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TITLE: Defending Capitalism; A Review of Merle Lipton's Capitalism and Apartheid
Merle Lipton's book, *Capitalism and Apartheid*, has excited attention internationally and in South Africa essentially for two reasons. One is its engagement with the radical line of questioning about South African society that had been debated heatedly since the 1970s. The second is that it functions as an apologia for South African capitalism historically and contains a plea for the continued centrality of white liberals and of a middle-of-the-road politics that will crosscut the racial divide in which capitalists will play the major part. Lipton thinks that capitalism and apartheid can be disengaged and she herself opts for a solution in which South Africa could "get rid of apartheid, i.e. have multi-racial(or non-racial) capitalism" because she believes...

"...it could be achieved with less violence than any of the other... [solutions]; it does not rule out subsequent movement towards more egalitarian,welfare-oriented politics; and it is the only option compatible with the revival of the remnants of liberty and democracy: the degree of coercion required to enforce each of the other options seems incompatible with this." (12)

This is a book with which critics of the South African system have to engage seriously; it contains substantial research in certain areas and it is full of insights of considerable value and originality through its 400 odd page length. Nonetheless it is a hard book with which to come to terms. It is divided into three unbalanced parts. The middle and most substantial section, which Lipton herself points out was finished basically by 1978, is a structural and historical analysis which looks sectorally at South African capitalism, taking agriculture, mining, secondary industry and white labour, each of which deserves substantial attention from historians and economists. It is followed by a long final section which amounts to a considered narrative discussion of events over the past decade evaluating state reform options. It stops in 1983 but an epilogue carries the discussion forward further to 1986 and to a degree anticipates events over the past half-year fairly well. A first introductory section is not very successful in welding this into a whole; there is a tension between historical analysis and discussion and the political polemic that occasionally can be found. Lipton is an author, moreover, who is eclectic; perceptive insights clash with strange oversights and both are not always contained consistently within any line of argument. Occasionally, she is
as a result contradictory and it is hard to speak conclusively about any argument from the book that is not at times refuted by her own rich material. There is also an imbalance between her mastery of the material available to her up to 1978 and the many omissions in her reading thereafter. Finally and perhaps inevitably in such a work, well-researched points are often punctuated by questionable assertions that lack proof; her enthusiasm has allowed her to make too many arguments. These points qualify the generalisations which will follow; Capitalism and Apartheid needs to be characterised but eludes easy discussion.

In a telling chapter opening, Lipton asserts that:

"...apartheid cannot simply be explained as the outcome of capitalism or of racism. Its origins lie in a complex interaction between class interests (of white labour as well as of sections of capital) and racism/ethnicity, reinforced by ideological and security factors." (365)

Broadly speaking, she sees apartheid, loosely used in tandem with its predecessor, South African-style segregation, as having originally been useful to a broad range of capitalists. At the least, it contained costs and benefits:

"The benefits were provided by a plentiful supply of cheap, unskilled black workers and by the intervention of the state apparatus to ensure their compliance. But losses were incurred because of the restrictions on black competition in the skilled labour market." (7)

On the whole, she accepts the argument (found in both liberal and Marxist work) that both agricultural and mining capitalists favoured key aspects of the apartheid system during the floodtide of accumulation in these sectors from the late nineteenth to the mid-twentieth centuries. Accumulation was inherently linked to the availability of huge numbers of coerced workers at bottom pay levels. However this is far less true, she argues, with regard to manufacturers and merchants who "did not need, and indeed opposed, most apartheid labour policies." (139) Finally she insists that those Marxists who have tried to use class analysis to suggest that white workers had no interest in pressing forward with apartheid are wrong; even on the mines, it is they, rather than management, that insisted on the formal colour bar and the many indirect discriminatory practices which were far more consequential.
Within these sectors and within the South African economy as a whole, however, the advantages of a racial order have gradually diminished to capitalists, according to Lipton. Manufacturing has become more and more central to the economy and brought with it demands for a more stabilised, educated and participatory workforce. Even in agriculture and mining, a more democratic labour process is gradually becoming mooted, although they are clearly more backward than manufacturing. The conflicts, which reached a head in the 1960s, between the capitalist and the Nationalist-run state were thus quite real and unjustly underestimated by radicals with a crude determinist view of the state as a mere front for business interests. The state in time responded with the introduction of policies ("reform") more sensitive to the objections of capitalists. When reform began to founder in the middle 1980s, the capitalist began to look beyond its confines to a broader political reconstruction. If anything it was white labour and the entrenched bureaucracy which hindered the extension of reform, although Lipton's interesting discussion of SACOL and TUCSA reveals her awareness of ambiguity here too.

