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1975-03
http://hdl.handle.net/10539/8825

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A F R I C A N S T U D I E S I N S T I T U T E

African Studies Seminar Paper
to be presented in RW
4.00pm MARCH 1975

Title: The State and Economic Development in South Africa

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No. 025

INTRODUCTION

In an earlier paper, I stressed the conceptual inadequacies prevalent in both the liberal analyses of the State in the process of South African capitalist development and in the 'new' literature which departs from the liberal paradigm.(1)

To repeat the critique, the latter literature "is centred around the question of labour policy and is designed to show, in contradistinction to the liberal analysis, that racial and labour policy has been functional to the interests of 'capital' in South African economic development. Although centred on the question of labour, the latter literature has made some specific statements concerning the State and has, at least implicitly, derived a theory of capitalist development for the South African case. On both these questions, I would suggest that this literature has been largely incorrect, and this has resulted from an inadequate conceptual framework. Crucial in this regard, is the lack of differentiation made between the different classes of capitalists. A congruence of interest, in respect of labour, by all elements of capital does not mean a congruence in respect of a wide number of other issues. By concentrating exclusively on the question of labour and particularly by ignoring the question of surplus reallocation and reinvestment (the critical magnitudes in the process of economic development), this radical literature has conceived of the problem incorrectly.

To derive a theory of the State in South Africa we therefore have to correctly differentiate between different elements of capital and this involves taking into consideration wider issues than just labour policy. Moreover, South Africa's labour policy involving a particular exploitative relationship requiring the domination of the pre-capitalist mode, has had wider implications for the whole question of class formation in South Africa, than has been treated of in the 'radical' literature, with consequent effects upon the operations of the State, and this therefore needs further elaboration.(2)

This paper is primarily designed to give additional substance to this critique, in a number of ways. Firstly, by extending the direct critique of the so-called 'new' school. Secondly, by giving a more detailed exposition of the central problem of 'surplus reallocation', designed to show empirically the importance of such

a magnitude in the process of capitalist development in South Africa. Finally, by stressing, in fuller detail, the resultant effects of such labour policies upon the internal class structure in the South African social formation.

The last has led me to extend my remarks on the functioning of the South African State and, in particular, I have discarded Alavi's conception of relative autonomy, which is related to a particular balancing of class forces, for a more satisfactory conception.(3) I have also made some tentative remarks concerning the functioning of the State bureaucracy in South Africa.

(1) A Duality of Domination

In the earlier paper, I utilised the work of Alavi and Saul as demonstrating two different aspects of the 'overdevelopment' of the State. For Alavi, 'overdevelopment' is explained in the following way - "its (the metropolitan bourgeoisie's) task in the colony is not merely to replicate the superstructure of the state which it has established in the metropolitan country itself. Additionally it has to create state apparatus through which it can exercise dominion over all the indigenous social classes in the colony. It might be said that the 'superstructure' in the colony is therefore 'overdeveloped' in relation to the 'structure' in the colony, for its base lies in the metropolitan structure itself, from which it is later separated at the time of independence".

Thus, for Alavi, the relation of dominance is seen as being directed against all classes. Whereas Saul, in contradiction to Alavi, stressed that "Historically, the colonial state in East Africa became 'overdeveloped' not so much in response to a need to subordinate the native social classes as a need to subordinate pre-capitalist, 'primitive' social formations to the imperatives of colonial capitalism".(5) Thus, for Saul, the relation of dominance is seen as being directed against a mode i.e. the pre-capitalist tribal economy, with consequent differential effects on the internal class formation.

South Africa, I suggested simultaneously exhibited both aspects. "Surplus was realised through production in the capitalist mode requiring the domination of all classes within that mode, so as to

ensure the free flow of surplus to the 'metropolitan' bourgeoisie. The realisation of such a surplus, however, depended crucially upon the domination of the pre-capitalist mode - the necessity, given firstly the extreme sensitivity of gold production to cost constraints, and secondly the scale of operations, of subjecting the whole of a pre-capitalist social formation to the requirements of capitalist production. Thus, to ensure the realisation of surplus from its capitalist operations in South Africa, the metropolitan bourgeoisie had to exercise a duality of domination, both against all classes within the social formation and additionally a particular domination directed against the pre-capitalist mode and all classes existent therein".(6)

While the essentials of the above argument are, I believe, correct, the precise distinction between the domination of a mode and the domination of all classes is a difficult one to draw and it, in some sense, belies the complexity of the South African experience. However, the essential point is that concerning the duality of domination by the fraction of metropolitan capital.

The critical element that marks out South Africa is that all surplus that is extracted by imperialist capital is at the point of the capitalist mode. Domination, at this level, entails the fraction of metropolitan capital allying itself with, and at the same time, exerting its hegemony over other fractions of the bourgeoisie. At this level, there is the production of surplus and there are, therefore, other dominant classes. As a result, the State is not the direct instrument of any one of these classes.

However, the realisation of surplus at the capitalist mode is dependent upon a particular domination of the pre-capitalist mode. In South Africa, the pre-capitalist mode is integrated into the capitalist system, almost entirely at the level of the reproduction of labour power. There is no production of surplus at this mode itself. There is therefore no possibility of the existence of any dominant classes within this mode. (The point is elaborated on in the next section.)

