Revisiting the Relationship Between Capitalism and Racist Forms of Political Domination and Post-1994 South African Policy Alternatives

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Introduction

The diagnostic theses and propositions on the South African social formation and its crisis have also informed or influenced normative policy perspectives in the post-1994 South Africa. The South African social formation has been characterized as Colonialism of a Special Type (SACP: 1962 and ANC: 1985) and racial capitalism (Saul:). The articulation of modes of production (Wolpe:), racial Fordism (Gelb:), uneven development (Bond:), Mineral-Energy-Complex (Fine and Rustomjee: 1996) and fraction of capital (Davies, Kaplan) were used to show the mechanisms through which the South African social formation was reproduced and maintained. Flowing from each conceptualization different theorists and activists reached different conceptual, strategic, tactical and conclusions on the South African social formation. The post-1994 policy alternatives were also influenced by these perspectives. This is not to deny some common normative conclusions reached through different conceptual schemas.

The South African political economy has been pre-occupied with the relationship between racist and patriarchal forms of political domination and capitalism. This issue is not only a contentious between Marxists and non-Marxists, but also within Marxists and non-Marxists. At the heart of the scholarly debate is the extent to which racial domination; in particular Apartheid was functional for capital accumulation. Put differently, the debate is on the extent to which the racist forms of political domination were functional or beneficial to capitalism.

The paper argues that liberalism took a dualist perspective of the South African social formation. It argued that the economy was divided into two. The first economy (capitalist), which was a desirable model for development and the pre-capitalist, was as traditional and backward to be obliterated. It was argued that the two modes were unconnected modes of production. The pre-capitalist was backward and traditional. In its teleological conception of social change, it assumed capitalism will swallow the pre-capitalist forms of production. The demise of Apartheid in liberal circles is celebrated in these terms, that is, capitalist growth has undermined racist rationality was imposed itself on the rationality of the free market (O’ Dowd: 1996). In the post-Apartheid South Africa, any form of regulation of the capital is seen as undermining this rationality.

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1 This refers to a concrete capitalist mode of production.
The paper shows that the Marxist political economists took an organicist conception of the connection between racism and capitalism and pre-capitalist modes of production. The pre-capitalist and racism and capitalism were seen as organically connected, and the functional relationship between the two was systematically theorized in Wolpe’s work (1975). The liberals only conceded to the organicist connection between racism and pre-capitalist mode of production, but maintained that racism was dysfunctional for capital accumulation. The Marxist political economists, in their early works did not stretch the dialectical method enough for they would have theorized the relationship between race and capitalism as contradictory and always leading to contemporary resolution and new contradictions, but without the Hegelian totalizing dialectic. This has opened the early Wolpe (1975) to theoretical attacks for his functionalism.

Given the contingent relationship between capitalism and racist forms of political domination, we argue that there is no necessary functional relationship between racist forms of political domination and capitalism, and therefore the destruction of the former does not necessarily mean the end of the latter. In other words, the end of national and gender oppression does not mean the end of capitalism. While the paper refutes the functional relationship between racist forms of political domination, it argues that the relationship between capitalism and racism was contingent upon the historical evolution of the capitalist system and opportunities and threats offered by the racial structure. In other words, South African capitalism had an opportunistic with racist political domination, but it became dysfunctional due to the working class struggle and the rise in organic composition of capital.

The paper argues that technological determinist or vulgar Marxism\(^2\) and modernization theory have provided conceptual basis for neo-liberalism. The racial Fordism thesis (Gelb and Saul), has provided firm foundation for the Keynesian policy alternatives. The CST and its strategy NDR, is used to justify the current neo-liberal and incorporation of the emerging black bourgeoisie into structure of capital accumulation. However, the current neo-liberal and creation of black capital policy paradigm was not inscribed in the NDR itself.

**Liberal Dualism**

The dualist conceptual separation of politics from economics made it possible for the liberals to artificially separate racial political domination and capital accumulation. They saw racism as an inherent obstacle to the industrialization

\(^2\) This is kind of Marxism was advocated colonialism apologetic, Bill Warren who argued that exploitation of the colonial countries is necessary for its development (Bond : 1997). This argument is also appropriated to justify neo-liberalism in South Africa (Jele and Moleketi : 2002)
and modernization project. The early liberalism was predicated on the Victorian liberal dualism of civilization and barbarism (Macmillan: 1930). The former was associated with Whiteness and the latter with blackness.