The contrast is most striking between Lipton and the revisionist Marxists of the 1970s — Legassick, Wolpe and Johnstone — and to a lesser extent with O'Meara, Kaplan, Morris, Davies and Bozoli from the following generation. It is much harder to draw with the Marxist writing of the past five years that Lipton ignores but it must be conceded that the older work continues to have considerable impact. If we go back to Legassick, in his classic article, "South Africa: Capital Accumulation and Violence", he insists on the functionality of violence, of harsh forms of repression and a battery of forms considered as "extra-economic coercion" to the successes of South African capitalism. These forms are not "archaism" but... the specific form which capitalism has taken." (Legassick, 267) The "specific structures of labour control which have been developed in post-war South Africa are increasingly functional to capital" (269) These quotes fail to do justice to the rich and subtle knowledge of South African economic and political history that are displayed in the texture of Legassick's writing, but from the vantage point of 1987 it must be conceded that he presented a version of capitalism in South Africa that is too lacking in contradiction and overly functionalist to explain more recent developments properly.
The evidence of a broad evolution along the lines Lipton suggests, given her many qualifications, is very strong. She is also right to query too easy a link between the prosperity of the 1960s and Verwoerdian apartheid at its most rigid. (252-53) It is more peculiar that Lipton does not try to engage with more recent writers, such as Saul & Gelb, who particularly situate the good years as bringing on a continuing "organic crisis" which has, in the past decade amongst other things, reduced profits seriously, chipped away under further business investment and revealed basic structural blockages in the prospects of successful capitalist accumulation in South Africa. That this shift has occurred is incontrovertible. It is no longer possible to assert that South African capitalism has an inherent need for compounds, passes, the absence of black labour unions, etc. even while stressing (and this Lipton concedes) that such writers as Legassick were able successfully to explain the historic advantages of such techniques. Capitalism is by its nature protean and dynamic. A problem with Lipton's critique, however, is that she fails to point out the historic significance within South Africa's intellectual history of the '70s revisionist arguments set as they were in turn against the crude positivist arguments put forward by liberals such as Horwitz, Houghton, Doxey, Hutt and O'Dowd; their work produced material on which Lipton and others can stand and move forward. The '70s revisionism in this aspect need not so much to be rejected as to be contextualised and used critically.

There ought to be debate about the many particular points with reference to particular sectors of capital that punctuate the middle section of the book but I propose here only to consider a few, of which one element is the relation of white labour to capital. It must be said that Lipton, throughout the study and with somewhat grievous results as she reaches contemporary issues, is overly generous to the capitalists and keeps stacking the cards in their favour in ways that are not going to stand easily. I do not disagree with Lipton's view of white workers' historic situation as expressed minimally; a serious examination of their history does reveal a committed tradition and a material interest in drawing racial boundaries. Such boundaries were in South Africa as elsewhere a potentially powerful and effective means of cultural and economic defense against the bosses. She is moreover right
to emphasize that this, rather than an argument based on the historic eccentricity of Afrikaners, is what explains their racism. Although there does exist a political and scholarly literature which assumes that class-conscious white workers should necessarily be committed to class unity across racial or ethnic lines, there are numerous scholars on the left who have come to grips effectively with reality not operating this way and this Lipton chooses to ignore. An important comparative study which considers the problem is Stan Greenberg’s Race and Class in Capitalist Development; Greenberg uses the idea of a bounded working class which adopts different strategies in the South African case depending on skill and organisational conditions. The approach Eddie Webster adopts in Cast in a Racial Mould is similar, while focussing on a particular industry.

