45. Many of the issues are spelled out in Bond, P. and M. Swilling (1992), "World Bank financing for urban development: Issues and options for South Africa," *Urban Forum*, v.3, #2.
46. *Platform for Investment*, pp.109-118.
47. Makgetla, N.S. and Z. Rustonjee (1992), "Epic schemes are a foolish gamble with SA's future," *Business Day*, 17/8/92, p.6.
48. *Platform for Investment*, p.145.
49. Such "macroeconomic populism" is derided in a subtle way — "Icarus: fly now, crash later" — by the Mont Fleur team, which included many thinkers of the Left as well as leading bourgeois economists and big business representatives. (Institute for Social Development [1992], "The Mont Fleur scenarios," Cape Town: University of the Western Cape, *Weekly Mail/Guardian* insert, p.8.)
50. *Citizen*, 19/4/93.
51. *Business Day*, 24/2/93.
52. *Platform for Investment*, p.42,43,51.
53. In addition, there is the following observation: "The ANC Alliance has within its broader ranks a large assembly of academics, intellectuals, activists and non-government organisation support organisations who mobilise party opinion against 'corporatist' compromises with business and the government, who are suspicious of market forces and who reject 'trickle down approaches.'" (*Platform for Investment*, p.50.)
54. *Business Day*, 3/9/92.

55. Bond, P. (1991a), "Fighting high finance," *South African Labour Bulletin*, January-February.

56. SAIRR, *Race Relations Survey*, p.435.

57. The point here is that it is neither the type of housing nor the tenure form which is at issue here; merely the financial resources needed to finance housing for all. Optimally, social subsidies spent on housing should be captured by "social housing" institutions (such as co-operatives and land trusts) which, in addition to setting out models of new relations of production/consumption, would also ensure that the subsidies were not subject to speculation and middle-class "downward raiding" of poor people's housing, so allowing the housing stock to be affordable for generations to come.

58. The standard Urban Foundation figure of 1,5 million does not include hostels or rural areas, perhaps because of the desire of the UF's sponsors in the mining houses to retain the migrant labour system?

59. "Affordability" is another nebulous concept. Most practitioners argue for 20% of monthly income for low-income people; 25% for working-class people; and as much as 30% for those with higher incomes.

60. South African Reserve Bank (1992), *Quarterly Bulletin*, Pretoria: SARB.

61. There are a few means by which a breakdown of such rough estimates can be attempted, using data from 1990/91. The April 1992 Task Group on National Housing Policy and Strategy (the "de Loor Task Force") estimated that the available public sector resources for housing and housing-related purposes during 1990/91 was close to R3 billion:

Central government departments	R224 million
Housing Funds	R887 million
Local Authorities Loans Fund	R103 million
South African Development Trust Fund	R175 million
Provincial Administrations	R30 million
Self-governing Territories	R145 million
TBVC States	R247 million
South African Housing Trust	R195 million
Development Bank of Southern Africa	R258 million
<u>RSCs/JSBs</u>	<u>R590 million</u>
TOTAL	R2 854 million

These estimates comprise the most generous possible statement of government spending on housing, and do not account for the fact that the National Housing Fund was used not for housing expenditure, but to bolster bankrupt Black Local Authorities. Indeed, only R1,6 billion was appropriated for housing support in the 1990/91 budget, and was augmented by another R1,3 billion by means of repayments on past loans, utilisation of other sources of income, and borrowing from the capital markets.

62. Notwithstanding a recent IMF report to the contrary, South Africa's own fiscus can be geared up for far greater housing expenditures. Professor Dennis Davies of the University of the Witwatersrand Centre for Applied Legal Studies has estimated that R8 billion per year could be added to government revenue through a rationalisation and reorganisation of the tax

system, in addition to better tax collections, without increasing the actual tax burden. Labour Research Services argue that a ten-year 5% "wealth tax" on all net wealth in excess of R1 million would raise billions of rands (the top twenty families alone would pay R500 million a year). Dr Neva Makgetla Seidman of Wits University Economics Department estimates that a 3% wealth tax on wealth over R200 000 (ie, about 10% of the population) would raise R4,5 billion per year. The present government budget deficit, at 8,5% of GDP, although much higher than normal, is far less than some comparable countries such as Brazil (16,6%). (World Bank [1992], *World Development Report 1992*, Washington, DC: World Bank.)

