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How and why the ANC's nationalisation policy changed: economic nationalism and the changing state-capital relation

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These observations raised new questions: what internal processes were operating in the ANC to produce the shifts? Clearly the collapse of the Eastern bloc had produced an impetus to such reassessment; clearly, too, the results of political jockeying for position in the negotiations process – the balance of forces – would have an impact on the ANC's own outlook on the situation. It was, however, also self-evident that the ANC was itself an agent; that any impact which these may have on the ANC would result from the *interaction* of the ANC with other social actors in these processes. Understanding the character of the ANC became, therefore, of central significance in understanding its response to circumstances. It was necessary to understand its aims, its perceptions of the world around it, and its social composition.

The ANC defined itself as a national liberation movement. But this characterisation generated more questions. Numerous other radical national liberation movements embarked on extensive nationalisation programmes after coming to power. At least until the late eighties, the ANC was firmly within this category. Why, then, did it abruptly vacate that category? Obviously it must be a different and less radical species of national liberation movement. Yet attempts to understand the essential features of nationalism pointed to an essential similarity between the ANC and these other movements. The only answer appeared to be that the shifts in policy were a result of rational and reasoned assessment; nationalisation, evidently, really was economically unviable: the ANC – unlike its counterparts – was simply more in touch with reality. A focus on social relations, it appears, was misguided – ultimately, those social relations become simply a sum of rational assessment.

But this too left questions unanswered. Apart from the fact that prevailing social relations are hardly rational from the point of view of the vast majority, it was also questionable that a rejection of nationalisation was purely rational. If this *was* the case, then it would surely also be the case that countries which nationalised would all have descended into ruination upon nationalising, but this was empirically simply not so. There was little evidence to show that nationalisation was always and necessarily ruinous, partly because nationalised economies did reasonably well for a period, and partly because nationalisation has not been alien to the strongest economies in the present global system.

both winning an ideological battle with the ANC and managing to assert their interests over the ANC's programme.

The first task, then, would be to establish what these interests were, what class interests they represented, and by exactly what means their proponents had succeeded in partially imposing these on the ANC's economic programme. Establishing the ANC's own interests would itself be an essential part of this task. An attendant task would be to trace the transition process itself: ANC economic policy was being formulated in the context of a potential transfer of power. It was developing an economic programme by which to *govern*, and this implied that the economic and the political would overlap quite explicitly. By implication too, attempts by other actors to shape ANC economic programme would, in all likelihood, also have a naked political face.

Early reading and archival research pointed to the fact that nationalisation certainly represented different things to different actors. Obviously, big business and the right wing political parties regarded it as abhorrent, while the ANC regarded it (initially at least) as desirable. But apart from this, the terms on which they were evaluating it differed. For big business and the right, the primary stated concern was national economic growth: nationalisation meant economic disaster, and the experience of Eastern Europe and the USSR were conclusive proof of this. For the ANC, on the other hand, nationalisation initially seemed the most efficient means to redress social inequality, restructure the economy, and regulate it to these ends. But as their position on nationalisation shifted, so did the relative prioritisation of these stated aims. Increasingly, national economic growth became a primary concern of the ANC's programme too, although the stated aim remained redressing social inequality. Chapter one traces the unfolding of this reassessment in some detail.

The overview revealed that these shifts were not solely linked to big business attacks: to some extent, they appeared to be internally driven. It became clear that the ANC was, quite independently, reassessing nationalisation and its economic programme generally. Indeed, the seeds of this reassessment lay before the beginning of the transition process.

Alliance often drew the same link, although they regarded it positively. For many, it was proof that the ANC would fulfil majority aspirations on coming to power.

I wanted to evaluate to what extent the ANC would nationalise to further majority interests, and how effective such nationalisation might be. I also wanted to comment on whether the ANC's initial commitment to nationalisation made it somehow socialist. But it was difficult to link the two, so I initially planned to deal simply with the contours of ANC policy in the context of an overview of the South African economy, as a way of casting light on whether the ANC would nationalise, what it would nationalise, and the effects of such nationalisation.

The rapid changes in the ANC's position not only made this idea seem redundant, but also raised an evident question: why was the ANC reformulating its position? This question posed an obvious problematic: tracing shifts in the ANC's *perceptions* of nationalisation, and seeking to establish why these occurred. This became the focus of the research.

Left literature on the issue of nationalisation stresses the importance of situating it in a social context (as we shall see in chapter two). From a marxist perspective[1], this seems perfectly valid, and further a class analysis of the social context seemed vital. It seemed necessary to develop a sociological understanding of nationalisation. It was immediately obvious that an answer to the question 'Why the shifts?' could not be found without approaching it from just such a social perspective.

The social context to the issue of nationalisation in South Africa seemed self-evident: first, the context of a negotiated transition process, and the very debate around nationalisation in South Africa, suggested that various social forces (such as the National Party and big business) were seeking to assert their interests concerning the question of nationalisation. Second, these shifts followed on the Eastern European events and took place in the context of the ensuing debate around socialism. Nationalisation, by virtue of its association with commandism and central planning, was a central flashpoint in this ideological skirmish. The logical conclusion was that other significant social actors were

1 Which, as explained in the appendix on research methods, is the framework of this study.

nationalisation new impetus for a time. Soon after these revolutions, the prospect of a transfer of power to the ANC gave it a South African flavour.

The idea for this research was sparked by these more-or-less coincident historical events. The Eastern European revolutions had sparked a debate on the apparent failure of socialism and the reasons for its demise. A popular response was that adherence to nationalisation led to disaster, if not instantaneously, then seventy years along. For many, these events were proof that nationalisation was inefficient and undesirable. By implication, so too was socialism.

When De Klerk's February 1990 speech heralded a negotiated transfer of power, this response was carried into debate over the ANC's potential economic programme. As the ANC and its allies began to formulate economic policy, the question of nationalisation became a flashpoint of debate for heads of business, newspapers, academics and members of the Congress Alliance. It became a focus for a range of issues concerning future economic and political arrangements, such as what kind of mixed economy to expect, the purpose of such a mix, how to redress the imbalances created by Apartheid, how to solve the economic crisis, and so on.

The ANC found itself grappling with economic questions that it had not previously had to deal with in such detail or with such urgency. Many of its supporters remained confident that some form of nationalisation would help to meet mass aspirations and expected radical economic policy, although there was lively debate at this level over the appropriate form of such policy. At the same time, aspects of broad ANC policy – in particular, nationalisation – came under attack from many quarters, including local capital and the international community. In the months following their unbanning the ANC's position on nationalisation was significantly reformulated.

The idea that socialism is defined by nationalisation was central to the nationalisation debate after the Eastern European revolutions. I was critical of this idea since it underplays the political in defining a social system. In South Africa, the notion was used by the right to deride ANC promises to nationalise. Militant activists in the Congress

INTRODUCTION:
TOWARDS A SOCIOLOGY OF NATIONALISATION

For most of the eighties, it was assumed that the ANC would follow other national liberation movements by nationalising extensively when it came to power. The view was held on the left and the right, and indeed in the ANC itself. Now, with the ANC in power, little seems less likely. This thesis aims to expl the ANC's about-face, and in doing so, aims to add to heory of nationalisation itself.

There is no shortage of theories about nationalisation. Hot dispute has surrounded its efficiency, how its efficiency should be measured, its social effects, how it should be achieved or why it should not be embarked on. It has been presented as the means to achieve social equality as well as the road to certain economic ruin. National liberation movements presented it as proof of socialist credentials. Western regimes berated opponents by the same criteria.

This thesis approaches the debate from a new slant. It does not intend to evaluate nationalisation's efficiency or its effects. It does not seek to defend nationalisation or to discredit it. It does not explicitly attempt to untangle the link between nationalisation and socialism.

But the study does cast light on all of these issues. Its peculiarity is that it does not seek to understand nationalisation merely in itself, or simply in a social context, but *as a set of social relations.* It argues that nationalisation can only be understood as an *integrated* part of an array of social, political and economic relations – and indeed, as a set of such relations in itself.

To appreciate just how peculiar this is, it is useful to trace the process by which I came to it. The Eastern European revolutions in the late 1980s gave the debate around

Research methods 286
Newspaper clippings 286; Policy documents 287; Interviews 287; Secondary sources 288
The research process 289
The 'problem' of the mass base 289

REFERENCES AND BIBLIOGRAPHY 292

CHAPTER FOUR:
THE TRANSITION – "STATE IN WAITING" AND LIMITATIONS ON NATIONALISM 171
Introduction: the articulation of nationalism with trends in capitalism 171
The balance of forces and shifts in nationalisation policy 174
The transition: an articulation of the balance of forces with the ANC's class character 176
Negotiated settlement vs. armed takeover: South African peculiarities 178; The protracted nature of the settlement 182
The shifting balance of forces: a chronology and analysis of the transition 186
The balance of forces: an analysis 209
Inherent contradictions – nationalism and negotiations 210; The negotiations trap – mass action versus suits and ties 211
Government in waiting – political stability before a decisive solution to the national question 216
Revolutionary nationalism: incorporation into the ruling class in unfavourable conditions 220
The mass base 226
Conclusion: Shifts away from nationalisation – a concrete expression of nationalism 232

CHAPTER FIVE:
HOW THE ANC APPREHENDED THE TRENDS IN CAPITALISM – ECONOMIC CRISES AND LIMITATIONS ON NATIONALISM 235
Social and political context of nationalisation 236
The impact of research – apprehending globalisation 237
Apprehending globalism indirectly – the search for solutions to the crisis 238; Weaknesses of inward industrialisation 239
The impact of research – changing state–capital relation 243
The crisis of inward industrialisation – the changing state capital relation 245
The impact of ideology – the collapse of the state–capitalist regimes 248
The impact of ideology – the "inevitability" of capitalism 253
Bargained capitalism 260; Effects of "bargained capitalism" on nationalisation policy 261
Ideology – mediating the impact of objective trends 263

WRAPPING UP:
THE DYNAMICS OF NATIONALISATION 266
The primacy of the capital relation 267
Integrating the political and the economic 268; Integrating agency and structure 270
What about the working class, Mr President? 271
Which way to social justice? 274

APPENDIX ONE:
RESEARCH METHODS AND METHODOLOGY 278
Methodology 278
The marxist approach 278; Materialism and the dialectic 280; The critical realist approach 282; Acknowledging 'organic sense 285

The origin of the modern nation state 72; The interdependence of the state and capital 76; The state's dependence on capital 76; Capital's dependence on the state 80; Summary – the mutual dependence of state and capital 83
The changing relation between the state and capital – a concrete analysis 84
Imperialism and the era of state capitalism 87; Bureaucratic state capitalism and the third world 89
The globalisation of capital – trans-state capital 92
Back to the third world 97

CHAPTER THREE:
NATIONALISATION AS ECONOMIC NATIONALISM: NATIONAL LIBERATION MOVEMENTS AND THE CLASS CHARACTER OF THE ANC 99
On the necessity of beginning at the beginning – defining nationalism 102
What is a national liberation movement? 103; The necessity of a class analysis 104
Nationalism – common analyses 106
Nationalism as distinct from class 107; Circumstantial class analyses of nationalism 108; Circumstantial analyses which predicate effective nationalism on a working class character 110; Collapsing nationalism with all struggles for state power 113
Critique: towards a class analysis of nationalism 113
Nationalism – nation states, capital, and combined but uneven development 117
The emergence of nationalism as ideology 120; National liberation movements and the nation state 121; The essentially bourgeois character of nationalism 124
A brief history of the ANC 125
Formation of the ANC: incorporation into the existing ruling class 126; Pressures to radicalisation 128; Radicalisation consolidated 129; The turn to the masses and to a cross-class alliance 131; Focusing mass discontent 136; The turn to armed struggle 138
Nationalism: the tendency to vacillation 142
Contradictory nature of nationalism: between mass struggle and the ruling class 143
Economic manifestations of revolutionary nationalism 147
Nationalisation as economic nationalism 147; Nationalism – reinforcing anti-nationalisation trends 150

SECTION THREE:
THE SOCIAL AND POLITICAL CONTEXT OF NATIONALISATION – HISTORICAL CONJUNCTURE AND CONCRETE CIRCUMSTANCE 153

INTRODUCTION:
THE SEARCH FOR SOLUTIONS TO THE CRISIS 154
Implications of the trends – a summary 155
Manifestations of trends in ANC economic policy 156
State regulation to restore economic growth 157; Conciliation with capital and welfarism 159; Redistribution through growth emerges 160; State direction of market-led growth 162

CONTENTS

INTRODUCTION:
TOWARDS A SOCIOLOGY OF NATIONALISATION 1

SECTION ONE:
TRACING THE SHIFTS IN ANC NATIONALISATION POLICY 10

CHAPTER ONE:
FROM COMMANDING HEIGHTS TO CONSIDERING OPTIONS 11
Overview: state intervention and the search for economic growth – a contradictory process 12
Contradictions: Economic growth vs. desired aims 13; Contradictions: the influence of the mass base 15; The effects of the contradictions 15
The Freedom Charter: ANC position pre-1990 17
Post-1990: state intervention and the search for economic growth 18
Type and extent of nationalisation 18; The ANC's Alliance partners 23; The mass base of the ANC and COSATU 25; Purpose of proposed nationalisation 26; Placating business – economic recovery within the present framework 31; Regulating capital 36; Social contracts: common values and the national interest 37; Ideological factors: the fall of Eastern Europe and commandist economies 39
Why the shifts? – a basis for further discussion 40

SECTION TWO:
STATE, CAPITAL AND NATIONAL LIBERATION MOVEMENTS: NATIONALISATION AS ECONOMIC NATIONALISM 42

INTRODUCTION:
WHAT DOES NATIONALISATION MEAN? 43
What is nationalisation? 43
Nationalisation – a sociological perspective 44
Broadening the terms of the debate 44
The problem with pragmatism: Liberal approach 45; The problem with pragmatism: left approaches 46
Towards a conjunctural approach 50
Nationalisation as a social relation – state and capital 52

CHAPTER TWO:
STATE AND CAPITAL: NATIONALISATION AND THE NATION STATE 55
The state and capital – conceptualising the relation 55
The state as an appendage of capital 57; Delinking the state and capital 62; The state as capital 63; The state as capital-in-general 64
The state and capital – globalism, histories and totalities 71

ABSTRACT

The study traces and explains reformulation of ANC nationalisation policy between 1990 and early 1994. In doing so it develops the sociology of nationalisation. It argues that nationalisation is a nexus of particular social relations. First, since these relations are dynamic, nationalisation can only be fully understood through a concrete rather than an abstract approach to its study. Second, the nature of the relations which nationalisation expresses are both political and economic. Therefore changes in ANC nationalisation policy cannot be analyzed only from an economic or pragmatist perspective. Finally, nationalisation reflects and expresses class relations. It is necessary to understand the class character of the major actors involved and the balance of class forces to analyze any particular instance or absence of nationalisation.

The ANC's nationalisation policy gradually rejected wide-scale nationalisation. Nationalisation represents one form of the state-capital relation. The ANC's class character as a nationalist organisation constrains it to act within the broad framework given by global trends in capitalism, since its aim is to get hold of a nation state (the characteristic political form of capitalism). As a 'government-in-waiting' during the transition, it was increasingly concerned to find the optimum relation between itself (a future state) and capital in its economic policy, the aim being to safeguard the national economy.

The advancing internationalisation of capital has created a tendency for a multi-polar relation between individual capitals and various nation-states. Nationalisation (a close link between individual capitals and a single nation state) is out of line with these trends.

However, these trends were not directly, unproblematically or even consciously assimilated into ANC policy. The ANC's contradictory relation to its mass base is key in understanding the ANC's increased sensitivity to such questions. The prolonged nature of the transition revealed the political limitations on nationalism in the present global context, in the ANC's vacillation between its mass base and other political actors. This constrained the ANC's ability to drive home an economic and political programme of its own initial choice and increased its sensitivity to capital and other major actors. Research into the South African economy and the experience of other countries was interpreted from the ideological framework given by the Eastern European revolutions and the collapse of commandist economies, which themselves were interpreted from the framework of nationalist politics.

The study concludes that nationalisation must be understood to *express* social relations. Its disappearance from ANC economic policy expresses the dynamic of the prevailing capitalist system, through the agency of a nationalist organisation.

I declare that this dissertation is my own work. It is being submitted for the degree of Master of Arts in Sociology at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree at any other university.

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27 March 1995

Date

HOW AND WHY THE ANC'S NATIONALISATION POLICY CHANGED

Economic nationalism and the changing state–capital relation

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3. Linked to the above, a trend to propose alternative means of effecting the above-mentioned objectives (such as, for example, other forms of state intervention, and the idea of a reconstruction accord);
4. General", an overall redefinition of the *content* of terms like "redistribution", and "restructuring"

The last was often the manner in which shifts were manifest. Let us turn now to a discussion of the specific changes which have occurred[9].

The Freedom Charter: ANC position pre-1990

Although the focus of this thesis is the period from late 1989 to early 1994, it is useful to briefly consider the clause of the Freedom Charter which many accept as the ANC's earliest statement on nationalisation. The clause reads:

> *The national wealth of our country, the heritage of all South Africans, shall be restored to the people; the mineral wealth beneath the soil, the banks and the monopoly industry shall be transferred to the ownership of the people as a whole...*

This is, broadly, the position regarding nationalisation with which the ANC entered the negotiations process. Many have interpreted it as a basis for a socialist economy[10]; however, one does not have to look very closely at the clause to conclude that it is at best little more than a call for nationalisation of the "commanding heights" of the economy[11]. Such a position is quite consistent with the ANC's character as a revolutionary nationalist organisation, and (in the abstract) possible within the framework of capitalism, as I shall argue in chapter three. It is important to stress that, as a position on nationalisation, the Freedom Charter clause was vague and left much open to

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9 The following discussion is concerned primarily with drawing out the essence of the trends rather than with giving a comprehensive understanding of the complexities already mentioned. Later chapters will, however, give more sense of the complexities.

10 It is probably precisely the ambiguity of the Freedom Charter that has given it its wide-spread appeal. In chapter three, I will deal with this point in greater detail.

11 It seems unnecessary to detail this argument here; arguments around this issue can be found in the debate around the Freedom Charter in the South African Labour Bulletin from 1985-1987: much of this debate centred around this clause in particular. Most of the articles conclude that the clause is, at best, ambiguous. But the debate is not significant only in itself: that it occurred at all reflects, in my opinion, a widely-held conception about this clause as a socialist one.

On the other hand, the latter contradiction often meant that policy shifts were couched in terms designed to make them appear more attractive to the mass base. This latter factor meant that policy reformulation generally appeared as a gradual change in emphasis (for example, placing emphasis increasingly on economic growth to achieve redistribution), rather than as decisive abandonment of a particular approach. The Congress Alliance's shifting confidence in relation to capital and the NP-controlled state – its perception of the "balance of forces" – further complicated these matters. It initially exacerbated tendencies to vacillations over time, but paradoxically, eventually contributed to consolidating the trend[8].

To some extent, these contradictions obscured not only the fact that policy was reformulated, but also their nature and extent. Within the ANC itself, there was disagreement over what the shifts represent: for Tokyo Sexwale, changes were merely a change in emphasis: *"We are still committed to nationalisation...as a policy of government participation. The question is one of detail"* (Interview, 1993). Ben Turok, by contrast, argued:

> *..we thought that in South Africa...that an ANC government would certainly nationalise on a big scale...[The constitutional guidelines] dropped the economic clause. Some of us were appalled by that, and it was very significant, because it showed a strong shift away from the commanding heights. But since then, the move has continued* (Interview, 1993).

The following discussion shows that significant policy reformulation did indeed occur; and although it did not occur in a simple, linear fashion, nevertheless a distinct, essential trend can be traced.

The most significant aspects of policy reformulation were:

1. Significant reduction in the extent of proposed nationalisation;
2. A shift away from nationalisation as a means to direct the economy, redistribute and effect reconstruction, initially towards limiting proposed nationalisation to service industries and possibly welfare services; later, towards limited mention of nationalisation with respect to any of ose;

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8 The impact of the balance of forces will be dealt with in detail in chapter four.

business is the key stakeholder" (interview, 1993). As we shall see later in this chapter, Mashitaie was by no means alone in this attitude.

This raises three issues which will be central to answering the question at hand. First, why did the Congress Alliance begin to perceive their initial policy as conflicting with (their perception of) reality? Second, to what extent – and, as importantly, in what way – was it indeed in conflict? Third, why did these contradictions resolve themselves in the way in which they have?[7] These issues will be the main concern of later chapters.

Contradictions: the influence of the mass base

A further dilemma arose out of the first: while the ANC saw a need to placate capital to some degree, the mass base of the Congress Alliance had developed certain expectations of economic policy. The contradictions already mentioned were also expressed in developing differences between organisations in the Congress Alliance. Such differences (which will be discussed further in this chapter and elaborated in chapter four) relate at least partly to the relative direct influence of the mass base on the leadership in various organisations. The tendency was most pronounced with regard to COSATU, and further complicated by differences emerging amongst COSATU itself and its various affiliates.

The effects of the contradictions

These contradictions had a two-fold effect: on one hand, the first (between desired objectives and perceived reality) resulted in vacillations in public statements made by leadership figures over time: while they continued to assert the objectives of redistribution, restructuring and regulation, they were increasingly concerned to also develop and present a pragmatic approach to the economic problems of the country. And the latter seemed to imply a more conciliatory attitude to capital.

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7 As we shall see later in this chapter, these contradictions were not completely resolved; contradictory pressures still operated, particularly on the level of an ANC government's ability to direct the economy towards economic growth, vs. accommodating capital in the interests of economic growth.

potentially contradictory to the imperatives of redistribution, restructuring and regulation on the other, *in the prevailing context*[6] .

Elements in the ANC quickly began to question the ability of South Africa to attract investment and recover from economic crisis if proposed nationalisation was embarked on. This factor - undoubtedly influenced by repeated warnings from big capital - is perhaps the most central in explaining the shifts.

In short, proposed policy and perceived reality - a reality where it appeared that the free market had won hegemony, ideologically and practically - began to conflict. This was manifest in increasingly frequent statements that a more pragmatic approach to the economy was required: indeed, the most common reason cited for the shifts (both in interviews and in press reports) was precisely that the shifts were pragmatic.

Paul Mashitele, for example, stated that *"The Freedom Charter spoke of nationalisation in broad terms, rather than giving content. The ANC now has to be more pragmatic"* (interview, 1993). One unionist echoed this notion with a somewhat cynical flavour, saying that the idea of *"commercial viability"* had become *"impregnated in the heads of the ANC"* (interview, 1993). Hanekom asserted that *"The policies of the ANC are based on realities - it is realities that are dictating the shifts in the ANC's policy"*. Paul Jourdan characterised policy reformulation:

> *There are two trends with regard to nationalisation: one is the socialist/communist trend, which sees nationalisation as policy. The other is the ANC's - nationalisation is a form of redistribution...so the first is ideological, the second is concerned with how we redistribute...therefore the nationalist trend would look to other means since nationalisation is merely a means to an end (interview, 1993).*

The "new pragmatism" arising from this perceived contradiction often expressed itself in an increasingly conciliatory attitude to capital. For example, although Mashitele placed the emphasis on redistribution, he added that *"at some point we will need business input...even a future government can't ignore big business...of necessity, because*

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6 A context of severe economic crisis, poor international competitiveness, and changing requirements on the part of capital. In the chapters following the importance of taking this context into account will be demonstrated.

These contradictions operated on two important levels. It is useful to outline them before discussing actual policy changes.

Contradictions: Economic growth vs. desired aims

The search for a viable economic programme for South Africa was at the centre of developing contradictions which, ultimately, led to reformulation of economic policy.

At the beginning of the period in question, economic programme formulation centred around three key concerns:

- developing economic policy which promotes economic growth;
- redressing the economic and social imbalances created by apartheid (redistribution and economic restructuring);
- gaining control of the economy in order to:
  - break the stranglehold of existing (white) capital on the economy
  - direct it according to the needs of a post-apartheid government

  (i.e. redistribution and regulation of the economy).

These concerns remained constant throughout policy documents and press statements.

State intervention of one sort or another - particularly in the form of nationalisation - was initially seen as central to this threefold project. So, for example, in February 1990 Mandela argued that "Nationalisation is perfectly logical", given the context of apartheid, as a means of redressing inequalities (Star, 27/02/1990). In March, Pillay argued for a mixed economy, defined as "any possible combination of direct and indirect interventions by the state *in the management of the national economy* to achieve preferred outcomes in the social and economic order" (Interface, March 1990; emphasis mine).

Over time, however, it became increasingly apparent that these objectives posed certain dilemmas, particularly if nationalisation was to be the mechanism for achieving them. Most importantly, the imperative of economic growth on one hand was to prove

It allows us to establish more about the *contexts* in which policy was reformulated; which, I will later argue, is essential to understanding reformulation.

Overview: state intervention and the search for economic growth - a contradictory process

Before analysing policy reformulation, it is important to stress two related points. First, the changes in ANC policy were not linear and uni-directional. Although there was a clear *trend* in the direction of policy changes (which this chapter attempts to expose), it did not develop in a simple, unproblematic manner. Precisely because the main concern of this chapter is to establish the general trend, it cannot provide a complete picture of this complexity; but it was not uncommon, especially in the press, for individuals in the ANC to adopt significantly different positions on the question of nationalisation; or, for that matter, for a single individual to adopt different positions over time - sometimes softening their position, but at other times backtracking to a "har ' position.

The obvious point is that shifts in policy did not happen overnight - their development was a complex and often contradictory *process,* impacted on by a variety of factors. It is essential to recognise, throughout this chapter and those following, the contradictory nature of the changes in the Congress Alliance's[5] positions (and indeed of the Alliance itself, as I shall shortly elaborate).

Although this element of contradiction complicates matters, it adds much to an understanding of what happened and *why* it happened. Such contradictions point to and help to isolate broad factors which impacted on the ANC's economic policy, as will be seen in the following chapters. In particular, they reflected contradictory relations between the ANC and, on one hand, its supporters; on the other, capital.

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5 The main focus of this thesis is, of course, the ANC itself. However, a discussion of changes in ANC policy cannot limit itself only to the ANC: first, because it is in a close alliance (usually referred to as the Congress alliance in this thesis) with the SACP and COSATU: although clear differences do exist (and are becoming more apparent over time) the boundaries between the three organisations often become blurred; second, because the policy of the two organisations obviously impacted on ANC policy.

CHAPTER ONE:
FROM COMMANDING HEIGHTS TO CONSIDERING OPTIONS

On his release in 1991, Nelson Mandela caused an outcry when he advocated nationalisation of banks, mines and monopolies. At the time, he said that modification of this policy was "inconceivable". By February 1993, however, the inconceivable had occurred: in a television interview[3], Mandela stated that, although *"the ANC used to advocate nationalisation, it has shifted"*; it would take an approach of "sensible government" and *"do what is best for the economy"*.