Accepting then that white labour plays an important autonomous role in the forging of apartheid, it is another thing to accept Lipton’s arguments that capital was indifferent to the colour of its workers. There is a great deal of evidence to suggest that mining capital did not want an all-African labour force on the Witwatersrand any more than it wanted a ruinously expensive all-white one. If the question of where to draw the racial boundary line was hazy and contentious, this hardly means that there was no understanding of the effectiveness of a racially exclusive supervisory class or of a broader white "community" that internalised and defended capitalist values. She could read with profit the work that Rob Turrell and Alan Mabin have produced on the history of the diamond diggings at Kimberley and the way that management came to sort out white and black workers very deliberately from early pre-Rand days. In the opinion of Alan Mabin,

"...control of the labour force had extended to the social and spatial separation of black and white workers...in the conflict between labour and capital, the latter had asserted its dominance in part through compounding and the manipulation of a hierarchical, racial and geographical division of labour."  

The effectiveness of racial hierarchies as a managerial tool comes out clearly in Michael Burawoy’s comparison of the labour process on the Zambian copper mines before and after their disappearance in the contemporary era. The Copperbelt mines of Northern Rhodesia depended on the existence of what he calls "colonial despotism" for their smooth running. "An overt and explicit racism was the organizing principle behind...production apparatuses."
"company state", as he calls it, only began to disintegrate when challenges came from industrial strikes and political nationalism. The industrial order then weakened and required the direct intervention of the Zambian state at (frequent) moments of crisis. From this, one can derive two points. One is that that intervention was not always so successful and the non-racist control system far less effective from the crucial perspective of productivity. The other is that the history shows that the true colours of mining capital were most clearly unfurled in the era of racist colonial practice and only taken down under duress.

Had South African managers been uninterested in using ethnic and racial divisions to control workers, they would have been curiously indifferent to techniques well-documented for bosses in many parts of the world. She reminds us of Marx's understanding of the capitalist mode of production as one that overrides ancient distinctions of nation and caste (4) but she conveniently forgets his opinions on the significance of the division between Irish and English workers in keeping capitalist hegemony in British factories. To reiterate, from a well-known 1870 letter:

"Every industrial and commercial centre in England now possesses a working class divided into two hostile camps, English proletarians and Irish proletarians. The ordinary English worker hates the Irish worker as a competitor who lowers his standard of life... His attitude towards him is much the same as that of the "poor whites" to the "niggers" in the former slave states of the U.S.A. The Irishman pays him back with interest in his own money. He sees in the English worker at once the accomplice and the stupid tool of the English rule in Ireland. This antagonism is artificially kept alive and intensified by the press, the pulpit, the comic papers, in short, by all the means at the disposal of the ruling classes. This antagonism is the secret of the impotence of the English working class despite its organisation. It is the secret by which the capitalist class maintains its power. And that class is fully aware of it."

From these strictures there is nothing to exclude the manufacturers. They were very slow to move from assuming a world of white workers and affluent consumers to thinking, first of blacks even as purchasers of industrial commodities and then with time as operatives. The assumption of white control and supervision and of racially defined jobs was unquestioned until quite recently just as women workers were as a matter of course to be paid
less than, and subordinated to male supervisors. Lipton appreciates that resentment of rigid state requirements on how employers could choose their workers mostly to do with the relative wages different categories of labour could earn but she does not like to take the obvious point that the existence of differentials was in and of itself most desirable to management. That manufacturers worried, for instance under the Pact government, that the state would force them to hire too many whites is certainly the case but it hardly means that they opposed "apartheid" unless one reduces apartheid to the single issue of labour rigidity. The whole point of the antagonism to state policy was hardly that of defending a colour-blind employment programme. It was to combat dreams of turning urban or industrial South Africa into an Australian model white utopia and to defend the right of employers to hire relatively poorly-paid and disorganised black operatives. Black industrial workers may have earned more than their counterparts in mining or agriculture but that only displays the relative imperatives and labour market conditions that governed the circumstances of different capitalists and the problems that ensued in their coming together in a politically effective manner.