The liberals argued that racism was incompatible with capitalism, and believed that the development of capitalism would eventually get rid of racism. The liberal paradigm borrowed from modernisation theory which argues that pre-capitalist institutions, ideology (racism) and culture are not compatible with the capitalist growth. The liberal dualism counterpoised the capitalist rationality against pre-capitalist irrationality. W.W. Rostow liberal stage theory provided theoretical arsenal for liberals to argue for teleological obliteration of the pre-capitalist modes of production and racism, and liberal stagism (O'Dowd: 1996 and Houghton: 1964).

Hutt (1964), one of early liberal political economist theorists, argues that if the English in South Africa had continued with the development of a liberal economy it would have prevented or ameliorated the racist forms of political domination which were part of the pre-industrial attitudes which impeded the development of capitalism in South Africa. From Hutt (1964)’s perspective racial prejudice is a manifestation of irrational customs which will dissolve under the pressure of economic rationality. Restriction on the investment to the reserves by the Apartheid State has prevented the industrialisation, which would have led to the eradication of the tribal customs and traditions, liberal political economists argued.

For Hutt (1964) African wages were low, not because of the rate of exploitation, but their needs were less, and they did not like accumulation of private property except in a form of cattle. Hutt’s level of theorisation is misleading because it assumes that there is only one form of capitalism which is static and the racial capitalism is not capitalism. Furthermore, it is also historical inaccurate that capitalism did not provide support to racist forms of political domination. For instance, mine owners drafted the Law no. 23 of 1895 which imposed passes on Africans working on the mines in order to curb their movement in search for better wages in other sectors of the economy.

**Marxist necessary causality and functionalism**

Drawing from different Marxian political economists such as Laclau, Lenin, Frank and Algleitta challenged the idea that racial domination has always distorted and impeded capitalist accumulation. In rebutting the modernisation and liberal theory advocated by Houghton, Brookes and de Kiewit that South African capitalism could not develop because of the ‘irrational’ African traditions and customs which impeded the capitalist development of agriculture, Bundy
(1979) showed that African peasantry responded competitively to the new market conditions facilitated by the mining industry. They produced more for sale in the industrial markets. Owing to the demands for cheap labour, Bundy (1979), argues that mining capital proletarianised the South African peasantry through a process of primitive accumulation based on land dispossession and imposition of different hut and dog taxes, in order to get wage-labour. Key, Anglican cleric once said that, referring to African peasants “They are peasant farmers, why should they send their sons and daughters to work for wages? They prefer supplying their ones from the soil, as they can easily do so they stay at home” (Bundy, 1988: 92). The self-sufficiency of the African peasant witheld labour for the mine owners; the dispossession of Africans and destruction of the African peasantry was linked to the needs of capitalist development in South Africa. In other words, the capacity for the African peasantry to produce provided them with the source of income and livelihood, thus reducing their dependency on industrial capital.

Hut tax was introduced in Zulu land and the African communities as a mechanism to proletarianise the peasantry (Guy, 1982:175). The peasantry had to work for a wage in order to earn money to pay the tax. Some sold cattle to raise cash and some paid in cattle, and the price was below the market value (Guy, 1982: 176).

Contrary to the liberal political economy and Bundy’s view that capitalism in the periphery has a tendency to do way with the pre-capitalist features, Wolpe (1975) argued that capitalism can co-exist with the pre-capitalist modes of production. Borrowing from Laclau ‘s formulation of the Articulation of Mode Productions, Wolpe (1975) argue capitalist development does not necessarily destroy the pre-capitalist modes of production; instead capitalist mode of production can be organically linked to the pre-capitalist mode production. According to Wolpe (1975) South African capitalism feeds on the pre-capitalist mode of production, which serves as source for cheap labour.

Wolpe was not only concerned about the pitfalls for the dependency theory and liberal political economy, but also the CST thesis for absence of the theory of exploitation. Bundy had ignored exploitation in his theorisation of the process of primitive accumulation. By emphasis on the market, circulation of commodities in wherein the African peasantry could have thrived, Bundy implies that the African peasantry could have become incorporated into the capitalist system as owners of capital, as opposed to wage-laborers.3

3 This argument has been appropriated by one of the key black capitalist in the post-1994 South Africa. See S. Macozoma, ‘From a theory of revolution to the management of a fragile state’ in The Real State of the Nation: South Africa after 1990, Development Update (Special Edition), November 2003.
The CST does not provide adequate theoretical tools to illuminate the relationship between national oppression and class exploitation, and without a theory of exploitation the CST was not different from race relations theory (Wolpe: 1975). To overcome both the pitfalls of the dependency theory and the CST, he developed the theory of cheap labour thesis to tease out the extra-economics mechanisms by which the capital pumped out more surplus value from black working class. In trying to explain the nature, origin and the reproduction of the racist forms of domination which was subsequently consolidated in the 1948, through apartheid policies, Wolpe uses Marx’s concept of exploitation which eventfully enabled him to develop the cheap labour thesis.