Mandela was not exaggerating. There was indeed a significant shift in the ANC's policy on nationalisation. The aim of this chapter is to trace these changes, as a basis for explaining them.

Of course, this is not simply a matter of reporting: that is, it is not enough to merely point out shifts. It is necessary also to analyze the changes in ANC policy, to establish their substantive content. Instead of presenting a simple chronological exposition[4], therefore, changes in ANC nationalisation policy will be considered according to three broad areas, namely:

1. The *extent* and *type* of nationalisation being proposed;
2. The *alternatives* to nationalisation being considered;
3. The *purpose* of proposed nationalisation.

The intention of such analysis is not simply to demonstrate the extent and nature of policy reformulation; analysing the nature of the changes also establishes specific questions regarding the shifts (more specific, that is, than "Why has there been a shift?").

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3 Interview with Frost, on *Newsline* (CCV); 12 February 1993

4 The period examined extends from 1989 to 1994.

SECTION ONE:

TRACING THE SHIFTS IN ANC NATIONALISATION POLICY

how the re-evaluation of socialism influenced perceptions of nationalisation; it also briefly evaluates the substantive nature of the historical events (the failure of command economies) which precipitated the re-evaluation. Their failure expresses the dynamic of global capitalism - its ever-shifting political and economic geography. South Africa's economic crisis similarly expresses this dynamic. But the particular interpretation attached to objective conditions and events was moulded by the ideological discourse surrounding the collapse of commandist regimes. Both objective trends in capitalism and the ideological interpretation of them imposed further limitations on the ANC's economic programme.

Finally, the conclusion concretises the notion of nationalisation as social relation, developing general points for a theory of nationalisation. It also examines what light is thrown on broader social relations by its conclusions. The latter will draw out some aspects which remain largely implicit in the body. The transfer of power to the ANC marks its potential to implement economic policy. But it is also the result of decades of mass struggle against apartheid, including centrally the struggles of the black working class. Its victory in elections was an expression of the aspirations of the majority of the population for an end to racism, improved material conditions, and an alleviation of exploitation. Many expected the ANC to use nationalisation to meet their aspirations; they still expect the ANC to use its power to implement economic policy favourable to the majority.

The analysis presented in this thesis tells us something about the likelihood of these aspirations being met. And it implicitly evaluates methods of struggle adopted to achieve those aspirations. Ultimately, these are central questions. Historically, nationalisation has been presented as a means to redress social injustice. The ANC's own initial commitment to it claimed the same aim. The polemic against socialism, central planning and nationalisation has been launched on precisely the basis that these only worsen social injustice. No study of nationalisation, whatever its focus, can ignore these issues.

reorganisation of capital on the nation state necessarily impacts on nationalist movements.

However, the way these movements express and interpret the essential features of their ideology is strongly influenced by other classes; this can also obscure their essential features. The objective situation of revolutionary nationalism's social base, the middle class, forces it to rely on other classes to achieve its aims. But these classes seek to imprint their interests and aspirations on nationalist movements. Thus the impact of capital's global reorganisation on nationalist movements like the ANC has been complex and contradictory. Their relation to other classes is critical to understanding the precise contours of economic policy reformulation. This relation also creates contradictions for nationalism with regard to achieving its aims, which are important for understanding its behaviour in a period of transition.

The third section of the thesis moves from the general to the specific. It examines the interaction of the changing state-capital relation and the ANC's class character in *concrete, historical* circumstances. An aspect of these circumstances is, of course, other social agents, as well as more specific structural conditions. The section seeks to understand the interaction of all of these factors to produce a particular outcome in ANC economic policy.

Chapter four looks at the transition process, particularly at the influence of other main actors on the ANC's position – the existing ruling class (embodied primarily in the National Party and big business) and "the masses", particularly the working class. As the prospects of a transfer of power consolidated, so the ANC found itself in an increasingly difficult balancing act between ensuring future political stability and hammering through its own programme. Mass action was its main weapon. But "the masses" also had the potential to threaten the ANC's programme. Its vacillation over using this weapon weakened it in relation to the existing ruling class. Its position as a "state-in-waiting" contributed to limiting its own options.

Chapter five seeks to understand more precisely how objective trends in global capitalism were assimilated into the ANC's subjective understanding of economic policy. It discusses

The introduction to the second section, then, elaborates what kind of social relation nationalisation is: a relation between state and capital. This gives a clue to the nature of major changes in the global system which led to changes in the "efficiency"[2] of this particular social relation: chapter two explores the globalisation of capital, its effects on the state, and the implications of this for nationalisation. The economic reorganisation of capital is a profoundly political process, generating political reorganisation alongside economic reorganisation. The deepening of globalisation has imposed new imperatives on the complex of nation states which make up the political globe.

From this general background, I could begin to interrogate the rationale behind the ANC's "rational reassessment" of nationalisation in terms of the reorganisation of capital.

Conceptualising nationalisation as a social relation exposed an additional area of concern: that of "agency" and "structure". It is an issue which was always necessarily implicit in the research, given its concern to trace a particular agent's changing perceptions of particular conditions (loosely, structure). The understanding of nationalisation as a social relation made it explicit. Social relations are, of course, relations between human actors (agents) although they may appear as things or as mediated by things. Thus I returned to analysis of the social actor at the centre of this thesis – the ANC – to understand its response to prevailing conditions. Analysis of other agents it was relating to, and the nature of the relation, was also important.

Chapter three seeks to analyze the character of nationalism in general – particularly its class character – and of the ANC as a national liberation movement through historical investigation. It also seeks to analyze the relation of nationalism to other major social actors, particularly the ruling class and the working class. A historical overview o nationalism as a political ideology reveals that it was rooted in the earliest attempts · capitalism to establish a state to serve its needs. Nationalism reflected the partic political organisation it generated, the nation state. Modern revolutionary national liberation movements maintain this political form at the heart of their politics: their aim is to seize control of just such a state. Therefore the profound impact of the global

2 That is, efficiency from the perspective that it is a relation between state and capital

So had some significant change in social and economic relations occurred to make nationalisation suddenly unworkable when before it had been feasible? As it turned out, yes – but it was to take another set of questions before the nature of this change could be apprehended.

By this time the research, and my thoughts on it, seemed to be generating confusion instead of clarity. A return to theoretical reading on the subject gave me no rest – more questions! These, however, proved to be of a clarifying nature. It occurred to me that many writers, and myself, had generated a whole set of problematics *around* nationalisation – but few dealt thoroughly with the question: what is nationalisation? This was probably because the answer seemed so glaringly obvious; but in fact it is mere assumption to conclude that this is so. Nationalisation is a problematic in itself – it needs explaining.

While this revelation did not magically answer the questions at hand, it certainly began to consolidate ways to answer them. In attempting to answer this central question – what is nationalisation – it was possible to develop an understanding that nationalisation is a set of social relations itself. The introduction to section two elaborates this idea.

From this perspective, it became clear that nationalisation could only be understood through specific, concrete analysis of the historical conjuncture in which it occurs. The totality of social, economic and political relations in which it is situated must be taken into account; and in addition to this, it is itself one of those relations. Broad social relations interact and shape each other. It is not, therefore, possible to understand any one of those relations – nationalisation included – without understanding its interaction with other relations. The complexity of these relations requires that they be analyzed in the specific. The correlation of this idea is that understanding nationalisation in a particular conjuncture likewise sheds light on the relations it is embedded in. Thus the study at hand serves not only to clarify why the ANC's nationalisation policy has changed, but also develop understanding of nationalisation generally, and of the social relations prevailing at present.

was previously blocked by existing capital). They further used nationalisation to attempt to direct the economy according to their own, rather than foreign capital's, needs. The ANC's initial formulations regarding nationalisation were compatible with such an analysis, as manifest particularly in the notions of redistribution and use of nationalised industry to direct the national economy.

In the following months, however, both the regulatory and restructuring aspects of proposed nationalisation began to weaken, with nationalisation increasingly proposed solely as a means to provide welfare services and infrastructure. For example, whereas Mandela proposed nationalisation as a means to redress inequalities in February 1990, by April he mentioned nationalisation as a means to provide education, housing and health services. A similar shift was evidenced in most of the public statements by Congress alliance leadership; often, even the aspect of social services was ignored, and nationalisation was reduced to a means of providing basic infrastructure like water, sewerage and electricity.

This shift manifested itself clearly in later policy documents. The DEP, as previously mentioned, specifies only welfare and basic infrastructure industries as definite targets for nationalisation.

The draft discussion paper (February 1991) put forward a similar position, but added that nationalisation would allow the state greater control over the investment of profits. It raised concerns, however, regarding capital flight if nationalisation were implemented.

The DEM specifies only basic infrastructure industries and housing as targets for nationalisation; welfare services (education, health and so on) are mentioned later in the document, and although the document states that the state should take responsibility for the provision of these services, the mechanism by which it will do so remains vague.

Further, the shift in emphasis from proposed nationalisation of particular, specified industries to nationalisation of "strategic" industries in the DEM is significant. It is never made clear what a strategic industry is, but one assumes that it is an industry which is in some way central to the economy.

Having established that the overall trend in ANC policy is definitely away from nationalisation, it is useful to turn to a discussion of the purpose of proposed nationalisation. Along with changes in the type and extent of nationalisation proposed comes a distinct reformulation of its purpose. Analysis of this aspect will cast more light on reasons for the shifts.

As already mentioned, nationalisation was initially proposed as a means to restructure and direct (regulate) the economy, and "redistribute wealth" (in the sense of breaking the hold of white monopoly capital on the economy, as well as in the sense of providing social services). These were intended to enable a post-apartheid state to better direct the national economy in order to redress the social and economic imbalances created by apartheid, as well as to facilitate the recovery of the national economy.

Thus, for example, the commitment to nationalising mines, banks and financial institutions was initially placed firmly in the context of redistribution and redressing past imbalances: witness Mandela's statement in February 1990 that nationalisation of these industries would be *"perfectly logical given the history of apartheid"*.

The Harare document also accorded the state a central role in providing welfare services and basic infrastructure, again in order to redress past imbalances and to ensure economic growth.

The document states: *"The transformation of the economy will require a viable state sector"*. It also states that *"the state and the trade union movement should be empowered to ensure that foreign investors re-invest productively to promote continued growth"*. Clearly, it intended nationalisation and state intervention to be used both to initially restructure the economy, and to continue to regulate it after that.

In chapter three I shall argue that wide-scale nationalisation following a struggle for national liberation was historically used by nascent local bourgeoisies to consolidate control of the economy. Through nationalisation, they sought to seize economic control from the hands of (usually foreign) capital, and gain control of resources with which to facilitate their own development as a bourgeoisie (in a context where such development

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...people are very, very interested [in economic questions] and I don't think the leadership can ignore it, and all one can say is there's tension, there's struggle...The important thing is that the test will come with the implementation...you will see that the economic issues will come up...[people will ask] you sitting with De Klerk there, what are you delivering?

The commitment to nationalisation amongst the ANC's supporters was, of course, closely tied to expectations for fulfilment of their aspirations. It is to be expected that the RDP, therefore, would serve to dampen tensions over nationalisation. ANC branch members, interviewed after the elections, repeated the argument that nationalisation should be seen as a strategy rather than a policy, and that the RDP could replace it. But at least one participant felt that *"nationalisation should not be thrown out of the window altogether"*; it should be used against companies seeking to block the RDP.

It is, as mentioned, extremely difficult to judge the *extent* of such sentiments, whether the former (supporting nationalisation) or the latter (accepting the RDP as an alternative). Nevertheless, it is definite that a certain tension did exist. This tension – which will be discussed further in chapter four – is likely to emerge most strongly following a transfer of power, as Turok implies, although it need not focus on nationalisation in particular[13]. But during the transition, it remained merely an undercurrent which was unable to reverse the dominant trend summarised above. Nevertheless, these tensions help to explain the <u>form</u> which the shifts have taken: for example, the continued stress on some form of redistribution was undoubtedly linked to this tension.

As importantly, however, these points raise a more general issue of concern to us, which will be part of the focus of chapter four: that an understanding of ANC policy cannot be developed without some understanding of the role of the mass base of the Congress Alliance.

<u>Purpose of proposed nationalisation</u>

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13 The tension is likely to resurface around issues of wage demands, strike action and the RDP, as the wave of strikes in the months after elections indicate: ANC leaders have responded ambiguously to wage strikes, warning that they will hurt investor confidence and hence the RDP. It remains to be seen how this will pan out.

It is significant, however, that the documents on which COSATU had greater influence placed the greatest emphasis on issues such as redistribution, redressing inequality and social welfare, although they did not diverge from general trends in economic policy. This should not be ignored. The main reason for this appears to be because COSATU's nature as a trade union tied the leadership more closely to its rank-and-file than was the case in the ANC or SACP.

The mass base of the ANC and COSATU

Amongst the mass base, there seemed to be a stronger support for nationalisation, although it is difficult to judge the full extent of this. For example, the CASE survey of 1992 found that 67% of shopstewards supported nationalisation. The NUMSA resolution mentioned above was, significantly, adopted at its congress. One of the unionists interviewed in 1993, said:

> *...railway workers still want nationalisation of their company. Recently there was a clash with the ANC over restructuring of the company - no-one can convince them that privatisation is good...Nationalisation will be needed. There is no way out* (Interview, 1993).

At COSATU's 1993 congress, delegates "from virtually all affiliates" expressed reservations about the draft RDP, including that it did not mention nationalisation of "strategic industries" (See SALB, September/October 1993; 23). Another unionist argued that the congress evidenced significant opposition to economic policies forwarded in the RDP: *"There was an unanticipated surge - or really, a tidal wave - of radical thought from the shop floor"* (Interview; 1993).

The extent to which similar sentiments were present in the mass base of the ANC is unclear and difficult to measure. A large degree of overlap of membership between COSATU and the ANC implies that such sentiments were probably present; further, in an interview, Turok spoke of tensions at the ANC's consultative conference in May 1992:

> *There was a lot of struggle around the word nationalisation...delegates voted overwhelmingly for the retention of nationalisation, but it has become one of several options* (Interview, 1993).

Later in the interview, he said:

With regard to the SACP, this should not be surprising: its "two-stage" theory, and attendant close alliance with the ANC, logically commits it to follow the ANC's economic programme. The SACP's draft manifesto, for example, accepts that the post-apartheid state will rule over a mixed economy: "democratic socialism", defined by "public ownership and control of the economy" is only to be expected at a later stage. An early 1994 article in *African Communist* states that

> *the RDP is based neither on discredited commandist models, nor De Klerk's naive neo-liberalism...as far as the international context in which we are operating, the RDP accepts the need to interact with international markets, but it sets out a strategy to do so on terms that will ensure national sovereignty and real development* (1994; 5).

This demonstrates a significant concurrence with the ANC's own policy, especially as evidenced in discussion to follow.

COSATU's policy was a somewhat more complex matter, especially given its nature as a federation of unions. We have already seen that the most sustained adherence to nationalisation came from certain COSATU affiliates, notably NUMSA. Nevertheless, an equally strong trend against nationalisation emerged. It is significant that some of the earliest statements regarding the necessity of a mixed economy came from COSATU. Certain affiliates, like SACTWU (quoted above), came out clearly against nationalisation. The policy documents upon which COSATU was particularly influential, namely the Harare Document and the RDP, reflect the same broad economic trends as those present in other ANC documents. More importantly, moves within COSATU to a social contract or corporatist approach to business mirrored and re-enforced the underlying theme of co-operation with business, which is itself important in explaining the shifts, as I discuss later. This was explicitly posed as an alternative to nationalisation, as the SACTWU document indicates:

> *The third choice is between nationalisation and co-determination...an alternative to large scale nationalisation of banks, industry, farms and mines is possible. Through our struggles we can create a system of co-determination, where capital or government is unable to act in a unilateral manner* (from SALB, July/August 1993; 27).

achieve certain policy objectives, but that *"the ANC has no policy to nationalise any bank, industry or mine. What we are saying is that these are instruments of policy"*.

In the post-election period, talk has shifted firmly away from nationalisation. State industry has been mentioned mainly with regard to considering the speed and form of privatisation of parastatals. Privatisation was not to be rushed into, but was accepted in principle. ANC minister Stella Sigcau said in July 1994 that her ministry was not opposed to privatisation, although *"...we are studying ways in which privatisation can empower those who in the past were excluded from full participation in the economic wealth of our country"* (Weekly Mail, 29/07/1994).

The overall trend in ANC policy, then, was quite clearly away from wide-scale nationalisation of the commanding heights of the economy. Although nationalisation did not disappear completely from the ANC's policy vocabulary until late in the day, the trend in policy was clearly towards a far more cautious and limited approach to nationalisation, concentrating at best on welfare and service industries, and on renationalising recently privatised industries; moreover, policy documents and press statements became increasingly vague about the specifics of nationalisation, moving from targeting certain industries to stating that what and how to nationalise would be decided "on the balance of evidence". With the ANC in power, even these limited forms of nationalisation seem off the agenda. Concurrent with these changes went a shift to exploring alternatives to nationalisation, in particular anti-trust and anti-monopoly legislation.

The ANC's Alliance partners

Although this discussion focused on ANC's policy documents, the same trends applied broadly to its alliance partners, the SACP and COSATU. The preceding discussion has already demonstrated a generalised convergence of outlook with ANC outlook amongst leadership figures.

intervention to reform the financial sector, imposition of reconstruction levies, and state control of mineral rights (this last having sparked the furore over the sixth draft). In spite of its emphasis on redistribution and restructuring, however, the document does not perceive nationalisation as the primary means to achieve such redistribution.

Days after the ruckus over the sixth draft, key aspects of the mineral rights proposals were revised following a threatened drop in investor confidence: although the ANC maintained that mineral rights would eventually fall under state control, it reassured business that they had no intention of "expropriating or nationalising" mineral rights, and committed itself to "extensive consultation" with mining houses, trade unions and foreign mining investors before changes to industry were made. (Star, 02/02/1994)

Although late 1993 and early 1994 saw something of a resurgence of confidence from the ANC regarding its economic programme, nationalisation enjoyed only a minimal, and heavily qualified, concurrent resurgence in that programme. In November 1993, Mandela's address to a "people's forum" pointed out that even European countries had used state intervention - even nationalisation - in the post-war period to rebuild their economies; government intervention in the economy would be necessary to *"repair the ravages of apartheid"*. However, this would be *"a short term measure"*. Once the economy had stabilised, the ANC envisaged *"leaving regulation to market forces"*. Significantly, the same address made an appeal to capital to inject capital into black ventures *"so that they could compete on the same terms"* (Business Day, 26/11/1993).

Mandela re-asserted a role for state intervention in February 1994, on the basis that *"if business can't do it [create jobs] then the state will"*. But no mention of nationalisation was made: he continued:

> *While the democratic state will maintain and develop the market, we envisage occasions when it will be necessary for it to intervene where growth and development require such intervention"* (Star, 15/02/1994).

In January, he told the Youth League that: *"We have guaranteed investors against confiscation of their property and have guaranteed their right to repatriate their profits and dividends"* (Star, 19/01/1994). A few days later, Mbeki, responding to a question on ANC nationalisation policy, restated that the ANC would consider "state control" if it would

- *increasing the public sector in strategic areas through, for example, nationalisation, purchasing a shareholding in companies, establishing new public corporations, or joint ventures with the private sector...*

On the other hand, however, this was heavily qualified by a long list of alternatives to nationalisation. Even in the above-quoted statement, it is clear that nationalisation itself was only one of several possible measures perceived as useful for achieving desired ends; indeed, the next clause states that reducing the public sector in certain areas would be necessary for achieving the same ends. Alongside this went an entire section devoted to anti-trust and anti-monopoly policies, as well as fiscal and monetary policy, in which each of these was presented as additional or alternative means.

The cautious approach to nationalisation displayed in the document is summed up in the following paragraphs:

> ***...the role of the state should be adjusted to the needs of the national economy in a flexible way.*** *The primary question in this regard is not the legal form that state involvement in economic activity might take at any point,* ***but whether such actions will strengthen the ability of the economy*** *to respond to the massive inequalities in the country, relieve the material hardships of the majority, and* ***stimulate economic growth and competitiveness.***
>
> *In this context, the balance of evidence will guide the decision for or against various economic policy measures...* (1992, 20; My emphasis).

In July 1993 the issue of nationalisation made a short-lived reappearance with a National Union of Metalworkers of South Africa (NUMSA) congress resolution calling for nationalisation without compensation, but the resolution had little effect on actual policy. The same month saw South African Clothing and Textile Workers' Union (SACTWU) arguing against nationalisation, on the basis that *"Compensation would be beyond the resources of the democratic state...The inefficiencies associated with state-owned enterprises elsewhere in the world would be difficult to avoid..."* (in SALB, July/August 1993; 27).

The Reconstruction and Development Programme (RDP) provoked a new spate of nationalisation-phobia in the press when its sixth draft was published: but the outcry amounted to exactly that - phobia. In reality, this draft, and the final draft, firmly consolidated the trend away from wide-scale nationalisation. It alludes to state

mentioned the mines, financial sector, existing state corporations and recently privatised ones as industries which would be "considered" for nationalisation.

By the time of the draft economic policy (DEP), towards the end of 1990, the first changes in nationalisation policy were being consolidated: the DEP said that the ANC would only nationalise "whatever is strategic", suggesting welfare services, housing and health as likely candidates. No specific mention was made of banks, mines or monopolies.

The draft economic manifesto (DEM; published as the Draft Resolution on ANC Economic Policy, May 1991) continued to argue for "an efficient public sector," specifying that such a public sector was necessary to "orientate production to meet basic needs". Interestingly, however, it specified only transport, telecommunications, water, electricity and housing amongst these basic needs industries. As regards other sectors, the document argued for incorporating *"strategic enterprises on a case by case basis"*, although it never specified what might be considered a strategic enterprise. Significantly, the DEM was the first policy document to discuss alternative forms of state intervention to nationalisation (in particular anti-trust legislation).

Following this, public mention of nationalisation became infrequent. In September and October of 1991, there was a brief rallying of calls for nationalisation, with Mandela saying that the ANC still planned to nationalise the mines and some financial institutions, and Mbeki arguing that nationalisation "fits ANC thinking". But these assertions were heavily qualified by Mandela's statement that the ANC "has no ideological attachment to nationalisation", accompanied by a plea to capital to come up with alternatives; while Mbeki specified that the issue was *what* to nationalise, and Pallo Jordan argued against nationalising the mines since they were a wasting asset.

The Policy Guidelines ("Ready to Govern"; May, 1992) - which was adopted at the ANC's national conference - manifested similar tensions. On one hand, there was an apparent re-commitment to (limited) nationalisation: the document stated that the democratic state would have "primary responsibility" for the provision of welfare and infrastructure, and went on to say that this state:

> *will therefore consider:*

Before long, however, this uncompromising stance had acquired a more conciliatory tone: in March of the same year, Slovo, Sisulu and Mbeki all said in the press that nationalisation was not necessarily fundamental to ANC policy; in April, Mandela stated in the press that *"only the banks, mines and monopolies would be nationalised"* (my emphasis); and in the same month, that the ANC would "only nationalise if it boosts the economy" (April 1990). In the following months, the formulation shifted from a clear intention to nationalise certain sectors and industries, to one where an intention to nationalise was stated, but the industries targeted for nationalisation were left unspecified. Beyond service and welfare industries, the question of what (if anything) else to nationalise became increasingly vague.

It is around this time that alternatives to nationalisation were first proposed[12]. In March, Sisulu proposed dismemberment of key corporations and the diffusion of power in industries; by May, the ANC considered anti-trust legislation and government directors on the boards of major companies as possible alternatives to nationalisation.

Over the following months, this notion - that the ANC would only nationalise if it had to, and that it was searching for alternatives - appeared repeatedly in press statements. For example, in June Slovo argued that it was *"time to abandon the old cliche of nationalisation"* (although in August of the same year, he said that nationalisation of some industry and financial concerns was certain); in October, Mbeki said: *"nationalisation is not essential; it was never part of ANC policy"*, adding that the ANC had "dumped" nationalisation as an essential part of economic restructuring.

The Harare document, which appeared at the end of May 1990, did not reflect these trends very strongly, implying that, at this stage, the shifts were not firmly consolidated. It does, however, [illegible] a definite change from a confident and aggressive posture regarding nationalisation towards a rather more cautious approach.

The Harare document committed the ANC to nationalisation *"through due legal and constitutional procedures"*. It did not specify what would be nationalised, although it

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12 The idea of alternatives to nationalisation first appeared as a rhetorical device in response to attacks by big capital and the press on proposed nationalisation. Within months, however, the notion was being taken seriously.

interpretation: the mechanisms by which such a transfer was to be achieved, by whom or to whose benefit remained unspecified. As a bench-mark for tracing shifts, then, it must be treated with caution.

Nevertheless, for my purposes, what is significant about the clause is that it *is* certainly a call for nationalising central industries in the South African economy – the "commanding heights" of the economy. Certainly, it was repeatedly interpreted as such: for example, *"The ANC view, in the days of the Freedom Charter, was the commanding heights...and we believed that the state would have to be dominant"* (Turok, interview, 1993). A 1985 interview with Oliver Tambo presented a similar view:

> *...broadly the interpretation is that the state would control some of the industries, solely with a view to ensuring an equitable distribution of the wealth that we have...*
>
> *It would be a mixed economy. And certainly nationalisation would take into account the situation as we find it at the time. There can be little doubt that the clause represented a commitment to significant nationalisation aimed at transferring control of industry to a future democratic government.* (From Johns and Davis, 1991; 256-7)

Post-1990: state intervention and the search for economic growth

Type and extent of nationalisation

From the outset of negotiations there were hints that policy shifts were to occur: according to Lodge, an NEC spokesperson told journalists in February 1990 that *"nothing in our constitutional guidelines makes nationalisation mandatory"* (See Lodge, 1992; 71). But that it was not mandatory did not stop the ANC from choosing it: initially, the dominant position in the ANC and the Congress alliance proposed relatively far-reaching nationalisation – essentially that implied by the commonly accepted interpretation of the Freedom Charter, discussed above. So, for example, both prior to and shortly after his release, Mandela stated that *"the ANC is committed to nationalising the banks, mines and monopolies"* (January 1990).

The collapse of the command economies is undoubtedly a factor in explaining reformulation of nationalisation policy – not only in terms of bringing nationalisation directly into question via its connection with commandism in crisis, but also in its impact on broader economic and political outlook.

Why the shifts? – a basis for further discussion

In conclusion, then, the foregoing discussion has demonstrated in some detail that significant reformulation of ANC nationalisation policy occurred. These changes were substantive, not merely quantitative: in other words, not only the extent of nationalisation but also its aim and purpose changed significantly.
The discussion has suggested several reasons for the shifts. On a superficial level, by virtue of co-incident occurrence or explicit explanation from the actors, it is possible to isolate the following:

1. A change in the perceived role of the state;
2. A perceived need to placate business, linked to the notion that it is not presently possible to move beyond the current framework;
3. An increasing slant towards the market side of the mixed economy equation
4. The nature of the transition process and the balance of forces;
5. Shifts towards a social democratic approach and towards social contracts, linked to the events in Eastern Europe and the USSR.