Lipton conveniently chooses to forget the virulent fear of Indian business competition that was so typical of the petty bourgeoisie of the Transvaal and Natal, the tendency to switch conveniently between different racial groups on the part of employers when militant activity threatened or the support of business for social segregation in the cities. Part of apartheid may involve attempts at absolute exclusion of blacks from urban communities and it is undoubtedly true that manufacturing capital found such attempts inconvenient and opposed them. However, it must be said that they equally favoured the isolation of black workers into separate townships even if they were generally too mealy-mouthed to want to pay for the facilities. Even in the 1980s, it is simply untrue that all manufacturers disapproved of "extra-economic" controls over their workers or that they supported the right of all to come and live where they liked. In such an advanced sector as the metal industry on the East Rand, many companies have preferred and retained a migrant labour-force when workers with Section Ten rights would have been available. Thus in a poll summarized by Webster from a 1980 publication, the majority of foundry managers "indicated a clear preference for 'homeland labour' rather than local labour," and in general took the view that rural migrants were more compliant, reliable and
harder-working. A study of management attitudes by Ann Bernstein of the Urban Foundation made even later records a large minority (45%) who preferred the retention of all or some influx control legislation. Such controls retain considerable charms for capitalists even in advanced industrial societies today, as witness the use of migrant third world labour in America or Western Europe.

A number of historians before Lipton have remarked on the period of the 1940s as one that represents a hiatus in the general trend towards the intensification of segregation: the creation of a racial state. Lipton puts particular emphasis on it as the first sign of the pre-eminence of liberalising industrial capital. She writes that "in 1948 South Africa was an oligarchic democracy which seemed on the verge of gradually incorporating the black vanguard into its ranks." (cf 274ff) Lipton is correct in pointing to significant reform proposals in response to the new context of industrialisation and unprecedented urbanisation and to the particular and short-lived circumstances that brought on the reforming wave. Nonetheless her view is decidedly too cheerful in its own terms. It is not only that the more far-reaching reform proposals date almost entirely to the war period and were generally withdrawn or suspended thereafter but that they were almost entirely administrative with few political concessions envisioned (as she elsewhere grants, 22). They are in short very reminiscent of the reform proposals renewed by the Nationalist government in the 1970s and the deterioration of relations between the increasingly nationalistic and militant ANC and the Smuts government. By 1948 suggests that the conflicts that would follow were inevitable whatever the outcome of the 1948 election. It is thus not so much that there is a danger in overestimating the prospects for major reform in the 1940s, which Lipton does not really do, but that she shifts too easily into a narrow definition of apartheid as a particular form of rigid labour control to emphasize the anti-apartheid spirit of the reforms. She is right to see that the existing controls were beginning to be questioned but wrong to see them as the heart of the entire South African problematic.

In the same way, she exaggerates the importance of conflict over black labour policies after 1948 between capital and the state (with relation to colour bars and to the physical movements of Africans). In italics, she emphasizes that
businessmen were "not converted to support for apartheid labour policies." (304) She considers this period as one of a "surly working relationship—rather than a state of war—between capital and government" (285). Lipton suffers here from a weak conceptualisation of the idea of a capitalist state, although she is right enough to point to the equally mechanical and economistic notions of some Marxists on the question. In fact, wherever capitalist societies have stabilised and working classes are "incorporated" in the political order, the state has had to absorb pressures and respond to needs that are not in the narrowest sense those of the ruling class, repeatedly and systematically. This is why, following Gramsci and others, the idea of hegemony has generally replaced a simple view of ruling politicians as front-men for monopoly capital among Marxists even in assessing thoroughgoing capitalist societies such as the USA or Japan.