The domination of the pre-capitalist mode resulting in labour being forced into the capitalist mode and the way in which it was necessary for the state to maintain 'the reserves' as subsistence sources for the family as well as the provider of social infrastructure

has been well developed, although somewhat incompletely, by Legassick, Wolpe and others.(7)

But, it is their neglect of the second level of domination, at the level of the capitalist mode, that leads to a mis-specification of the problem of capitalist development in South Africa and to an underestimation of the fundamental importance of the 'political struggle' waged by different elements of the bourgeoisie for State power. Moreover, the incompleteness of their analysis, in terms of the effects of labour policies on the internal class structure, can lead to important misconceptions concerning the relationship of State and class in South African development.

(2) Domination of the Pre-Capitalist Mode.

The maintenance of the relationship between pre-capitalist and capitalist economic formations established prior to 1910 by the colonial governments, was a sine qua non of South African capitalist development and in this sense it was never in doubt after that date, whatever element of the bourgeoise was hegemonic. All capitalist classes derived their black labour as cheaply as possible and prior to W W II, at least, there was a definite congruence of interest in this regard. However, the exercise of this exploitative relation had numerous effects leading essentially to a weakening of the metropolitan bourgeoisie's dominant position exercised at the level of the capitalist mode of production.

This relationship had manifold effects on the class structure - both in the 'reserves' and outside. By cheapening wage labour, it essentially undermined the existence of what could effectively be called feudal relationships existant outside of the reserves, largely in Natal. The confining of African farming, both spatially and in enforcing prohibitions on accumulation thus preventing the development of capitalist relations, further entrenched capitalist farming outside of the 'reserves'.

Within the reserves, the peasantry were effectively demolished as a cohesive class. The essential point is that the type of articulation existent between the capitalist and pre-capitalist modes, precluded the existence of any dominant classes within the latter mode. Once the generation of surplus in the pre-capitalist mode was altogether prohibited, which was in the interests of white farmers desirous of a larger market and freedom from competition as well as the mine owners' who wanted no barrier to the migration of labour from the pre-capitalist modes, there could be no dominant classes living off the surplus labour time of others - "without such superflous time, no surplus labour, and therefore no capitalists, no slave owners, no feudal lords, in one word, no class of large proprietors."(8) (The chiefs, headmen and other appendages of the tribal hierarchy cannot be considered as a class of large proprietors, but are more akin to a social category - belonging to the subordinate levels of the bureaucracy).

Effectively, the two classes with which the metropolitan bourgeoisie could have formed an alliance - the peasantry and/or feudal landlords, who could have been relied on to approve any extension of capitalist relations, could not survive this relationship of domination exercised on the pre-capitalist mode of production.

Moreover, the very abolition of such classes gave a tremendous fillip to the 'white' agricultural capitalist class. In addition, both the agricultural capitalists and the embryonic urban based bourgeoisie were able to take advantage of the wage repressive machinery and the whole forced labour system.

Thus, all elements of capital benefitted from the domination exercised by the State in respect of the pre-capitalist mode in that, this relation enabled them to realise an additional surplus, but, in addition the effect on the internal class structure was to abolish those classes who might have allied themselves with the metropolitan bourgeoisie in approving any revolutionising of the means of production. In brief, the relationship of domination exercised on the pre-capitalist mode by the capitalist mode gave the necessary pre-conditions for the latter's continued reproduction (i.e. surplus) and simultaneously removed the major internal blockages (feudal and peasant classes) to further capitalist development.

This leads to Bettleheim's notion of "blocking" of the productive forces, for he sees polarised development on an international scale as being integrally enforced "by the political and ideological domination wielded by the rich countries. This consolidates within the 'poor' countries, the domination of social classes that cannot play an active role in the advance of the productive forces of these countries. This last mentioned class domination is overdetermined by the domination of imperialist political and ideological relations, which links the dominant classes of the 'poor' countries with the interests of the big industrial countries." (9) Again, Bettleheim admits that the "un-blocking" of productive forces can be done "in certain cases" by the national bourgeoisie - " the latter's role however, can only be exceptional and limited, owing to the close ties (economic, political and ideological) that it maintains inside the country with the non-capitalist exploiting classes, and, on the international plane, with imperialism." (10) Similarly, Alavi, conceives one of his three cominant classes, the landed class, as being feudal and dedicated to the maintenance of the status quo. (11)

In South Africa, the effective destruction of all feudal elements, firstly, severely weakened the usual process of the blocking of internal capitalist transformation and secondly, had an important effect on the question of the alliances between classes and their relation to State power, in the post-union period, with consequent effect upon the ability of the 'metropolitan' bourgeoisie to exercise hegemony at the level of the capitalist mode of production.

(3) Domination of the Capitalist Mode

At the level of the capitalist mode, the metropolitan bourgeoisie needed to exercise hegemony to ensure that surpluses earned would be 'repatriated', and/or retained by the mining companies to finance their own further development. On the other hand, the two elements of the indigenous bourgeoisie - the capitalist agrarian class and the embryonic urban bourgeoisie - were desirous of channelling such surplus into their own activities and/or into internal infrastructural developments which would aid their own operations.