Alone these provide only the most superficial explanation. What underlies these factors? Why have they impacted on the ANC's economic policy in one manner rather than another? There are three areas which are not immediately explicit in the preceding discussion, but which are of great importance if we are to understand the shifts.

First, much of this chapter was concerned with the aim of proposed nationalisation. The (sometimes hidden) context is that the nationalisation policy in question was developed by a particular kind of organisation, with the intention of fulfilling particular aims and objectives through that policy. Behind the documents lies an organisation with a particular political programme and outlook. To understand the shifts in nationalisation policy it is vital to understand the character of the ANC. It is necessary to comprehend how this

economy towards a social democratic approach; moves away from nationalisation, similarly, link to this shift, as we shall see shortly.

Ideological factors: the fall of Eastern Europe and commandist economies

Not surprisingly, the shift to a social democratic approach and attendant moves away from nationalisation were often explained in terms of the collapse of Eastern Europe. Erwin's 1989 paper (headlined in the press as "Neither capitalism nor socialism is the answer") introduced the notion of a mixed economy as central to both economic and political health. Slovo's 1990 paper "Has Socialism Failed?" continued the trend. From June of 1990, this issue was mentioned in the press in relation to nationalisation on a few occasions, particularly in relation to the importance of the private sector.

In several of the interviews, the impact of the Eastern European events – and notably, also the experience of African and Latin-American post-liberation regimes – was said to have had a significant effect both on nationalisation policy and general economic strategy. Sexwale, for example, said:

> *We have had time to study nationalisation measures. We saw the effects – the pros and cons of nationalisation in other countries...we are opportuned to be the last* (Interview, 1993)

Turok pointed to a

> *loss of confidence largely because of the fall of Eastern Europe, people are dismayed by all that, you see...so its very hard to argue the case for nationalisation, state intervention, except on very rational economic grounds; the ideological basis is gone...* (Interview, 1993)

A union organiser said:

> *The ANC shift was because people were trying to question nationalisation; people were influenced by the developments in the Soviet Union* (Interview, 1993)

while Cronin argued:

> *...there's been the experience of Africa, there's been the experience of the collapse in Eastern Europe and the Soviet Union...and all that has lent a particular perspective, but not yet a general plan, to the question of, amongst other things, nationalisation* (Interview, 1993).

concept of a social accord emerged solely, or even largely, as an alternative to nationalisation. Far broader factors led to the concept's emergence.

Nevertheless, it is vital to consider this trend for four reasons: first, the fact that both emerge at approximately the same time is indicative. It is probably accurate to say that both trends have, at least, some common root.

Indeed, a closer look at the development of the latter trend corroborates this: it was common for statements concerning the need for an accord between the state, capital and the unions to be made in the context of statements about the need for greater productivity, building business confidence, and protecting the "national interest". In the same way that the position on nationalisation weakened on the grounds that it might harm the economy, so the notion of a social accord was posited on the grounds that it would strengthen the economy: the economic crisis affected everyone, and therefore there existed grounds for co-operation to overcome the crisis and boost the economy. The perceived need to placate capital to some degree was also evidently a factor in the trend towards a social contract.

Second, (and more importantly for our purposes) even if it did not originate as such, the reconstruction pact certainly came to be perceived as an alternative means of achieving the goals of reconstruction and regulation of the economy. Certainly it was seen as a means of exerting some control over capital. Cronin, for example, argued in favour of a reconstruction pact on the basis that it is not presently possible to expropriate capital, and therefore other means had to be found to regulate capital's activities. SACTWU adopted a similar position, mentioned already.

Third, at the root of the shift towards a "corporatist" approach to labour relations lay an acceptance that capital is here to stay for the moment -- a perception which, as we have already seen, underlies the ANC's new pragmatism. Examination of the former will cast light on the latter.

Finally, and linked to the third point, the trend towards a social contract points to a generalised shift in Congress thinking away from the notion of centralised command

These tensions point towards factors important to understanding policy reformulation. The fourth question that presents itself is why this tension co-existed alongside an increasingly conciliatory attitude to capital. In later chapters, I will argue that the persistence of such tensions alongside a general rejection of nationalisation[20] can only be understood in the context of:

- global shifts in the nature of capital and the impact on individual nation states (explained in the following chapter and elaborated in chapter five).
- the nature of the ANC as a nationalist movement, seeking to gain control over a national economy, while simultaneously seeking to maintain the support of its mass base (explained in chapter three and four).

Social contracts: common values and the national interest

Related to tendencies towards placating capital is the trend towards a social contract or accord. As already mentioned, this notion was (and still is) perceived as part of an alternative strategy for regulating and restructuring the economy.

Hints of the concept first appeared prior to 1990. Erwin, for example, argued in 1989 that the unions "shouldn't alienate progressive capital". It was not until April of 1990, however, that the concept appeared in a form which can properly be said to resemble a social contract, with COSATU arguing for joint national economic planning by the state, capital and the unions. In subsequent months, the concept gained ground, culminating in the present idea of the Reconstruction and Development Programme[21] (which also functioned as an economic policy document).

The link between shifts away from nationalisation and towards a social accord was not a direct or uni-directional one. It would be misleading and incorrect to imply that the

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20 At the same time, the persistence of these tensions casts light on the role which nationalisation would have fulfilled under different circumstances.

21 Many have argued that this did not constitute a social accord because capital was not included in the accord. Rather, it was both an election platform for the ANC and a programme of reconstruction.

However, it is misleading to conceive of a social accord as a document signed and sealed by the unions, the state, and business: for example, the Australian accord started precisely as the election platform through which the labour party sought to guarantee union votes.

In any case, the origin of the idea for RDP - whatever it now constitutes - was firmly rooted in the idea of a social accord.

approach[18]. The third question of concern to this research, then, is to establish the roots of such a perception. These issues will be discussed in greater detail in chapter five.

Regulating capital

Again, however, it is important to qualify this point. A tension existed between placating capital and aiming to control and direct capital's actions towards desired ends. The tension was manifest on two levels: first, on the level of social redistribution. This came across especially strongly in the interviews: *"The critical thing here is getting people to eat, ordinary people; how do we create jobs? We can't live with this rate of inflation either..."* (Sexwale, interview; 1993). It is also manifest in policy documents already discussed: all make some mention of the need to provide housing, health and basic services. But this concern to maintain the objective of redistribution must, of course, be taken in the already mentioned context of a tendency towards a "trickle-down" approach, rather than a direct approach, to redistribution. A hint of the reasons for continued stress on redistribution lies in Sexwale's 1994 statements: on two occasions in March 1994, Sexwale said that if business did not make some move to increase share-ownership then it would need "one articulate demagogue" to throw the country into renewed turmoil: *"If you give them politics, a flag...and you think that's change, you are merely preparing for a second, more deadly revolution"* (Star, 04/03/1994).

Increasingly, tensions between existing capital and the ANC existed primarily at the second level, regulating the economy. A persistent concern, particularly in later policy documents, was how to ensure that the new state maintained some ability to direct the actions of local and international capital "in the national economic interest" (in the absence of nationalisation to directly achieve such control). This was demonstrated, for example, in the RDP's stated intention to "nationalise" mineral rights[19]; and in the Policy Guidelines' perception of flexible state intervention to, "stimulate economic growth and competitiveness", and direct investment to this end.

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18 An approach which, on closer inspection, accords more closely with capital's idea of restructuring than the kind of restructuring initially presented in ANC policy.

19 As I shall argue in chapter five, this is related to a particular structural weakness of the South African economy – that it remains based on mineral exports – which has certain implications for any attempt to restructure such an economy.

question of concern to this thesis: why did the ANC increasingly perceive a need to placate capital?

Underlying the placatory attitude towards capital was an increasing tendency towards restructuring and redistribution *within* the present broad economic framework. It represented a growing perception (demonstrated most strongly in the RDP, as I have argued above and shall argue in a later chapter) that the health of the national economy depends on the health of private capital; the flip side of the coin is, by implication, a perception that the state is not able to achieve such economic health itself.

In most of the interviews, the tendency towards consultation with big business was strongly linked to an implicit perception that, for the moment, existing capital is here to stay, and that future economic growth depends on the co-operation of business. For example, the already quoted statement that *"business is key when it comes to the economy especially... even a future government can't ignore big business"* (Mashitele); Turok (on the May 1993 conference) commented: *"Certain leaders...were very anxious about the negative vibes that were coming from foreign capital over the question of nationalisation"*; while Cronin explicitly states:

> *I don't have problems with wiping out - expropriating - capital, but that's not on the immediate agenda - it's not presently possible; there is, however, a partial convergence on the political terrain between the liberation movement and more enlightened capital, which the ANC can use. The same applies to economic issues...* (Interview, 1993)

One factor impacting on the shifts, then, must be taken to be an increasingly common perception that it is not possible to do without capital (to move far beyond the existing framework). This expressed itself in perceptions of a need to placate capital to maintain business confidence, and thus attract foreign and local investment, avoid capital flight, and prevent future economic collapse. In terms of the aim of redistribution, the impact of this perception went as far as a tendency towards something of a trickle-down

kind of mixed economy envisaged by the ANC (as discussed above) was not ultimately far different from that proposed by capital – state provision of social welfare and basic infrastructure, leaving private capital for the most part intact. Similarly, the move towards anti-trust legislation is not entirely out of keeping with capital's view. For example, Godsell expressed support for the idea of competition policy – although he was at pains to stress that this should not mean anti-monopoly policy.

This is not to say, of course, that there was no difference at all between capital's and the Congress alliance's positions; significant and fundamental differences remained. For example, the ANC consistently emphasised "growth through redistribution" as opposed to "redistribution through growth" (even if this commitment was often largely rhetorical). Equally important is that, while capital accepted the inevitability of restructuring and some redistribution[17] (the latter preferably in the form of limited welfare and services) it would prefer not to have to pay for it; the ANC, on the other hand, is forced to seek at least some funding for reconstruction from capital (although it maintained caution about how to go about this necessary task). This, as I shall discuss shortly, warrants consideration in explaining the nature of the shifts.

In terms of the general trend, the important point is that the ANC's positions changed in a manner which brought them closer to capital's, rather than vice versa. This implies that the ANC's confidence on economic questions, relative to capital's, was low: the question is, of course, why this is the case.

In a later chapter, I shall argue that the nature of the transition process played a role. The objective balance of forces changed, but moreover, certain tendencies inherent in national liberation movements (outlined in chapter three) shaped the ANC's response to the transition in such a way as to shift the balance of forces against themselves.

But beyond this, a related, and perhaps obvious implication of the tendency towards placating capital is that the ANC and its allies had reached the conclusion that it *was* necessary to placate capital – in other words, that the future economic health of the country depended on a high level of business confidence. This presents the second

17 Indeed, capital is itself attempting to restructure to its own ends.

It is perhaps useful at this point to look briefly at capital's position on nationalisation. Obviously it is difficult to speak of a single position amongst capital, but it is possible to gain an impression of trends. Most statements in the press on nationalisation originated from Anglo American and JCI, and a few from the Chamber of Mines and SACOB.

Capital's position did not change significantly over the period under study: not surprisingly, throughout, there was a uniform opposition to nationalisation of private companies, although Anglo, for example, accepted the idea of a mixed economy to "redress apartheid imbalances": the kind of state intervention envisaged here was quite clearly of the social welfare/basic infrastructure type. Bobby Godsell of Anglo American, puts it: *"[government's] role is to use tax-payers' money to provide societal services, and also to make social investments. The job of a government is to create an enabling environment"* (Interview, 1993).

Although their position remained constant, their confidence did vary: between April and November 1990, capital demonstrated a less confident approach, with Reilly feeling the need to argue against nationalisation in May, "nationalisation hedges" emerging on the stock market in April, and Anglo, in August, arguing that strong state intervention would "jeopardise confidence". By October of that year, however, capital had regained confidence, proclaiming that "pragmatism will prevail in the nationalisation debate." By the time of the above-mentioned interview with Godsell (1993), he answered a question regarding Anglo's response to an attempt to nationalise with: *"It's so hypothetical, I don't really want to answer the question".*

What is more significant about capital's position is the extent to which, over the period under study, the ANC's positions on nationalisation began to accord with capital's. Given the repeated statements from both the ANC and capital that they did, in fact, have "areas of common ground", this may not seem surprising - but it would be misleading to accept these statements at face value.

On closer examination, it emerges that the areas of common ground were initially far fewer than the statements suggest; however, as the ANC's position shifted, it accorded more and more closely to that of capital. The most obvious example of this is that the

The first hints of this shift became evident in the ANC's approach to big business. Alongside the move away from nationalisation went an increasingly conciliatory attitude towards capital and the private sector, as mentioned. The first allusions to this began in March 1990, with Slovo saying that "other sectors of capital may be involved in nationalised industry". Over the following months, the trend gained steam, with various spokespersons from the alliance stating that business would have an important role, stressing that the alliance was committed to a mixed economy, and at certain points committing the alliance to consultation with business regarding its economic policy. To take some examples from the press clipping survey:
March 1990 – Sachs: "Big business has an important role"
June 1990 – Mandela: "We need the co-operation of the business community"
October 1990 – Mbeweni: "The ANC is committed to discussing on every level of business to obtain consensus"
October 1991 – Mandela suggests "a broad coalition of business people to study alternatives".
This is a significant shift compared to the initial statements which implied that nationalisation would occur whether business liked it or not.

The shift was reflected in policy documents as well: the Harare document, for example, stresses that foreign investment should be on terms "consistent" with "the democratic government's developmental goals" – the implication being that foreign investment will take place on the democratic government's terms or not at all. It makes no mention of the private sector.

The DEP, by contrast, specifically mentions the need to improve productivity and *"build the confidence of the business community"*, while the DEM states that *"the ANC's policies will support a more dynamic and efficient private sector"*. The Policy Guidelines similarly foresee a dynamic private sector and speak of policies fostering *"a new and constructive relationship between the people, the state, the trade union movement, the private sector and the market"* (1991; 20), while the sixth draft of the RDP argued for a *"co-operative approach to the formation of economic policy, as reflected in the work of the National Economic Forum last year"*. The final draft holds that reconstruction and development will depend on the state's guiding role and a "thriving private sector" (1993; 78).

as anti-trust legislation) rather than renouncing state intervention altogether. Mandela's 1994 statement that the state will do what business won't echoes such sentiments.

Hannekom, echoing the Policy Guidelines, neatly summed up ANC thinking on these points when he argued (quoted previously) that the state's role lay not in the commanding heights but in providing welfare. He went on:

> *...then the question is the means to do that. If a major obstacle is capital, then we should investigate [nationalisation]. But the question shouldn't be nationalisation or not, but what the state is to achieve and how to achieve it* (interview, 1993).

Similarly, Sexwale argued: *"The ANC has not changed on nationalisation as policy of* ***government participation...***" (interview, 1993; my emphasis)

This implies, then, that a change in the perceived **role** of the state was a primary factor coming to bear on the shifts which occurred. This, of course, raises a central question: why was there this change in perception?

Placating business – economic recovery within the present framework

Although ANC economic policy still accords a role to the state other than through nationalisation, its approach to the state's new roles is still considerably more cautious than was initially the case, and – significantly – goes alongside increasing stress on standard market mechanisms to achieve, in particular, the aim of redistribution in the broader economic programme. The trend can be described as increasing the amount of market in the mix of a mixed economy.

It is most clearly evident in the RDP, where the concept of "restructuring" we subtly redefined: whereas it initially referred primarily to restructuring the economy to redress the legacy of apartheid in general, in the RDP it appears to refer more to restructuring of the economy in order to achieve economic growth; and it is upon this growth that the possibility of "redistribution" (provision of housing, jobs and so on) has been pinned. In this context the function of state intervention increasingly focused on cautious state intervention to restructure and direct the economy, in place of state intervention to directly achieve redistribution.

welfarism and basic-service nationalisation would not; in many ways, it could be in the interests of existing capital in providing a stable workforce and basic infrastructure for industry. Mandela's statement that capital should invest in black business reflects the flip-side of this trend: the route to achieving an equal footing between black and white capital is not to be achieved primarily through state intervention.

At this point, it is perhaps necessary to qualify the previous point. Having said that the ANC shifted away from using *nationalisation* as a means to achieve certain objectives (in particular, regulation, and restructuring) does not mean that they altogether ditched these objectives.

It was no accident that the weakening of nationalisation policy went hand-in-hand with discussion of alternatives such as anti-trust legislation, heavy taxation, and state control of mineral rights. Equally significant was the emergence of apparently unrelated trends, central amongst these being the notion of a reconstruction accord[14], which appeared to offer a means of controlling or regulating both the actions of individual capitals, and the national economy as a whole, without directly challenging capital's 'right' to accumulate[15]; and, to some extent, forums such as the National Economic Forum. In other words, then, the Congress alliance gradually turned to alternative means to achieve these objectives[16].

Neither is it true that, in moving away from nationalisation, the ANC moved completely away from using the state to achieve such objectives. The previous discussion showed that the alternatives proposed do include alternative methods of state intervention (such

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14 This notion eventually consolidated itself in the form of the Reconstruction and Development Programme (RDP), which will be discussed in some detail below and in the last section. It reflects particularly significant trends with regard to proposed methods of achieving redistribution and restructuring.

15 It may even be feasible to argue that the ANC-linked Thebe corporation represented a realisation by individuals in the ANC that nationalisation is no longer a viable option for establishing a black bourgeoisie; instead, they sought to break into the national economy via private enterprise.

16 Although the ultimate aim of these objectives may have been somewhat curtailed by the inability or unwillingness to use nationalisation - in other words, alternatives to nationalisation may not be as efficient a means of regulation and restructuring. For example, it is questionable whether the new state will have access to sufficient resources to provide, say, social welfare without nationalised industry. This will be discussed later.

By mid-1992, the use of nationalisation to achieve **any** of the above aims had become vague. The Policy Guidelines state that the

> *democratic state will have ultimate responsibility...for co-ordinating, planning and guiding the development of the economy towards a sustainable economic growth pattern...We envisage that such a developmental state will...have primary responsibility for responding to the basic needs of the population...In addition it will be responsible for the provision of infrastructure...* (1992; 19).

But while the state is accorded a role in the document, the precise form of such state intervention is left open: nationalisation is one of many possible options.

The RDP, as already discussed, does not specifically mention nationalisation with regard to any of these objectives, although it does not specifically exclude it. *"Increasing the public sector in strategic areas through, for example, nationalisation, purchasing shareholding in companies, establishing new public corporations or joint ventures with the private sector"* (1994, 80) goes alongside *"reducing the public sector in certain areas"* to carry out "national goals". Moreover, the provision of such services is to be encompassed primarily in job creation and subsidy schemes, combined with rationalising departments and some extra state spending. (See also Mandela's people's forum address - Business Day, 26/11/1993).

The shift towards perceiving nationalisation as, at most, a means of providing welfare and basic infrastructure was made explicit in several of the interviews: Hanekom, for example, argued: *"State objectives shouldn't be to control the commanding heights but rather to provide social welfare and so on"*. Mashitele, similarly, said that the sectors of the economy where the state should intervene were those which are *"not profitable, but essential services"*.

What is significant about this reformulation - a move from "commanding heights" to (at best) providing basic infrastructure and some welfarism - is that the latter does not in any way necessarily conflict with the interests of already established capital. Whereas nationalisation of banks, mines and monopolies would decisively shift control of the economy into the hands of an emergent black bourgeoisie at the helm of the political transfer of power - as was the case in numerous other national liberation struggles -

framework for their further interaction. Therefore, *any particular instance of nationalisation is always historically concrete.*

Fourthly, while accepting that nationalisation can only be understood as part of the whole, we must also understand its *distinct character.* Nationalisation does exist. It is qualitatively distinct from any number of other arrangements regarding the ownership and control of industry. Thus a decision to nationalise or not is far from meaningless.

More importantly, the social and historical circumstances in which nationalisation occurs will qualitatively shape its character. So will the character of the actors implementing it. Nationalisation is not a ready-made tool simply to be picked up and used: insofar as it is a tool, it is one which takes its shape from both the hands of its user and the use to which it is put.

Finally, if the above is true – that nationalisation can only be understood in context, and that its character is shaped by that context – then it is also true that nationalisation must *reflect* its context. In other words, looking at nationalisation should also cast light on the social forces which surround it. (See Bolton, 1985; 2)

This problematic is the starting point of this thesis: what does nationalisation mean in *sociological* terms? What does it reflect about the social forces which give it its meaning? This creates a framework to answer specific questions: what do the shifts in the Congress Alliance's policy on nationalisation mean? What do they reflect about the historical context in which they occur and the character of the main actors on the stage of the South African economy in transition? And from this, it is possible to draw some general and theoretical conclusions about nationalisation.

But if nationalisation can only be understood in its historically concrete context – in the specific – how do we begin even to determine which influenced policy reformulation, let alone prioritise them? How is it possible, moreover, to develop a sociological theory – a set of generalised abstractions – about nationalisation?

Towards a conjunctural approach

Understanding the shifts in ANC economic policy requires a broader focus and a deeper analysis, not only of nationalisation itself. Pragmatic concerns are, of course, quite understandable and no doubt valid. But the *conjunctural* nature of nationalisation is not completely apprehended by either liberal or dominant left approaches.

The heart of this failure is the focus on the specifics of nationalisation. It creates a tendency to perceive nationalisation as separate from society and history. Consequently it leads to an inability to comprehend nationalisation as an integral part of *totality* of economic, social and political institutions, forces, and events.

Like the state, to which it is so closely linked, nationalisation is neither neutral nor is it independent of its broad historical context or the social forces which implement it or oppose it: it is not a uniform institution inserted into uniform, static economies or societies. Nationalisation can not be understood outside of its context; what's more, it cannot be understood except as part of its context. Further, neither is its implementation or absence simply a matter of reason and logic.

What does this mean, concretely, for this thesis? First, it means that a broad range of factors must be considered to understand reformulation of the Congress Alliance's nationalisation policy. Not only economic but also social and political factors should be included; not only factors of which the actors are aware, but also hidden ones. The previous chapter already indicated the importance of such considerations.

Second, understanding the *interaction* and *integration* of these factors is essential. Nationalisation can only be understood as part of a whole: the same goes for any of the factors that come into play in influencing it. They influence and shape each other.

The third particularly important factor is the historical element. The manner in which various factors interact will be very strongly influenced by the historical context, as will their relative importance, because the previous interaction of these factors sets the

analyze the knife (nationalisation) not in terms of who is using it, but in itself. The knife remains the same regardless of its wielder.

The logical outcome of this approach can be to make it appear that reformulation of the Congress Alliance's nationalisation policy is simply a result of a rational assessment of the situation and the suitability of nationalisation to meeting certain aims in that situation. If choices about whether, what and how to nationalise are simply a matter of choosing the right tool for the right job, then changes in the ANC's position are simply about weighing up various tools against the job at hand. The shifts are seen merely as a process of reasoned debate and assessment.

It is probably quite correct to assume that all the actors involved are making reasoned and entirely rational decisions. It should not, however, so easily be assumed that the actors involved make these decisions with a complete consciousness of their own actions and motivations; or that they possess a complete understanding of the situation in which they find themselves; or, most importantly, that they have complete control over the situation. Hidden factors influencing either nationalisation directly, or the major actors (and thus, indirectly, nationalisation) remain hidden if one makes such an assumption.

Although Innes cannot be accused of an instrumentalist approach, (since his concern is actors' perceptions and motivations) his approach still falls short. Because he fails to interrogate the character of the actors themselves, his understanding of their approach to nationalisation remains limited; consequently the chances of accuracy in his conclusions concerning potential nationalisation in South Africa also face a limitation.

Clearly the concerns of all these writers are vastly different from mine. They aimed to understand different issues to those which concern me. It might seem that the flaws outlined above are of primary importance only to my concerns. But the failure of their analyses to comprehend nationalisation's place in broader social relations curtails their ability to achieve their ends: to establish the viability of nationalisation for achieving certain ends, the likelihood of it occurring, or how it can be made to serve certain interests rather than others.

> *Politicians of all shades have advocated nationalisation –communists, social democrats, liberals, conservatives, fascists. Stalin nationalised, and so did Mussolini, Atlee, Roosevelt, Edward Heath* (1992; 1).

However correct this observation may be, as an analysis it tends towards instrumentalism. Nationalisation appears as the knife which can be wielded, for good by the surgeon or evil by the murderer: its meaning lies in who is using it.

Davies argument is more subtle. For Davies, nationalisation by a "people's state" [22] can be transformed into nationalisation in the interests of a particular class (the working class) if certain steps are taken to transform other relations within nationalised industry. Although this is not superficially an instrumentalist approach – stressing, as it does, social relations *within* industry – it is nevertheless open to instrumentalist conclusions. If a particular kind of nationalisation is simply associated with certain social relations within nationalised industry, it becomes socialisation. While there is an element of truth in this assertion, it neglects the broader social relations which shape social relations *within* nationalised industry, as well as *around* it. By ignoring or glossing over these broader social relations, Davies' analysis leaves nationalisation as a thing within which social relations occur, rather than understanding nationalisation as also a social relation itself (a point which I will elaborate later).

Von Holdt can not be accused of glossing over or ignoring broader social relations. He certainly attempts to situate nationalisation in such context. But for Von Holdt too, nationalisation becomes a tool within these relations once again; the question returns to who is using the tool and what the measure of efficiency should be.

The flip side of approaches where nationalisation is perceived as a tool is that it then becomes an a-historical and abstract concept: paradoxically, it becomes a thing independent of the social forces and historical circumstances in which it is discussed and implemented. It becomes something outside of history, brought into history at certain points for various reasons. If I may belabour the analogy, nationalisation is perceived as a knife lying about in the dusty kitchen drawer of history. We can open the drawer, examine the knife, and use it if it suits our purposes. And at this point, we are forced to

22 Which, one must assume, will be a state apparently acting in the interests of a number of different classes. In the next chapter, the problems of assuming an instrumentalist approach to the state – and hence, by implication, of nationalisation itself – will become apparent.

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is necessarily a measur[illegible] *social* efficiency. In many senses, his argument is similar to Coleman's in that it centres around whether nationalisation can meet desired aims - whether nationalisation is viable in *social* terms. In other senses, his approach resembles Davies', although his scope is broader: he raises Davies' points concerning socialisation, but is concerned with how nationalisation can be used towards the broader end of "plac[ing] the mixed ecor[illegible]nder *social* control" (1990; 48) (that is, socialising the economy).

Innes (1992) approaches the question from an entirely different perspective, seeking to understand the reasoning of social actors contemplating nationalisation. He seeks to evaluate why the Congress Alliance perceives nationalisation in a particular way, why they perceive it as useful for achieving certain ends, and the implications of this for the likelihood of nationalisation under a post-apartheid government. He is concerned to show that the main purpose of proposed nationalisation for the Congress Alliance is not simply the redistribution of wealth, but also extending control over the economy: in workers' interests in the case of unions, and more broadly towards the end of black economic empowerment.