Let’s pause and explain Marx’s concept of exploitation, by using Holmstrom (1993) conceptual strategy in which he start by clarifying Marx’s concept of necessary, free and surplus labour. Necessary labour is amount of labour necessary for the reproduction of the worker and her dependents regardless of a mode of production – whether capitalism or communism. Under capitalism, workers are required to do more than necessary labour, which is surplus labor appropriated by the owners of the means of production. Necessary labour is required under communism but it is not forced labour in a sense that direct producers are not subordinated to the power of owners of the means of production. In other words necessary labour is free if it is controlled and ownership of the direct producers. The direct producers do not have control over the surplus.

Capitalism forces the working class to do unnecessary labour which is appropriated by the bourgeoisie, and the working class does not control the means of production. In other words the autonomy of the working class is undermined. Force and domination are pre-conditions for exploitation to take place. The racial forms of domination were used as mechanisms to facilitate the process of pumping out the surplus labour from the black working class.

The thrust of the thesis is based on Marx’s labour theory which argues that the capitalists generate surplus value through the exploitation of labour. Under capitalist production relations, a capitalist buys a worker’s labour power like any commodity. The value of the labour power is determined by labour socially necessities to produce a worker. A worker needs clothing, food, shelter etc in order to reproduce himself or herself and a wage plays this function. The value of the labour power is determined by means of subsistence. The non-capitalist reproduction of labour power creates a basis for the relative reduction in the value of the labour.

For Wolpe racial domination over black workers through migrant-labour system was functional to capitalism because the reserves subsidized the black working class forced necessary labour. Subsistence agriculture in the reserves contributed
to the social reproduction and maintenance of migrant workers. Put differently, the reserves took care of the old age, reproduce labour, social security, and served as a source of income. Capitalism benefited from the continued existence of the pre-capitalist mode of production. Unlike unpaid work under socialism, based on the principle each according to ability, the reserves took care of those who were not immediately useful (children) and those who were no longer useful (old aged workers). Since capitalism treated workers as means for capital accumulation, occupational physical disabled workers as well as old workers not longer functional important for capital accumulation were thrown into the reserves. Though critical of the CST, Mamdani (1996)’s concept of the bifurcated state could be considered as providing the theoretical framework for the political superstructure in the reserves which were control by the chiefs.

**Contingency and Liberal and Marxist convergence**

Nel (1987) argues that the early Wolpe uses the beneficial effects of Apartheid to capitalism as the sufficient explanation for the origin of the system. The functionalist explanation falls into the trap of failing to investigate or explain aspects of racial political domination that may be in contradiction with capitalism.

The functional fallacy was later overcome by the theory of contingency in Marxism and liberalism. Functionalism ignores both the contradictory and differentiated effects of racial domination on the capitalist structure. Through different conceptual schemas, both Marxists (Wolpe :1998, Saul and Gelb : 1986 ) and liberals (Lipton : 1985) agree that the relationship between capitalism and racial order is contingent outcome of the struggles between contending groups or classes, and the outcome of the struggle may be functional or contradictory by advancing the interest of the certain classes at the expense of others.

Lipton (1985) concedes that Apartheid had some benefits for capitalism particularly the agricultural and mining capital until the 1970s. In line with Hutt (1964)’s idea that development of capitalism erodes prejudices, Lipton (1985) argues that dysfunctionality of the racist forms of political domination lies in economic structural changes from ‘labour intensive’ to ‘capital intensive’ forms of work, which also required skilled labour. Apartheid became dysfunctional for capital accumulation because of the growth of the manufacturing industry which required skilled labour and black purchasing power, and the latter was depressed by poor wages. From this perspective, racism had benefits and costs for capital accumulation. The benefits were provided by cheap labour which was in demand by the mining and agricultural capital, and the state intervened to reproduce the labour. The costs involved the absence of skilled black labour which resulted in capital relying on ‘expensive’ White labour and effective
demand due to lower wages. The benefits were that it provided cheap labour. This view was also shared by the racial Fordist thesis (Gelb: 1986). It could be argued that the manufacturing sector benefited from racial policies which prevented the formation of workers struggles.

