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by: Alec Erwin & Eddie Webster

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# IDEOLOGY AND CAPITALISM IN SOUTH AFRICA.

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This paper attempts to assess the role of liberal ideology in capitalist development in South Africa. In Part I we argue that liberal ideology developed historically in a different context and its transplantation from the centre to the periphery obscures the dynamics of development by focusing on the irrationality of race prejudice without really understanding its role in the political economy. Barrington Moore (1966) suggests that it is possible to identify three different paths to industrialisation; the "bourgeois democratic" path of England, France and the United States, the "fascist" part of Germany and Japan and the "socialist" part of Russia and China. We would like to suggest a fourth, the path of peripheral capitalism, with its form being determined by the settler origins of South Africa's development.

We suggest the general model of peripheral capitalism not with the intention of replacing previous formulations of the nature of the South African social formation but because we find it useful as a means of integrating various developments into an overall process, rather than seeing them as a series of epochs. For the sake of brevity, however, we will focus on the developments subsequent to the discovery of diamonds and gold, since these discoveries provided the great boost to capitalist production in South Africa.

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Peripheral capitalism involves a particular conjunction of structural features. It is the product of the subordinate position occupied by these formations in the emerging and then dominant, world capitalist production system. The important characteristic that results from this dependence is the continuing existence of pre-capitalist modes so that although the capitalist mode dominates the social formation it is not exclusive. Such a social formation is therefore marked by greater heterogeneity within classes than is the case at the centre, giving rise to a State form characterised by a high degree of State intervention and a lack of respect for classic civil liberties.[1] Such a State form crystallizes in the Pact Government of 1924, in the form of an alliance between the "settler" stratum of the working class and Afrikaner Nationalism. This alliance is characterised by a greater

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1) There is a considerable body of literature on imperialism and underdevelopment that deals with the dominant position of the centre (consisting of Western Europe, United States and Japan) and the resulting dependence of the periphery. Introductions to this literature are provided by M. Barratt-Brown (1974) and Owen and Sutcliffe (1972) A.G. Frank (1969, 1972) provided the impetus to much contemporary discussion. Recently attempts have been made to deal more adequately with the significance of the continued existence of pre-capitalist sectors in the periphery. C.F. Laclau (1971), Arrighi and Saul (1973), Amin (1974a and b), Meillassoux (1971, 1972), Dupre and Rey (1973) and in South Africa, Wolpe (1972). The existence of pre-capitalist sectors and the dependency relationship mean a greater heterogeneity within classes than is the case in the centre. This being the case the State form also differs c.f. Saul (1974) and Alavi (1972).

We are using the term peripheral capitalism to define important structural features rather than a geographic periphery. The concept is also analytically distinct from that of the periphery referred to in conventional regional analysis which either indicates a depressed region within a formation where the capitalist mode is dominant and exclusive or a depressed region without the mode of production being specified.

emphasis on the economic role of the State, a less subservient view vis-a-vis foreign economic influences, a preference for local rather than international capital, and a more ruthless maintenance of law and order. In Part II we explore this path of development.

In Part III we suggest that liberalism in South Africa is in a process of transition from being the subordinate element in the dual nature of Apartheid, to a situation which we may now be entering in which a pseudo-liberalisation of the power structure takes place. Such a process borrows from the liberal platform, in some cases with the support of liberals, but expresses itself in a co-optive rather than reformist form.

PART I.

It has been argued that liberalism is best understood, not as a set of eternally valid abstract principles, but as the expression of the interests of a rising capitalist class anxious to throw off the shackles of feudal restriction by emphasising the freedom of individuals in a market society (Macpherson, 1963). Consequently in peripheral\capitalism, where the path to development has not involved the crucial role of a liberal bourgeoisie pioneering civil liberties, calls for civil liberties remain ineffectual since they are not the expression of mighty class interests. However, although liberalism has not played this progressive role in peripheral capitalism, it can nevertheless play an important ideological role in providing a set of theoretical lenses through which men comprehend and legitimise the social structures they have created. It is precisely because

liberals, with few exceptions, have uncritically transplanted liberal ideas from the centre to the periphery that liberal ideology in South Africa has come to play the role of both legitimising and at the same time obscuring an understanding of the nature of the South African social formation.[1)]

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It is in this sense that liberalism remains a powerful form of ideological control in certain key liberal institutions such as the 'liberal' universities and the South African Institute of Race Relations. To effectively demonstrate such a proposition we would have to undertake an intellectual history of liberalism and an institutional analysis of its key institutions. Clearly such an exercise is necessary but outside the scope of this paper. We will focus on the emergence, at a very early stage in the history of South African social science, on a small but specific group of White social scientists, economists, sociologists and historians who it is convenient to call South African liberals. Furthermore we will argue, along with Legassick (1974), that one can trace the intellectual origins of the conventional viewpoint sketched out in the Introduction, to this early period.