These inputs are certainly valuable. In particular, they highlight factors beyond the micro- or macro-economics of nationalisation. But although they appear to present social analyses of nationalisation, they fall short of this in the end. In particular, most fall into the trap of a somewhat instrumentalist understanding of nationalisation - which, ultimately, negates the importance of social actors and relations in understanding nationalisation.

Nationalisation is presented as a [illegible]utral tool which can simply be wielded to certain ends - the task is merely to find the right tool for the job, and the question becomes whether (or which) nationalisation is that tool. To the extent that broader factors are taken into account in the left pragmatic approach, it is often in this regard - as a way of assessing the situation in order to fit nationalisation to its tasks.

Coleman, for example, is at pains to point out, quite correctly, that nationalisation is by no means the sole province of communists:

In short, nationalisation is studied, evaluated and condemned from a limited economic focus, with little or no understanding of social forces or historical context.

The problem with pragmatism: left approaches

Other pragmatic approaches do take social relations into account. Their starting point is often that understanding nationalisation must start from understanding who is nationalising and to what end. Most recent academic literature on nationalisation takes this approach: thus nationalisation has been analyzed as a tool of development in the third world (see Shivji, 1976; Hill, 1975; Mohiddin, 1981); for market socialists, in terms of the mix between market and plan (see Abell, 1989; Winter, 1989 and Nove, 1983); or, particularly for regulation theorists, as a means of redirecting economic development (see Innes and Gelb, 1987)

A 'social' approach is implicit in most South African left analyses of nationalisation (although these, surprisingly perhaps, are few and far between). Coleman's (1992) concerns are primarily of the "pragmatic" variety; his main interest is in the feasibility of nationalisation, the process by which to nationalise, what to nationalise, and what one hopes to achieve. He does acknowledge the social context of nationalisation, partially through considering ideological arguments for and against nationalisation, and through a discussion of different reasons that different groups have for nationalising. But Coleman's argument centres on the need to look beyond ideology at practicalities.

Davies (1987) argues that a distinction must be made between nationalisation and socialisation. Nationalisation by a "people's state" is an essential component in the process of socialisation, but a range of other transformations – the introduction of planning for need rather than profit, and transformation in the organisation of work – are required for full socialisation to have occurred; the latter may, in fact, partly precede actual nationalisation.

Von Holdt's (1990) intervention starts from social relations: his concern is how to ensure that a mixed economy serves particular (working class) interests. To this end he critiques the liberal pragmatist assumption that "efficiency" (in the economic or commercial sense)

As we saw in chapter one, most of the public debate in South Africa was around what the *terms* of efficiency or viability should be: the ANC and its supporters placed an apparently greater stress on the social use of nationalisation – to redistribute wealth, provide social services, and perhaps to regulate the economy to socially desirable ends; capital, by contrast, placed the stress on the micro and macro-economic effects of nationalisation. Amongst those who agreed on the desired aims or terms of viability, the debate tended to centre on the kind and extent of nationalisation that would best serve these aims.

The problem with pragmatism: Liberal approach

Approaches that focus so centrally on the hows and whys of nationalisation clearly run the danger of presenting nationalisation as a thing in and of itself. The viability or efficiency of nationalisation, in general or in the particular, is thus held to be largely internal to it. This danger manifests itself clearly in liberal literature on the subject: for example, theorists like Madsen Pirie (1988) argue that the structure of nationalised industry – under any circumstances – makes it clumsy, less cost effective, and unresponsive to consumer needs. Nationalisation, for these theorists, represents an inevitably disastrous strategy.

The first problem with this argument is simply that it is historically inaccurate. While many countries which relied heavily on state-owned industry are collapsing into economic ruin, many were able to encourage or provide the framework for national economic growth via nationalised industry, in a particular period. This is true of countries as diverse as Cuba, South Korea and Britain. (See, amongst others, Binns, 1984; Callinicos, 1991.) The liberal approach lacks a historical, dynamic understanding of the issue.

The second problem with the liberal argument is that it completely ignores the social relations in which any instance of nationalisation is embedded. Nationalisation is presented separately from the actors who actually implement it. Their intentions in implementing it, and the aims by which they judge its success, are simply ignored.

Oxford defines it, *"convert (land, railways etc) into national property"* – although obviously some measure of flexibility must be adopted when applying abstract definitions to concrete situations.

Nationalisation – a sociological perspective

Having dealt with the definition, we can now proceed to the real question: what does nationalisation *mean*?

A central argument in this study is that nationalisation is always historically concrete. In other words, it is not a fixed, unchanging institution, but can only be understood in the context of social, political, economic and historical forces which shape it. Thus for a National Party government in South Africa in 1948, nationalisation meant developing infrastructure for developing industry; for Russian workers in 1917, it meant seizing control of industry; for Stalin it meant gaining control over a backward economy in order compete with the West; for some countries it meant economic disaster, for others economic growth.

This is not a neat point about social actors' perceptions of nationalisation. Rather it is a contention that nationalisation is shaped by its context, the perceptions of social actors being one factor in that context. A complete understanding of nationalisation, then, requires concurrent understanding of the forces which surround it. What nationalisation means at any given period of history, in any given nation, will depend on a complex of (constantly changing) factors. This point will be developed in the following critique of the dominant approach to nationalisation.

Broadening the terms of the debate

Both academic literature and "public debate" around nationalisation have approached it primarily from a "pragmatic" perspective. The main concerns were the practicalities of nationalisation – is it efficient or viable, towards what ends can and should it be employed, what type of nationalisation is efficient or viable?

INTRODUCTION:
WHAT DOES NATIONALISATION MEAN?

The introduction stated that this thesis intends to advance understanding of the *sociology* of nationalisation – that is, of the social relations which shape this apparently neutral economic strategy. The aim of this chapter is to provide a broad theoretical framework from which to begin.

This was no easy task, because much of the existing literature focuses on the practicalities of nationalisation. This study, by contrast, is more concerned with understanding why those practicalities seem practical to particular social actors at a specific time.

This introduction, then, is a brief but critical discussion of the dominant perspectives on nationalisation, particularly in South Africa today, aimed at conceptualising nationalisation.

What is nationalisation?

Nationalisation is easily enough defined: state ownership of industry. Although the question posed in the chapter heading is not answered by simple definition, it can be useful to start with definition.

The very basic definition already mentioned can be broadened and nuanced: for example Davies (1987) argues that nationalisation should not be narrowly defined – not only formal ownership, but also state *control*, should be included in the definition. Some would broaden this definition still further, to include indirect methods of state control – such as taxation and legal controls on industry. However, this robs nationalisation of its specificity to a degree that makes it a meaningless concept. For the purposes of this thesis, I would prefer to define nationalisation specifically as state ownership of industry – as the pocket

SECTION TWO:

STATE, CAPITAL AND NATIONAL LIBERATION MOVEMENTS: NATIONALISATION AS ECONOMIC NATIONALISM

character, in shaping overall aims and objectives, shaped its policy regarding nationalisation. Such understanding makes it possible to grasp potential contradictions inherent to this character.

Second, as important as examining the organisation which drew up these documents is an examination of the impact of other social forces on that organisation. The discussion alluded to the importance of the balance of forces and the nature of the transition; these, however, were not abstracts but real historical processes. The development of these processes did not occur independently of human agency, but precisely as a result of it (albeit that human agents did not act in circumstances of their own immediate choosing). To understand how human agents developed a particular economic programme, it is vital to understand how these agents understand the world, and the attempts of other agents to influence their actions.

These "other agents' must be taken to include the extant government, capital, other political parties, and the global ruling class. But equally important, it must include "the masses". While their role is often hidden, it can not remain so if we are to fully understand the concrete environment in which the ANC developed policy. And it is not only their actions, but also a lack of action that requires explaining. We have seen already that at least some section of the Congress Alliance's mass base was not in full agreement with policy changes. Why did this not have a greater effect, then, on policy?

Finally, given that ANC economic policy was not formulated in a vacuum, the context of the global economic and political situation is important to understanding how the ANC's perceptions regarding viable economic growth and the place of nationalisation within it, as well as the ANC's reactions to the situation, were shaped.

The following chapters provide more detailed discussion of these factors, and in particular of the *way* in which they have come to impact on the Congress Alliance's position on nationalisation. Section two focuses on the broad context in which shifts occurred (in particular, the impact of changing trends in the state–capital relation, and the nature of national liberation movements). Section three examines the concrete expression of these factors in the South African case.

Held (1989) likewise argues that the nation state is in decline. Like Harris, he isolates the increasing internationalisation of capital as the impetus for its decline, although he adds to this the growth of power blocs incorporating several nation states (Nato, the Warsaw Pact); the growing importance of international organisations like the IMF, the European Community and the World Bank; and the development of international law. Unlike Harris, he does not argue that the system of nation states has become a parallel and conflicting system. Rather he concludes that there is a tendency away from the nation state as the sole locus of political power; the trend *may* end in the complete disappearance of the nation state.

If these arguments were true, then the idea that the state is simply a superstructure would be true (and the previously mentioned theories would only suffer two major flaws.) This argument can best be answered by reference to reality: since this exact discussion is central to the theory of the state which will form the basis of my argument, I will deal with it later to avoid repetition.

The state as capital

Kidron's attempt to explain why capital needs the state, and the relation between the two, runs no risk of presenting the state as simply a superstructure – he altogether dissolves the distinction. For Kidron, the state and capital become synonymous. The theory bases itself on Bhukarin and Lenin's writings on imperialism, which spoke of the state merging with capital. Kidron extends this to argue that (as Harman (1991) puts it) *"individual states and individual capitals become congruent with each other: every state acts at the behest of a set of nationally based capitals, and every significant capital is incorporated in a particular state".*

This theory may explain the past few decades of wide-spread nationalisation in the advanced countries and the third world alike; it does not, however, explain the current shift away from nationalisation, unless we are to conclude that capitalism died somewhere along the way. Later discussion will demonstrate that the state and capital are no longer congruent, if they ever were.

used as a framework for historical periodisation of the state according to which fraction of capital is dominant (See Davies et al, 1976, for a home-grown version). Nevertheless, such periodisation is on the basis of the already-developed theory; the theory itself lacks an historical perspective in reaching its central bases. The logic of the theory and its historical application therefore remain distinct (see Holloway and Picciotto, 1977). The theories necessarily move uneasily between abstraction and concrete application to the dynamic of real circumstance. A particularly serious consequence of this – especially for my purposes, as we shall see – is an inability to comprehend the *national* character of the capitalist state, and how this shapes the impact of internationalisation of capital[29], and its effects on post national liberation regimes.

The third failing is linked to the rarefication of the political from the economic. While these theories set out to examine in one or other fashion the relation between capital and the state, they are lopsided. Their focus is limited to why the state acts in capital's interest, why it needs capital. The question of why capital needs the state, or what for, is left unanswered or assumed.

Delinking the state and capital

Nigel Harris (1987) attempts to answer precisely this question through historical analysis of the development of both capital and the nation state. His conclusion, however, does not overcome the problem of seeing the state as external or subsidiary to capital. He contends that capital *doesn't* need the state any longer; further, the state doesn't necessarily act in capital's interests, but solely in its own. He argues that the state was useful to capital in its early days, but it is a superstructure which has outlived its purpose as capital becomes increasingly internationalised and less and less dependent on the nation state. In fact, the state impedes further capitalist development. It remains in place, protecting its own interests, but increasingly in conflict with and against the logic of capital.

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29 See also Holloway and Picciotto, 1977; 7 for a critique of Poulantzas' treatment of the question of European integration.

Harman (1991) argues, following Gulalp, that a flaw of all these theories is that they implicitly accept the liberal theory of the state in beginning from the premise that the political and the economic are in fact separate. The state is perceived as *"an independent entity with a power distinct from the relations of class domination, while in reality the state has the job of maintaining the overall conditions of capital accumulation."* (Harman, 1991; 51)

In other words the state (the political) is seen as dependent on, an instrument of or an expression of capital (presented as the economic); but it is not, by implication, perceived as an integral (if distinct) part of capitalism as a system. The state becomes rarefied: the *"acceptance of the surface fragmentation of bourgeois society into relatively autonomous structures, which...can be examined in relative isolation"* (Holloway and Piccioto, 1977; 6) leads one to conclude that the relation between state and capital must be reduced to a mechanistic one of the sort already discussed.

The theories do not understand the state and individual capitals respectively as component parts of a totality; therefore they cannot properly comprehend that understanding either requires understanding the political and the economic as a unity. Thus analysis of the state and its relation to capital is reduced to the question of autonomy (is the state autonomous from capital and to what degree?) or the question of the relation between the political and the economic (how are economic interests translated into political ones?). Rather, we need an analysis which allows the state its "relative autonomy" without posing its complete separation from the society which it is part of (or its complete collapse into capital, as Kidron argues.) As I shall argue shortly, the relation between state and capital cannot be reduced to or equated with the relation between the political and the economic: the relations that the state and capital are embedded in are *at once* both political and economic.

The second problem – contributing in large measure to the first – is that their analyses tend to be a-historical, limited to a study of the state in particular periods in advanced capitalist countries. As a result, they present an overly static, particularist view of the relation, resulting in limited capacity to generalise to variations in the state-capital relation. Poulantzas' theory is the one seemingly least open to this critique: it is often

The fact is that nationalisation, particularly in the context of anti-imperialist struggles or struggles for national liberation, directly threatens *individual* capitalists, even if it does not in itself challenge the capitalist *system*. The fact that many states nationalised following successful national liberation struggles calls into question the arguments outlined above. With regard to the ANC the question remains: why could other national liberation movements challenge the interests of individual capital, while the ANC, it seems, can or will not? The theories' consistency can only hold if we argue that other national liberation struggles instituted an entirely different class system (an untenable contention I shall deal with later in this chapter); or the ANC has better economic judgement than most previous national liberation movements (which would imply that these national liberation movements proved economically disastrous once they had assumed state power -- a contention which will also be dealt with later in the chapter). Otherwise we must conclude that the theories leave some central part of the relation between the state and capital unexamined.

There *is* a large measure of truth in all these theories: capitalists and the leading personnel of the state do tend to hail from the same class backgrounds; different factions of capital do exist and do contest the state; and investment strike surely are a major deterrent to fancy ideas from politicians. But these do not constitute *general* explanations for or of the *general* relation between state and capital.

The shortcomings are related to three central weaknesses. The first, already mentioned, is that the state is presented as merely a superstructure of capitalism – simply one institution amongst many which is essentially external to, although governed by the logic of, capital. Miliband most obviously makes this mistake, but Poulantzas and Przeworski and Wallerstein also fall prey to this error.

So in Miliband's argument, the state is merely the political instrument of capital's economic desires; in Poulantzas' view, the state "condenses" class forces, but is not, apparently, a class force in itself; while for Przeworski and Wallerstein, the state becomes essentially no different from the individual worker forced to depend for their livelihood on capitalist employ.

The theory of structural dependence continues the inference that because the entire society depends on the owners of capital, so must the state" (Przweorski and Wallerstein, 1988).

A relatively simple relation exists – if the state threatens to implement a policy which challenges capital's interest, investment drops off; hence the state's income through taxation declines.

While this is perhaps the most accurate of all the analyses so far presented, it reduces the state to the level of the individual. The state becomes simply one of many institutions, bound to act in the interests of capital but essentially external to it. Moreover, the theory fails to explain why different forms of the relation between state and capital should exist; why a particular state may actually challenge the immediate interests of capital but temporarily get away with it, so to speak.

All these theories, of course, stress that the state may appear to go against the immediate interests of capital, while continuing to protect the long-term, overall interests of capital in general (that is, maintaining conditions for capitalist production to continue). But none provide an explanation for why this occurs, or how. For Miliband, it reduces to the bias of the system (the state benefits capital because capital always benefits in a capitalist system); for Poulantzas, the state is always acting in the immediate interests of one or other faction of capital; for Przeworski/Wallerstein, the state receives a slap on the knuckles (threatened investment strike) whenever it steps out of line.

For our purposes – an examination of nationalisation in the particular context of a national liberation struggle – this problem is particularly serious. Applying any of the above theories to explain shifts in the ANC's position on nationalisation would force us to reach some rather absurd conclusions: that the ANC has been attending too many of Bobby Godsell's cocktail parties (Miliband); that the ANC is a condensate of capitalist class forces, tied to one or other faction of capital (Poulantzas); or that the ANC's position on nationalisation arises from fear of an investment strike (a very definite factor in their shift, but one which apparently did not occur to Stalin, Castro, the MPLA or, for that matter, Edward Heath.) All of these may have some relevance, but they certainly do not provide a *sufficient* explanation.

> *..determined firstly, by changes in the composition of the power bloc and its allied and supportive classes, and secondly, by changes related to which class/fraction is hegemonic* (Davies, Kaplan, Morris and O' Meara; 1976).

One problem with this approach is that it undermines the importance of class struggle *outside* the state. Changes in the state or in the form of the relation between state and capital are reduced to relatively unproblematic changes in the dominant form of capital, or dominant group of individual capitals (for example, changes in the centrality of mining versus manufacturing capital). The political is reduced to the sole arena of the state itself, and that arena, in turn, is collapsed entirely into immediate economic concerns of one or other faction of capital. The state becomes, as for Miliband, merely an appendage of capital, and moreover an insular one.

The result is an incapacity to *concretely* theorise the state–capital relation, beyond very broad generalisations. As Holloway and Picciotto say in their critique of Poulantzas,

> *[Poulantzas' argument] that capitalist society is characterised by a relative autonomy of the economic and political 'instances' which allows one to make each instance a separate and specific object of study leads him to neglect the all-important question of the nature of the separation and relation between these instances. Naturally he accepts that the separation of the two instances is not total, but he relegates their unity to a problematic 'in the final instance'" (1977; 6).*

Wallerstein and Przeworski's (1988) "structural dependence" approaches a solution to both these problems. For them the state has some autonomy, but its autonomy is limited by the blind logic of the capitalist system. They argue that the state is tied to capital because it depends materially on capitalism for its survival, particularly with regard to encouraging investment. Thus the state is structurally bound to protect capital's interests in order to ensure its own survival:

> *It is in this sense that capitalism is a class society..In the sense that the structure of property characteristic of capitalism makes everyone's material conditions dependent upon the private decisions of owners of wealth.*

state, Kidron's theory of the state as capital, and Hirsch's "derivation" of the state from the capital relation; all try to understand the exact mechanisms by which the state is tied to capital.

The state as an appendage of capital

Miliband (1973) argues that the state oversees the national economy; in doing so, it protects capitalist interests because of the "bias of the system":

> *Governments may be solely concerned with the better running of the economy. [But] what is being improved is a capitalist economy; and this ensures that whoever may or may not gain, capitalist interests are the least likely to lose* (Miliband, 1973; 73).

The mechanism by which this bias is upheld and reinforced is that those running the state move in the same circles as capitalists, and have therefore internalised the same values. This is essentially an instrumentalist view of the state: its class character arises from the class consciousness of its personnel.

As with nationalisation, an instrumentalist view of the state implies that the state *itself* is neutral: its character depends entirely on who is "using" it. Miliband's analysis reduces the state to an appendage of capital, whose character is entirely external to it. It leaves us none the wiser as to why one form of the state–capital relation rather than another should be adopted in a particular period. It does not help us to understand why the state will sometimes counter the immediate interests of capital, or of some capitals.

Poulantzas (1970) critiqued Miliband's view for relying too heavily on a contingent relationship, but his analysis leads to a similar mistake. He argued against Miliband that the state in capitalist society is "a condensate of class forces". It represents capitalist interests because it is a state in a capitalist society and the capitalist class dominates society.

The ruling capitalist class is not, however, monolithic or homogenous. For Poulantzas, the state is "contested terrain". Different power blocs *within* the ruling capitalist class contest it. Different forms of the relation between state and capital, then, are:

an organisation for the purpose of preventing any interference from without with the existing conditions of production..." (Socialism: Utopian and Scientific, Selected Works; 403; My emphasis[27])

Their central concern in this analysis was, of course, to counter the widely-held notion that the state is neutral, and the attendant notion that the political and the economic are separate spheres. They intended to demonstrate that the state and capital *are* in relation. This assertion is of central importance for understanding the state in class society. As Holloway and Picciotto (1977; 22) point out, no analysis of the state can proceed without first understanding that it is a means of domination of one class over another.

But the exposition in the preceding quotations does not, alone, shed much light on precisely *how* or, for that matter, *why* the state protects capital's interests[28]. In particular, it does not in itself explain *changes* in the relation between state and capital - if the state represents capital's interests, why should the state act in different ways at different times, and why should different states act differently? In the same vein, it does not explicitly answer why the state should act in ways which appear to, or actually do, counter the interests of individual units of capital (the question of the degree of autonomy of the state). Further, given that the interests of individual capitals are by no means homogenous, how are we to understand why the state represents the interests of one set of capitals rather than another at any particular time? And what drives it to change from representing one set to another? These questions are important to understand any given instance of nationalisation.

They are also central concerns of modern-day marxist debates around the state: Miliband's instrumentalist approach, Poulantzas' functional view, Przeworski and Wallerstein's 'structural dependence', Harris' argument that capital no longer needs the

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27 The significance of the emphasis on the state as the personification of total national capital will shortly become clear.

28 That is, explicitly. Holloway and Picciotto further argue that Marx's so-called "economic" writings, rather than his overtly "political" ones, provide a coherent basis for understanding the state-capital relation. They argue that it is precisely the separation of the economic and the political by many theorists which precludes a rigorous analysis of the state; Marx's "economic" writings, however, make no such separation - while recognising a distinction between the two, the concern is to analyze the *totality* of social relations which constitute capitalism. This analysis, therefore, allows development of an understanding of the state as a part of this totality. This will be discussed in greater detail later.

CHAPTER TWO:

STATE AND CAPITAL: NATIONALISATION AND THE NATION STATE

If nationalisation is *one* form of the relation between state and capital, then it is useful to understand this relation in general - that is, in all its possible forms - in order to better understand nationalisation. This chapter begins by discussing the relation in general, before examining the history of this relation, with special emphasis on national liberation movements.

The state and capital - conceptualising the relation

The focus of debates around the nature of the state is often the relation between the state and capital[26]. Theories of the state can be broadly divided into two categories: those which see the state as a neutral arbitrator between all classes and interest groups in society, and those which argue that it serves particular class interests. It is amongst the latter that debates regarding the precise relation between the state and capital originate.

These Marxist or neo-marxist theories usually begin from Marx and Engels' assertion that the state exists to protect the interests of the ruling class in any given society (mode of production). To quote:

> *In reality...the state is nothing but a machine for the oppression of one class by another... (The Civil War in France*, Selected Works; 259).

> *The modern state, no matter what its form, is essentially a capitalist machine, the state of the capitalists,* ***the ideal personification of the total national capital****...an organisation of the particular class which was* pro-tempore *the exploiting class,*

26 The following discussion makes no pretence at developing an entire analysis of the state: its primary focus is on a particular aspect of analysis of the state, namely the relation between state and capital. Nevertheless, this concern is of central importance in understanding the nature of the state generally. Therefore the following discussion does help to clarify general analysis of the state.

The full implications of these points will be elaborated in the following chapters. Two questions are of particular concern to us, namely:

- the changing relation between state and capital
- the particular case of this relation with regard to national liberation movements attaining, or seeking to attain, state power

Clearly, the precise nature of the social relations surrounding productive capital will depend on the nature of society in general (for example, whether it is capitalist or socialist). For the purposes of this thesis, I will not consider the case of nationalisation under socialism: in chapter three, I shall argue that the kind of nationalisation possibly on the ANC's agenda was always within the framework of capitalism. It is thus possible to phrase the relation in more precise terms – namely, as a relation between the state and capital-in-general[24]. For our purposes, then, a discussion around nationalisation can proceed from the understanding that it is *one form of relation between the state and capital*[25].

The changes in ANC nationalisation policy cannot be understood outside of the context that they were made by a political party facing the prospect of state power (of becoming the state). The next two chapters will consider shifts in ANC policy from the perspective of nationalisation as a form of the state–capital relation.

I will argue that their policy reformulation is fundamentally (but not solely or necessarily functionally) related to a generalised shift in the state–capital relation. From the 50s to the late 70s nationalisation was globally used to encourage, create conditions for, and even engage in capital accumulation. The state intervened directly and centrally in capital accumulation; this was especially true in the case of third-world national liberation movements coming to power. But this is no longer the case because changes in the structure of global capital have begun to change the relation between itself and the state.

Further, we can only fully understand the impact of these changes on ANC nationalisation policy in the context of the class character of the ANC. I will argue that nationalism as a political movement is aimed at seizing a particular form of state power – the nation state. But the nation state, I will argue, is a peculiarly capitalist state.

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24 That is, capital denoting the social relation rather than physical capital

25 I have referred to nationalisation as both a social relation and a set of social relations. I have used the former when discussing the relation between the state and capital in general, and the latter when discussing the numerous social relations that each embody.

To say that nationalisation is always historically concrete is not to say that there is no common thread which runs through all instances of nationalisation throughout history. The common thread is that nationalisation is state control of industry.

Nationalisation as a social relation – state and capital

The preceding points about nationalisation make more sense when we return to arguments about the social relations surrounding nationalisation from the perspective of the state–capital relation. The instrumental approach falls short of reality partly because it sees nationalisation as a neutral 'thing', albeit in a context of particular social relations. By contrast, I argued that the character of nationalisation is actually shaped by the social forces surrounding it. This argument must go a step further, to argue that *nationalisation is, in itself, a social relation.*

To comprehend this assertion we must return to the definition of nationalisation: it is state ownership or control of industry. This implies the relational nature of nationalisation: ownership or control[23] being the actual relation in question, nationalisation brings into *direct* relation the state and an industry or set of industries. And what are industries? In one sense, they are nothing more than physical capital, specifically productive capital.

This in turn implies a broader *social* relation, however: physical capital itself is, after all, also embedded in a web of social relations. Productive capital is also not merely a thing in itself but the nexus of a further set of relations.

Thus nationalisation brings into relation not just the state and a collection of machinery, factories and so on (physical productive capital); it also brings into a particular relation *the state and the entire collection of social relations which surround that productive capital.* This may seem a truism, but if this point is not grasped, then (as we shall see) it becomes impossible to understand nationalisation or the changes in ANC nationalisation policy.

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23 Clearly, the two often overlap to a large extent

Thus the capitalist state is not just the means by which capital protects its interests within a particular nation – it also takes on the role of competitor on behalf of its national capitals, on a global level. This takes many forms, the starkest being military competition between nation states, the general form being the attempt to secure an internationally competitive national economy. Hirsch recognises this point, although it is not central to his analysis and harbours slightly instrumentalist undertones in his exposition:

> *...with the growing universalisation of the capital relation, the resulting imperialist structure of the world market and increasing international centralisation of capital, the state becomes the direct instrument and the object of the monopolistic competitive struggle* (1977; 85)

Importantly, such international competition is not necessarily at the immediate behest of individual capitals (although in some cases, such as the second gulf war, a direct link is evident). Inter-state competition takes on a dynamic of its own, not necessarily directly linked to the needs of the individual capitalist, but more generally to the needs of the *national economy as a whole*[42].