The tension between capitalist and state in post-1948 South Africa has strong ethnic undertones but that is not very unusual either in capitalist societies, especially given the convulsions that have swept such parts of the world as ex-colonial Asia or eastern Europe. The English-Afrikaner split and the attempt by an Afrikaner-dominated state to intrude into the domain of big business in South Africa, with its ensuing strains, finds many parallels. Rather than exaggerate their importance, it might be more useful to suggest that the issues that divided capitalists from the state were perhaps less important than many others where the Malan government and its successors, never anti-capitalist, were basically sympathetic to business needs. As she concedes grudgingly in the remark about a state of war, business retained a fundamental loyalty to the state and its characteristic institutions and could not have been more remote from an alliance with any forces that might seek to bring it down (and such forces were beginning to gather by the 1950s). Moreover the Nationalists were totally committed to creating favourable conditions for capitalist accumulation. Lipton's claims that the business slowdown of the late 1950s reflected hostility to apartheid founders on the international recession of the period which actually explains the local conjuncture most effectively. After 1960, Lipton asserts that "while businessmen were relieved by the restoration of political stability and the expansionary economic policies, they were not converted to apartheid labour policies." (304). She italicises these words but one is inclined to respond, so what?
Much business "opposition" here had more to do with getting cheaper workers than a commitment to a more open society.

The reason why this point needs dissection is because it leads Lipton astray in assessing the more recent period. "Reform" has meant that business views on the economy received increasing cooperation from the state; the post-1976 era is in many respects a reprise of the pre-1948 era and the state is now fulfilling some of what was then envisioned. Similarly, the reform programme is thin politically and directed strictly from the top. Until 1985, this meant that virtually all South African capitalists backed the Botha government, which seemed to offer them what they require, like they had no other government in forty years. While many have since become deeply upset by black (and international) rejection of reform, Lipton enormously exaggerates their potential to move beyond this position. Such recent documents as the Business Charter, which she approvingly cites, reveal the political barrenness of business circles, their fear of mass democratisation, their resentment of state "interference" that doesn't boost their profits and their emphasis on privatisation of national resources as the answer to the country's problems.

Lipton claims that "the trend is towards increasing opposition and it has been accelerating." In 1986, one is rather struck by a) the willingness of most Afrikaner businessmen (who now constitute a very significant group) to rally around the state; b) the equivocal attitude by business towards the state of emergency and the repressive activities of the state and c) the obvious reluctance of any but a handful of businessmen to think much beyond the existing political order. Even the much-heralded visit of Gavin Relly and others to the ANC reflects at most an interest in negotiation and perhaps incorporation rather than a potential political alliance, as both sides recognise. Capitalists envision substantial political change -- "majoritarianism" -- with trepidation to say the least, to take Lipton's own phrase.

Lipton exaggerates the appeal of trade unions to South African capitalists. My latest Financial Mail contains, among its 1986 prizes and brickbats, high praise to General Motors for crushing union resistance to its "disinvestment" plans. Lipton cannot explain this through her insistence on the generalised preference of efficient firms for strong trade unions with which to negotiate. Recent court revelations indicate that the peaceful co-existence of SAAWU and
business in East London hailed by Lipton (173) in reality masked the close cooperation between businesses and the security police. Too much political disruption brings capitalists to the point of trying to hire fewer black workers as their top priority. In Port Elizabeth, a number of firms have replaced African with Coloured or white workers, an increasingly important strategy. This is a feasible strategy in many cases because of rising unemployment and because industrial expansion, if it again takes off, would involve saving, not hiring labour, in accordance with international trends. Trade unions, in short, are tolerable to big business when the alternative is disruption and crisis but their appeal diminishes with bad times and low profits.

Merle Lipton deserves praise in her insistence on the desirability of liberal, tolerant values, of autonomous social institutions and of peaceful change over massive bloodshed in South Africa. However, and despite some excellent and sobering observations that she makes on the current situation, she comes across as naive in her optimism about the growing strength of middle ground opinion, powered by the ever more enlightened view of big business. The surveys on which she relies, very dubious with regard to black views, may be essentially correct in revealing a gradual relaxation of the racist views of white South Africans over time. These give good evidence of support for the kind of cautious change that does not challenge power relations in the society over which the Botha government presides. Few South African capitalists after all support the HNP or CP: many would be only too pleased with a PFP government. Most could adjust to the kind of deracialised capitalist ideology dominant now in the West if the result would be societies effectively and stably capitalist on the model of the USA, West Germany, France, etc.