Lipton’s theoretical shortcoming is that she does not distinguish between capitalism and capitalists. The former is a social order or structural system, and the latter as agents in the structure who may have different interests in how the structure should function. The significance of this distinction is to show that racist forms of political domination were functional and dysfunctional to the interests of different fractions of capital, not the capitalist system as a whole. Therefore it will be misleading to argue that capitalism, as a whole did not benefit out of the racist forms of political domination.

Lipton and neo-Poulantzains’s fraction of the capitals thesis arrive by different routes at the same conclusion regarding the relationship between capital and race. The fraction of capital thesis was not different from the liberal-pluralist power theory. The fraction of capitals thesis is not different liberal-elite theory of power, which tends to study state activities in relation to policies proposed by different social forces, and fail to locate the state within the social reproduction and transformation (Clarke: 1978 and Therborn: 1978). Both blame particular sections of capital for racism. The only difference is that Lipton blames the political power of the state which overruled the mining capital (Yudelman: 1983).

Marxist political economy used its theory of capitalism to demonstrate the contingent functional relationship between capitalism and racism. Capitalism transforms the means of production and labour into commodities to be purchased in the market. The means of production are purchased as constant capital and labour power as variable. Capital accumulation requires constant reproduction of the variable and constant capital. In order to make surplus value, the value of the product must be greater than constant and variable capital, and the additional value is found in the labour power. The capitalist can increase surplus value either through extension of working day that is absolute surplus value or relative surplus value. The relative surplus value refers to a decrease in the value of labour power by increasing the productivity in branches of industries that produce goods consumed by workers and those providing means of production of these consumer goods. This usually comes as a result of improvement of technology or innovation (Marx, 1967). As a result, the value of workers’ basic needs declines, thus lowering the value of labour power. As one capitalist increases productivity through inventions and innovations, others have to follow (albeit not necessarily in the same manner) in order to continuously accumulate. For this reason they tend to introduce new ways of extracting surplus value.
Marx (1967) argues that crisis is inherent in the capitalist mode of production because the competition amongst capitalists leads them to invest more in capital equipment or *constant capital* than in *variable capital* (workers who operate the means of production). This is not to deny that other capitalists may invest in both constant and variable capital in order to increase surplus value. Investment in constant capital is undertaken because it increases the productivity of labour. For this reason, the necessary labour associated with a given level of output declines, thus decreasing market prices and rewarding the capitalists who invested in constant capital with a competitive advantage over other capitalists.

In the early period of industrialization, capital used absolute surplus value mechanism. According to Marxists this required the extra-economic measures to recruit and control labour, particularly the African working class. This was done through a process of primitive accumulation codified in the 1894 Glen Grey and consolidated in the 1913 Act which dispossessed the African peasantry and incorporated into the wage labour. In the early South African capitalism, mining and farming were dominant, and they relied on absolute surplus value mechanisms to control labour. This required more repressive extra-economic oppressive apparatuses. This was also exacerbated by both massive struggles and the decline of the reserves. Wolpe () and Saul and Gelb () points out that in the 1960s, the investment in constant capital increased in agriculture and manufacture sector, thus leading to the mechanisation of the labour process which required new skilled working class. The national oppression was now dysfunctional to capital accumulation in the 1960s (Wolpe: 19888 and Gelb and Saul :). This analysis obliterated the necessary connection between national oppression and class exploitation because capitalism did not, anymore, dependent on national oppression. Wolpe (1989) in his latest work refutes his earlier functionalism, and points out that the relationship between race and class are not necessary or inevitable, but historically contingent. Hence it cannot be concluded a priori either that the relationship is inherently contradictory or functionally relevant.

**Modernisation and vulgar Marxist developmentalism**

The notion of modern development is associated with science, technology or development of productive forces. Modernization theory traced the sources of underdevelopment in pre-capitalist forms of societal organizations. The source of underdevelopment is due to lack of technology and ‘entrepreneurial spirit’, according to the modernization liberal theorists. The cure for underdevelopment from the modernization theory is to dismantle the traditional customs and institutions and provide modern technological instruments for production. The current post-1994 state has set as its key role to modernize the ‘second economy’ integrating the unsophisticated second economy into the first economy.
In the case of dependency theories, underdeveloped is a product of colonial and capitalist imperialism which inaugurated capitalist relations. Vulgar Marxism advocated by Warren agrees with the dependency theory that colonialism exploited and underdeveloped the poor countries, but there was no enough exploitation of these countries as Kay (1975) would argue. Therefore exploitation has to be intensified in order to develop the productive forces. The neo-liberalism was justified the need to develop productive forces by the vulgar Marxists (Jele and Moleketi : 2002).