Agrarian capital plays a critical role in the conflict over surplus. Even prior to the mineral discoveries, the production of several agricultural commodities, for the market, was well established - wool, in particular, (Cape inland and O.F.S.), sugar (Natal) and fruits and wine (along the coast). According to Wilson - "By 1867, notwithstanding the extent of subsistence farming in the white controlled Transvaal and black controlled Transkei, commercial farming was well established".(12) The 'commercial' farming fraction established their dominance in this sector only after a long drawn-out struggle with other 'fractions' within agriculture - and the critical conflict centred on the question of squatting. Slater writes of agriculture in Natal that "One theme running throughout our period, once the period of cash crop experimentation is over, is the attempt made by this group (the commercial farmers) to use the state apparatus to destroy this independence (Blacks resisting proletarianisation through squatting)."(13) Early anti-squatting legislation was not enforced and the commercial farmers only began to acquire ascendancy in the early years of this century, as increasing acreages passed from the hands of rentiers to the holdings of commercial farmers. Even in the Transvaal, according to Trapido, this movement away from extraction of surplus by means of rent payments, was evident after the Boer War, when cultivators no longer derived major profits from rent paid by African producers on their land. "The notables were transformed into capitalist farmers", aided by Milner's land policies that made liquid capital available to the larger farmers.(14)

The need for capital was a very critical one - on behalf of both emergent capitalist production in agriculture as well as in industry. The Report of the Drought Investigation Committee in 1922,

berating farmers for their bad farming practices, blamed their poor education and the lack of capital necessary for fixed investment on the farms.[15] In industry, pressures of manufacturers on the State led to the establishment of the Industrial Development Company Limited in 1917, but, the amount of funds supplied was small. At its first annual convention, in 1918, the Federated Chamber of Industries passed a strong resolution stressing its need for capital funds as indispensable to further development and calling for State assistance in this regard.[16] This lack of capital funds and the resultant continuing dependence of agriculture and industry on gold-mining surpluses was well recognised by economists and governmental commissions alike.

"Now, as is well known, and as the Commission (Third Interim Report (UG 40-41) of the Industrial and Agricultural Requirements Commission) pointed out, there are heavy excess costs both in agriculture and in secondary industry. These two activities can exist under present conditions only because of the surpluses artificially diverted to them (mainly from the gold mining industry) by means of taxation, price raising measures, subsidies and the like".[17]

Particularly agriculture, which for a variety of reasons and despite the abolition of the threat of 'cheap black farming' and the availability of 'cheap' black labour, was dependent for its further expansion on receiving some of the repatriated earnings of the only viable surplus producing sector i.e. the gold and diamond mines. Of what magnitude was this 'surplus'? How important was it as an element in the costs of production for the 'foreign' gold mining sector and similarly, what was the extent of subsidy to the 'indigenous' sectors?

In the period 1910-36, the State spent over £113m on agriculture - over £17m from loan funds and over £41m from revenue. This amount was almost exactly matched by total governmental receipts from gold mining, equivalent to over £106m between 1910-11 and 1936-7 - £74.9m credited to loan account and £31.3m to revenue.[18]

The magnitude of the capital funds involved in this direct subsidisation of South African agriculture can be gauged by comparing it with the total agricultural production in that period of about £910m. Therefore ⅛ of the value of the total contribution of the agricultural sector to the country's Gross National Product was represented by State subsidies derived primarily from the gold-

mining industry. Moreover, the total of Union Government receipts from all mining in this period, exceeded £148m and this sum "does not fall far short of the capital invested from abroad in the Witwatersrand gold mining industry since its inception".(19)

How critical a cost was this State taxation to the Gold Mining Houses return on capital? Net sales of gold in the period 1911-36 were of the order of somewhat less than £1200m and thus tax payments were approximately $\frac{1}{8}$ of net sales for the whole period. However, this percentage was considerably lower in the first decade of Union and considerably higher after the movement of the Gold Standard in 1931. While the value of total gold output increased from a base of 100 in 1913 to 220.9 in 1937, and dividends declared to 203, in the same period gold mining taxation increased from base 100 to 1191. State taxation as a percentage of total dividends paid was 13.33% in 1913 and had increased to 78.28% by 1936 (see Table I): there were marked increases in this percentage between 1921 and 1926 and then again after the higher gold price of 1931. According to the Gold Producers Committee of the Transvaal Chamber of Miners evidence to the Departmental Committee on Mining Taxation (1935), State taxes on gold mine operations in South Africa were significantly higher in South Africa than in other countries (see Table 2).

A further statistic, relevant to the process of capitalist development, is to see the extent of State subsidy as a percentage of net capital formation in the agricultural sector. In the period 1911-36 net capital formation in agriculture amounted to £628.5m - thus direct state subsidy to agriculture was about 18% of net capital formation in that sector. In 1936 depreciated capital stock at 1938 prices was only £135m.(20)

The direct transfer of resources from mining to agriculture was a less important element, in the cost structure of the mining companies and subsidy to agriculture, than was State action to ensure that farmers received higher than world prices for the commodities they produced.

Between 1910 and 1925, agricultural legislation was aimed primarily at effecting a more efficient organisation of agricultural production and the legislation covering particular products was essentially aimed at regulating the quality of the commodity

(particularly export commodities) or was of a crisis nature and not fully implemented (e.g. Wheat Conservation Act of 1918). A radical break with this regulatory policy coincides with the coming to power of the Pact Government and between 1924 and 1929 legislation was enacted to increase the domestic prices inter alia of beef, sugar and wines and spirits. The 1929 depression accelerated the process and legislation was passed covering inter alia maize, wheat and flour, tobacco and dairy produce, culminating in the Marketing Act of 1937. That the Pact Government represented a turning point in agricultural protection has been generally recognised.(21)

Assessment of the costs of such protection is extremely difficult and has not been comprehensively done on a year-by-year basis. However, C. S. Richards assessed the extent of subsidy through 'special or temporary measured which had as their object the 'falsification' of the indicator 'price' and the redistribution of the national dividend on other than economic considerations", for the year 1933.(22) The total subsidy was estimated at £7,473,000. The significance of this total can be guaged when measured against agricultural production of £30.6m in that year. Moreover, Richards considered the total a definite under-estimate as it was computed on a very conservative basis and the year 1933 was one in which such price support programmes were comparatively meagre due to bad harvests. The incidence of such indirect subsidies to agricultural production fell on what C. S. Richards calls the 'economic sections' of the economy - paying agriculture and industry but, in particular, mining - in the form of higher prices.