We are primarily concerned with the development of academic economic liberalism which emerges in the 1920s and 1930s. This strong laissez-faire liberalism of no State intervention, free market relationships and 'free' wage labour, developed in the Twenties as a reaction to State intervention, initiated by the Pact Government of 1924 into transport, agriculture, industry and industrial relations.[1] The most consistent exponents of classic liberalism were W.H. Hutt, C.S. Richards and later Ralph Horwitz. They stressed what Macpherson (1963) refers to as "the morality of the market", as against any intervention by the State.

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1) See Horwitz (1967), and Kaplan (1974) who interprets such intervention differently.

It was out of this economic liberalism that the central orthodoxy of the post-war period was to emerge. The essence of this orthodoxy is that racial discrimination is an irrational factor in South Africa, whereas market forces are rational. The thesis, the main tenets of which are summed up in the Introduction, asserts that there is a contradiction between the economy and the polity, between the process of industrialisation and the racial political system. According to Horwitz (1967), "the logical imperatives of industrialisation will transcend the contradiction by urging the ~~polity forward~~ beyond its racial idology." The thesis is essentially asserting that, if only race prejudice could be removed, capitalism could take its liberal course in South Africa. Race prejudice, in other words is the cause of discrimination. The ideology can be summed up as: economic growth will erode Apartheid.

That it was perceived in ideological terms is clear if you look at those who oppose the conventional viewpoint. To our knowledge, the first attack on this position was undertaken by Johnstone and published jointly in *African Affairs* and *Sechaba*. *Sechaba*, is the official organ of the African National Congress, and the ANC had been engaged for some time in an attempt to combat the pro-investment lobby and those who were arguing that there is no need for 'armed struggle' in South Africa because economic forces would liberalise the society. In essence, Johnstone (1970) argued that economic change was reinforcing White supremacy.

This thesis has subsequently been developed in two main areas. Firstly, it is argued that the institutionalisation of migrant labour, rather

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value of class as anaanalytic tool in South Africa.[1] Following Poulantzas, (1973) we define class by "its place in the ensemble of the division of labour which includes political and ideological relations."

This stress on the role of the economic, political and ideological spheres places, "the confusing question of race in its proper perspective - on the one hand it will avoid the errors of crude economic determinism which would, in extreme cases, caricature class theory by heaping together all South African workers in a homogeneous class antagonistic to capital; on the other hand it will avoid the voluntarist error of overdetermining the political and ideological manifestations of the South African social formation which, ignoring the primacy of the economic base, sees race as the primary determinant of all antagonism within South African society". (Lewis,1975).

Thus by focusing on race as the primary determinant of conflict, the conventional viewpoint plays the ideological role of obscuring the nature of the South African social formation and at the same time legitimising the argument that as race prejudice is irrational, a conflict exists between the economy and the polity.

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1) The alternative to class theory has been pluralism developed by sociologists such as Kuper and Smith (1969), van den Berghe (1965) and writers such as Leftwich (1974).

## PART II

In describing South Africa's peripheral development we focus on three main areas[1]: firstly, on how a labour supply was created; secondly, on the extent to which the State, through Afrikaner Nationalism, has been able to break the dependent nature of peripheral development; thirdly, on what the implications of the increased rate of industrialisation have been.

1) In In South Africa's case the process of proletarianisation is structured by the existence of the precapitalist sector. The discovery of diamonds and gold and the resulting inflow of finance capital made the need for a supply of labour dominant.

This requires a process of primitive accumulation in agriculture that separates labour from its means of production, i.e., creates "free" labour. In the centre a long process of separation occurred with the eventual emergence of a capitalist farmer class with the "free" labour being absorbed into the growing industrial sector.

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1) The clash between settlers and the indigenous population has been at the level of modes of production where the institutional context of land, trade, warfare, political decision-making, etc., are not equivalent and, in the main, contradictory. Lack of space precludes an elaboration, but we would see this clash as integral to the development of the peripheral formation. C.f. Legassick (1971), Davies (1975), Meillassoux (1971, 1972), Dupre and Rey (1973), Terray (1972) and Neumark (1957) who allude to similar propositions.