Both the vulgar Marxism and neo-liberalism have reached the same conclusion via different conceptual schemas, in that the problem of underdevelopment is not because capitalism has not exploited South Africa working class, but because there is no enough exploitation, hence neo-liberalism is required to intensify exploitation in order to have economic growth that will eventually trickle down. In other words, neo-liberal capitalist exploitation is the price to be paid for current development. To achieve this, both vulgar and neo-liberal argued for increase of the rate of profit in the production process. One hand, the neo-liberal has argued for re-organization of the labour process to weaken labour through labour market flexibility. In opposition to this the post-Fordist alternatives do not questioned the exploitative production relations or wage-labour, instead, has questioned the conditions of exploitation. Both vulgar Marxism and neo-liberalism agree that there is a need to increase the productivity of labour and capital. The recently adopted government ASGISA argues for making the ‘cost of doing business cheaper’ that is, making conditions for capital accumulation cheaper. State-owned enterprises will be geared towards facilitating capital accumulation. Constant capital will be made cheaper through cheaper electricity and telecommunication infrastructure. Even though there has been significant corporate tax breaks, the neo-liberals are still pushing for more tax breaks as a way of lowering the cost of doing business in South Africa. In order to realize profit, both vulgar Marxism and neo-liberals agree on the globalization of circulation of the South African produced commodities.

The roots for the notion of development in Marxism can be found in Marx himself. The Communist Manifesto glories the role of the bourgeoisie in developing the productive forces. Even though Marx saw the negative effects of the colonization in Ireland, he saw positive role of colonization in India (). The modernization perspective in Marx has also armed Bill Warren and the modern liberals in South Africa who appropriate Marx to justify neo-liberalism.

This view also borrows from an incorrect interpretation of Marx’s material conception of history. It argues like the Mensheviks, that capitalism has to mature first before less developed countries could advance to socialism.
Therefore, more exploitation is required for the poor countries to develop. This perspective down plays the contradictory Marx view on the subject. In his letter to Vera Zulisch, Marx points out the unevenness of the global capitalism and that argue that not all countries had to via capitalism in order to move to socialism.

Against the Mensheviks, the Bolsheviks ran a programme of industrialization which treated workers as means of development. The 1921 Krondsdat strike was crashed in the name of development and industrialization. Trotsky proposed militarization of labor which was accepted by the Bolsheviks. As aforementioned, the Bolsheviks developmental perspective treated workers as means to achieve development. This requires current Marxism to think hard about the political society in the post-revolutionary period and learn from the mistakes of the entire Bolshevik tradition as a whole.

CST and post-1994 Policy practices

Armed with articulation of mode of production conceptual schema, the national oppression and class exploitation was framed in dualistic fashion. The class exploitation was seen as the essence and the phenomenon was the national oppression – racism. This formulation saw the necessary connection between racism and capitalism to an extent that Slovo (1976) argue that ‘Yet for all the overt signs of race as a mechanism of domination, the legal and institutional domination of the white minority over black majority has its origin in, and is perpetuated by economic exploitation’ He goes on to say that ‘Race discrimination is the mechanism of this exploitation and functional to it... and the struggle to destroy white supremacy is ultimately bound up with the very destruction of capitalism itself’ (My emphasis throughout).

The struggle for the national liberation was linked to socialism because the former undermined the conditions for exploitation of the black working class. The NDR was conceptualized as anti-capitalist as opposed to building bourgeoisie democracy. The conceptual pigeon-holing of the NDR as a bourgeoisie revolution does not only conceal the inherent class contestation within the liberation movement the direction of the NDR, but also miss the point about the genealogy of the strategy and concept itself. The NDR was a strategy developed by the Comintern to deal with colonial and semi social formations in which the productive forces and the proletariat were miniscule (Hudson :1986). The tasks of the NDR were to lead to an agrarian revolution which would transfer to the peasantry and national liberation which will end imperial oppression and control of ‘commanding heights of the economy’ and introduce people’s democracy (Lowy: 1981).

The strategy was meant to deal with imperialism, which required variable and
constant capital, and profit realisation problem on the world scale. Because the national oppression was conceptualised as functional to global capital accumulation, the struggle for national liberation is also anti-capitalist in a sense that it undermines the conditions for global capital accumulation. While there was a strategic convergence over the need to build workers in alliance with the peasantry, which will open non-capitalist road towards socialism, there was debate in the Comintern on tactics to achieve this goal, particularly between the Indian Communist M.N Roy and Lenin. Lenin saw the need to form tactical alliances with the nationalists and yet Roy was critical of this. Lenin saw the need for leadership of the working class.