Thus the competition need not take the form of direct protection of Esso Oil's interests in the gulf. It can also take the form of competition for ideological and political dominance over other countries which do not necessarily directly challenge the interests of individual capitals of a particular nation. The precise form, however, does not concern us as much as the general point: that the nation state competes on an international level from the viewpoint of the national economy.

This understanding adds a new dimension to our understanding of nationalisation. If one or other state nationalises (whether successfully or not) it is quite possible that improving the national economy's international competitiveness is one of the motivating factors.

The final reason this understanding is important is that, combined with historical analysis, it allows us to understand the unique features of various nation states in spite of their

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42 As we shall see in following discussion, the changing nature of the capital-state relation in the present day has further entrenched this trend: the role of the nation state is becoming less centrally linked to protecting the immediate interests of individual capitals (although this link remains nevertheless firmly in place) and more centrally linked to protecting the national economy.

without the nation state to militarily enforce its interests globally, it is questionable whether capital could have spread in this manner.

Because of its historical connection to the original capitalist powers, the nation state became the model of the capitalist state – so others who *"wanted to break out of the backwardness of decaying feudalism or escape foreign colonial control"* (Harman, 1991; 10) have often sought to form or gain control of their own nation state. In particular, the formation of nation states has historically been, and continues to be, the means by which newly developing national capital seeks to entrench and defend itself against larger, older, established nation states. It is thus essential to recognise the national character of the capitalist state, as we shall see in later chapters: it is this precise character which provides the conditions for national oppression and national liberation struggles, and which partly explains why individual states, at certain points, may in fact fundamentally challenge the interests of individual capitals.

The understanding of the capitalist state as a nation state is also important for another, linked reason: although the individual nation state is there to protect the broad, long term interests of capital in general, its role is historically tied to a particular set of national capitals; the broad, long term interests which it protects are specifically the interests of these national capitals (in other words, the national interest). Thus on a national scale, the state may often mediate between the conflicting interests of individual capitals. But on the global level, the very same role (protecting the general interest of national capitals) takes on an added dimension – competition[41]. The nation state is one of the means by which a particular capital, or group of capitals, protects its interests in competition with other groups of capital (similarly organised along national lines). Harman describes it:

> *Capitals had established themselves in Britain through close links with the national state...when, after a few decades, capitals from other countries began to challenge their dominating role, they then turned once again to their own national state to establish areas of privileged access for them* (1991; 11).

41 Thus Hirsch's view – that the state must be above capital, outside competition, in order to regulate interests as a whole – operates primarily on the national level; on the international level, the state is plunged into the arena of competition.

violence, and this is where the state (the "body of armed men") becomes essential to the development of commodity capital into productive capital[40].

The attainment of a state which served these interests was not automatic; historically, it was achieved initially on the basis of class struggles (the bourgeois revolutions) and later since existing states began to see the economic advantages of allying themselves with the emerging capitalist class. This latter process was related to capital's expansionism, and to national character its state assumed. I shall return to these shortly.

Thus the connection between state and capital originates as a result of the particular needs of particular forms of capital. To develop, entrench and maintain itself, capital requires a state.

However, the connection originates (as all relations do) in historically concrete conditions. Productive capital did not spring up, full grown, simultaneously across the globe. It began within certain geographically-specific locations (sometimes defined by pre-existing non-capitalist states), and from there spread out across the world. Thus the state which develops to protect capitalist interests is not just any state – it is in particular, and characteristically, (as Marx and Engels hinted) a *nation* state. As Harman puts it:

> *Any productive capital grows up within the confines of a particular territory, alongside other sibling capitals (they are, as Marx describes them, 'warring brothers'). They are mutually dependent on each other for resources, finances, and markets. And they act together to try to shape the social and political conditions in that territory to suit their own purposes* (1991; 9)

It is the uneven nature of this development which gives it its particular significance: capitalism developed first in a few major centres, and from these imposed itself on the rest of the world, but in doing so continued to use its own nation state to facilitate this imposition. (Colonialism is the starkest and perhaps most brutal example of this.) Indeed,

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40 Of course, the development of such a state did not always involve the complete overthrow of existing, pre-capitalist states. In France, for example, this was the case; but in Germany and Russia, for example, the feudal state was transformed – partly, perhaps, because it was more directly from amongst the feudal landowning class that the new capitalist class was drawn.

accumulation to occur, rather than engaging in capital accumulation itself – although, in the course of the former it may well also carry out the latter). For Harman, the state – while usually distinct from *individual* capitals – is nevertheless *part of the ruling class*: it is one *section* of capital-in-general. The state is neither separate from capital in its general sense, nor congruent with it in its individual sense.

The origin of the modern nation state

Harman argues that the modern nation state was a necessary development of early capitalism. Capital, he points out, takes three forms: money capital, commodity capital and productive capital. It is the last of these which is both distinctively characteristic of capitalism proper (the others both predate it), and most dependent on the nation state for its continued existence.

Money capital needed only to ensure that whatever state existed did not confiscate their wealth; any form of state was suitable for money capital to flourish, since the repayment of loans was *"guaranteed by the recipients' need for further loans."* (Harman, 1991; 8) Commodity capital (trading capital) has existed under all manner of modes of production. However its continued development (more so than with money capital) eventually necessitated that it be at least able to influence state structures, since otherwise

> *those who controlled states could present obstacles to it: pillaging merchant convoys on the road, allowing pirates to intercept seaborne traffic, imposing price controls that restricted the potential for profit making* (Harman, 1991; 8).

Productive capital, however, is entirely dependent on state power. In order to function at all, productive capital requires the creation of certain conditions: in particular, the separation of labourers from the means of production, the protection of capital's exclusive control over that means of production, and the overthrow of previous ruling classes which rely on other modes of surplus extraction (and hence required different conditions). These measures could only be achieved, historically, through the use of political coercion and

The rest of the chapter sketches a concrete historical overview of the state capital relation; draws out its implications for the question of nationalisation; and proceeds to a discussion of the changing nature of the relation between state and capital today[38].

The state and capital – globalism, histories and totalities

> *You cannot correctly grasp the relationship between the state and capital unless you reject both the 'simple superstructure' and the 'state as capital' positions. Instead, you have to understand the concrete ways in which capitals and the capitalist state necessarily interact in the course of historical development* (Harman, 1991).

A coherent and useful analysis of the state–capital relation requires three components. First, it must base itself on a concrete analysis of the history of the relation and of the nature of that relation in the present[39]. Such an approach facilitates a dynamic understanding of the relation, of the ways in which it has changed. Second, it must avoid analytically separating the political from the economic, while recognising the distinction between the two; it must avoid completely separating or completely collapsing the state and individual capitals. And third, it must provide an understanding of *both* sides of the relation – an understanding of the *interdependence* of the state and capital.

Harman (1991) seeks to explain the relation through a detailed study of both the history of the nation state and the current period. The analysis which he draws from this study rests on understanding, first, the system of capitalism in general; second, the distinction between capital and individual capitals; and third, the *mutual* interdependence of the state and capital.

Harman argues that the state is a central and *essential* part of the capitalist system. But it is not congruent with capital; it is a force in its own right, which plays a role distinct from that of individual units of capital (viz, maintaining the conditions for capital

38 In this section I base my analysis primarily on Harman, with some reference to Hirsch.

39 It must allow the abstract pattern to "grow out of" the facts, in other words. See Appendix one for elaboration of this methodology.

necessarily *constantly* intrudes in the other's sphere, usually to a lesser but sometimes greater extent. Maintaining the general conditions for accumulation and actual, specific accumulation are not *in reality* separate; each depends on the other. While the state and capital respectively represent particular 'moments' of this unity, as Hirsch realises, they can never escape its totality; the social relations which they embody are precisely the relations of the *unity*[37].

In reality, the state does express the principle of competition - at the level of the nation state. The problem is that Hirsch fails to situate his analysis concretely in global capital's political organisation into a system of nation states. Because of this, he is unable to comprehend the particular, limited circumstances under which the state seeks to act in the interests of capital-in-general.

At the level of the nation state it is possible to better understand those cases where the state did not remain separate from individual capitals. Th[illegible] instances were not temporary because the state has to rise above competition. They were temporary because *the terms on which states compete have changed*. The root of the change lay in the reorganisation of capital. Hirsch is absolutely correct to assert that "the movement of capital remains historically determining" of the relations which the state expresses. But the state does not alter its form or its relation to capital in a *functional* way, as I will demonstrate shortly.

Harman's (1991) analysis is rooted firmly in historical analysis of the state-capital relation. Like the state derivationists, he starts from understanding that the state can only be analyzed in terms of the capital relation. Like Hirsch, he argues that it serves the interests of capital because its own continued existence depends on the continuation of capital accumulation. But because his analysis is concretely rooted, he is able to understand more accurately how the dynamic of capital relations are expressed in the state-capital relation in different historical periods.

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37 The underlying point is that the separation between the political and the economic is, after all, a fetish under capitalism. While there is a real degree of separation imposed by this very fetishisation, both the political and the economic are (as Hirsch himself would assert) indivisible.

*The bourgeois state is in its specific historical shape a social form which capital must necessarily create for its own reproduction, and, **just as necessarily**, the state apparatus must assume and maintain an existence formally separated from the ruling class, the bourgeoisie (1977; 98 – my emphasis)*

Direct state intervention in accumulation, for Hirsch, is finally over-ridden by this necessity:

the developing interventionism represents a form in which the contradictions of capitalism can temporarily move; but the movement of capital remains historically determining (1977; 97).

Hirsch's conclusions imply the state can rise above the dynamic of capital relations because they insist that it can (and must) rise above competition. He conflates cause, effect and function. For him, the state cannot engage directly in capital accumulation because it needs to separate itself from the fray of competition in order to guarantee its own continued existence. If it does not, it cannot act in the interests of all capitals to maintain capital accumulation. But for Hirsch, it relies on guaranteeing capital accumulation generally because it cannot directly engage in it itself. Commandist economies clearly short-circuited this circular logic; they engaged directly in accumulation yet at the same time still tried to guarantee general conditions for accumulation.

Capital does need a body to oversee its general interests and to maintain the conditions for capital accumulation. Obviously it might better maintain general interests if it abstains from the fray of individual competition. But if competition is the "principle" of capitalism – and if this is the very principle which necessitates a state – then how is it possible for an institution which "derives from" the capital relation to completely purge this central aspect of that relation?

Hirsch tends to conflate the state with the political and the economic with capital. But the political and the economic are arenas; the state and capital are social structures (embodiments of social relations). While state and capital tend to operate in different arenas – one in the political, the other in the economic – they are not confined exclusively to either of these arenas. Each in its own way embodies social relations which in reality are a *unity* of the political and the economic. And this means that each

Second, the separation is essential because the state must rise above competition (above the interests of individual, competing capitals) to maintain their general interest. Hirsch quotes Pashukanis: *"The principle of competition – which is dominant in the bourgeois capitalist world – provides no possibility of associating political authority with an individual enterprise"* (1977; 62). Any other role would render the state unable to guarantee the conditions of accumulation and hence its own continued existence.

The notion that the state *must* remain separate from capital-in-specific is too rigid. The only thing the state *must* do is maintain conditions for accumulation, to guarantee its own survival. But some states sought to do this by *taking over* accumulation[36]. There are, moreover, significant cases of state-owned industry entering into the market as competitive accumulators (such as British Aerospace).

Even if these are taken to be exceptions rather than rules, a theory which claims to base analysis of the state in the capital relation but cannot accommodate these peculiarities must therefore conclude that it is possible for the state to altogether separate itself from the dynamic of capital relations at times.

Hirsch's quasi-historical analysis of the development of the capitalist dynamic forces him to acknowledge the historical tendency for the state and capital to draw together. But he concludes that this is a phenomenon which is so contradictory that it can only be temporary:

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separate to maintain ideological domination, but it does not require it. The separation of state and capital simply reflects capitalism's peculiarity.

36 For example, the Eastern European and Russian economies, and much of Africa. It is probable that Hirsch sees these countries as socialist, by virtue of this fact, and hence not subject to his analysis of the bourgeois state. This contention is highly problematic: to begin with, the social organisation of these countries does not by any means fit the basic definition of socialism advanced by Marx and later Marxists, as workers' power – far from being in power, workers were firmly under the thumb of the state bureaucracy.

Further than this, it would be extremely difficult to argue that the economies of these countries were centred around production for need. This links to the fact that a defining element of capitalism – namely competition – continued to operate, although it no longer manifested itself at the level of competition between individual capitals, but that of nation states: the imperative to accumulate rather than produce for social need was imposed by competition within a capitalist world market.

Hirsch himself provides the basis of such an understanding, as already quoted: *"the developing state interventionism represents a form in which the contradictions in capital can temporarily move; but the movement of capital remains historically determining"*. (1977; 97) The point he is making is that the dynamic of accumulation operates "behind the back" of agents, including the state, and thus forces it to act according to the logic of capital. See Cliff, 1952, for a detailed analysis of these points.

If we are to theorise the state in terms of the capital relation, we have to theorise the capital relation itself. But it can not be theorised statically. Rather, its laws of motion, the principles by which it alters and moves, must be uncovered. The same applies to theorising the state's distinctness from capital[34].

Hirsch and others in the derivative school make huge strides towards uncovering the "law of motion" governing the state–capital relation – in the *abstract*. But because Hirsch starts abstractly, analyses abstractly, and ends abstractly, his conclusions are inaccurate. He is unable to appreciate the *dynamism* of the capital relation and therefore of the state–capital relation, because he never makes a serious effort to apply his conclusions to the real world. Abstract laws of motion are modified in reality, because they are in dynamic interaction with a vast array of other dynamics.

A central principle of capitalist laws of motion is competition. Hirsch draws static conclusions which are unable to penetrate the heart of the state–capital dynamic because he places the state above this dynamic.

So, for example, he insists that the state *must necessarily* remain separate from capital in order to fulfil its role. For Hirsch, the dynamic of capital requires this separation. First, the separation of the political and the economic results from a peculiarity of capitalist relations. On one hand, the extraction of surplus rests on economic coercion (that the direct producers, having no access to the means of production, are forced to sell their labour power); but on the other hand, force is required to create and maintain the separation of such producers from the means of production. Hirsch argues that the need to separate these variants of coercion requires the separation of the state and capital[35].

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of abstraction) without trying to force reality to fit his abstraction.
See Jessop, 133ff and 213ff for a detailed discussion of the question of abstraction.

34 That is, to avoid Kidron's conflation of the state and capital.

35 This argument is not of central importance to this analysis, and I will not critique it further: save to say that Hirsch has pointed to an effect, rather than a cause. Capitalism does not require the state to remain separate to function as a means of domination; rather, it is the first mode of production which no longer requires the state for direct surplus extraction. In previous modes of production, direct producers had access to their own means of production and hence of reproduction: hence the only way to extract surplus in such a society was through direct coercion, a role filled by the state. The state is thus able to withdraw from this role and fulfil other roles, such as domination with regard to extra-economic matters. Capital may find it useful to maintain the myth that politics and economics is

For this school, the political and the economic (crudely, the state and individual capitals) are distinct. Their unity lies in the fact that both are expressions of the ***relations of production***; these relations (focused around the extraction of surplus by means of the wage relation, for the sake of accumulation) constitute *capital*, in the general rather than the specific sense, or the capital relation. And these relations are, of course, not merely economic, but *both* economic and political. Thus with regard to a theory of the state, *"the aim has been to derive the state (or the separation of economics and politics) from the category of capital"* (Holloway and Piccioto, 1977; 15). In other words, the state can only be understood as an integral part of those relations as a whole, not as an adjunct to them. Hirsch puts it:

> *The starting point of an analysis of the bourgeois state must therefore be the examination of...the specifically capitalist mode of social labour, the appropriation of the social product, and the resulting laws of reproduction of the whole social formation* (1977; 58).

The idea that the state can only be adequately theorised in terms of capital relations is central to my contention that the state–capital relation can be understood from the perspective of the state as capital–for–itself. Hirsch in particular makes important insights from this perspective in explaining why the state needs capital[32]. He argues that it serves the needs of capital because its own continued existence, as a *capitalist* state, depends on continued capital accumulation. Income from taxation is only one aspect of its dependence on capital. I will elaborate this point later.

For my purposes, however, the level of abstraction of Hirsch's and state derivative analyses is a major failing. This is not inherently a problem, but it does predispose them to certain problems. As Jessop phrases it, *"It has to be recognised that, **the more abstract the level of analysis, the more indeterminate it becomes**"* (1982; 134; emphasis in original)[33].

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32 Although Holloway and Piccioto criticise Hirsch for failing to develop a sound historical concrete analysis of the relation, in spite of his recognition of the need to do so.

33 Jessop, following Roy Bhasker, argues that abstraction is not inaccurate simply because it cannot explain all cases of a particular phenomenon (i.e. because it is "indeterminate" at lower levels of abstraction). However, it must be aware of its limitation; and it must be able to "modify" in relation to real circumstances without losing its essential thread. Hirsch's abstract conclusion is extremely useful, but – as the following discussion demonstrates – he is unable to concretise it (move it to a lower level

state and *individual* capitals. This relation is not meaningless, and it is for this reason that one can safely accept that there is some truth in all the theories outlined. But it is only half the picture. It is my contention that *the state is capital*, but not in Kidron's sense; neither in the sense that the state simply reflects or condenses the needs of individual capitals. Rather, the state is capital (usually) acting as a class for itself, as opposed to individual units of capital, which generally represent capital acting as a class in itself[30]. In this sense the relation between state and capital is by no means entirely external to the state itself.

Certain theorists from the "state derivative" school go some way towards such theorisation (and concretisation) of the state-capital relation. Their aim is to "derive" the form of the state from "the most abstract principles" (as Jessop puts it) of capitalism.

This body of theory posits that analysis of the state must start by dispensing with the dichotomy between the political and the economic[31]. Neither *"the reduction of politics to a mere reflection of the economic"* nor *"the acceptance...of the fragmentation of bourgeois society into the economic and the political"* (Holloway and Picciotto, 1977; 14) are satisfactory starting points for understanding the state. The root of this weakness lies in *"failure to analyze the articulation of the totality of capitalist social relations"*. Rather, both the political and the economic must be conceived of *as "forms of social relations, forms **assumed** by the basic relation of class conflict in capitalist society, the capital relation"*. (Holloway and Picciotto, 1977; 14. My emphasis)

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30 Of course, in reality the distinction is still not as simple and clear cut as this: although it is generally true that individual capitals compete, there are also times when they co-operate; and while it is generally true that the state's role is to oversee the competition between all these different capitals in a general and long-term sense, there are also times when the state itself engages directly in accumulation, thus entering the fray of competition.

Beyond this, it must be noted that, on a *global* level, the general role of the state also has an element of competition *built in to it*: the state represents capital generally but in a very specific sense – namely *national* capital, as the quote from Marx and Engels at the beginning of the chapter suggested. On a global scale, the state itself is generally in competition with other states. This understanding is – as we shall see in the next chapter – vital for understanding the nature and behaviour of nationalist movements.

31 I shall not seek to present a comprehensive overview of this school, which includes three categories: the first places the state's autonomy in the surface appearance, inherent to capitalism, of the separation between state and capital. The second sees the "autonomy" of the state as deriving from capital's need to have a body above itself to mediate and regulate the interests of the entire system in contradistinction to that of individual, competing capitals. The third approach, characterised by Hirsch and Holloway and Picciotto (discussed below), is of most relevance to my concerns and also most tenable. See Holloway and Picciotto's collection (1977) for more detail on the various approaches.

The state as capital-in-general

All the theories discussed aim to clarify how and why the state and capital relate, but they leave much unexplained. In particular, they present a false dichotomisation of the relation: either the state is essentially superfluous to capitalism, although capital uses it; or the state and capital are essentially one and the same thing, and we need go no further than a theory of capitalism's economics to understand the state.

The ultimate root of this problem, it seems to me, is that all fail to draw any substantive distinction between *individual* capitals and capital *generally* (the ruling class as a whole). The former (individual capitals) may well have different or even completely counterposed interests, particularly in the short term, although all have a general, long-term interest in the continuation of the capitalist system itself. The distinction might be posed as that between capital as a class in itself (the former) and as a class for itself (the latter).

Capitalism, by its nature, presupposes competition between individual capitals in the day-to-day business of profit-making. In this respect, capital is always a class in itself. Each capital is fragmented from other capitals by the competition between them. However, as all the theories discussed realise, profit-making would be impossible unless the continuation of the capitalist system is guaranteed. In this respect capital must act as a class for itself. Somehow it must find a means to rise above the individual interests of seperate units of capital, above the competition of those units, to ensure that the general conditions of accumulation are safeguarded. The state fills this role in capitalist society, as Marx and Engels point out in the piece quoted earlier.

But it is problematic to *explain* the state-capital relation solely in these terms. The state plays this role, but it is not – in the abstract – *for this reason* that the state acts in the interests of capital. It is a crucial starting point in understanding the relation, but to leave the explanation at this level explains only why capital needs the state, but not why the state 'needs' capital (why it needs to act in capital's interests).

The theories already outlined flounder precisely because they limit their attempt to understand the state-capital relation to attempting to understand the relation between the

The trend is by no means new: it began relatively early in capitalism's development (in about the late 19th Century) and is, in fact, a necessary trend of the workings of the system, as Lenin argued in *Imperialism: the highest stage of capitalism*. However, it is a trend which, at different stages of advance, has had vastly different effects.

Imperialism and the era of state capitalism

It has already been argued that each individual capital became (for reasons linked both to history and to the character of capital) dependent on a nation state and a set of national capitals. With the growing centralisation and concentration of capital, however, this dependency created an increasing integration of various individual capitals, in particular with regard to the various forms of capital (finance (money) capital, commodity capital and productive capital.) In other words, there is an increasing tendency for all of these functions to be incorporated into a single capital (as subsidiaries, for example.)

This growing integration does not simply happen in a vacuum, however; the nation state

> *becomes the nodal point around which capitals cluster, even when their activities lead them to branch out from it to penetrate the rest of the world.* (Harman, 1991; 22).

This 'clustering' leads increasingly to integration as the number of units of capital becomes fewer and the capitals larger. Not only do a few large capitals cluster around the nation state, but the distinction between nation state and capitals begins to break down. Capital's attempts to influence the state, and the state's to influence capital, become increasingly direct – a process facilitated by the small number of large capitals. In short, there is a trend for the state and capital to merge, as Lenin and Bhukarin argued.

Concentration and centralisation are the tendencies that give rise to the drawing together of state and capital; but these are the same tendencies that make it increasingly possible for capital to extend its operations globally. So it should come as no surprise that the era of imperialism coincides with an increasingly close link between state and capital.

All these tendencies have had profound effects on the historical organisation of international capital, and hence on the particular relation between state and capital which concerns us[60].

Harman traces three stages in the development of capital: the "classical" phase of early capitalism, characterised from the perspective of the state by generalised state intervention to create the initial conditions favourable to capital accumulation and establish 'free' trade; imperialism, characterised by tendencies for the state and capital to merge, and culminating in state-capitalism (which took two forms, monopoly or bureaucratic state-capitalist); and "trans-state capitalism", characterised by increasing globalisation of capital and by individual units of capital forging links with *several*, rather than a single, nation state. (See Callinicos, 1991b for a similar periodisation of the state/capital relation from the perspective of imperialism in particular.)

It is obviously the latter two which concern us. The implications for a theory of nationalisation are clear: if there was a general tendency in capitalism internationally towards an increasingly close link between the state and capital (a link which was ultimately in the interests of capital), then it is obvious that countries attempting nationalisation at this point would stand a greater chance of success by employing such strategies, even if they did pose a challenge to individual capitals. If there is presently a trend away from this, and towards trans-state capitalism, then clearly individual capitals would seek to avoid too-close a link with any *single* nation state – and nationalisation would cut very strongly against this grain.

Let us turn now to a more detailed examination of this argument. There is, as we have already seen from Nigel Harris' and David Held's comments on the question, some disagreement as to what the increasing internationalisation of capital means for the state-capital relation. Similarly, in the debate between Murray and Warren each draw quite different conclusions from an agreed-upon trend. At any rate, we can conclude that – at least amongst marxist and neo-marxist theorists – there is agreement that such a trend towards internationalisation exists.

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60 It is by now probably self-evident, but nevertheless worth a footnote, that these tendencies are dynamic tendencies (i.e. constantly in motion) and that their impact is likewise dynamic and constantly changing.

preformed a remarkable about-face and have ended up with a series of very significant accommodations with western capital. (Binns, 1984; 38)

In one sense this is precisely the question we are faced with: why could Cuba and Vietnam nationalise, while Angola and Mozambique's attempts to do so met with economic disaster, and Zimbabwe (and now South Africa) would not even make an attempt? The answer could be put down to different nationalities (a dubious argument to begin with), differences in the radicalism of the national liberation movements (a contention dealt with in the next chapter), or ideological pressures (dealt with in the final chapter). There is, however, a more fundamental and deep-seated reason, which relates to changes in the world economy and attendant changes in the relation between state and capital.

As capital develops, it exhibits three central trends (See Hirsch, 1977, Harman, 1991 and Callinicos, 1991). First, it has a tendency towards increasing concentration and centralisation of individual units of capital - that is, fewer and bigger companies (units of capital). Second, it has a tendency to increasing internationalisation of first markets, and later production itself - in other words, units of capital increasingly extend their activities beyond the territorial boundaries of the nation state in which they grew up. Third, it is endemically prone to crises, which generally become longer and more severe as capitalism develops.

These factors are not unrelated: capital's ability to internationalise is dependent on the formation of large companies which have access to the vast resources necessary to extend their activities beyond the bounds of the nation state. Moreover, the tendency to concentration and centralisation is speeded up by the tendency to crisis - in the course of crisis, whole units of capital are entirely destroyed; increasingly, only the larger and hence more resilient are able to weather the crisis and emerge intact. Finally, it is a single factor - competition between capitals - which ultimately gives rise to all three factors: the tendency to crisis being related to the tendency for the rate of profit to fall, in turn brought about by competition (See Harman 1987 for more detail); the drive to internationalise and to centralise and concentrate being spurred on by competition with other capitals which threaten to overtake the individual capital.

Third, the nature of the state as the means by which capital protects its privilege, combined with the unaven development of capitalism, poses the state as a central focus in any struggle to undermine the control or entrench the position of any individual capital or group of capitals, on or in the national economy. Nationalisation is, of course, one means by which it is possible for the state to do this very directly.

Finally it should by now be patently clear that no study of nationalisation (and hence of the relation between state and capital) can be conducted purely in the abstract. Without understanding the specific concrete circumstances which are impacting on any one country at any given time, it is impossible to understand one or other instance, attempted instance, or absence of nationalisation.

It is with this point in mind that we now turn to look at the changing relation between state and capital in historical (and need I add, concrete) context.