In South Africa the process of "disintegration" of the indigenous mode of production had lead to the emergence of a peasantry and in some cases of a farmer class in the 19th Century (Bundy, 1972; Wilson, 1969, Vol.II). In embryo, therefore, a similar process of primitive accumulation to that of the centre had emerged, only, however, to be still-born. In this case the establishment of a peasantry would have had a detrimental effect both on the supply of labour and on the wage level. The capacity for peasant production would have reduced the need to seek work in the capitalist sector as it provided an alternate source of money income without the substantial rupture in social relations that results from proletarianisation (Arrighi and Saul, 1973). Furthermore, in the absence of coercive measures the wage rate in the capitalist sector would have had to be higher in order to attract "free" labour as it is normally understood (i.e., the labourer and his family with their means of reproduction of labour power that is being applied in the capitalist sector.

Another important factor in preventing the transformation of the indigenous mode is the emergence, with the assistance of the State, of a settler capitalist agricultural sector. With the development of a supportive infrastructure it attained a structural advantage over any peasant production that might have survived. Of course, during this development elements of the settler community were themselves subject to the ravages of proletarianisation.

In South Africa (along with certain other peripheral formations) the process of proletarianisation of the indigenous population has been such that the capitalist sector "... feeds off the pre-capitalist sectors through the mechanism of primitive accumulation - with the contradictory results of both perpetuating and destroying them at the same time". (Meillassoux, 1971).

The pre-capitalist sector is destroyed since the internal integrity of the mode cannot possibly be maintained in the face of the dominance of the capitalist mode. The provision of its labour power to the capitalist sector; the growing dependence on manufactured products[1]; increasing population pressure, lack of land, etc., tear assunder the previous unity of production relations and productive forces. The label pre-capitalis capitalist mode in fact almost becomes a misnomer for it is hardly a mode as usually conceived of.

It is the conjuncture of these factors that are the structural determinants of low wages, which in this specific form are characteristic of peripheral formations and their process of accumulation.

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1) Arrighi (1973) distinguishes between "discretionary" and "necessary" expenditures, with many items in the former category shifting to the second as underdevelopment proceeds.

2) In the period after the discovery of diamonds and gold the South African peripheral formation was characterised by a capitalist production sector that was externally orientated; i.e., production was predominantly for export and the internal market was satisfied largely by imports. However, State intervention in the economy and tariff protection, particularly after 1924, began to modify this. The significance of these developments has to be understood in the context of the changing relationship between centre and periphery and developments within the peripheral formation.

In the centre the interests of fractions of capital differ with regard to the periphery. At certain stages the periphery is a source of supply for primary products and a market for manufactured consumer goods. However, the latter role changes as producers of capital goods become dominant in the centre, since the produciton of certain consumer goods in the periphery implies a market there for capital goods.

State policies such as those pursued in the post 1924 period that protect consumer goods production yet continue to encourage foreign investment and perpetuate a dependence on imported capital goods are, therefore, not fundamentally contradictory to the interests of powerful fractions of capital in the centre. Such developments would have been fundamentally contradictory if they had threatened the continuance of vital

exports to the centre, or access to local markets or expropriation of assets.[1)]

It is clear, therefore, that production for an internal market is not sufficient to identify the dominance of national capital. Certainly national capitalist fractions were emerging with State assistance. However, the exact conditions in which this was occurring requires more research on the articulation of fractions of capital both in the centre and in the South African formation. What is suggested is that the form of dependence was being altered without, however, eliminating other problems characteristic of peripheral formations; in particular the role of the pre-capitalist sector.[2)]

However, it is significant that in South Africa's case internal development did take place with the assistance of

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1) Afrikaner Nationalism, we would argue, has always been accommodationist to capital rather than socialist. For example, in 1934 at the People's Congress on Poverty there was a strong demand for nationalisation. Dr. Verwoerd in answering those demands persuaded the Congress "that it would have been possible to present profound proposals for the combating of poverty; these would have meant a complete revolution in our national life. It would have made ours a sort of socialist state. Now it must be faced that as a result, the possibilities of nationalisation have been considerably restricted. PRans which some of you will miss in our programme (for instance the nationalisation of the mines) have generally been omitted for practical reasons". Hepple (1967).