The important shift of emphasis towards the protection of indigenous producers was also evident in respect of secondary industry. In the post-war recession some minor protective measures had been enacted "By 1924, however, the tide had definitely turned. The new Government which entered upon office in that year with a definite protective policy, completely recast the tariff in 192 with that object".(23) Again, the exact level of protection, the extent to which South African domestic prices exceeded those on the international market for all protected industrial items, is difficult to assess but in 1936/7 C. S. Richards estimated the 'minimum excess cost of protected secondary industries over duty free imports' at some £14m.(24) In the same year, private

manufacturings net output amounted to £60.8m. Once again, the incidence must have fallen heavily on the export industries - primarily the gold mining industry.

The beneficiaries of such protection, it should be noted, were not solely the industrial capitalists, but also the 'white working class'. Concomitant with the protective policy, the government attempted to induce employees to use more white labour. The Customs Tariff Commission estimated in 1933 the number of Europeans employed in protected industries was between 26,000 - 28,000 and that "for 1933 the ratio of employment of Europeans is higher in protected than in economic secondary industry".(25) In 1933 the ratio of European to total employees in all industries covered by the Industrial Census was 42%, while in a number of fully protected secondary industries for which special data are available, the ratio was 57%. "The Commission went on to conclude that European wage rates were 'much higher' in South Africa than in countries which compete in the South African market and that therefore the protection which exists is to a large extent the protection of the wage rates payable to Europeans in industry in South Africa."(26)

There were additional mechanisms of diverting surplus away from the Mining Sector towards the agricultural sector or towards 'internal reinvestment. Particularly important was the rate structure operative in the railways which was specifically designed to subsidise movement of agricultural produce, particularly exports. At the same time, as the Low Grade Ore Commission reported in 1932, mining machinery was carried at rates nearly double those of similar agricultural machinery and that one mine alone yielded £50,000 a year to the railway as profit for coal carried.(27) According to Frankel "very large sums have been spent in the construction of unpayable branch lines to stimulate farming".(28) The pricing policies of public industries were likely to be disadvantageous to mining. For example, in the pricing policies of ISCOR, higher prices for the inputs of the mining industry were set, while lower prices were established for the inputs of the agricultural sector.(29) Special exemptions from income tax were granted to categories of agricultural income and between 1930-1 taxed income from agriculture was less than the cost of direct subsidies incurred by the government in that sector.(30)

The magnitude of surplus extraction and its variation over time require much more detailed empirical work. Moreover, these are only estimates, based on national accounting data, and with respect to price support policies, are only for a point in time - and are thus to be treated with caution. Nonetheless, these figures do tend to validate the following hypotheses:

(1) The magnitude of surplus diversion is very large in absolute terms and with respect to (a) net capital formation and (b) gross output, in the 'indigenous' sectors of agriculture and manufacturing. It is therefore to be located centrally in any analysis of the process of capitalist development in South Africa.

(2) The incidence of surplus diversion falls very largely on the mining industry and any reckoning of comparing this cost to the mines with say dividend payments, net value of output etc. will reveal this as a very significant item. The significance of this cost is further accentuated when compared with any of the major operating costs of mining. Thus, in 1933, black labour costs, in the entire mining sector were under £9m.

(3) The diversion of surplus is operative before the Pact Government of 1924, but under this government there is a major quantitative and qualitative shift in surplus diversion:-

(a) industry enjoys a large measure of protection only after 1925.
(b) price support policies for agricultural commodities are introduced.
(c) tax payments to the State by the gold mining industry were increased quantitatively.
(d) the State itself became a major producer of intermediate products and could exercise effective discrimination in its pricing policies in favour of the 'indigenous' sectors.

Since the State plays a primary role in any conflict centred on surplus, it is in this light that the role of the State's economic policy requires further evaluation. Analysis of the State's role in the development process must, in addition to the aspects of surplus realisation and accumulation, encompass the role of the State in the redistribution of that surplus. This is crucial in the South African case for it is not just that "since the establishment of the Union of South Africa in 1910 ... the State has been utilised at all times to secure and develop the capitalist mode of production"

as Wolpe has maintained,[31] it is also evident that the State has, through a variety of fiscal and monetary measures, preferential duties and tariff rates, pricing policies of the public corporations etc., acted to redistribute the surplus thus created, away from the 'foreign' dominated mining sector towards the 'indigenous' sectors of manufacturing and agriculture.

It is this redistribution coupled with the exploitative domination of the pre-capitalist mode that was the motor of South African capitalist development. Moreover, the exploitative relation and domination of the pre-capitalist mode was a necessary pre-requisite for the redistribution of surplus away from mining, since it lead to the abolition of these classes on whom the metropolitan bourgeoisie could have relied to oppose an extension of capitalist relations.