South Africa capitalism was advanced compared to other colonial and semi-colonial social formation. The NDR as a strategy was adopted because of the CST theory focused on had to also deal with what Simons and Simons (1968) calls the ‘colour consciousness’. Wolpe dose not delink the struggle against racism from capitalism. Wolpe still sees national liberation struggle to involve the socialisation of the means of production in the hands of the people. In other words, national liberation was not necessarily capitalism. But Wolpe (1988) admits that the national liberation struggles can have both pro-capitalist and anti-capitalist contents. In the post-1994, the pro-capitalist outcome of the NDR has won the battle and has also vulgarized Marxist political economy to justify its socio-economic development policy and political practice.

The political programme of the NDR was to inaugurate the national democracy, based on the non-capitalist economic programme. The Freedom Charter conceived as such a programme. The ANC itself admitted that it is fighting for socialism in its Politico-Military Strategy Commission reported as follows regarding the ANC’s approach to socialism:

‘It should be emphasised that no member of the Commission had any doubts about the ultimate need to continue our revolution towards a socialist order; the issue was posed only in relation to the tactical considerations of the present stage of our struggle’.

In addressing the MPLA, the then President of the ANC, OR Tambo, said:

‘The historic significance of the first Congress of MPLA is precisely that, for southern Africa, like the FRELIMO Congress, it blazes a new trail out of the crossroads towards the conquest of a socialist future for the peoples – a future free of exploitation’.

He continued, referring to the Angola victory, OR said:

‘It is also a victory of all the peoples, including the people of South Africa, who are pledged to fight for the creation of new socio-economic systems which will be characterised by the abolition of exploitation of man by man through ownership of

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4 The notion of the people excluded in the SACP-ANC-COSATU alliance referred to the working people in a Leninist sense, that is, working class, peasantry and middle class.

5 Thabo Mkeki, Joe Slovo, Moses Mabhida, Joe Gqabi and Joe Modise were members of this Commission which accepted socialism as the ultimate goal for the South African revolution.
productive wealth by the people themselves; characterised as well by the self-government of the ordinary working people through the institution of popular power’.

The Freedom Charter was not meant to build black capitalism as Thabo Mbeki in 1978 said that:
‘Consider circumstances in which we might position ‘black capitalism’ as the antithesis to ‘white capitalism’... Thus black capitalism instead of being an antithesis is rather confirmation of parasitism...’

The direction of the NDR was always contested within the ANC. There were two ideological interpretation of the Freedom Charter within the ANC. Mandela argued that the NDR and Freedom Charter will usher bourgeoisie democracy, against Govan Mbeki view, which was that it will bring about people’s democracy (Mbeki: 1991). Mandela’s version of that Freedom Charter, which argued that it is about building a non-European bourgeoisie has won the battle in the post-1994 South Africa. During his address to the Black Management Forum in 1999, Thabo Mbeki declared:

‘The struggle against racism in our country must include the objective of creating a black bourgeoisie. I would like to urge, very strongly, that we abandon our embarrassment about the possibility of the emergence of successful and therefore prosperous black owners of productive property’

The project of building a black bourgeoisie and middle class as a buffer between white monopoly capital and the white working class was initiated in the 1960s, and intensified in the 1970s (Hudson and Sarakinsky: 1986 and Nzimande: 1990). Since the ANC came into power a number of institutions and pieces of legislation were passed to create this class, and the leadership of the ANC owned capital directly or indirectly and this has changed the character of the ANC. Below is a table adapted from City Press (2005) that shows ANC leadership in business.