63. The Reserve Bank records R5,377 billion spent on residential buildings (as part of gross domestic fixed investment) built by the private sector in 1991. In real terms (measured in R1985), this is R2,425, which in comparison with R3,567 billion in real residential building in 1984 (R1985), is, again, a shocking decline. In comparison, the private sector spent R5,100 billion on non-residential buildings in 1991, which in 1985 rand is R2,235 billion, in contrast to 1984 figures of just R2,145 billion (in R1985).

64. Recent estimates for the property loans carried by the five major banks are as follows:

<u>Bank</u>	<u>property loans (% of total assets)</u>
Amalgamated Banks of South Africa:	R29,0 billion (36%)
Nedcor Bank:	R13,4 billion (35%)
Standard Bank:	R9,2 billion (20%)
First National Bank:	R7,2 billion (17%)
NBS Bank:	R6,2 billion (66%)
<u>Saambou Bank:</u>	<u>R2,7 billion (66%)</u>
TOTAL	67,7 billion

(*Financial Mail*, 21/8/92.)

Note that these are the outstanding bonds (including bonds on commercial property), and that this figure (and bank asset growth generally) increased at a rate far greater than the 15% inflation rate in recent years. Increases in the late 1980s were above 30% per annum, although the current rate of increase is today below 10%. If banks were to increase their net bond portfolios by, say, 20%, that would make available R13,5 billion in net new funds for property, especially new housing in light of the current massive oversupply of commercial and industrial property. Already, housing credit makes up 39% of all credit in the economy, according to the World Bank, but the banks' traditional reliance upon an extremely skewed distribution of credit is probably more of a barrier to low-income lending than a help. In contrast, Tunisia spends 7,4% of its GDP on housing, yet housing credit is just 8,4% of all credit. Malaysia spends 8,5% of GDP on housing, yet housing credit is 22% of all credit.

In addition, there are enormous supplies of "wholesale" finance currently being utilised mainly for stock market and commercial real estate investment. The main sources of such funds are the insurers. Today, the life insurance industry has more than R200 billion in assets on its books. Long-term insurers had available at year-end 1991 R136 billion in assets, of which R57 billion was in the stock market and R15 billion in commercial fixed property (the remaining R64 billion is divided into bank deposits, commercial loans, and other assets). Short-term insurers have available a further R13 billion in assets, most of which are currently invested as bank deposits and stock market shares. Finally, independent pension and provident funds hold a R62 billion in assets, of which R21 billion is invested with insurers. The rest is mainly stock market shares (R25 billion), bank deposits (R10 billion) and fixed property (R6 billion). Other potential sources of funds within private

sector financial institutions might include finance companies, unit trusts, and participation mortgage bond schemes. The task for creative financing experts is to estimate the feasible rate of return that can be gained by funnelling such monies into housing and community development investments through blending with state-subsidy sources of various types — in contrast to the likely negative returns that will be experienced by further speculative investment in the JSE and overbuilt commercial real estate.

65. Frank, A.G. and M. Fuentes (1990), "Civil democracy: Social movements in recent world history," in S. Amin, G. Arrighi, A.G. Frank and I. Wallerstein, *Transforming the Revolution: Social Movements and the World-System*, New York: Monthly Review, p.161.

66. M de Klerk (ed) *A Harvest of Discontent: The Land Question in South Africa*. Cape Town: IDASA. 1991. A collection of papers from a workshop on the land question hosted by IDASA in the Western Cape in 1990.

A van der Walt (ed) *Land Reform and the Future of Landownership in South Africa*. Cape Town: Juta and Co. 1991. A record of a conference held at the University of South Africa.