2) The changing position occupied by the periphery has been dealt with by a number of writers c.f. Arrighi and Saul (1973, Essay3), Frank (1972), Cardoso (1972), Amin (1974b). Fransman and Davies (1975) discuss these problems in discussing whether 1924 marks a change in Legemony within the formation.

tariff protection and State intervention. In the context of peripheral capitalism, internal development requires active policy measures on the part of the State. Such a direction requires a political basis which in turn requires an objective alliance between fractions of capital or between classes. It is in this context that the settler origins of the colony and more particularly Afrikaner Nationalism are clearly important. In a sense Afrikaner Nationalism provided the basis for the political mobilisation needed for such a direction and its relative success.

The pact Government of 1924 marks this political change. It has been argued that since such a state form is essentially an alliance of various class fractions it is indicative of the "domination of the political instance". This does not, however, mean that there is not an economic basis to such a movement. The economic institutions within the Nationalist movement such as the Reddingsdaadbond and the considerable State interference in the economy point to the contrary.[1] The mobilisation of Afrikanerdom was "mainly brought about a process of Afrikaner organizations interlocking with one another at the top or elite

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1) O'Meara (1975b) argues that there were in fact differing and changing economic interests within Afrikaner Nationalism but that it has been "... the basket which historically could hold the interests of various class fractions as they were subjected to the intense economic and social pressures associated with the development of first mining and then industrial capitalism". (p.49).

level and clarifying the priorities for maintaining Afrikaner unity". (Van Zyl Slabbert, 1975).

Slabbert suggests four important consequences of the interlocking nature of Afrikaner organization in South Africa. Firstly, it led to an easy interchange of personnel at the top of Afrikaner organizations: Verwoerd moves from Professor-to-Editor-to-Prime Minister. Secondly, it introduced a great deal of organizational interdependence into everyday Afrikaner life. Thirdly, it facilitated the formulation of collective goals for Afrikaner organizations and introduced a unity of purpose into corporate Afrikaner action. The fourth consequence that the interlocking of Afrikaner organizations had was to present the average Afrikaner with his own "establishment". He concludes: "As a group they control political decision-making. This control is conceived by them as a pre-condition for their existence as a national group."

The argument is, therefore, that Afrikaner Nationalism is a crucial determinant of the State form in South Africa and the economic role that the State has played.

3) The increased rate of industrialisation (particularly from 1933 onwards) had a number of implications. As the capitalist sector became relatively larger so the overall social formation exhibited certain tendencies manifested in a "normal" capitalist productivity all

formation. The development of the local productive forces and increased productivity allows for the generation of relative surplus value.[1] This means that wage goods are now produced by the capitalist sector, including capitalist agriculture. The structure discussed by Wolpe (1972) is now altered in that the application of necessary labour is within the capitalist mode and not partly in that mode and partly in the pre-capitalist. This does not, however, automatically threaten the rate of surplus since increased productivity lowers the value of wage goods and therefore decreases necessary labour time.

Williams (1975) argues that the Apartheid era must be seen as a specific form of class struggle in response, not to a falling rate of surplus, but to an "... increase in the rate of exploitation ..." That is, the benefits of rising productivity are to accrue to the dominant classes rather than the Black workers sharing any part thereof. Morris (1974) adds that increased labour control and allocation was a response to the more complicated labour needs of a more developed capitalist sector.

This would not seem an entirely adequate explanation of post 1948 Apartheid.[2] However, important tendencies that arise

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1) See Morris (1974) and Williams (1975).

post 1948 Apartheid.[1] However, important tendencies that arise from the larger and more productive capitalist sector are identified. In particular, one must note the increased capital intensity arising both from new techniques of production and the introduction of new sectors of production.

This tendency has a number of implications, in part contradictory. Increased accumulation which also involves increased mechanisation has both an "attraction" and a "repulsion" effect with regard to the employment of labour. The former results from increased employment at a higher level of accumulation whereas the latter results from the replacement of labour by machinery. Furthermore, increased mechanisation requires new skils yet at the same time it "deskills" certain job categories by fragmenting and simplyfying their elements.

The needs for skills, along with increased capacity to produce wage goods could be seen as creating the conditions for a "settled urban labour force", this being reinforced by the declining productive capacity of the reserves. At the same time the "deskilling" effect could threaten certain privileged job positions of Whites. The expansion of industry

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1) For further discussion on the topic see Fransman (1975). For the whole question of value categories to explain the realm of appearance see Emmanuel (1972), Bettelheim (1972), and Hodgson (1974).

and absolute employment could also encroach on the labour supply supply of capitalist agriculture.

The decline in the productive capacity of the reserves is important. It would result in an increased need for industrial employment and a greater flow of people to the urban areas. (White agriculture being either by-passed or acting as an intermediary "soak-pit").