<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sakie Macozoma</td>
<td>Stalin Group, Standard Bank, Volkswagen SA, Murray and Roberts, Liso, Investment Vehicle and Safika</td>
</tr>
<tr>
<td>Penuell Maduna (former Minister of Minerals and Energy and Justice)</td>
<td>Amabusi, Sasol, Tshwarisano LFB Investment</td>
</tr>
<tr>
<td>Popo Molefe (former North-West Premier)</td>
<td>Sun International and Leroko Investment</td>
</tr>
</tbody>
</table>
Valli Moosa (former Minister of Local Government, and Environmental Affairs)  |  Sun International and Leroko Investment

Smuts Ngonyama, (former Eastern Cape, MEC for Economic Affairs)  |  Elephant Consortium and Fishing Industry

Matthews Phosa (former Mpumalanga premier)  |  BMW, ABSA, KPMG and Ruslyn Mining and Plant Hire

Cyril Ramaphosa (former NUM and ANC Secretary General)  |  MTN, SABMiller, Standard Bank, Shanduka Investment Co. Alexander Forbes

There is drastic shift from the 1960s and 70s ANC position towards socialism. The international balance of forces has been used to rationalize not only neo-liberalism, but also the creation of black bourgeoisie. However, it should be noted that the form of South African neo-liberalism is justified in terms of race. The primitive accumulation through dispossession of the state, either through illegal corruption or legal corruption, i.e. privatization is justified in terms of race.

It is not my intention to explain the shift here, it suffices to indicate the explanations have been documented, notwithstanding some pitfalls (Marais: and Bond: 2000. The RDP was also vague in much respect and it also provided room for misinterpretation. Mbeki is his strong rebuke of the SACP in its Congress said that GEAR was a logical outcome of the RDP (). I would argue that the RDP was also shift from the Freedom Charter. The Freedom Charter was based on what was called ‘non-capitalist’ path, yet the RDP was based on the Keynesianism.

The question that we need to ask is: what has happened to the CST since 1994, and are there new tasks arising out of the changes of the CST. Put differently has the South African social formation changed since 1994? There is no doubt that it has changed. Below is the diagram that attempts to show the some changes of the CST since 1994.

<table>
<thead>
<tr>
<th>Pre-1994</th>
<th>Post-1994</th>
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<tr>
<td>1910, political exclusion of black South Africans as citizens in South</td>
<td>Political inclusion, in which blacks have political citizenship – the right</td>
</tr>
</tbody>
</table>
Africa to vote

Settler colonial-Apartheid-Capitalist state

neo-colonial State, with key neo-liberal features

Black working class main supplier of cheap labour, and economic ownership white

Black working class main supplier of labour, but BEE, rapid rise of the Black middle class and bourgeoisie

Racism as a dominant ideological instrument

Neo-liberalism as a dominant ideology to maintain and reproduce neo-CST

Colonial/ Apartheid workplace regime

Relatively progressive workplace regime, but constantly under threat because of causalisation,

ANC-led liberation movement – mass democratic movements

Contemporary social movements as a result of the crisis of reproduction

Anti-capitalist movements

Soviet Union, anti-capitalist liberation movements

Dominance of US-led imperialism and neo-liberalism

What conclusions can we draw from the post-Apartheid South Africa that has negated key features of CST? Can we safely say we have neo-CST in South Africa today? In other words, political independence symbolized in the national flag and national anthem, but inherited economic dependence on White Monopoly capital.

Racial Fordism thesis

The racial Fordism sits well with vulgar Marxism in terms of policy alternatives in so far as the maintenance of the wage-labour system. The modernization project has also been justified in racial Fordist terms which provided the Keynesian diagnostic tools for the crisis which also influenced the COSATU and ISP. The Marxist explanation of the crisis can be categorised into three explanatory models, that is, profit squeeze, under-conception and over accumulation (Bond :1997). The racial Fordist thesis, like Lipton’s thesis, trace the roots of South African social crisis in lack of demand and poor skills as aforementioned. The Industrial Strategy Project and Social Equity were policy alternatives through which the crisis could be resolved. Building on the
underconsumptisnist assumptions Kaplan and Lewis (1996) attributed to lack of skills, lack of demand and lack of efficient technology – are the causes of the economic stagnation. Keynesians take the production relations as given, and only question the distribution of surplus. This assumes that the problem is in the distribution of surplus and yet the problem is with exploitation itself in which the workers are alienated from their own product and presented as a fetish commodity form in the market. Since capitalists give with left hand and take what they give with right hand, they increase the price of commodities, thus creating inflation which became the target for the neo-liberalism who argued for wage restraints and rolling back the welfare state. The ISP does not negate wage-labour; rather seek to re-negotiate the incorporation of labour into the structures of exploitation and distribution. The post-1994 radical political economy, with few exceptions, has focused on the dealt with the adjustment of the technocratic and political and judicial aspects of the system.

Social History and the Political Economy of the working class

While we need to question the nihilism and relativism, and non-commentary political project in post-modernism, we need to acknowledge that it has question common held assumption about development and science, and totalizing epistemological absolutism in political economy. To illustrate, dependency theory argues for delinking, the modernization argued for integration with the capitalists north, but had same goal, which is development, sin qua. Science, rationality and development are not problemitised. In the current Marxist political economy, there is no systematic analysis of the consciousness in the South African political economy. Consciousness is treated as the effect of the economic structure.