An additional aspect is important here - and this relates to the capacity of the 'metropolitan' bourgeoisie to dominate the indigenous urban based bourgeoisie so as to render the latter merely as dependent intermediaries. In Fanon's terms "the national middle class discovers its historic mission, that of intermediary" [32] The obvious example here is that of Kenya where a very clear system of alliances between what Leys terms the monopolistic petty-bourgeoisie and foreign capital, can be seen to operate.[33] In South Africa imperialist capital was concentrated in mining and as an extractive activity the degree of direct linkage with the rest of the economy was severely limited, and although there were other aspects of foreign capital domination in the economy, notably Banking, the opportunities for the indigenous urban based bourgeoisie to slot themselves into dependent activities was severely curtailed. Not to say that it was absent, and the Mining Houses were able to establish some such linkages with the urban bourgeoisie (notably in commerce which displayed less 'nationalist' tendencies than other elements of the urban bourgeoisie)[34] but the nature of the activity militated against establishing a network of dependent activity. Unlike say the Kenyan urban bourgeoisie, important elements of the South African bourgeoisie were firmly rooted in independent productive activity rather than in activities of a so-called commercial nature.

Both elements of the bourgeoisie in South Africa thus, at a

very early stage established an 'independent' economic base grounded in productive activity and as capitalist elements they sought the expanded reproduction of that base. That they could only achieve this partly at the expense of the 'metropolitan' bourgeoisie gave them a very 'nationalist' orientation, with, of course, resultant effects upon the ideology they propagated. But, more crucially, they utilised a nationalist ideology as a rallying cry for a broad front directed against the so-called 'capitalistic control' for which the Mining Houses were responsible.

(4) The White Working Class

Here enters the very thorny problem of the 'white working class'; for this class was to be the critical ally of the indigenous bourgeoisie and it is this class whose loyalty was sought under the umbrella of South African Nationalism.

According to Legassick's analysis of the 'white working class', "the disabilities of the black worker were the ideological and material counterpart of the privileges of white white workers. The working class was divided, with each seeing its complementary section, rather than capital, as the threat!" (35) Therefore, "the need was to preserve within a capitalist society the colour distinction developed in the pre-industrial conquest society." (36) Simultaneous with this need existed a strong measure of white working class power "with access to state power through political organisation and voting." (37)

Therefore, there is a total unity of 'white' interest. White workers (undifferentiated) want more and white capitalists (undifferentiated) want to give them more because, by doing so, they can somehow justify or are enabled to give blacks less. The mechanics of the operation are never spelled out. (e.g. Why would the 'conventional' artisan/labourer wage differentiation not suffice?), but, more important, the need is viewed very differently by different elements of capital since the costs of giving whites more are not spread evenly amongst capitalists. As far as 'international capital' was concerned it paid for 'white-worker' privilege through (a) a higher white wage bill in its own operations, (b) increased revenues, in one form or other, accruing to state and provincial governments, far and away the largest single employed of white workers, and (c) the increased cost of inputs from protected secondary industry employing high-cost white labour. (38) As far as agricultural 'national' capital, little affected by colour-bar legislation, was concerned, higher wages for white working at the mines would merely reduce the repatriated surplus of the 'metropolitan' bourgeoisie, and the added spending (and saving) power accuring to white workers, would directly benefit the internal bourgeoisie through firstly an expansion of the internal market, and secondly through providing additional sources of savings and taxation revenues.

Thus, rather than capital taking a uniform line on white workers as Legassick's analysis would suggest, 'national' and

'international' capital's policies diverged sharply here. The indigenous bourgeoisie were frequently supporters of white miners strikes against the interests of international capital. Thus in 1913 and again in 1922 strong support for the white miners came from the Nationalist party (the party of agrarian capital). (39) Similarly, significant support for striking white mines was expressed by the newly emerging urban industrial bourgeoisie so that in 1907, for example, the South African Commerce and Manufacturers Record supported them as they did in 1913 and they attempted to rally white workers against the mine owners. (40) Thus 'in relation to white workers, ideologists (of the manufacturing class) found their audience responsive to the depiction of mine-owning attitudes as caste-like and manipulative, or paternalistic and confrontationalist." (41) Moreover agreement on many issues with Hertzog was acknowledged, on the part of white workers, well before the Pact government. Thus in 1913, according to Simons the 'worker' discovered that "Hertzog had much the same outlook as labour on such matters as 'financial imperialism', the immigration of low-paid workers, racial segregation and the white labour policy." (42)

The objective basis for an alliance between white workers and the indigenous bourgeoisie lay in the conflict over surplus - the critical conflict at the level of the capitalist made in South Africa. In essence, higher wages for white workers was only one mechanism of surplus appropriation from the hitherto dominant 'metropolitan' bourgeoisie.

Moreover, and this is the crucial aspect, higher wages for white workers became the objective basis for an alliance, which would effectively end the hegemony of the 'metropolitan bourgeoisie' at the level of the capitalist mode. State power could now pass under the hegemony of an ascendant bourgeoisie who, although in alliance with a 'labour aristocracy' were not 'blocked' in their revolutionising of the means of production, by the existence of either 'fuedal' classes dedicated to the maintenance of the existing order, or a dominant 'metropolitan' bourgeoisie.