The decline could also be cutting into the real living standards of the migrant, more particularly if he cannot gain employment. These factors are conducive to labour unrest and potentially political disturbances. (O'Meara, 1974a; Wolpe, 1972).

Given this conjuncture of tendencies then in a sense two directions are open. The one is to settle the labour force in the urban areas, allow certain rights such as controlled trade unions and improve production in the reserves. The other is to stem the flow into the cities, control labour relations so as to minimise the expression of dissent, control its rate and direction of absorption into industry, redirect labour to White agriculture and then attempt to deal with the reserve problem. As Legassick argues, the latter path is essentially what Apartheid constitutes and this direction represented a political victory for a class alliance, in the form once again

of Afrikaner Nationalism, of White workers, capitalist agriculture and the petty bourgeoisie.[1)]

Such a path is not, of course, contradictory to continued industrial growth. It keeps wages low, it continues to allocate labour where it is needed and to the extent that a "skill" bottleneck ("skill being largely a socially rather than a technically defined category) exists it can be overcome either by State assistance in redefining job categories or by job fragmentation, a process facilitated by increased capital intensity (the "deskilling" process mentioned above). The State continues to play an active role in promoting and assisting industry and, furthermore, foreign investment continues to flow in.

We would argue, however, that crucial to an understanding of contemporary development is a recognition of the duality within the Apartheid "path". As Legassick (1975) argues: "Finally it may be that there are aspects in which apartheid and liberalism as ideologies and as policy expressions of interest groups share common features as well as conflicting with each other".

These common features relate not so much to political

1) This is a theme developed by Legassick (1974, and 1975). A similar analysis of developments in Rhodesia is provided by Arrighi in Arrighi and Saul (1973).

These common features relate not so much to political philosophy but to the potential policy direction and institutional changes that appear, at least in form, to be taken from the liberal platform. As Legassick indicates there is not a fundamental discontinuity between pre- and post-1948 policy responses to a settled labour force, institutionalising labour relations and development of the reserves. In a sense, therefore, the "forgone policy path" is not far below the political surface lending a certain duality to apartheid. What we are dealing with in the next section is the emergence of this previously subordinated element of the duality as the problems of the 1940s come once again powerfully to the fore.

## PART III

MacPherson suggests that the moral and political dilemma posed by liberalism is the necessity to expand its base to incorporate the working class into a wider democratic society. He argues: "Liberal democratic theory thus came as an uneasy compount of the classical liberal theory and the democratic principle of the equal entitlement of every man to a voice in choosing government and to some other satisfaction. It was an uneasy compoung because the classical liberal theory was committed to the individual right to unlimited acquisition of property, to the capitalist market economy, and hence to inequality, and it was feared that these might be endangered by giving votes to the poor.

The central problem of liberal democratic theory was to reconcile the claims of the free market economy with the claim of the whole mass of individuals to some kind of equality". (MacPherson, 1963).

MacPherson is suggesting here two kinds of liberalism - the classical or laissez-faire liberalism and the more recent democratic liberalism. Furthermore, he is suggesting that capitalist societies have undergone a transition from classical to democratic liberalism. It has been argued that capitalist society, faced by the challenge of labour, incorporated the working classiinto the central institutions of a common industrial society.[1] This Giddens (1973) suggests in the "normal" form of advanced industrial society: "The working class, or the political organizations which represented it, had to struggle to secure full incorporation within the polity of the modern nation-state; the result of this incorporation, however, has not been to weaken but to stabilise, or complete, the institutional mediation of power in the capitalist order. *Social democracy, in other words, is the normal form taken by the systematic political inclusion of the working class within capitalist society.* (p.285). The institutionalisation of class conflict is ... the characteristic form in which class conflict expresses itself in developed capitalist society. Again, it is the presence of revolutionary class consciousness, rather than its absence, which demands special explanation". (p.287).

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1) For a brief summary of this process of incorporation see Webster and Kuswayo in this volume.

The realisation of the remoteness of this type of democratisation in South Africa has often been stated but its implications have seldom led to an attempt to rethink the liberal position. Leo Marquard, as long ago as 1944 wrote "liberalism is fighting a gallant rear-guard action, and all it can do is try to prevent the forces of reaction from having it all their own way. It is, indeed, apparent that the limits of reformism have been reached and that any further improvement in the living condition of the non-Eurppean proletariat will have to be achieved along the lines of industrial action rather than by liberal influences in politics". (Marquard, 1944: 244).