The changing relation between the state and capital – a concrete analysis

Analysing the changing relation between the state and capital[49] cannot proceed without broadly understanding the trends in capitalism generally over its centuries of development. Harman (1991), Callinicos (1991) and Binns (1984) provide detailed analyses of how the development of capital has impacted on the state-capital relation.

Binns' main concern is particularly useful to our purposes: he attempts to understand why wide-scale nationalisation was used as a relatively successful strategy for economic development by national liberation movements in a particular period; yet by the time of writing, every more recent attempt to use it failed, or did not even get off the ground:

> *While China, Cuba and Vietnam went on to construct state-directed economies after their respective revolutions, the more recent examples...seem to have exhibited a completely different pattern of development. In the Southern African revolutionary states – Angola, Zimbabwe and Mozambique – and in Nicaragua, revolutionary regimes, often established after a long and bitter guerilla war, have*

49 Viz a viz my earlier comments regarding the necessity of distinguishing between capital generally and individual capitals, in the following discussion I use 'capital' primarily to denote individual capitals or an aggregate of individual capitals.

This helps to explain why, even if a particular nation state is acting against the interests of an individual capital, that capital will think twice about packing its bags and seeking a divorce; it is far more likely to seek marriage counselling, in the form of lobbying the state or threatening (but not necessarily putting into effect) capital flight. It also helps to explain why, particularly in relation to the third world, multi-national (foreign) capital is far more likely to leave when the going gets tough.

In the next section of this chapter we shall see that shifts in the nature of international capitalism have had interesting effects on the relation between state and capital, and in particular on the precise role of the state. However, the basic points outlined above still hold true, although the specifics, as we shall see, have shifted subtly.

Summary – the mutual dependence of state and capital

To summarise some of the implications of the preceding analysis; we have seen, first, that the relation between state and capital, and between the state and individual capitals, is not a functional, necessarily direct or unproblematic relation. The state and capital are *mutually interdependent*, sharing an interest in continued capital accumulation and aiding each other in this task; but they can also have different and conflicting immediate interests. This understanding of the relative autonomy of each combined with their mutual dependence is vital to an understanding of when, where and how nationalisation happens and succeeds or fails.

Second, we see that the state under capitalism is specifically a *nation* state, whose interests coincide with the well-being of the national economy. The national character of the nation state implies the competitive aspect of the state in a global scenario, as an actor which seeks to compete with other nation states for economic and ultimately military prowess. In order to ensure its ability to compete it needs to ensure a healthy national economy. This has implications concerning the motivation for any particular state choosing to nationalise (i.e. take greater direct control of the units of individual capital within its national boundaries).

rather more substantial elements) – cannot. For any established capital, therefore, moving territories in the physical sense presents certain practical difficulties. It is, of course, possible to sell off factories, mines and so on – which does happen – but this takes time and presupposes a buyer willing to pay a suitable price. It could also be expected that those firms concentrating on the money and commodity forms of capital would find it easier to uproot themselves than those rooted firmly in productive capital (although even they have physical encumbrances – buildings, computers, and so on). None of this excludes the possibility of capitals shifting territories, but it certainly makes them think twice about it.

Even if this were not the case, however – even if all of capital were insubstantial as air – changing nation states still presents certain difficulties. In the course of its development, the specific nature of each individual capital is influenced by the relation both to the state and other national capitals in which it grows up. For example, as Harman points out,

> *the legal code of the state and the way it raises revenue, influence, and are influenced by, the internal organisation of each capital – the relationship between owners and managers, accounting procedures, even the ease with which it can recruit and lay off labour. They also affect and are affected by the relations between capitals – the extent to which there is a fusion between productive capital and merchant capitals (with firms doing their own marketing) or between finance capital and productive capital (with firms depending on 'their' banks to raise money)* (Harman, 1991; 13).

Thus, exactly because they *did* grow up in a concrete relation, that concrete relation has conditioned and shaped the concrete nature, the ways of doing business, and the internal organisation of each capital. The point that Harman makes regarding other national capitals is also important – it is not just the national state, but other national capitals upon which an individual capital b .comes dependent. All of this means that a large amount of internal reorganisation is required for an individual capital to uproot itself and switch nations. It requires forging new links with other capitals and its new state, and adapting to different legal, social and economic frameworks. It is not impossible, but again, it involves significant risks.

Which combination of roles any particular state is likely to play will depend on the particular needs of particular capitals; they are all, however, vital roles for capital. A capital denied of some body to carry out any or all of these roles would soon experience extreme difficulty in accumulating and particularly in accumulating competitively. An individual capital *"cannot, for any length of time, operate without having some state to do its will."* (Harman, 1991; 15) This explains why individual capitals need states; but it does not explain why individual capitals need any *particular* state.

Again, in the abstract, a particular capital does not need a particular state – any state will do. In reality, however, individual capitals tend to be tied to particular nation states. First, as already mentioned, historically (but not accidentally, as we have seen) particular nation states have a tendency to advance and defend particular (national) interests, and hence (generally but not always) the interests of the national capitals associated with them. Thus a particular set of national capitals can turn to their own nation state, not just to defend their interests, but to carve out areas of *privileged access* for them – to give them, if you like, an unfair advantage over other nation states[48]. (So, for example, in the mad scramble for colonies, a particular capital's ability to gain dominance over its economic rivals depended partly on its nation state's military capabilities.)

The second, linked reason requires reference to concrete history. Each set of capitals grew up in a particular relation to a nation state. It is quite possible for individual capitals to do all manner of things which counter the interests of their own nation state (American capital selling weapons to Saddam Hussein during the second Gulf war, for example); and it is even possible for an individual capital to *"uproot itself from one national state terrain and plant itself in another"* (Harman, 1991; 15): but the latter can only be done with considerable difficulty.

The most obvious reason for this is that, while money (being made of paper, or recently of electronic impulses) can move across the globe with amazing alacrity, other forms of capital – factories, heavy machinery, mines and so on (being made of iron, steel and

48 We shall see in the next section how this has changed subtly – that capital increasingly seeks to rely on *several*, rather than a single, nation state to do this on their behalf. However the basic point – that the nation state is useful to capital as a way to gain and protect its privilege over other capitals – still holds true.

Specifically in relation to this thesis, this analysis reinforces the need for an analysis of concrete and particular circumstances to understand the tendency to or away from nationalisation in any given instance. Nationalisation, as a phenomenon which generally does threaten individual capitals to a greater or lesser degree[47] (depending on the method by which it is implemented), poses certain risks for the state (whether it is an already entrenched one, or one newly-seized). The degree of risk involved for the particular nation state, and hence the likelihood that it will enter into that risk, will vary according to a range of factors (many of which will be discussed in the next section.)

Capital's dependence on the state

We have already mentioned that capital depends on the state to create (and maintain) the conditions for capital accumulation to occur, to protect its right to control the means of production, and to oppress any challenge to that control. Murray (nd) adds a further set of roles which the state plays, which are worth a mention; most of these are implicit in the previous discussion, but it is useful to summarise them again:

- economic orchestration (which we have already touched upon) which amounts to co-ordination of the national economy;
- input provision, which includes inputs such as labour (creation, training and control of wages of a proletariat), land, capital (state loans), technological development (for example, the contribution of Defence Departments to research and development), economic infrastructure (railways, electricity, roads, water and so on), and central manufactured inputs (those necessary for most production, like steel);
- management of the external relations of a capitalist system, for example, support for domestic capital in foreign markets and protection of domestic against foreign capital in the home market.

I have made specific mention of these because they were all amongst possible reasons for developing a state sector in the South African debate around nationalisation.

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47 Although, of course, at times something capital can or will live with, and even benefit from.

to another is always a risky business. Expropriating capitals which already exist is even more so:

> *If the state turns on private capital, it can create a situation in which people begin to challenge not merely private capital but capital accumulation as such, and with it, the hierarchies of the state* (Harman, 1991; 16).

Challenging individual capitals might threaten the state itself[44]. Thus the state generally remains tied to a particular set of capitals, because of the risks involved – but, at certain points in history, for whatever reasons, its own interests may well be felt to outweigh that risk[45].

This analysis of the "autonomy" of the state allows us to simultaneously argue that the state has a degree of relative autonomy (more autonomy than in any of the theories previously outlined, in fact) while at the same time to understand why it usually acts in the interest of individual capitals, and always in the interests of the capitalist system in general[46]. To reiterate – the state acts in the general interests of capital because it is a capitalist state. Without such an understanding, the cases where the state has acted against individual capital become inexplicable; alternatively, that the state does not more often act against the interests of capital becomes inexplicable.

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44 The circumstances in which this is least risky, of course, is when such a situation already exists: when masses of people are already challenging the status quo, as was the case with any number of struggles for national liberation. Then, an "aspirant state", in the form of the leadership of a national liberation movement, might as well use state power and the challenge to private capital to "switch horses" – while simultaneously deflecting the challenge to the system in general and the general form of state associated with that system. (This argument will be taken further in the following chapter.)

45 Of course, if the state does implement a policy which counters the immediate interests of individual capitals, it is faced with two possible outcomes: first, that capital will oppose that policy – either by capital flight (discussed later) or lobbying against it; second, that capital will discover that it can live with the policy, or even that it is in their interests. In the case of the former, the state will eventually either be forced to change its policy, or face severe problems: "...*persisting with a policy which conflicts with the interests of capital will have negative consequences for the state, certainly in the long term, maybe sooner.*" (Callinicos, 1992b)

One way out of such problems can be to simply expropriate individual capitals, as we shall see later; but this is an option fraught with danger and requires very particular circumstances, like those spoken of in the last footnote. S ·ch an option does not, in any case, free the state from the dynamics of the capitalist system on an international scale.

46 Or rather, why it always **tries** to act in the interests of capital. The state's attempts to defend both itself and its capitals can be inefficient. A shining example of this (but by no means the only one) is P.W. Botha's blundering programme of repression and reform.

Murray (n.) makes the crucial point:

> *There is a tendency...to infuse the nation state with an independence set apart from the range and power of its own national capital. Nation states become an entity without substance* (109).

The state's continued dependence on capital is not, then, linked directly and functionally to its dependence on *individual* capitals. *The state is a class actor in its own right*, with its own interests. Marx argued the state is "*not only a means of the forcible domination of the middle class*", but also

> *a means of adding to the direct economic exploitation a second exploitation of the people, by assuring to [the middle class'] families all the rich places in the state household...[it is capable of] humbling under its sway even the interests of the ruling classes... (The civil war in France*, Selected Works).

The state can, and sometimes does, act in its own interests against the interests of individual units of capital. For Hirsch, such clashes occur because:

> *...it is implicit in the form of the 'particularisation' of the state that the state apparatus necessarily and at any time can and must clash...with the interests of individual capitals and groups of capitals* (1977; 64).

But this is perhaps not so much because of its 'particularisation' – its separation from individual capital in order to regulate all capitals – as because of its desire to maintain and if possible improve its own position. The state's sole concern, in terms of its own interests, is the health of the national economy, not the general interests of individual capitals. But since the former usually depends on the latter, therefore the state's concern becomes to ensure that *some* set of individual capitals continue to accumulate. It remains reliant on a set of capitals for revenue and for the economic base to make it internationally competitive as a national economy. Beyond this, it is also concerned to keep the general system intact, because its own right to govern is based on the continuation of the system out of which it developed – on the continuation of a system which organises the world into nation states holding a monopoly on armed force.

In theory, this means that particular individual capitals are meaningless to the state – any set of individual capitals will do. In practice, of course, switching from one set of capitals

to act against the interests of the individual units of capital that it depends on. It does not stop the state swopping horses, of course. This constraint, in itself, is only partial and imposes a very circumscribed limitation. It certainly does not explain those cases where the state has "swopped horses", or the flip-side – why the state does not swop horses more often.

Far more significant is the limitation posed on the state by its own nature as a capitalist state. Its continued existence depends, in the final instance, on the continuation of the capitalist system. If capital accumulation in general comes to a halt, then the very basis of the capitalist state is undermined. Hirsch puts it:

> *...the bourgeois state as an instance raised above the direct production process can only maintain its form if the capital reproduction process is guaranteed and its own material basis thus secured* (1977; 66).

Understanding the capitalist state as a nation state adds depth to Hirsch's general statement. The need to guarantee capital accumulation is fundamentally conditioned by the imperative of inter-nation competition.

The state can, and has, completely overridden the immediate interests of individual national capitals: witness Peron's Argentina, Nasser's Egypt, Nazi Germany, Ba'athist Syria, and most of Eastern Europe, to name but a few. However, if accumulation suffers, then the nation-state is open to attack from other states:

> *The limiting case for the state is that, even if it overrides the interests of particular capitalists, it cannot forget that its own revenue and its own ability to defend itself against other states depends, at the end of the day, on continued capital accumulation (Harman, 1991; 15)*

– and, we might add, its ability to defend itself against attack from other classes which might seek to challenge its right to exist as a capitalist state at all.

In other words, without continued capital accumulation and the continued health of national industry, the state's revenues (taxes) dry up, and along with this the state's access to arms to defend itself against other nation states (whether those arms are directly produced in the country or bought from other countries on the basis of foreign exchange), as well its ability to compete economically on an international scale.

fundamental similarity – why the American state is different from the South African state, for example, although both are capitalist states. As discussed, the state and capital grow up in a particular territory in *concrete, historical* relation to each other: and, clearly, the particular form of their (mutually influential) growth will vary from one country to another and one time period to another, because the concrete circumstances that prevail will be different[43].

The interdependence of the state and capital

The concrete history of early capitalism and the nation state is, thus, inextricably entwined. The state serves capital's interests because it is precisely a *capitalist* state, not merely because it is a state in a capitalist system. It is a state, if you like, hand-made by and for the ruling capitalist class in the forge of concrete history. As such, it is integrally a part (if a distinct part) of the ruling class.

However, two questions remain: first, why does capital continue to need the nation state well into its development (and conversely, why does the state continue to act in the interests of capital)? Second, what of the 'autonomy' of the state? The questions are inter-related, so I will deal with both at once.

For Harman, insofar as the state and individual capitals are distinct, each is – in the abstract – able to act with complete autonomy. In reality, however – and particularly in the context of the close historical relation between the two – neither the state nor individual capitals are independent of each other: there *"are limits to the extent to which the state can break free of its capitals, and the capitals of their state"* (1991; 15).

The state's dependence on capital

The limiting case, for the state, is quite simply its continued existence as a state. On the one hand it does depend, as Przeworski and Wallerstein argue, on revenue from capital, in the form of taxes and so forth. This imposes certain constraints on the state's ability

43 One of the more important concrete circumstances, for our purposes, is the existence and nature of other, already established nation states.

CHAPTER THREE:

NATIONALISATION AS ECONOMIC NATIONALISM: NATIONAL LIBERATION MOVEMENTS AND THE CLASS CHARACTER OF THE ANC

The last chapter argued that the present trend in capitalism internationally is away from state-capitalism, in all its forms, and towards an increasing multi-polarity of the state-capital relation. The effect is to severely curtail the viability of nationalisation as a general strategy for capital accumulation or for ensuring the viability (competitiveness) of the national economy in the international economy.

This factor, on its own, explains why the ANC is likely to meet with little success if it attempts to nationalise. It cannot, on its own, explain why the ANC rejected nationalisation prior to attempting nationalisation. This would imply an overly functional view of the relation between economics and politics, between objective circumstance subjective understanding and action.

There is certainly a link between changes in the capital-state relation and reformulation of the ANC's positions – but it is not a direct, linear one. Although the preceding analysis provides an essential basis for understanding the reformulations (as later chapters will substantiate) more is required.

Central to understanding policy changes is understanding the process by which a global economic-political trend is translated into political ideology and action – the process by which these broad economic and political trends come to impact on and shape the specific politics of a particular political party. The final section will deal with such questions: the impact of the transition on ANC policy, and how objective trends have translated into subjective understanding.

But first it is essential to develop an understanding of the movement (the collective "agent") which such trends are impacting on. To understand the way ANC has reacted

handful[54] – Mexico, Argentina, South Korea and Brazil, for example –. were able to develop strong–enough economies through state–capitalism to enable them to forge links with foreign multinationals. These gave their economies the necessary boost to catch up with a fast changing world, to the point where they now have their own multinationals[55].

For South Africa the questions posed previously are raised again, with an addition: what compromises will the ANC be forced to make with local and international capital in c.der to safeguard its economy? What limitations has the changing state–capital relation imposed on the ANC's economic policy?

These questions will be dealt with in detail in section three. The next chapter discusses the class character of the ANC as a national liberation movement. Without such an analysis, I argue, it is impossible to understand the manner in which the trends discussed in this chapter have manifested themselves in ANC economic policy.

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54 Lucky, that is, for their ruling classes. Usually, the "economic miracles" of these countries were founded on extreme exploitation and repression of the workforce.

55 The feature distinguishing these from examples such as Mozambique is not the extent or depth of state–capitalism, but rather whether they chose an inward or outward looking growth path.

From the point of view of the nation state, the competition between nation states is no longer merely to defend the overall interests of their national capitals and hence ensure the competitiveness of their national economies; increasingly, that competitiveness depends on their ability to attract major capitalist powers and companies to invest. This has always been an issue, but the trend will be strengthened. The competition between nation states is likely to increasingly be a competition to make their national economies as attractive as possible to trans-state capital.

In the South African case, this raises particular questions: the strength of the South African economy, viz-a-viz its international competitiveness, and its ability to attract foreign investment; the amount and type of foreign investment already in the country; the extent and strength of national capital, and its international strength; and, of course, the implications of all of this for economic strategies employing nationalisation (which will be examined in some detail in the introduction to section three).

Back to the third world

As already discussed, the trend towards internationalisation eventually expanded to reinclude the third world. Binns (1984) argued that it was precisely the reintegration of the third world into the international economy that undermined the efforts of Angola and Mozambique to follow a state capitalist path of development. They re-entered the world market with weak economies, unable to compete internationally in a world in which international competition was becoming more and more intense. Specific historical variations made the exact experience differ, but the overall effect was the same – these countries, and Zimbabwe following them, were forced to make compromises with capital which were unprecedented for a national liberation movement. (See Binns, 1984 for more detail.)

In general, for the third world, the reincorporation into the world economy had one of two effects. Those with the weakest economies have slid further and further into economic ruin as the fluctuations of the world market wreak havoc on their economies. A lucky

become more important) – but, increasingly, individual capitals seek to form links with more than one national capital to serve these functions[53].

Harman points out that what multinationals seek to gain in their "cross border mergers and alliances" is not freedom from the state, but *"access to previously closed nexuses of influence – influence within foreign businesses and over foreign governments"* (1991; 32). In particular, the role of the state in protecting international competitiveness remains central. The actual behaviour of multinationals confirms their continued reliance on nation states (see Harman, 35–37, for details).

The limitations for capital of simply uprooting itself from one or other geographic location and moving to another still hold: simply because capital is now establishing roots in more than one territory does not make it any easier for them to up and leave; although, if they are *forced* to cut their losses in a particular instance – say, of threatened nationalisation – it does make it easier to bear the blow, because of the cushioning effect of assets elsewhere in the world. Thus the nation state has not by any means declined in importance, although its role (as we shall see) takes on an added dimension.

None of this means that the state's economic role, as a capital in itself, has disappeared altogether: in several instances, public companies continue to play a significant role. Increasingly, these companies themselves seek to extend their international influence and competitiveness . One of the effects of the state capitalist era and its end has been to catapult certain nation states firmly into the role of accumulation – of being units of capital in and of themselves. State capitalism, as Harman puts it, has not simply been negated, but transformed.

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53 Of course, this is a trend – it is not a *fait accompli*. It is a trend which contains certain contradictions for capital: starkest of these is precisely its desire to spread across national boundaries, counterposed to its continued reliance on nation states. Harman suggests that one possible outcome of the trend to internationalisation is 'regional state-capitalism' – the formation of blocs of nation states (of which the EEC is perhaps the first attempt).

However, he stresses the difficulties inherent in forming such blocs. Different sorts of firms have different interests – some are still tied primarily to a particular nation state, some have links within a continent, some have links across continents – and these conflicting pressures make it difficult to predict the final political outcome. In any case, this is a question for the long-term; in the short term, capital will continue to operate within the framework of existing nation states.

weakening of the nation state: after all, it was only possible on the basis of the nation state's interventions on behalf of capital.

Moreover, the central part played by the state in this process has placed the state firmly within the world economy as an actor. Increasing economic interdependence only strengthens this:

> *The increasing interdependence between economies... precisely because it does make for greater uncertainty and new problems of economic control, forces the national states to become ever more active in their internal economies and their external economic relations* (1973; 140).

Until this point, Warren's argument is convincing; however, he goes on to argue that

> *This in turn means ...an ever closer relationship between the state and the large firms (both domestic enterprises operating abroad and foreign enterprises operating locally* (1973; 140)

Exactly what he means by this is not clear. If he means that the tendencies towards state capitalism will continue, then the reality proves him wrong.

Harman (1991) argues that although the trend towards 'real' internationalisation is a very definite one, it is not as advanced as some would argue:

> *The trend to internationalisation is there - but the great majority of manufacturing companies still operate mainly from within one national state from which they branch out* (1991; 32).

Of 47 companies defined by the *Business Week* as 'stateless', the majority of shares of each are owned in their home country; only six are more than 30 percent foreign-owned. Only 14 have a majority of their assets abroad.

More importantly, the trend towards internationalisation is not a trend towards the complete delinking of the state and capital, as Murray thinks possible and Harris and Held hold is the case. Rather, it is a trend towards a *multipolar* relation between individual trans-national capitals and several nation states. The functions the state fulfils for individual capitals are still important (some, like bailing out national capital in difficulties,

> *Companies are now able to...move in and out of countries taking advantage of different wage and strike rates, to subdivide their operations in pursuit of a global strategy, to force workers to compete.*

It is questionable whether "post-fordism" is actually being effected; more questionable that capital can flit from country to country as Urry argues; and entirely questionable whether this means the ultimate end of the nation state. Urry advances little hard evidence to back up his argument.

A more rigorous attempt to deal with the issue is Robin Murray's (nd). He argues that it is indeed true that strong ties with the nation state made the development and internationalisation of capital possible: but, he argues,

> *When any capital extends beyond its national boundaries, the historical link that binds it to its particular domestic state no longer necessarily holds* (119).

This is especially so in the context of the increasing economic interdependence between economies.

The roles played by the state, he argues, constitute "public functions" (see my earlier discussion of Murray); these are all roles hitherto carried out by the state, but which could be equally easily played by any number of states, by the company itself, by collections of states or by other international bodies. The remainder of his discussion concentrates on which sort of firms need which sort of roles, and which sort of roles can only be carried out by the nation state or, alternatively, taken over by other "public' institutions. The ultimate effect of growing internationalisation on the nation state, he argues, will depend on the relative weight of different firms requiring different roles.

While his discussion of the roles of the state is certainly useful (although sometimes problematic – see Warren 1973), he leaves us none the wiser as to the effects of these trends on the nation state

Warren (1973) points out that Murray underestimates the qualitative shift towards internationalisation of production. He argues that this shift does not represent a

was in manufacturing alone (Harman, 1991; 26). Productive investment began to be the norm, rather than the exception.

The advanced capitalist countries maintained their isolation: trade and investment was still limited to themselves and the Pacific newly industrialising countries. However the intensification of international competition which accompanied state capitalism forced firms to seek to extend their international influence and increase their size, until, in the 60's and 70's, the first truly multinational companies began to emerge: multinational in the sense that all aspects – marketing, development and production – were international.

> *A new stage of capitalist production, based upon multinational enterprises, had arrived. This was the outgrowth of the previous, state-capitalist phase. Significantly, many of the most successful enterprises, whose competitive edge pushed others in a multinational direction, were not themselves multinationals but very much products of the state-capitalist era.* (Harman, 1991; 28)

Once the first multinationals had sprung up, of course, other companies were forced to try to follow their example to keep a competitive edge. Thus the trend accelerated.

The multinationalisation of capital which followed finally broke the isolation of the third world, which was again drawn firmly back into the world economy (although it remained economically marginal). This will be further discussed later.

On the issue of growing internationalisation, there is little disagreement between marxist and neo-marxist theorists; but there is much concerning the implications of this trend, in particular for the nation state. I have already outlined Harris' and Held's contention that the nation state has broken free of capital. Several other writers share a similar view.

Urry (1990) puts forward a somewhat garbled and ultimately empty argument about the 'disorganisation' of capital. Apparently the increasing internationalisation of capital has lead to *"decentralisation from below, disintegration from within"*, accompanied by some sort of post-fordist international organisation of capital. The implication for the nation state is apparently that it is becoming less and less powerful. The major problem with Urry's argument is its superficial and impressionistic description of events. In particular, he argues:

they did to their economies. (See Binns, 1984) Marginalisation of the third world at once *necessitated* wide-scale nationalisation and made it *possible.*

Many of these state-capitalist countries showed a relatively successful economic record; although the vast majority of them are now in or entering severe crisis, state-capitalism in its most extreme form - large-scale nationalisation and state intervention - clearly worked in its time, from a purely economic point of view.

What, then, has changed? Why were Angola, Mozambique and Zimbabwe, in particular, unable to repeat the experiment? It is necessary to return to the global level to answer this question.

The globalisation of capital - trans-state capital

I already pointed to the fact that the internationalisation of capital started in at least the 19th Century. Present trends are simply a continuation of that trend. However, although the same trend still operates, a qualitative shift has taken place in the form of that trend.

Whereas the previous expansion of capital beyond national boundaries was generally (although not exclusively) limited to an expansion of *markets*, the trend is now much more decisively in *production*. For the first time, large-scale expansion of capital's productive operations across national boundaries is occurring.

The advent of productive internationalisation is linked to capitals' new *ability* to internationalise in this manner. This qualitative shift is related to the state-capitalist era. National capitals' ability to extend and entrench their influence across the globe to the point where they have the confidence to put down substantial roots in a variety of nation states was aided by the role which their nation states played on their behalf. Empirically, it can be seen that the roots of the shift lie firmly in the state-capitalist era, in the 50s/60s boom. During this period, world trade grew at a phenomenal rate. By the 80s, it was growing at a rate of 40% in six years. Even more significant was the shift in the character of investment: for example, by the sixties, over 20% of British direct investment overseas

third world, it nonetheless seemed to occur whether or not there had been a revolutionary regime to carry it out and whatever the ideology officially espoused by that regime (1984; 52).

The second factor vital to understanding the prevalence of bureaucratic state-capitalism in the third world is that there very often wasn't much national capital to threaten in the first place. Partly because of this, the economies of all these countries were characteristically weak; the need for the state to direct the national economy was hence even more pronounced.

The third, and perhaps most important factor, explains the two previous. We have already mentioned that the trend which accelerated the tendency towards state-capitalism in the Western world was the economic crisis of the 30s. This same crisis led to the contraction of the Western economies – not only in an economic sense, but also in a geographic sense. The Western economies pulled back into the laager: the vast majority of international investment and trade was between the advanced capitalist countries (not, as many dependency theorists would have it, between the first and the third world. See Binns, 1984).