In return, under the Pact government, 'White worker privilege' was entrenched in a variety of legislative measures. Thus, the Mines and Works Amendment Act of 1926 made the operation of the 'colour bar' legal, on the mines. The Wage Act of 1925 set up a system of Wages

Boards which effectively discriminated against blacks and the Industrial Conciliation Act of 1924, set up industrial councils on which white workers and not black workers were represented. 'Privilege' operative in terms of measures designed to ensure higher wage disparities between white and black, were not the only advantage received. In addition, extracted surpluses were utilised to promote infrastructural development and state industry, and within these activities, there was preferential placement of white labour. Thus between 1924 and 1933, percentages of white labour employed by South African Railways and Harbours rose from 9.5% to 39.3% - and in absolute terms from 4,760 to 17,783. (43) In the era of the byworker, employment was as critical an issue to the white workers as wages, and the creation of jobs was a direct function of surplus extracted from the mining sector.

Alone, the 'indigenous' bourgeoisie would not have ended the domination of the 'metropolitan' bourgeoisie. The mobilisation of white workers was an essential pre-requisite for ending such hegemony and this was only achieved in the 1922 Rand Revolt. White worker power had little to do with 'access to the State' or 'the vote', as Legassick states, and much more to do with mobilisation and 'extra-legal' and 'non-parliamentary' resistance to international capital! The fruits of the alliance were evident in the Pact government of 1924 - a crucial watershed in South African history. Prior to this date, hegemony lay with the 'metropolitan' bourgeoisie, and even after this date, the 'metropolitan' bourgeoisie remained a potent force, though not the dominant one, in the South African political arena.

(5) Some Critical Features of the State - Relative Autonomy and the Role of the Bureaucracy.

The Capitalist mode of production, represented primarily by the mining industry, establishes the dominant role in the South Africa social formation, at an early state of its development. The South African State, therefore, exhibits many of the fundamental features of the State in any 'capitalist society'. However, the precise nature of the dominance exercised by the capitalist mode has had important effects which serve to differentiate the functioning of the South African State from those of other capitalist societies.

In regard to the latter, two particular features stand out -

(1) the virtual eradication of all dominant classes in the non-dominant modes of production (see page 5).

(2) the capitalist mode, at least initally, was derived from the functioning of British imperialism and was not related to internal developments within the social formation.

In a developed capitalist society, the autonomy of the political and economic instances, allows the state to pose as the people's champion by encouraging some of the economic demands of the dominated classes but only with a view to perpetuating the dominant classes political domination, i.e. "the capitalist state does not directly represent the dominant classes economic interests but their political interests".(44) However, the extent and uniformity of the exploitation of all classes in the pre-capitalist mode in South Africa has precluded the characteristic development of the capitalist state as representing the general will of all the people and the nation. The State has not been able to present itself as being above the class struggle rather it has developed an extensive coercive apparatus aimed precisely at fostering the forces of capitalism and the processes of capital accumulation - that this process is extended over time is partly a function of the low level of the development of productive forces in the pre-capitalist modes.

At the same time, the State has apparently acted in the interests of 'white domination', 'civilisation' etc. etc., presented itself as the white man's champion and hence encouraged white workers to look to the state as their protector rather than the development of autonomous political parties. That white worker economic interests have to some extent coincided with those of 'indigenous' capital (see p.16), has given some substance to the rhetoric of Afrikaner nationalism, the civilised labour politics etc. and helped consolidate the State's

populist white base. Therefore 'the state' has been supported by the 'white working class' and petty bourgeoisie, and it, in turn has presented itself as their representative. This support has enabled 'the state' in South Africa to realise its relative autonomy with regard to the factions of the bourgeoisie, and by so doing, enabled it to intervene against the interests of that faction of the bourgeoisie designatred 'foreign'.(45) In the name of 'white civilisation', encompassing the interests of both indigenous capital and white workers, 'the state' has acted to extend the scope of capitalist relations and to re-allocate surplus from the gold mining sector.

The support for 'the state' by the 'white working class' is absolutely vital to the ability of one or other faction of the bourgeoisie to exercise hegemony. The reason is given by Poulantzas - "that hegemonic class or faction which finally holds the political power of a capitalist formation autonomous from the economic and political struggles, can dominate effectively only if it sets up its economic interests as political interests. In holding state power it can perpetuate existing social relations only through a whole series of compromises which maintain the unstable equilibrium of the classes present, and through a whole range of political organisation and particular ideological functioning, by which it manages to present itself as the representative of the general interst of the people and the embodiment of the unity of the nation." (46)

The precise point here is that, after the 1922 Rand REvolt, the gold mining houses were no longer able to set up their economic interest as the general political interest. Since the type of domination of the precapitalist mode precluded the existence of other supportive classes in the formation, metropolitan capital could only have ruled by utilising 'the state' as their direct instrument (and for this they had neither the will nor probably the capacity) and thus destroying its relative autonomy. Moreover, this relative autonomy is indispensable to the political domination of the bourgeoisie since alone the bourgeoisie is "incapable of raising itself through its own political parties to the hegemonic level of organisation."(47)

Likewise, the relative autonomy of the bureaucracy, i.e. the personnel who ran the state apparatus, with respect to the class struggle, is a constitutive feature of the capitalist type of state -

the bureaucracy presents itself as the representative of the political unity of the formation.

In South Africa, the bureaucracy has always been less important as a social force than in say other African countries, where the capitalist mode of production is less dominant. Therefore, Alavi's claim that "we have yet to see a clear case of unambiguous control of state power by a political party in a capitalist post-colonial society"[48] is belied by the South African case, for the operations of the state bureaucracy have always been within the limits of class political practice, as represented by the political parties.