More recently, Richard Hyman (1975) in a review of a book on the Durban strikes (Institute for Industrial Education, 1975) where recognition of African trade unions is called for, comments: "Where class antagonism is overlaid by racial oppression, the institutionalisation of conflict through trade unionism along may prove impossible ... It is hard to believe that the 'liberalisation' of labour relations which the authors advocate will suffice to curb the antagonisms rooted in South Africa's elaborately institutionalised racism. It is hard to believe that such liberalisation is any case seriously in prospect".

In the post-war period this realisation has led to three different kinds of response among those placed in the liberal tradition. The first response has been one of withdrawal into increasingly abstract statements on civil liberties. The second response is one of despair – faced by a realisation of the remoteness of democratic liberal reform .

the despairing liberal resorted to ineffectual gestures of sabotage, or more recently, an uncritical endossement of Black Consciousness.[1] The third response is that of sociological and economic "determinism". This position has been stated most unequivocally by O'Dowd (in this volume) and involves the assertion that industrialisation will inevitably lead to liberal reform.

It is our argument that faced by the gooming need for civil integration of a large alienated African workforce, the dominant groups will increasingly turn to a distorted version of "liberal reform" which we call co-optation to distinguish it from reform.

Co-optation is a process whereby the leadership of a conflict group is absorbed into the dominant groups' institutions in such a way that no shift in the balance of power takes place. The opposition conflict group is given a platform without an independent power base, and so effective opposition is stifled without having to alter the distribution of power. Such a process creates a false consensus whereby any demands for change outside this new framework are denied legitimacy by being bradded socialistic, unpatriotic, irresponsible or in violation of an established rule or procedure. This would be, in John Rex's

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1) The formation and activities of the African Resistance Movement in the early sixties is an example of the former response. Formed by disillusioned members of the Liberal Party it had little effect on the balance of power in South Africa. For an insight into the movement see Driver (1969). For a critique of the second response see Webster,(1974).

unemployment and low-level subsistence production. These populations are, therefore, in a sense, "outside" the capitalist industrial sector but can play the role of a "reserve army of labour" in relation to that sector.

This perspective has implications for attempts to develop the so-called Homelands. Such development is designed to generate money income in these areas either by encouraging new production or monetising existing output (i.e., production becomes for exchange not use).

In agriculture, if capitalist production is encouraged this has the direct effect of "freeing" further labour. Whether this labour will be re-absorbed in the Homelands depends on the relative strengths of the "attractionP and "repulsion" effects of new investment in agriculture and industry in those areas. The former depends on the absolute volume of investment from industrialised South Africa and on the rate of accumulation in the Homeland itself. In the case of agriculture the success with which such capitalist agriculture is clearly important as a determinant of these magnitudes. We would argue that if it is to be successful the degree of centralisation of capital would be so significant as to facilitate marked economic inequality and exacerbate the "repulsion" effect.

Similar reasoning applies to capitalist industrial production in the PHomelands". In order to be competitive with existing production it will have to be low cost, this being achievable either through large-scale, capital intensive enterprises or thaough low wages. In the latter

case the implication is that certain industries best adapted to this need will gravitate to the reserves suggesting a low wage "place" for such production in the overall social formation.[1] Furthermore, in both cases such investment is unlikely to come from internal (i.e., internal to the reserves) accumulation, so that there will be "foreign" investment and hence profit repatriation. The sectors in which "local" capital could, no doubt with assistance, compete is the tertiary and commercial sector.[2] In short, therefore, a subsidiary peripheral formation is reproduced within the South African social formation, with subsidies to such production fulfilling a "foreign-aid" type role.

The conditions that have generated the elites in Africa[3] will have been recreated in the Homelands. Clearly, the emergence of such an elite, its specific form and interaction with other fractions will be complex and cannot be fully discusses here. However, there is much to point to its "comparador"[4] nature arising from the conditions of

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1) The debate on unequal exchange could provide useful insights into the implications of this, c.f. Emmanuel (1972), Palloix (1972) and Bettelheim (1972).

2) Maasdorp (1974) makes similar points within a different framework.

3) There is extensive literature on the nature of these elites; Fanon (1967), Lloyd (1974), Alavi (1972), Amin (1974) and Cohen (1970).