B Mathape and A Munz (eds) *Towards a New Agrarian Democratic Order*. Amsterdam: SAERT. 1991. A selection of papers presented at the conference of the South African Economic Research and Training Project held at Amsterdam, The Netherlands.

W Okumu (ed) *Land Reform and Agricultural Development*. A collection of papers presented at the Newick Park Initiative Conference held in London, 1990.

African National Congress. Summary Report, Land Commission Workshop. Comparative Studies Workshop on Agrarian Restructuring. 1990.

67. Antipode 23:1, 1991.

Africa Perspective 5/6, 1987.

Journal of Southern African Studies 15:2, 1989.

68. This ratio is false for the following reason: At the time of the passage of the Native's Land Act in 1913, the scheduled reserves constituted only about 7% of the land surface of South Africa. Under the recommendations of the Beaumont Commission of 1917 these areas were to be consolidated to 13% through purchases of white-owned farms along the borders of the reserves (the so-called released areas i.e. areas 'released' from the prohibition of African occupation). These farms were bought by the government under the auspices of the Department of Native Affairs, the South African Native Trust, the South African Bantu Trust and South African Development Trust. However, the purchases had not reached 13% at the time of the passage of the Abolition of Racially Based Land Measures Act in 1991 (Hendricks, 1990:37-39).

69. This is not to suggest that the struggle against forced removals and the contestation over claims about land ownership in the so-called white 'platteland' are unimportant. It merely reflects the overwhelming proletarian reality of rural South Africa.

70. See Marx's (1974:782-813) analysis of ground rent as a basis for the distribution of surplus value between the capitalist and the landowner, and Bernstein (1990:417-419) for a summary of the debate around petty commodity production as an explanation for class differentiation.

71. I am indebted to Colin Bundy for the frequent use of this apt phrase in conversations.

72. Cf Marx's (1975:320) letters to Russian Narodniki, Zasulich and Mikhailovski where he refers to the Russian commune as the, "... fulcrum of Russia's social revival."

73. See Simson (1980:83-104) for a discussion of intra-capitalist rivalry over labour resources in South Africa, and Klein (1980:20) for an outline of the problems experienced by colonists in their quest to generate an adequate labour supply.

74. In a discussion of the relevance of communal tenure for proletarianisation in South Africa, Southall (1982:85) takes up the position of the process has been retarded:

By preserving the communal land system (as adjusted by the one-man-one lot system of individual tenure), it (the state) attempted to retard the process of proletarianisation by maintaining the ties of the migrant labourers to the land.

Beinart (1988:142) graphically emphasises the persistence of peasant production:

Somewhere amidst the swollen population of the Bantustans, amidst the poverty areas that have suffered deeply from apartheid policies, there are families which have been able to cling onto sufficient land and resources to maintain some smallholding agricultural production.

75. See Hendricks (1990:28-31) for a discussion of the importance of Cecil John Rhodes's 'Bill for Africa' in the origin of separate reserves for Africans.

76. These laws had subsequently been called, the Black Land Act of 1913 and the Development Trust and Land Act of 1936 respectively, before they were both repealed with the passage of the Abolition of Racially Based Land Measures Act in 1991.

77. With the abolition of the land acts, the official statistical analyses tend to obscure the division of land and agricultural resources. Since it is now possible for blacks to buy land outside the reserves, the uneven development between black and white agriculture is no longer revealed in official figures. Even though, the divide still obviously exists, figures now reflect regional disparities rather than disparities between the homelands and white agriculture.

78. See Christodoulou and Vink (1990:238) for a discussion of the state's recent withdrawal of subsidies expressed, amongst other factors, in the price of agricultural commodities.

79. For a discussion of some the mechanisms of social control and atrocities on farms such as: public flogging, sexual abuse of the young farm girls and the tot system in Philippi, a farm area surrounded by urban settlements near Cape Town, see Wagenstroom (1993:54).