The discourse in development has also been couched around anti- particular forms of development based on technological determinism, both have a potential of treating workers as means towards the developmental. They also have a potential of undermining environment as was the case with the USSR industrialization. The social history provides a framework for bringing back agency in political economy, but does not have the political economy theoretical framework. The Social History school did not provide any political economic strategy. Lebowitz argue I will go at length in the exposition of Lebowitz (2004) of the political economy of the working class.

Lebowitz argues that even though Marx noted the workers’ struggles, *Capital* does not systematically deal with the goals of the wage-labourer as well as her life outside the workplace. In other words, *Capital* only shows the capitalists’ drive to increase profit and does not show how wage-labourers struggle to reduce it. The struggle against the duration of working day is not seen as the
workers’ struggle for more time for their own development. According to Lebowitz capitalists deny the existence of workers as human beings – workers and their labour power exists only for capital. The bourgeoisie political economy treats workers as things – commodities. Marx’s Capital treats workers in this manner as well, according to Lebowitz, in the sense that the worker is present in all moments of capital (i.e. production, distribution and consumption) as a necessary means of capital to growth. Wage-labourer exists as a necessary means for capital accumulation. The working class is presented as a dead accessory of capital without its goals. In other words, Capital looks at a worker from the perspective of capital since there is no sufficient discussion in Marx’s Capital on workers struggles to increase their standard of living or on the wage-labour tendency to decrease the surplus value.

However Lebowitz points out that wage-labour is present in an ‘underdeveloped form’ particularly in Value, Price and Profit, Inaugural Address to the First International which drew attention to the political economy of the working class. What is the Political Economy of the Working class and how is it different to the Political Economy of the Bourgeoisie according to Lebowitz? Firstly, Lebowitz points out that there is no neutral science. In the political economy of the bourgeoisie, labour power exists for capital and consumed by capital, the means of production dominate the workers, workers’ time is for capital and the worker is alienated from one-self, fellow-workers and products. This is contrary to the political economy of the working class according to which labour exists for a worker and is consumed by a worker, time is for a worker and she produces for herself. These political economies co-exist in a contradictory unity. They manifest themselves in the process of class struggle in which the working class attempt to impose its political economy. According to Marx the political economy of the working class found concrete when workers won the victory on the Ten Hours Bill and the emergence of co-operative movement notwithstanding its shortcomings under capitalism. The political economy of the working class can only triumph if workers understand that commodities are a result of their exploitation, and as such overthrow capitalism.

Flowing from the absence of workers as an active and conscious subject, one-sided reading of Capital arises because everything that happens under capitalism corresponds to the needs of capital. Lebowitz deals with the functional fallacy of reforms under capitalism in which any reform by capital is seen as result of the benevolence of capitalists without the working class’ struggle. If a workday declines – it is as a result of capital wanting workers to rest. If the health system is introduced it is by virtue of the fact that capital wants healthy workers. According to Lebowitz this is one-sided because it does not look at the issue of wage-labourer struggles against capital and the logic to meet its own needs. In other words, while wage-labourer produces surplus value for capital, capital is
also used by wage labour to get its objects. Wage-labour struggles under capitalism are to secure time for freedom and higher wages to secure use-values. The conception of work and time in *Capital* is framed within the bourgeoisie political economy in the sense that work outside capitalist production is seen as unproductive. Yet workers self-reproduction is an important part of work. Lebowitz argues that the workers’ struggle to satisfy their many-sided social needs – schools, health services, time for reading, are the struggles against capital as a mediator. This is contrary to seeing all working-led reforms under capitalism as functional to capital.

Lebowitz acknowledges that these cannot be guaranteed under capitalism. Workers have to overthrow capital as a mediator in production, circulation and consumption. Lebowitz provide a theoretical and concrete platform upon which transitional demands towards socialism can be formulated. It provides a theoretical basis for the working class to act for its own immediate and long-term interests based the working class political economy in the context of the post-Apartheid capitalist South Africa. The working class can only defeat capitalism if they move beyond economism – wage-struggles, the struggle for health, social grants, and education – welfare as well as other reforms such as co-ops within the capitalist framework. Put differently, the working class cannot just struggle for reforms within the capitalist system – it must negate capital.

**BIBLIOGRAPHY**