But, the relative unimportance of the bureaucracy as a social force in South Africa is again related to a particular feature of the dominance of the capitalist mode. The bureaucracy becomes a means to unifying the dominant classes, but it also fulfills an additional critical function vis-a-vis the classes of small scale producers. Typically, the small-holding peasantry and the petit-bourgeoisie are incapable of organising themselves politically and 'the state' therefore represents their political unity serving to maintain them in a state of self disorganisation and hence reliance on 'the state'. The extension of the bureaucratic state apparatus is often correlated with the existence of such classes. (For economic reasons related to the absorption of surplus populations; political reasons related to transforming these strata into subordinate classes; and ideological reasons related to their own lack of political organisation which renders them suitable to serve in the subordinate levels of the bureaucracy).[49]

Although, it certainly operates to co-opt the white petit-bourgeoisie as a supportive class, the particular nature of the domination of the capitalist mode of production in the South African social formation, has precluded the possibility of 'the state' acting so as to represent the interests of, for example, a small-holding peasantry. The extension of the bureaucractic apparatus has consequently been restricted in South Africa.

In conclusion

Besides a need for empirical verification, several features integral to the analysis have been ignored or require amplification.

Firstly, it would seem that any analysis must take into account the unique product of the capitalist mode - gold (and diamonds to a lesser extent) and not merely in terms of South Africa being a virtual monopolist or the stabilising effects on the economy, although these factors are obviously important, but also the relationship of gold to the realisation of value on the international market, for gold is both a commodity and a form of 'money'.

Secondly, the ability of the 'metropolitan' bourgeoisie to dominate the capitalist mode or to remain a potent force therein, is integrally related to the fortunes of international capitalism in general and particularly those of British capitalism. The correlation between disruption of the 'Imperial connection' and domestic industrialisation in South Africa, for example during the two World Wars, is prima facie evidence of the importance of this factor.

Thirdly, on the question of labour policy, the idea of a congurence of interest with respect to black labour on behalf of the different capitals, is, of course, specific to the period prior to the significant development of the manufacturing sector. Different productive sectors do have different labour demands and the development of the manufacturing sector and primarily its diversification and increased capital intensity has brought about calls for alterations in labour policy. However, the likely result is an 'umbrella' policy whereby different demands for labour can be reconciled within the over-arching framework of State policy which will continue to maintain much of its coercive aspect.

Finally, and this is central to the whole analysis presented here, 'capital' cannot be treated as a single category and within 'capital' the major contradiction is that between 'indigenous' and 'foreign'. Failure to appreciate this division on behalf of the 'liberal' economists, lead to their categorising a whole range of governmental policies as 'economically unsound' and even immoral.(50) In that these policies e.g. railway tariff rates, pricing policies of public corporations, taxation rates, etc. were aimed precisely at not maximising returns to capital s a whole but returns to particular elements of capital i.e. 'indigenous' capital, they were important factors in the latter's expansion.

The liberal economists' incorrect interpretation of governmental policy is a result of their glibal concept of capital and their failure to distinguish different class interests therein. The 'radical' literature, on the other hand, has recognised the potential importance of class interest within 'capital' but, through its concentration on labour problems and noting the congruence of interests with respect to labour by different elements of cpaital, has either reverted to talking of 'capital' in general terms (Wolpe) or seen alliances where no such alliances really exist. In particular, Trapido is guilty of the latter mistake. Thus "the well-known marriage of iron and rye (in post-Bismarck Germany) an alliance which succeeded in suppressing political freedom in its own economic interests, has its South African counterpart in the union of gold and maize".(51) The basis for this alliance is thus explicitly labour policies, and this exclusive concentration on labour is further underlined by equating the South African Gold Mines and the American deep South Cotton Plantations, because they were both based on techniques of labour coercion. Moreover the notion of labour suppression itself - the fact that labour costs (black) were continually kept very low - is seen as a sufficient explanation of South African economic development. The whole problem of a redirection of surplus is brushed aside and, on these terms, the State's role in South African development is reduced largely to its role in the maintenance of a labour supply and the suppression of Black wages.

Legassick's analysis is an <u>apparent</u> exception.(52) He does speak of "a division of surplus from mining", of the different "interests" of agrarian capital and mining capital in respect of their willingness to promote industrialisation even referring to the commercial farmers as "a national rural bourgeoisie" and the Pact Government as being "in the hands of 'national' interests rather than international imperial capital". However, his overwhelming concern is for the labour question and he too adopts the idea of "an alliance of maize and gold" and what is <u>almost completely</u> missing from his analysis is any assessment of what governs the trade-off operative in this alliance and more particularly which party in this alliance is hegemonic and what factors might cause this hegemony to shift. I say almost completely because he does mention the depression of 1929 although only in respect of the favourable effect it has on the development of secondary industry in South Africa. But, if the Pact Government of 1924 already represents such a shift in hegemony one wants an explanation of why 'international imperial'

policies (e.g. automobile industry) to direct Governmental pressures (e.g. the Banking sector), with a particular emphasis on how this affects the degree of local 'control'.

The process of capital interpenetration, so far as the interest of the indigenous bourgeoisie is concerned, is an alternative to the reallocation of surplus. On the other hand, it is a key manifestation of the integration of the South African bourgeoisie into the international system and as such undermines their existence as a differentiated fraction with distinct economic interests apart from those of international capital.

Table 1.

Total Union Government Receipts from
Gold Mining as a % of Dividends Declared

1913	13.33
1916	21.27
1921	28.90
1926	39.90
1928	37.51
1929	37.68
1930	38.07
1931	40.35
1932	47.16
1933	106.29
1934	82.34
1935	85.23
1936	78.28

Compiled from Frankel op. cit., p.114.