To derive from this an assumption that one could move readily to a convergence of white and black around a politics of compromise and a common acceptance of many existing structures, particularly those sustaining the economy, is quite a jump from this. One must put aside the polarising developments she herself explicates in her final epilogue and dismiss the power and extent of township militancy which she routinely underestimates.

In general, capitalists are poised uncomfortably in South Africa (and not only the white ones) between a past, which, even if it departed from an
idealised Friedmanesque "free to choose" model, has been one with which they could live, breathe and grow but which seems no longer politically viable (and is abhorred internationally) and a most dubious future towards which they are not very eager to leap. They do not really care to lift up the anchor of "white security" and sail off. This is to some extent captured in the concept of racial capitalism, with its inherent definition of capitalism in South Africa as part of a particular political and social order and a particular history. The term "racial capitalism" is perhaps unfortunate because it implies a rigid commitment to racial hierarchy over all business practices, assumes the South African power structure and "apartheid" are identical and as such underestimates flexibility and adaptability which are also there. No doubt, for instance, the Anglos management would welcome a consortium of Indian or even African businessmen into the world of gold mining just as they once did Afrikaners. Much of Lipton's assessment therefore of the "modernisation" of the economy is valuable.

However, if we reconsider the question of the state and capital, it is indubitable that business is frightened of a shift, a fundamental shift, in the nature of the state. The likelihood that black majority rule or ANC rule would bring to bear forces that are overtly anti-capitalist and a leadership with little taste or capacity for the running of a capitalist society is much greater than the shift that 1948 brought. The corruption and incompetence of capitalist African countries must be almost as feared by analogy as the revolutionary moves of socialist ones. To repeat the Burawoy argument, post-colonial African countries such as Zambia have generally been marked, with the decline of authoritarian, racially-defined authority patterns at work, by declines in productivity and an increase in theft and indiscipline that plagues capital. The state is much less suited given its power base to assist business in many respects. The result is a decline in production, in overall trade and in investment. Why should South Africa be different without reliable guarantees of continuity after apartheid goes? What stake could Africans have in a capitalism characterised by intense concentration of power and wealth and at the same time unemployment and poverty even if no formal racial rules existed? Already South Africa is plagued by the reluctance of capitalists to invest and their efforts to bring capital out of the country.

If a revolutionary break could bring capital advantages, particularly given the brakes which Lipton convincingly shows apartheid has increasingly come to apply in the strictly economic sphere (by analogy with the anti-feudal revolutions
of the late eighteenth and early nineteenth centuries), business would certainly support it. The South African case is however a far slipperier one and as a result Lipton's line of argument is finally no more convincing or related to the actual prospects awaiting South Africa than those she claims for the radicals of the 1970s on the rigidity and functionality of South African capitalism that she is eager to dismiss and displace. The problem is not that South African capitalists converge in a secret conspiracy to retain apartheid; it is that apartheid is the Tar Baby from which they find no escape. The reader will need to give time and attention to the valuable aspects of Lipton's critique but in so doing her own economism, always anxious to reduce South African social problems to the issue of labour movement controls and the legal colour bar, and her softness towards South African business "liberalism" must be laid bare.


I have elaborated on these issues with regard to works of history in reviewing the collections by Atmore & Marks, *Economy and Society in Pre-industrial South Africa* and Marks & Rathbone, *Industrialisation and Social Change in South Africa* in *Review of African Political Economy*, 29(1984). The crucial question of class which remains a major legacy of the revisionists is untouched by Lipton although she often seems to acknowledge its terminology and its insights. For an approach very different to Lipton, see John Saul & Stephen Gelb, *The Crisis in South Africa*, (Monthly Review Press, 1981 but recently re-edited and released). It is an odd feature of Lipton that she gives enormous weight to economic factors but fails to make an assessment of the situation and prospects of the current economy.
4Webster and Greenberg. See fn 1.

5On this see Bozzoli, fn 1. Also Bill Freund, "The Social Character of Secondary Industry in South Africa 1915-45", ASI seminar paper, University of the Witwatersrand 1985. Lipton does not easily see that classes are not purely reducible to forces of production.


9Webster, 204-05.


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