4) Poulantzas (1973) makes the following distinction: "The comparador bourgeoisie is that fraction of the class whose interests are constitutively linked to foreign imperialist capital (capital belonging to the principal foreign imperialist power) and which is thus completely bound politically and ideologically to foreign capital. The national bourgeoisie is that a fraction of the bourgeoisie whose interests are linked to the nations economic development and which comes into relative contradiction with the interests of big foreign capital". The implications of what we are saying is that within an "independent homeland" a national bourgeoisie is very unlikely to emerge. In this case "foreign" capital would mean capital from industrialised South Africa.

categorisation, a ruling class situation. He distinguishes two others - the revolutionary situation and the truce situation. In the former situation there is a real and sudden shift in the blance of power where the old conflict situation is destroyed altogether. An alternative line of development is one where a change in the balance of power does not lead to complete revolution, but to compromise and reform. In this case, he suggests, new institutions emerge which are recognised by both sides as legitimate. Such a situation he calls a truce situation and can lead to a new unitary social order where a new distribution of power is accepted by the ruling group. (Rex, 1961).

Such a truce situation we shall call reformist to distinguish it from co-optation and revolution. It is distinct from co-optation in as much as the subject group is now able to challenge the dominant group through the mobilisation of an independent power base. Such a power base implies a permanent organization which is able to mobilise its members through its sanctions. It is on the strength of its sanctions, (its rewards and penalties) rather than on the appeal of its objectives, that the unity and power of an organization depends.

We are arguing that the process of attempted transition to reformism in peripheral capitalism will be distinct from that in the centre so that institutional forms may well have a different content.

We will focus on three areas in assessing the direction of structural change and its implication for co-optation, reform or

revolution. Firstly, the perpetuation/destruction contradiction of the pre-capitalist sector now geographically and politically defined as Homelands. Secondly, changes in the existing industrial structure, and finally, South Africa's position in Africa and more particularly in Southern Africa. We would argue that through the process of economic growth these three areas will interact so as to alter the content, if not the form, of what are conventionally seen as reform institutions.

1) We suggested in Part II that the pre-capitalist sector had undergone a process of "disintegration" without being transformed into a peasant and/or capitalist agriculture sector. As a result its productive capacity has declined. Alongside this the capitalist production sector has expanded, although retaining a certain changed relationship of dependence on the centre. However, whilst this larger capitalist sector was in a sense more integrated, producing for an internal market (based mainly on the high White incomes) and producing its own wage goods, it nonetheless was unable to become the exclusive mode. This being the case, it is now a question of what role the reserves and their populations play in the overall structure. We would suggest that they can now be viewed within a more general process of marginalization of parts of the labour force that is prevalent in peripheral formations. By marginalization we understand employment in very low productivity sectors, unproductive labour,[1] intermittent employment, open

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1) Conventional literature on development usually refers to these sectors as the "informal sector". See Fransman (1975) who also discusses marginalisation.

for those employed in those sectors.[1] In turn, such higher wages could force less capital intensive sectors to become more capital intensive.

However, the position needs to be stated more carefully. For wages to rise in real terms for those employed in those sectors certain contingent factors are nedessary. (Amin, 1973; Waterman, 1975). Firstly, such wage increases must not be eroded by inflation to which peripheral formations are particularly prone. Secondly, the extent to which wages rise depends on the "disciplining" effect of the marginalized reserve army discussed above. This in turn depends on its size and the extent to which it has access to those employment opportunities in the potent potentially privileged sectors. Thirdly, in order to receive higher wages (if they eventuate) the worker must remain employed in those sectors. Again the reserve army threatens this by allowing for higher labour turnover.

In the context of the above, African worker leadership can fulfill an ambiguous role. Given these changes in the structure of the labour market, an economistic[2] leadership could be the means by which

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1) Arrighi an Arrighi and Saul (1973). An important consideration here is the influence of imported advanced technology, either in the form of scientific information or embodied in capital equipment. Such technology is inappropriate in the sense that it exacerbates the "repulsion" effect.

2) By economism we mean a tendency for working class leadership to become sectional - to follow the industrial and occupational divisions of capital rather than attempting to unite workers as a class.

dependency on industrialised South Africa. It is also important to bear in mind that nationalisation and partnership arrangements are not guarantors of reduced dependency; in fact, much evidence points to the contrary.[1)]

We have suggested that the extension of the franchise has been an essential part of advanced capitalist societies' attempts to find a democratic base. However, the extension of the franchise to ethnic groups through the policy of separate development will fragment and balkanize South Africa facilitating the formation of neo-colonial dependency relationships. Such a process is readily identifiable as co-optive rather than reformist in that it provides a platform without an independent power base since key economic and political power is retained in the same hands as before.