Table 2.

Comparison of the Severity of Tax on
Gold Mining Income

Australia	18
Canada	13 - 19
Rhodesia	23
Union of South Africa	42
United States	14 - 18
West Africa*	12

Evidence to the Departmental Committee on Mining Taxation (1935) Gold Producers Committee of the Transvaal Chamber of Mines - quoted in Frankel, op. cit., p.113.

Notes

(1) David Kaplan - "Class and State in South African Development. Some Preliminary Remarks".

Paper given at Institute of Development Studies Conference on the 'Role of the State in Economic Development' June, 1974.

(2) Ibid., p.1.

(3) Hamza Alavi - "The State in Post-Colonial Societies - Pakistan and Bangladesh". New Left Review, 74 (July-August 1972).

(4) Ibid., p.61.

(5) John S. Saul - "The State in Post-Colonial Societies: Tanzania", mimeo, 1974, p.4.

(6) Kaplan, op.cit., p.3.

(7) see especially
H. Wolpe - "Capitalism and Cheap Labour Power in South Africa: From Segregation to Apartheid", Economy and Society, Vol.1, no.4, 1972.
and
M. Legassick - "South Africa: Forced Labour, Industrialisation and Racial Differentiation", mimeo, 1972.

(8) Karl Marx - Capital, vol.I. Lawrence and Wishart, p.511.

(9) C. Bettleheim - "Theoretical Comments on A. Emmanuel - Unequal Exchange", New Left Books, p.290.

(10) Ibid., p.291.

(11) Alavi, op. cit., p.73.

(12) Francis Wilson - "Farming", in M. Wilson and L. Thompson Oxford History of South Africa, Vol.2., O.U.P., 1970, p.107.

(13) Henry Slater - "The Changing Pattern of Economic Relationships in Rural Natal: 1838-1914", ICS Collected Seminar Papers, Vol.3, p.46.

(14) Stanley Trapido - "The South African Republic: Class Formation and the State 1850-1900", JCS Collected Seminar Papers, Vol.3, p.61.

(15) Francis Wilson, op. cit., p. 135.

(16) B. Bozzoli - "Idealogy and the Manufacturing Class in South Africa", University of Sussex, African Studies Graduate Seminar.

(17) C.S. Richards - "Fundamentals of Economic Policy in the Union: Review Article", SAJE, 1942.

(18) S. Herbert Frankel - Capital Investment in South Africa - Its Cause and Effects, O.U.P., 1938, p. 119.

(19) Ibid., p.115.

(20) D. Franzsen and J.J. Williers. - "Capital Accumulation and Economic Growth in South Africa" in Income and Wealth, Series VIII, International Association for Research in Income and Wealth.

(21) see for example
Francis Wilson, op. cit., p.136.

(22) C.S. Richards - "Subsidies, Quotas, Tariffs and the Excess Cost of Agriculture in South Africa", SAJE, 1935.

(23) C.W. Pearsall - "Some Aspects of the Development of Secondary Industry In the Union of South Africa", SAJE, 1937, p.412.

(24) C.S. Richards - "Fundamentals of Economic Policy in the Union: Review Article", SAJE, 1942.

(25) Quoted in Frankel, op. cit., p. 137.

(26) Ibid., p.137.

(27) R.N. Kotze - "The Excess Profits Tax in Gold and Some of its Implications", SAJE, 1935.

(28) Frankel, op. cit., p.122.

(29) D. Kaplan - "ISCOR - Historical Development and Current Trends", mimeo, April, 1974.

(30) Frankel, op. cit., p.122.

(31) H. Wolpe, op. cit., p.5.

(32) Frantz Fanon - The Wretched of the Earth, London, 1967, p.122.

(33) Colin Leys - "The Limits of African Capitalism: The Formation of the Monopolistic Petit-Bourgeoisie in Kenya", University of Edinburgh Seminar on Development Trends in Kenya, April 1972.

(34) B. Bozzoli, op. cit., p.4.

(35) M. Legassick - "The Making of South African 'Native Policy', 1908-1923: The Origins of 'Segregation'", ICS Postgraduate Seminar.

(36) Ibid, p.4.

(37) M. Legassick - "South Africa: Forced Labour, Industrialisation and Racial Differentiation", mimeo, 1972.

(38) see particularly Report of the Customs Tariff Commission, 1931/5, U.G. No. 5, 1936.

(39) H.J. Simons and R.E. Simons - Class and Colour in South Africa 1850 - 1950, Penguin 1969, pp. 278 and 303.

(40) B. Bozzoli, op. cit.

(41) B. Bozzoli, op. cit.

(42) Simons and Simons, op. cit., p. 159.

(43) Quoted in Ralph Horwitz - The Political Economy of South Africa, Weidenfeld and Nicolson, 1967, p. 196.

(44) In this section, I have relied heavily on the work of Nicos Poulantzas - Political Power and Social Classes, NLB and SW, 1973, p.190.

(45) Ibid., pp. 284-5.

(46) Ibid., p. 293.

(47) Ibid., p.284.

(48) Hamza Alavi, op. cit., p.63.

(49) N. Poulantzas, op. cit., p.353.

(50) see for example
C.S. Richards - The Iron and Steel Industry in South Africa, Jhb. 1940, particularly p. 452.

(51) Stanley Trapido - "South Africa in a Comparative Study of Industrialisation" Journal of Development Studies, April 1971, p. 311.

(52) M. Legassick, op. cit.,