So, for example, between 1860 and 1929, the trend in British overseas investment was increasing investment in the 'Southern Dominions', Latin America and India, and decreasing investment in Canada, the USA and Europe (Callinicos, 1991a; 14). Between 1965 and the 1980s, by contrast, the vast majority (over 79%) of foreign investment went to the industrial countries; only a tiny percentage was going from the first to the third world (Callinicos, 1991a; 20).

During this period, therefore, the third world was essentially marginalised from the world economy. Except for Russia and Eastern Europe, most bureaucratic state-capitalist countries made the transition during this period. Their marginalisation contributed to weak economies which made large-scale nationalisation more desirable, as a means to direct the economy; at the same time, it meant that (apart from a sugar interest here and an ideological battle there) the major international capitalist powers didn't really care what

within the single capitalist class. Where a complete merger was never achieved in the first place, there are tendencies towards fission as well as fusion. The different elements of capital and the state will be bound together, but will also be continually trying to pull apart (1991; 25).

So even though there was an increasingly close link between the state and capital in the advanced countries, individual capitals still sought to protect their own identity, and resisted moves towards complete incorporation into the state. In the case of third world national liberation struggles, however, a decisive rupture with the status quo was made, making it relatively easy to incorporate what was left of national capital[52].

Many of these regimes laid claim to socialism. This is not the place to take up an argument about whether their claims are true, although it must be said that they did not fit the political description of socialism (workers' power) advanced by Marx, Lenin, and others in that tradition (see Cliff, 1955 for a development of this argument). But it does point to the fact that very many bureaucratic state-capitalist regimes were formed where a change of state occurred through some kind of revolution or violent rupture. Moreover, it makes it appear as if radical ideology was one factor in the shift to bureaucratic state-capitalism.

Ideology did perhaps play a part in the radicalism viz-a-viz individual capital of some of these new regimes, but the trend to bureaucratic state capitalism was present throughout the third world, not just amongst "socialist" regimes. In Bangladesh, the state held 85% of 'modern industrial enterprise'; in Algeria the state was employer of a full 51% of workers in construction, industry and trade; in Brazil the state was responsible for 60% of all investments by the mid 1970s.

So it appears that the tendency to *bureaucratic* state-capitalism was most pronounced in the third world, regardless of claimed radicalism. Binns argues:

...the move to statisation was a thoroughgoing one throughout the world economy at the time. Most strongly marked in the newest and weakest economies of the

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52 A similar factor comes into play in the case of Russia and Eastern Europe: in Russia, bureaucratic state-capitalism was able to consolidate in the political vacuum left by the civil war, where organs of workers' power had been decimated; in Eastern European countries, Russian imperialism stepped into the turmoil left by the second world war to establish states mirroring its own.

individual capitalist as well – so the state became, not just one section of the ruling class, but the whole of it[51].

Bureaucratic state capitalism and the third world

Some prime examples of bureaucratic state-capitalism are Russia under Stalin, Eastern Europe, China, Cuba, Vietnam and Egypt. South Korea also fits the description to a large extent, although it maintained some distinction between state and capital, in spite of large-scale state share ownership in all major industries (see Harris, 1978 and Gerreti and Wyman, 1990). Many more examples hail from "third-world" countries, or countries which were marginal to the world economy at the time bureaucratic state-capitalism was implemented.

Bureaucratic state-capitalism – the complete merger of state and capital, with the state as the locus-point – is the extreme of the general tendency towards state capitalism. Three factors accelerated the trend to the point of bureaucratic state-capitalism in certain countries.

The first was that the status quo was often already in flux; big capital was already under threat, and in many cases had already fled. In the Western countries, the state may well have liked to do much the same – take over capital entirely – but, as Harman points out:

> *..the different phases in the cycle of capital continue to exist even in a world of state capitals, and the need to fulfil them leads to divergent pressures in the state-industrial complex...so even when there is a complete merger of the state and capital the different phases capital goes through create different interest groups*

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51 Of course, the state was not necessarily any more efficient at running individual factories than was the case when they were run by individual capitals or corporations. The fundamental anarchy of capitalism persisted. Individual managers often acted against the state's programme to secure their own immediate interests – stockpiling to be able to meet later production quotas, lying about productive capacity, and so on. Moreover, the state's own planning was often absurdly inaccurate, with vast overproduction in some areas matched by underproduction in others. These features are not substantively different from features of state monopoly capitalism. In spite of the rhetoric, these states were not able to escape the dynamic of the global system they were embedded in. Their ability to plan ahead was severely curtailed since investment decisions were affected by the investment decisions of diverse capitals and states globally, over which they had little control but still had to compete with. Production was neither more democratic nor more centred on fulfilling majority needs, contrary to the myth of socially directed planning. See Cliff (1974) on Russia, and Charlie Hore (1991) on China for detailed histories of the economies of these countries.

The dynamic is self-enforcing, moreover: at the same time as capital and the state are drawing closer, capital is attempting to extend its influence globally. So it is also no surprise that the state's role as international competitor should begin to emerge at the same time as trends which press towards its merging with capital. The increasingly close link means that the state will be particularly concerned to protect the interests of its national capitals on the world market at this point.

It was not until the global crisis of the thirties, however, that this trend was accelerated to the extent that it became marked. The severity of the crisis left each nation state faced with increasingly uncompetitive national economies. National capitals showed no signs of being able to overcome the crisis alone. At this point, the state began to intervene far more directly in the affairs of national capitals on a scale not seen before, to create massive state industries to support ailing capital, and even to take on some of the functions of capital, in order to better direct the development of the national economy. State-capitalism, in its full-blown form, began to emerge. (See Harman, 1991 and Callinicos, 1991 for more detail.)

The trend towards state-control of industry, then, was a generalised one in the period after the 30s crisis. The extent and nature of state intervention in specific instances depended, of course, on specific conditions prevailing in any given nation – so, naturally, there were any number of variations on the theme. However, two distinct forms of state capitalism emerged, namely monopoly state-capitalism and bureaucratic state capitalism.

Monopoly state-capitalism was the form most generalised in the Western, advanced capitalist countries: here the state developed a large-scale public sector and intervened more or less directly in the affairs of individual capital (particularly on a world scale) but private monopolies were left largely intact. There was an increasingly close relation between the large monopolies and the state, but some distinction between the two remained.

In the case of bureaucratic state-capitalism, however, the distinction disappeared completely. The state became synonymous with capital, taking complete ownership and control of individual industries. The ruling bureaucracies took on the functions of the

The essential feature of a struggle against neocolonialism is the completion of the fight for national liberation, begun under colonial rule but which now takes a different form. It now has two dimensions, the national and the democratic, the former being anti-imperialist, the latter anti-bourgeois (1991; 2).

This obviously has implications for a definition of national liberation, which I will return to shortly.

Saul seems to imply the latter – that the struggle failed to transform into a different kind of struggle. But implicit in his understanding is the notion that the struggle was "hijacked" by petite-bourgeois elites and that, under certain circumstances, the working class and peasantry can influence the petite-bourgeoisie as much as vice-versa. On one hand he sets out to understand what has happened in post-liberation Africa, arguing that:

... the new petite-bourgeoisie is seen to be of special importance precisely because of the centrality of the state under African conditions, the state around which, in significant measure, the new petty bourgeoisie actually forms..."petty-bourgeois" politics characterizes important phases of the liberation struggle as well, with the new petty bourgeoisie in pre-independence Zimbabwe or Mozambique beginning to take shape as a class around the future prospect of its members' control over the post-colonial state in their country as well as around the existing structures of the liberation movement as a kind of state-in-the making (Saul, 1979; 6-7).

On the other hand, he goes on to argue that:

Such is the character of this petty-bourgeoisie-in-the-making that under other circumstances its openness to diverse pressures and influences may actually allow some of its members to play a genuinely revolutionary role...interaction [between working class/peasantry and petty-bourgeoisie] usually finds the latter class working to repress or distort the input from worker and peasant into the political arena. The classic case of a different kind of dialectic at work is Mozambique, where one wing of the petty-bourgeois leadership did move to crystallize active and class-conscious peasant involvement in the liberation struggle, and in the process found itself embedded in a developing popular movement, whose ideology

Although the two-stage analysis is faulty on numerous grounds, I will not critique it here. What concerns us here is that such an approach is predicated on an assumption that nationalism, as a distinct political force, is the province of any number of classes: specific conditions predispose it to one or other "class content".

Circumstantial analyses which predicate effective nationalism on a working class character

The third sort of analysis posits that nationalism is not the province of any particular class, but that only a working class content to national liberation can ensure its effective achievement. Examples of this approach are Turok, Saul, and Alexander[64].

Neither Turok (1987) nor Saul (1979) explicitly deal with the question of the class basis of nationalism, although both emphasise analysis of the classes involved in specific instances of national liberation struggles. In particular, both are concerned with the consolidation of a ruling elite which has (in Turok's argument), apparently prematurely, stopped national liberation in its tracks:

> *The internal processes of development, such as they were, have ground to a halt and the advance to democracy promised by independence has been aborted, often by those who made the promises* (1987; 1).

Implicit in this argument is the notion that national liberation, if it had gone further, may have served the interests of other (exploited) classes. Whether this is attributed to the balance of class forces inside the liberation movement (which would imply an argument similar to Slovo, Jordaan, and Wolpe's) or whether the root of the problem lies in the failure of national liberation struggles to transform into a different sort of struggle, is not made explicit. Turok implies the former – he argues that the struggle for national liberation is not yet complete:

64 Turok and Saul do not fall easily into either this category or another: because their analyses are based on actual studies of numerous NLMs, they offer the possibility of a more accurate general analysis of nationalism's class basis. Nevertheless, their own assertion places them in this category; while, particularly in Turok's case, they leave open the possibility of conclusions like those of Slovo, Jordan and Wolpe.

class". He maintains, however, that conditions in South Africa necessarily impose a leading role for the black working class in the national liberation struggle.

Jordan's argument is essentially a variant of Slovo's, but from the perspective of tracing changing conceptions of the nation in South Africa. Having discussed the "specific features of the national question in South Africa", and the dynamic process by which the present concept of the nation developed in South Africa, Jordan concludes that the national struggle in South Africa will necessarily take on a working class character. Speaking approvingly of the CPSA's "Black Republic Thesis, he says:

> *...In South Africa the land question, the national question and capitalist power were integrally linked. [The CPSA] projected a bourgeois-democratic revolution whose social character would be a worker-peasant alliance under the leadership of the working class* (Jordan, 1988; p 123).

For Wolpe, similarly, the content of nationalism depends on the classes involved in a national struggle. He speaks of:

> *...the possibility that opposition to racial domination may tend to unite black classes, and yet specifically defined class interests may, at the same time, tend to divide them. **Which tendency will triumph will depend on the conjuncture; it is not given by the racial structure*** (My emphasis).

He argues further, however, that the fundamental connection between race and class in this country make a working class content to national liberation a strong likelihood, if not inevitable. Notably, Wolpe's assertion assumes that the form of such struggle – the context in which one or other tendency will triumph – is necessarily that of nationalist struggle.

Their analysis is rooted in the "two-stage" approach, which assumes that the interconnectedness of capitalism and apartheid, of race and class, implies a necessary first stage of national liberation before the socialist stage can be embarked on: first, because national oppression obscures class relations and makes the development of working class consciousness unlikely; second, because such national oppression cannot be ignored. Given the interconnectedness of race and class, however, within the first stage they argue for (or assume) a leading role for the working class.

of the world political economy" (Nairn, 1977; 332). Nairn argues that, in attempting to break out of backwardness induced by imperialist intervention, the third world sought a "historical shortcut", in which nationalism was the means by which third world elites mobilised their societies to effect this shortcut.

Circumstantial class analyses of nationalism

The second way of conceptualising the relation between class and nationalism accepts the need for a class analysis, but perceives nationalism as a phenomenon whose class basis is circumstantial or conjunctural. Nationalism in one context (say, the First World War) may serve bourgeois interests; in another (say, the South African struggle) it may serve working class interests and petite-bourgeois interests simultaneously.

Home-grown examples of this approach are Slovo (1988), Jordan (1988) and to a large extent Wolpe (1988) (although some would place him in the third category)[62]. Although all see the class character of nationalism as circumstantial, they posit that conditions in South Africa make it near inevitable that the NLM will have a strong working class "content".

Slovo (somewhat like Nairn) sees nationalism – or at any rate, its progressive form – as the response of an oppressed people to their oppression by an external (colonial) force. This form of nationalism, needless to say, includes all manner of classes from within the oppressed group, including in particular the working class. Although it is not stated explicitly[63], Slovo seems to assume that what gives this form of nationalism its progressive content is firstly, that it is a response to oppression; and secondly, the mere fact that the working class is part of it. Nationalism, for Slovo, is not linked – except by coincidence of history – to one or other class, as the previous quotation demonstrates. To restate part of it: *"[The nation's] genesis is not necessarily connected with a single*

62 It is important to point out that in the following discussion of these writers I have focused largely on their articles specifically on the national question, rather than their general body of work. These are, however, generally consistent with their broader analyses.

63 Elsewhere – for example, in "Strategy and tactics" – these implications become more explicit.

These labels do express the analytical bases of the various approaches to a large extent, but as we shall see they present difficulties in a few cases. The labels must be perceived as a convenience in analysis rather than as an analytical tool in themselves. Beyond this, it will become clear that the implications of the first three analyses are remarkably similar, although they begin from very different assertions about the relation of class and nationalism.

Nationalism as distinct from class

The first perceives nationalism as having no class base at all; it is a political force which is (both analytically and in reality) completely distinct from class. The dynamics of nationalism lie in factors external to class, although the two may interact.

By their own assertion, Nairn (1977), Anderson (1983), and Hobsbawm (1990) fit into this category. Anderson links the rise of nationalism to a coincidence of technical progress (the advent of print capitalism) with certain political aims (Protestantism, representing a rising bourgeoisie):

> *What...made the new [nationalist] communities imaginable was a half-fortuitous, but explosive, interaction between a system of production and productive relations (capitalism); a technology of communications (print) and the fatality of human linguistic diversity"* (Anderson, 1983; 46).

Hobsbawm (1990) roots nationalism in the development of a new form of state which needed new ways of controlling its subjects as it increasingly intruded into everyday life:

> *...the state...raised unprecedented problems of how to maintain or even establish the obedience, loyalty and cooperation of its subjects or members, or its own legitimacy in their eyes. The very fact that its direct and increasingly intrusive and regular relations with its subjects as citizens became increasingly central to its operations, tended to weaken the older devices by means of which social subordination had largely been maintained...* (Hobsbawm, 1990; 265).

For Nairn (1977), nationalism has an economic root, in the uneven global development of capitalism: *"...nationalism in its most general sense is determined by certain features*

something which arises from one or other class, accidentally or by design, assuming leadership of the movement. Rather, *nationalism as a political ideology inevitably arises from, and expresses, particular class interests.* It is by virtue of this fact that certain classes rather than others, assume leadership of such movements.

It will become clear that an understanding of the class basis of nationalism deepens an understanding of nationalisation, in more senses than those already outlined, in three ways: first, it will further reinforce the analysis already outlined in the previous chapter regarding nationalisation as a form of the relation between state and capital; second, it will indicate that nationalisation in the specific context of national liberation struggles is little more than economic nationalism – an economic expression of nationalism as a political force; but, third, it will set the basis for understanding that nationalisation is not the only or necessary economic aspect of that political force.

The contention that nationalism inevitably expresses particular class interests might be regarded as contentious. It is perhaps thus wise to turn now to a substantiation of that statement – to a class analysis of nationalism.[60]

Nationalism – common analyses

Most theorists[61] on the national question and nationalism approach the question of its class basis in one of four ways. I have labelled these as follows:

1. Nationalism as distinct from class
2. Circumstantial class analyses of nationalism
3. Circumstantial analyses which predicate effective nationalism on a working-class character
4. Nationalism as having a particular class basis

60 It is worth noting, at this point, that national liberation is a particular and perhaps distinct category of nationalism broadly, but nevertheless a category. The following discussion deals with nationalism broadly, considering both the general theories and those specifically related to national liberation. The specifics of the latter will be dealt with later.

61 Here I am consciously excluding liberal theorists who argue in one or other fashion that nationalism is an entirely irrational phenomenon, inherent to the human condition; rather, I am examining solely those theorists who argue that nationalism requires social explanation.

context[59], *"In order to understand nationalism, we must first 'denature' it"* (Fine, 1990; 266).

Later I shall argue that it is precisely the multi-class nature of national liberation movements which shapes one aspect of their character of particular importance to this research, namely their vacillatory and contradictory nature. It is precisely because they attempt to bring together, under one banner, a range of different classes that their stated aims appear at one point revolutionary, at another moderate.

The necessity of a class analysis of nationalism runs deeper than this, however. It is not enough to stop, as Wolpe and Slovo do, at recognising the involvement of various classes in NLMs. Having said that NLMs are multi-class and multi-organisational, it is also true that there is generally a single class – often embodied in a particular organisation, with a particular politics – firmly at the helm of the broad movement. In the South African case, this organisation is the ANC. (I will shortly substantiate the argument that the ANC embodies particular class interests, and discuss which class it represents.)

The leadership of such an class (or organisation embodying interests) is not, however, simply a strategic or historical accident: this class ultimately imprints a particular set of aims and a particular character on the whole of the movement; it is this class which *defines* the national liberation movement as a *national* liberation movement. This 'imprinting' is by no means a simple, linear process; it is by no means a matter of one or other class unproblematically imposing its will on all the others in the NLM at all points. It is at all times a dynamic process. As I shall try to show, however, to understand NLMs it is vital to understand which class is the leading or "defining" class.

The matter is, of course, complicated by the fact that classes are seldom fully aware of themselves as a class. The leadership of a NLM seldom perceives itself as a class with particular interests distinct from others in the movement. A fuller understanding of nationalism begins to resolve this complication, however: as I shall argue, the class nature of nationalism is internal to nationalism itself as a *political ideology*. It is not

59 Fine's study is of the relation of the labour movement to a variety of different political strands. His concern here is whether struggles against racism in South Africa are necessarily nationalist, rather than the class content of nationalism per se.

the peasantry, working class, petite-bourgeoisie, and even, sometimes, traditional elites (See Tordoff, 1984).

The importance of this point cannot be overestimated. The vast majority of writers recognise it, but many reduce it to an observation. Slovo (1988) and Jordan (1988), for example, simply mention that the national liberation movement in South Africa comprises of different classes, while Slovo adds: *"The coming into being of an entity which can be described as a nation has a variety of historic roots. Its genesis is not necessarily connected with a single class"*.

Wolpe (1988) makes a more serious attempt in interrogating the relation between race and class, but having pointed out the interconnectedness of the two phenomena in South Africa, he simply concludes that nationalist struggle (into which he collapses all struggles around racial oppression) will thus also encompass class ends:

> *The national struggle does not have a single anti-capitalist connotation, it will be given different content by different classes...[it] may incorporate alternative class objectives... (Quoted in Fine, 1990; 262)*

Which class objectives it encompasses, for Wolpe, depends on which class is dominant in the nationalist movement.

<u>The necessity of a class analysis</u>

These statements rest on a common basic assumption: that nationalism has no necessary connection with any particular class. This contention appears to be born out by simple factual evidence: there can be no doubt that the national liberation movement in South Africa, and any number of other countries, comprised of a wide range of classes and apparently represented the interests of various classes in different situations. Failure to fully interrogate the class nature of nationalist movements, however, hampers understanding of the behaviour of nationalists and the various outcomes of national liberation movements. As Fine so accurately puts it, albeit in a slightly different

Alternatively, many writers spend a paragraph or two defining, in phenomenological fashion, what national liberation means in a particular context (in other words, in defining what constitutes 'the national question' in South Africa or some other country), what a nation is, or what national liberation struggles are against, without ever stopping to ask *why* this is the case. (See, for example, Jordan 1988.)[58]

What constitutes a national liberation movement appears obvious – it is, surely, a movement for the liberation of the nation. While this may *seem* an unproblematic concept, it is always necessary to look beyond the surface appearance for the real dynamic. There are all manner of unexamined concepts implicit in the seemingly simple phrase (some more appropriate to this discussion than others), like: liberation from what? what constitutes liberation? what constitutes liberation of a *nation*? and most importantly, what is a nation and what is nationalism? The last of these is of most concern to this thesis.

As it turns out, a little effort at defining basic concepts sheds a lot of light on the concerns of all these theorists. In the following discussion, I will attempt to draw out the implicit understanding of national liberation of a few of the theorists mentioned above, and – through an alternative analysis – critique these. In doing so I shall also discuss theories of nationalism in general (that is, those which consider nationalism more broadly than the case of national liberation movements).

What is a national liberation movement?

The first point which must be made is that a NLM is a *movement*. By this I mean that it is usually composed of any number of organisations (political, trade-union, social) which act together, to greater or lesser extent, to bring about a broad common goal (namely, "national liberation"). The varying organisations often express the second aspect of the movement as a movement – that it is generally a cross-class alliance. Revolutionary national liberation movements bring together a number of different classes: for example,

58 In all fairness, the failure to interrogate the national question is probably because they are concerned with other issues; however, it is questionable whether one can understand any issue relating to the national question without first understanding the national question itself.

Both sides of the coin are vital if we are to develop a historical, conjunctural analysis of the present shifts. The ANC's own strategic choices are part of the conjuncture, and indeed their past strategic choices have shaped the present conjuncture[57].

The final reason is that, as I will argue, it is only by understanding the inherently contradictory and vacillatory nature of revolutionary nationalism – an aspect of its character linked particularly to its reliance on an alliance of social classes – that we are able to understand the sometimes *simultaneous* radical and moderate faces of the ANC. From this basis we can understand more completely why reformulation of the ANC's positions (although evidencing a consistent trend) was not linear or unproblematic; as well as how this contradictory nature shaped both the process by and the manner in which the reformulation occurred.

In the following discussion the main focus is national liberation movements as a specific and distinct form of nationalism. Understanding the particular, however, is often easier from the springboard of the general: so the discussion of the ANC and national liberation movements (revolutionary nationalism) will be situated in a discussion of nationalism in general.

On the necessity of beginning at the beginning – defining nationalism

A striking aspect of literature on national liberation movements in the third world is that very many writers don't interrogate the concept "national liberation movement", preferring to focus, instead, on problematics raised *in relation* to national liberation movements (NLMs). (For example: why NLMs stopped short of their expected goal of social transformation (Turok, 1991); whether struggles for national liberation are contradictory or complementary to class struggles (Wolpe, 1988); the contradictory nature of nationalism (Mell, 1988); or the forms in which nationalism expresses itself (Tordoff, 1984).)

57 In this respect, a historical analysis of the ANC's development is of great use in understanding the full complexity of the present shifts. Unfortunately, such an analysis is beyond the scope of the present thesis by virtue of its sheer size; only a brief overview is possible.

analysis of the ANC and national liberation movements in general is required to substantiate this analysis.

The third (perhaps most important) reason relates to the comparison – already raised – between the ANC and other national liberation movements. The temptation is always great to explain the difference between, say, the Mozambican, Cuban or Angolan cases and the South African case in terms of differences between the movements themselves: to argue that the ANC's weak nationalisation policies represent their lack of radicalism, or even to argue that the ANC is no longer a genuine national liberation movement (whereas the MPLA, the 26 July Movement, and FRELIMO were.)

Such an analysis is extremely superficial to begin with; more importantly, its superficiality prevents an understanding of the substantive character of the ANC *or* the MPLA, FRELIMO, and so on, and ultimately underestimates (or even denies) the importance of factors external to the national liberation movement itself in explaining its behaviour[56] (an underestimation of what might be termed structural constraints).

The same superficiality can also, however, lead to an exactly opposite error – undermining the importance of agency in explaining how the ANC has come to find itself faced with these structural constraints. The actual actions of the ANC and of the broader movement in which it is embedded (the mass movement); its response to actions taken by this broader movement; its own influence on actions of the broader movement; its interpretation of international events and how these have informed its later actions; have all had a decisive impact on shaping the impact of structural constraints, although they have not been able to determine these constraints. The strategies embarked on by the ANC and the liberation movement in general were by no means inevitable, only options. They were not simply "given" by the structure, but chosen by individuals and collectives – albeit in the context of a particular structure. An understanding of the class nature of the ANC aids us in understanding why certain strategic choices seemed more effective, useful or viable at any given time, since it aids us in understanding the particular perspective from which the ANC has interpreted events.

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56 Of course, there are differences between all of these movements, which relate to specific historical and contextual factors. As national liberation movements, however, they all share a common character, and it is this character with which this chapter is concerned.

to changes in the world economy requires analysis of the character of national liberation movements. This chapter attempts precisely this. It will argue that *the ANC's character as a national liberation movement has set certain broad limits to its aims and political approach;* the shifts in its position have to be understood as shifts from one to another extreme within these limits.

This discussion assumes importance for four closely linked reasons. The first is because it provides a basis for understanding the particular *form* policy changes have taken. Why, for example, has policy reformulation evidenced a (by now more or less complete) abandonment of the idea of extensive nationalisation, yet left more-or-less intact the idea of renationalising existing parastatals? Why has the notion of state intervention to direct the economy remained, in spite of the rejection of nationalisation as part of an outdated commandist strategy? Why has the idea of state-provided social welfare been less undermined than the idea of nationalising the major companies to "break their stranglehold on the economy"? Why, for that matter, has the idea of anti-trust legislation replaced nationalisation as a strategy for doing the same?

While all of these reflect the trends discussed in the last chapter, there are any number of permutations which could equally reflect them. That they have taken this form is not purely accidental. The ANC's character influenced the form in which such trends manifested themselves in present ANC economic policy. A discussion of the class character of the ANC will contribute to a better understanding of why the ANC has been affected by these trends in the manner in which it has. Such analysis will enable understanding of the ANC's 'bottom line' - what is the limit of the compromise which the ANC, in terms of its *own* programme and ultimate aims, is willing to make with big capital? Or, in other words, what are the limits which its own character imposes on it?

The second reason (which is important in answering the above questions) is that the previous discussion regarding the changing nature of the state/capital relation rested on an as yet unsubstantiated assumption, namely that the ANC's policies on nationalisation (and, indeed, their aims more generally) were always firmly within the context of a capitalist framework. If this is not the case, then much of the preceding discussion becomes irrelevant - focusing, as it does, on the *capitalist* state. Consequently a class

example) but in the course of justifying their behaviour, created an oppression which by its nature includes all classes within the defined nation.

At the same time as existing capitalist states oppressed these classes, the simultaneous extension of capitalist relations into these countries created the possibility of the development of a local bourgeoisie – or more accurately, aspirant bourgeoisie[73]. The middle classes of the oppressed nation find their career opportunities and their potential to develop into fully-fledged capitalists blocked by national oppression, and are further frustrated by the general economic backwardness which generally accompanies colonial intervention. That national oppression finds its concrete expression in the form of a foreign (or in South Africa, white) controlled state, which entrenches the economic backwardness experienced by the country in general or by the oppressed middle class in particular.