2) A deepening of capital and an expansion of the capitalist production sector leads to increased productivity which could allow for higher wages without altering the profit-wage share if other developments in the superstructure facilitate this.

Such increased capital intensity could result in higher wages

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1) See *Review of African Political Economy, 1975*; particularly Loxley and Saul (1975).

the link between those employed in the productive sector and the marginal masses is broken. The extension of the liaison committee system into an industry-wide negotiating organization is likely to facilitate the emergence of this economic leadership. These committees are likely to create a cadre of co-opted leadership without access to an independent power base in the form of trade unions and will further entrench a divided working class.[1)]

3) There is a final development that needs to be assessed briefly. We have used the general model of peripheral capitalism where the social formation is characterised by an externally oriented and underdeveloped capitalist production sector. However, the specific development of the South African formation has in fact resulted in a significant degree of internal industrialisation. We linked this development to Afrikaner Nationalism as a politico-economic movement.

Significant industrialisation is also occurring in other, mainly geographically large and resource rich peripheral formations. However, such industrialisation still cannot be equated with that of the centre since a formaof dependency remains. This can be in the form of a dependency remains. This can be in the form of a dependence on capital goods and increasingly on sophisticated electronic, chemical,

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1) For a brief critique of the proposals to amend the Bantu Labour Relations Regulation Amendment Actoto extend the scope of Liaison Committees, see Webster and Kuzwayo (in this volume). Such a process involves a form of pseudo trade union recognition.

nuclear, aero-space, nuclear equipment and technology. In the leading sectors of capitalist production the centre remains dominant. Furthermore, these formations have to overcome a legacy or their previous dependence on pre-capitalist sectors manifested in the form of marginalization of sectors of the population.[1)]

These two factors have to be located in the broader political and ideological context of the world capitalist system. It has been suggested that these relatively industrialised peripheral formations increasingly fulfil the role of sub-imperial powers.[2)] A number of factors interact to facilitate this. We have suggested in this final section that incorporation of the alienated marginalised workforce into a genuinely reformed structure is likely to be exceedingly difficult in South Africa. The same reasoning applies to other similar peripheral formations. Consequently, the dominant groups within these formations are likely to be highly antagonistic to any mass movement or political movement that facilitates one. They are, therefore, potential allies to the

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1) See Warren (1973), Cardoso (1972) and Amin (1974) on the extent and implications of such industrialisation for peripheral formations.

2) The *Review of African Political Economy, 1974* editorial recently argued that "The candidates for this role of 'deputy peace-keeper' are those larger countries, often with mineral riches, that are proving capable of some semi-industrialisation through foreign capital... Within Africa the fact that South Africa presents such a suitable possibility for maintaining the economic and military status quo in the southern half of the continent has led the Nixon government to move towards closer support of the White regimes. But the Black regimes can serve the same purpose; Nigeria and Zaire have the size, the developed natural resources and strong American influences to make them ideal for these purposes ..."

South Africa in the world system are interacting so as to generate the re-emergence of that sub-ordinated element of the duality discussed earlier. What we have attempted to indicate is the context in which institutional and ideological solutions, adopted from the democratic liberal tradition, should be assessed.

However, even this pseudo-liberalism contains a certain duality within it - copopted leadership may be a useful instrument of social control for the dominant group, it also raises expectations which it cannot satisfy amongst the subject groups. In a country like South Africa where the conditions for the realisation of liberal democracy have not existed, the affirmation and support of liberalism has sometimes in the past been revolutionary in content rather than reformist. The Freedom Charter of 1955, for example, which is the central basis for political action amongst the subject groups, is largely consistent with liberal democracy. It is not yet clear in our minds the extent to which the situation is changing to allow a transformation of the copoptive institutions into reformist. For the present this attempted transition will be effected by Government policy that borrows from the liberal platform. The problem that confronts liberal reformers, and possibly parties such as the Progressive Reform Party, is the possibility that it will be co-optation rather than reform that eventuates. If, as we have suggested in this section, co-optation seems a possibility given the structure of this peripheral formation, the call for liberal reform then constitutes a gesture rather than an effective policy. Faced by such a predicament the liberal cannot avoid rethinking the relevance of his

theory of freedom for South Africa. What is implied for us is the difficult moral and intellectual challenge of thinking out an alternative theory for peripheral capitalism.

However, what is clear in our minds is that any analysis which stresses race per se without understanding its relationship to capitalist development in South Africa is unable to comprehend the extent to which this system can make consessions which de-racialise the form of the elite but leave the funddmental power structure intact.

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