For this middle class, two solutions present themselves. First, they can attempt to seek incorporation into the existing ruling class, particularly through incorporation into its colonial apparatus. This route was chosen by many. However, it presents certain difficulties for large sections of the aspirant middle class: first, it is an option open only to a section of the middle class, merely by virtue of the restricted number of posts. Second, the pervasive nature of racism – that it cuts across class – often means that full incorporation into the existing ruling class will be blocked precisely by racism. Even those who manage to achieve some measure of incorporation through the state bureaucracy may find further advancement blocked in this manner.

The second perceived solution is to seize the oppressive state and transform it into one which the local nascent bourgeoisie can use to further its own interests in place of foreign

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73 In the era of rising capitalism, it is the bourgeoisie proper which constitutes the social base of revolutionary nationalism. In the era of advanced capitalism, however, it is particularly the middle classes, the aspirant bourgeoisie rather than the bourgeoisie itself, which provides revolutionary nationalism its social base. One factor in this is that, in the era of advanced capitalism the bourgeoisie is, as Trotsky put it, "everywhere reactionary". Quite simply, they are loathe to make any challenge to the status quo of their own volition, in case it poses a challenge to the system in general, and their power within it. (This is of course in general, and not necessarily applicable to individual capitalists.) See Trotsky: *The Permanent Revolution*, (Pathfinder Press, New York, 1969) and Lenin in "The Agrarian Programme of Social Democracy" for a fuller exposition of this argument. The middle classes, with less to lose and a whole system of exploitation to gain, have fewer such qualms, although by no means none.

that the specific concrete conditions which urge their formation also impose certain constraints upon nationalism, and correspondingly demand certain responses from nationalists.

The concept "national liberation" has to be defined in the negative, in relation to national oppression. Capitalism's development is, as previously discussed, combined but uneven. In other words, as it spread across the globe, it drew whole societies into itself, imposing capitalist relations (social, political and economic) upon them. In drawing ever greater portions of the globe into capitalist relations of production, capitalism also drew them into an evolving global *political* system: a political system based on a strict political and economic hierarchy of nation states.

Precisely because of this, these societies were not uniformly incorporated into capitalism along the same path of development followed by the earliest capitalist societies: they entered the capitalist system in a world fundamentally different from that which existed when the very first centres of capitalism developed. The most important difference was the existence of those original capitalist powers, which – by virtue of their greater age and greater strength – shaped, and continue to shape, the entire capitalist system in their interests.

Hence the spread of capitalism into the third world brought with it whole-sale degradation in the third world[71]. Whereas economic backwardness was previously linked to continued prevalence of older modes of production, it now became linked to capitalism itself, or more precisely, to its colonial domination. Very often the existing centres of capitalism justified their subjugation of whole peoples by defining them as an inferior nation[72]. This was used to justify denying that group access to state power, amongst other things. In other words, they resorted to *national oppression*. Of course their aim was often to secure a passive and obedient working class (South Africa is a good

71 Although one should not underestimate the effects of its development in the original centres of capitalism, either.

72 The rise of racism is inextricably linked to this process. See Callinicos' 1992 article, "Race and Class", *International Socialism Journal*, 55.

for those countries that sought to enter capitalism at this stage of capitalist development, the very existence of the first nation states forced them to develop their own similar states, in order to compete with and protect their interests against the already established ones. Thus the concrete history of capitalism entrenched the nation state as the political form of capitalism.

Around this time, nationalism emerged as a political force. In their struggles to form new nation states in competition to existing ones, and to draw other classes to support that struggle, the nascent or aspirant bourgeoisie created a political ideology around which to mobilise. They sought to create a national consciousness, based on myths regarding the supposed nation. This ideology did outline, although in an obscured manner, the basic features of the kind of state to be formed[69].

Nationalism, then, is precisely about the struggle for the formation of a distinctively bourgeoisie state. In this sense, its character is necessarily bourgeoisie. As Harman puts it, *"The idea of the nation is inseparable from a range of other ideas associated with bourgeoisie revolution"* (1992; 11)[70].

So far, this discussion has been limited to the period of rising capitalism. In later periods, nationalism also appeared in a new form, directly of interest to this discussion – national liberation – but a form still firmly embedded in capitalism, *"in the machinery of the world political economy"* (Nairn, 1977; 335).

National liberation movements and the nation state

National liberation movements present a special form of nationalism. What sets them apart is not that they have escaped the essentially bourgeois character of nationalism, or that they are able to articulate the class interests of other classes (they do neither) but

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69 Of course, the classes which they drew behind this call did not necessarily have any interest at all in the formation of a new state which would simply continue their exploitation, only altering its form – but I will return to this point later.

70 I have not included a discussion of reactionary nationalism (for example, the nationalism whipped up by the imperialist powers in their own countries during the world wars); this form of nationalism, however, is likewise linked to the nation state, in that it seeks to defend existing state structures.

as a nation, sharing a single language and apparently a single culture, could be used to obscure the real gap between the two.

This, then, adds to previous analysis of the capitalist state as particularly a nation state. It is so in a geographic–economic sense, as discussed chapter two, because capital grew up in specific physical territories; but it is also so in a *social* sense (that of the concept of a nation, apparently including all who fall under the sway of a particular state) because capital grew up within already existing and developing trade (and linguistic) networks.

Morris (albeit in a different context) neatly sums up the connection between the capitalist state and the nation, from the opposite viewpoint:

> *The modern nation cannot be separated from the capitalist state since it is given concrete form by the operations of the state. The nation is concretely institutionalised through the state defining national territory and inscribing national tradition in its apparatus. The nation therefore tends to coincide with the state since it is concretely institutionalised within the state's attempt to structurally define and reproduce the national interest* (1991; 34).

The emergence of nationalism as ideology

Thus far, the connection between the *nation* state and capitalism is indeed purely historically contingent. It is conceivable that capitalism could have entrenched its operations without linguistically homogeneous states, and equally conceivable that it could have never discovered the benefits of the myths of commonality between its subjects and their rulers.

However, once the first national capitalist states *had* developed, the contingency ends. The first capitalist nations quickly entrenched their dominance on the rest of the globe, and in doing so also entrenched the *model* of the nation state. As capitalism became the dominant economic system, so that economic system was increasingly perceived as the solution to problems of economic backwardness associated with feudalism (even prior to capitalism's complete extension across the world). Modernising groups would, naturally, seek to emulate the economic miracle of the earliest capitalist economies. But

market can only function on an extensive, enduring basis if it is backed up by an equally pervasive state..." (Harman, 1992; 5).
The state backs up the market by, for example, issuing money, providing infrastructure for the market to function, and carrying out the general function of protecting the system of which the market is a central aspect.

The fact that the market under capitalism is all-pervasive makes the state so too; hence the validity of Hobsbawm's argument concerning the need for new forms of control as the state increasingly intruded into everyday life. The new state's pervasiveness requires an extended administrative apparatus; the development of the latter requires easy communication. Thus linguistic homogeneity becomes an important aspect of the developing state under early capitalism. Indeed, linguistic homogeneity was a central feature of early nationalism, as both Harman and Anderson make clear.

Harman explores this point further: he traces the development of the very earliest nation states (particularly Holland and Britain) arguing that trading networks formed the nucleus of the nascent nation state. These networks spontaneously developed into linguistic networks, because, clearly, standardised forms of communication make market transactions easier. The linguistic networks extended to include all those involved in trade (which, as commodity exchange became increasingly generalised, meant increasingly large sections of the population). As capitalism took off, so the developing proto-capitalist state was drawn into linguistic networks, and increasingly adopted the 'language of the marketplace'[68] (see Harman, 1992; 5-7 for more detail).

The very linguistic homogeneity of a particular set of capitals and the nation state they were associated with provided certain advantages for capital: it helped to cement the links between these capitals and a particular nation state; it made it more difficult for foreign capitals to challenge their home markets; and the unexpected bonus was that it provided *"an apparent tie between exploiters and exploited."* (Harman, 1992; 7) In other words, ruling and ruled class were no longer so starkly distinct: an appeal to their commonality

68 Prior to the development of capitalism, the language in which state affairs were conducted, the language of the church, and the vernacular were commonly entirely different.

coincident with the rise of capitalism. Previous to this, a particular state defined a political entity, but this political entity did not include any concept of "... *the ideal of a homogeneous body of citizens, enjoying equal rights, expressing loyalty to a single centre of sovereignty, and speaking a single language*" (Harman, 1992; 4).

It is no accident that the birth of such a concept coincided with the rise of capitalism; but if a necessary link with capitalism is to be proven, one must show that the concept of nationalism or the process of nation building was somehow integrally linked to the dynamics of this new system, rather than purely contingent.

Anderson's and Hobsbawm's analyses both provide a clue: the former in the concept of linguistic homogeneity as an aspect of nationalism, the latter in the state's need for new forms of control. Capitalism differs from previous systems of class exploitation in several important respects. For our purposes, two are relevant.

First, it rests upon *generalised* commodity production and by implication, commodity exchange. It therefore implies a generalised market as the arena for commodity exchange. The general nature of this market (as compared to the marginal markets of previous societies) means that it extends itself into, and impacts upon, every aspect of daily life. The market becomes the means by which individuals secure their subsistence. Second, the means of surplus extraction (namely, wage labour) differs significantly from that in previous societies, in that it is hidden in the wage form: surplus and subsistence labour are not formally or visibly separated. Surplus extraction can thus rely primarily on economic, rather than direct political, force (although the latter is used to ensure conditions for the former, or to replace it when it fails.)[67]

This means that the state's role under capitalism changes; as discussed in the previous chapter, a central function becomes ensuring that conditions for accumulation (extraction of surplus value) exist, rather than intervening directly in the extraction of surplus *per se*, as was previously the case. The former has a linked implication: as Harman puts it, "*the*

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67 In other words, what forces the worker to provide surplus is no longer the threat of direct armed violence, but the 'economic whip of the marketplace' – that the individual worker will starve if he or she has no job.

In the following section I shall attempt to develop a class analysis of nationalism, drawing largely on the insights of the theorists already discussed, the theories of Morris (1991) and Harman (1992), and the South African histories provided by Fine (1991) and Lodge (1983).

Nationalism – nation states, capital, and combined but uneven development

To summarise some useful insights already discussed: first, that nationalism does centre around the struggle for state power; second, that what distinguishes nationalism from other struggles for state power (in a descriptive sense) is that the former centres around the concept of "a nation"; third, that the concept of "nation" is a fluid one, often defined in relation to oppression. These insights are, I argue, essentially correct, and provide useful starting points for analysing the issue.

To situate these in a coherent analysis, I will argue that:

* nationalist struggle is distinct from other forms of struggle for state power in that it is a struggle for a particular *form* of state, namely the nation state;
* that "nation building" (the attempt to constitute a certain group subjectively as a nation) occurs in relation to this form of state; therefore its specific (concrete) content in any given case depends on the particular context, usually the means by which groups are denied access to state power;
* *that, historically, the nation state is the typical political form of capitalism;*
* that therefore, nationalism and nationalist movements are necessarily bourgeois political movements in character; their social base is usually petite-bourgeois, although membership may be drawn from a wide range of classes;
* finally, that the continued hold of nationalism in the modern world is related to the uneven but combined development of capitalism.

What is the basis of these assertions?

Theorists like Nairn are correct to adopt an historical approach to understanding nationalism, for it is only by understanding its roots that full understanding of its present forms becomes possible. Hobsbawm and Anderson both date the rise of nationalism as

history – the colonial past – is important to understanding the present. Similarly, Saul's analysis remains open to posing a purely conjunctural analysis of the effects of national liberation struggles.

The trick of simply redefining national liberation to include a broad range of social issues also provides little help in understanding nationalism. Its error is similar to Wolpe's: why should the struggle against colonialism, political or economic aspects of imperialism, or institutionalised racism take the form of a *national* struggle? Why should liberation be defined in terms of the *nation*? Beyond the insight that colonial domination and apartheid both rested on defining oppressed nations as nations, none of these theorists are able to provide a solid theoretical explanation of these phenomena.

Indeed, as I shall later argue, the contention that liberation must necessarily take a national form in the third world is inextricably bound up with the Stalinist "National Democracies" thesis: Wolpe, Jordan and Slovo reflect it explicitly, but Saul, Turok and Alexander, in the end, mirror many of its central tenets.

Turok and Saul do provide extremely valuable historical data, as well as some useful insights: for example, Turok's assertion that *"[Africa's malaise]...is a function of the world capitalist crisis"* (1987; 1) reflects the vital importance of recognising the global economic–political system's influence, as the previous chapter asserted. Saul's assertion that the state is a central focus for the consolidation of a petite–bourgeois aspirant ruling class is, as we will see, perceptive. In terms of understanding nationalism, however, their analyses leave much to be desired.

If we are to understand nationalism and the part it has played in changing nationalisation policies, a stronger analysis is needed. While Hobsbawm, Nairn and Anderson must also be accused of providing primarily descriptive accounts of the rise of nationalism, their insights have somewhat more analytical power – not because of their basic assumptions or conclusions, but because their insights are rooted in an examination of the historical *origins* of nationalism. This, as I will argue, is essential to understanding nationalism today.

Slovo himself points out that the concept "nation" is a fluid one. No single set of criteria (such as language, culture and so on) can be used to define a nation. Unless it is possible to isolate some other distinct characteristic of nationalism – some aspect that all nationalisms have in common – the concept becomes meaningless, and we might as well not use it at all. It becomes impossible to distinguish between nationalism and any other political struggle, save to say that the former takes the form of nation-building. But a definition is not an analysis.

These points relate to the class basis of nationalism in only the most general sense. A far more damning critique of Slovo et al's assertion that nationalism has no particular class basis lies in the reality around us. If it were true that national liberation struggles could as easily express the interests of any class, then we must ask ourselves why history has consistently shown it to express particular class interests and not others. Saul and Turok may not offer satisfactory explanation for the phenomenon, but their studies clearly show that the working class and the peasantry consistently lost out, finally, in national liberation struggles, while one or other local bourgeoisie was able to consolidate its power as a result. This is true even of those countries where national liberation had an apparently socialist flavour (Tanzania, Mozambique, Angola to name but a few). (See also Hanlon (1984) and Saul (1985) for a detailed analysis of the Mozambican case; Binns (1984) for an overview of Zimbabwe, Angola and Mozambique; Gonzalez (1992) for a discussion of Cuba, and Gonzalez (1990) on Nicaragua). It is easy enough to explain the marked non-improvement (and sometimes degeneration) of the position of workers and peasants in these post-liberation societies in terms of dependency theory. It is less easy to explain the marked improvement in the position of the new holders of state power in these terms.

Turok attempts to explain this disparity in terms of neo-colonialism: the path which nationalism has taken in Africa is dependent on a combination of continued dominance by imperialist powers, political bankruptcy on the part of the new ruling classes, and the failure of the masses to assert their interests in the struggle for national liberation. But the concept of neo-colonialism suffers from its descriptive rather than analytical nature. Useful as a shorthand it may be: but in itself it contributes little to an understanding of struggles for national liberation, save to imply the admittedly useful point that concrete

of these theorists; rather it is to make the point that without a clear definition of nationalism, the national question and national liberation, it is impossible to distinguish nationalism from other forms of struggle for state power. Nationalism becomes a purely descriptive concept, where the applicability of one description rather than another becomes impossible to assess.

Slovo, Jordan and Wolpe provide some useful insights, but they fail to *explain* nationalism. Their arguments remain at the level of observation; moreover, the potential insights which mere observation may offer are limited, because what they do observe is limited. Wolpe at least tries to provide a social context to nationalism in South Africa, but his analysis stops short of drawing out the implications of that social context to understanding nationalism itself. It is precisely the absence of any clear definition of nationalism which robs their insights of any analytical power.

In particular they do not deal with the question of why oppressed peoples should respond to their oppression in nationalist form, apart from observing that, in South Africa, this was a response to attempts to divide that people. This is one of Slovo's more useful insights – that the definition of a nation is often in relation to oppression. But there are any number of forms that this struggle could take; why should it express itself as a struggle to form a *nation*?

Wolpe makes a similar error from a different angle, in that he implies that the struggle against racism and the struggle for national liberation are interchangeable. This is only true insofar as the struggle against racism *has* expressed itself as a struggle for national liberation; it does not explain why it took this form[66].

Further, none of these analyses can account for the many and varied forms that nationalism takes: they can not explain, for example, why the struggle to form a nation should in one case take a unifying form; in another, the form of demands to secede. Their understanding of nationalism falls far short of a general understanding.

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66 See Fine, 1991, for a detailed historical critique of the notion that struggles against racism in South Africa were inevitably nationalist. Fine's history, and those of others like Lodge, certainly suggests that responses to racial oppression in South Africa took many varied forms other than nationalism.

democracy" (Alexander, 1979; 178). Any struggle which undermines racism in South Africa would necessarily challenge capitalism; conversely, to get rid of apartheid would, necessarily, require the overthrow of capitalism. He rejects two-stagism by substituting for it a single stage which necessarily and inevitably collapses both stages into one; the content of the erstwhile stages is, therefore, likewise inseparable.

For Alexander, then, nationalism is a political force which can express the interests of a number of classes. However, to actually achieve a nationalist programme (i.e. national liberation) requires that nationalism be dominated by the mass classes, since other classes will stop short.

Alexander's approach to nationalism, then - like Turok's and to some extent Saul's - rests on a redefinition of national liberation to necessarily include not only the national but also the social question.

Collapsing nationalism with all struggles for state power

A bizarre variant and combination of the second and third approach is that characterised most clearly by Blaut (1987). Blaut's analysis simply collapses nationalism and the political (and in doing so, quite collapses the distinction between a class analysis of a phenomenon and the worst kind of mechanical dogmatism). For Blaut, *"..national struggle is one form of the class struggle for state power..."* (1987; 57) Having made this quite valid point, however, he goes on to argue that, conversely, any struggle for state power must be a nationalist one. And since the working class occasionally embarks on struggles for state power, nationalism is therefore a working class struggle. The precise logic of his argument is obscure, relying largely on misquoting Marx and Engels; suffice to say that Blaut's analysis falls dismally short of a class analysis of nationalism, resting, as it does, on collapsing all struggles for state power into a single variant.

Critique: towards a class analysis of nationalism

Blaut's argument is not worthy of further critique, but in a sense it represents a logical extreme of the second and third approach. This is not to make a mockery of the efforts

and organisation came in turn to evoke from that leadership an ever firmer commitment to the revolutionary project (Saul, 1979; 8–9).

For Saul, under such conditions, the petite–bourgeois leadership of the national liberation struggle may *"commit class suicide and instead become a vanguard for the workers and peasants"* (1979; 10).

For Saul, then, the failure of revolutionary nationalism to deliver its promises to the mass of workers and peasants lies in the political bankruptcy of petite–bourgeois elites; but there is also the possibility for the working class and the peasantry to take control of the national liberation struggle and hence deliver a different outcome.

Such analyses reflect Fanon's seminal, stinging polemic against "native intellectuals", in response to early instances of decolonisation where elites assumed power, leaving social relations essentially intact; it was the failure of these intellectuals to align themselves with "the people" which prevented genuine liberation[65].

Both Turok and Saul, then, posit that genuine national liberation can only be achieved on the basis of active involvement of the mass classes. A prime difficulty in analysing both Saul and Turok's approaches to nationalism is that neither distinguish between nationalism per se and national liberation: in their analyses the two are at once distinct (the former often as the province of bankrupt elites, the latter of the masses) yet at the same time congruent (as in Turok's notion that national liberation has not really been achieved). In essence, however, their failure to distinguish between the two evidences an analysis made explicit by Neville Alexander (1979).

Alexander's argument – developed specifically as a counter to the "two–stage" argument, and based on a particular reading of Trotsky's theory of permanent revolution – posits that national liberation without socialism is impossible. Essentially, it argues that, given the dependence of capitalism on racism in South Africa, the national democratic revolution must necessarily transform into a social revolution, since *"no power on earth would be able to contain the people's struggle within the confines of bourgeois*

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65 I have not discussed Fanon's contribution in detail, since those elements of his analysis directly relevant here are expanded substantially by the contemporary theorists under discussion. I mention him, however, to point to the central importance of his work in raising such debates.

demonstrations. Repression was met with further rioting. Tension between the ANC's own approach of "non-violence" and the proletariat's rather more rough and ready response to oppression resulted: by the end of the campaign, the leadership had begun to *"recoil from mass mobilisation and from any act of defiance which might provoke further confrontation"*, fearing *"the irrational violence of the mob as a Frankenstein let loose by the non-violent and disciplined defiance of the volunteers"* (Fine, 1991; 126). Although a minority in the organisation argued that it should build on the spontaneous response to bring more pressure to bear on the government, the campaign was called off before the second phase.

The "natural" tendency of nationalists is to seek incorporation into the ruling class through compromise and accommodation, as the early history of the ANC demonstrates; but nationalists may turn to more radical methods when little other option is left open to them. Nevertheless, such radicalisation presents certain contradictions. The defiance campaign reflected a tension, which was to continue, between the need to challenge the state to win nationalist demands, and a concern not to disturb the status quo too deeply. The resulting ambiguity between a desire for mass action and wariness of its real consequences also continued.

But for all the unease regarding the defiance campaign, the ANC had firmly embarked on building a cross-class alliance to win its demands. The ANC's next major campaign – the collection of demands for the Freedom Charter – represented a clear attempt to win and consolidate mass support.

The idea that the Charter would *"get the people themselves, by means of a mass campaign in which they themselves participate, to say how they should be governed in the new democratic South Africa"* (Sisulu, quoted in Fine, 1991; 138) indicates a definite effort on the part of the ANC to redefine itself as a party representative of the masses of South Africa – an effort which should be seen as part of the process of "nation building", that is, an attempt to get "the masses" to subjectively define themselves as part of a nation.

But although *"the ANC had turned to the masses, the masses had not yet turned to the ANC"* (Fine, 1991). The following decade saw the ANC playing an uneasy game: attempting to mobilise mass action around its demands, while at the same time seeking to maintain strict control over the form of that action.

Its first attempt to mobilise mass action - a call for a "day of mourning" stayaway, after protesters were shot on Mayday in 1950 - was somewhat abortive: the call was made after over a week of action, which had been met by harsh repression, and came only after the height of militancy had passed. While the stayaway did receive some support, it was not a resounding success.

Subsequently, the ANC successfully initiated its first mass campaign, the defiance campaign. The campaign drew massive support. It struck a chord with thousands who lived in daily defiance of apartheid laws, and whose struggles lacked consistent leadership since the collapse of the ICU and the defeat of the AMWU.

Meli contends that:

> *The campaign [established the principle] that the liberation of the oppressed people in South Africa could only come about as a result of extra parliamentary struggle...our struggle went beyond petitions and legal deputations and delegations. The struggle was a challenge against the state and could only be effectively conducted outside the legal mechanism of the state* (1988; 121).

But while the campaign was designed to put real pressure on the state, its approach to mass action remained half-hearted. The campaign was to be non-violent throughout, reflecting a strong notion that it was still possible to win a change of heart in the government through moral pressure. Its three phases were predicated on the idea that the masses were not ready for action; and mass involvement was to be carefully controlled. In the first two phases, select volunteers were to stir the masses to action by defying laws and offering themselves for arrest, and the masses would enter the stage - non-violently - in the third phase.

The masses were more easily inspired than the ANC leadership had expected, however. The campaign sparked a number of wildcat strikes, riots and spontaneous

league[60]. Sporadic mass struggles – most spontaneous, or union-linked (such as the mineworkers' strike) increasingly pressured the ANC in this direction.

Alongside this process went redefinition of "the nation", with the ANC presenting itself as "the native parliament of South Africa" (See Simons and Simons, 1983; 490; Meli, 1988; 111); the focus of the ANC's political activity came to centre increasingly on replacing the existing state.

In 1949 the ANC adopted the Programme of Action, representing the culmination of radicalisation of ANC ideology: it committed the ANC to a course of direct action and mass mobilisation, as well as raising demands around "self-determination" and "national freedom". The ANC's ideology was now explicitly nationalist: a speech by Mandela in 1951 stated:

> *On the ideological plane there can be no question of the dynamism of African nationalism as an outlook for our people in the present stage of our struggle. At the present historical stage African nationalism is the only outlook or creed for giving the African people the self-confidence and subjective liberation without which a people can never hope to challenge effectively any national oppression* (Johns and Davis 1991; 38).

The programme represented a definite radicalisation, but nevertheless remained based on the concerns of the oppressed petite-bourgeoisie:

> *In some respects the Programme of Action reflected the specific aspirations of the african middle class, notably calling for 'the establishment of commercial, industrial, transport and other enterprises' by and for africans...It called for a study of 'the economic and social conditions in the reserves...to devise ways and means for their development' but did not challenge the existence of the reserves themselves. It called for 'the establishment of national centres of education...' ...but not the desegregation of the state education system* (Fine, 1991; 110).

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60 See Davies (1991) for more detail of the debates, and Simons and Simons, 1983, whose discussion of debates in the Communist Party touches the debates in the ANC itself.

As Meli suggests, the ANC's support base was now firmly amongst urban african professionals – Fine calls them the urban intelligentsia. Foreman (quoted in Meli) characterises them: *"These youth leaguers were students and teachers and professional men – as petit bourgeois as their predecessors"* (Meli, 1988; 118). But unlike their predecessors, they were increasingly sceptical of prospects of government reform. Combined with the influence of radical black nationalism from the USA, these factors contributed to the radicalisation of the youth league.

The ANC faced a dilemma: on one hand, it was increasingly aware of the limitations of existing strategies of seeking accommodation with the ruling class; while on the other, its comparatively tiny support base – Fine puts it at a few thousand – severely curtailed the prospects of more effective forms of action. At the same time, the organisation's own perspective had changed subtly: increasingly, its understanding of the african middle class's oppression was rooted in an understanding of racism as a broad structural phenomenon.

The solution to their dilemma was posed by the increasing proximity of the lower middle class and the proletariat, and the influence of mass working class struggles in the 30s and 40s: it lay in the african masses. Fine puts it:

> *African nationalism had to adapt or die and adaption meant reaching out to the masses. This was the historic role of the urban african intelligentsia, whose own radicalism was born out of the indignities and frustration they suffered at the hands of white society, the yawning gap between the liberal ideals in which they were schooled and the racist realities of South African life and their hard battle to survive as a middle class against the competition of the white petty bourgeoisie"* (Fine, 1991; 49).

The turn to the masses and to a cross-class alliance

Over the next decade, the radicalisation was consolidated through political debate, splits in the organisation, changes in the leadership, and a partial accommodation of the youth

It was becoming increasingly clear to the ANC – especially to sections such as the Youth League – that the racism which posed the main obstacle to their demands would have to be fought; ruling class racism necessarily excluded their own incorporation into that ruling class. Consequently deeper social change would be required if their demands were to be met. As Fine says: "*The new radicalism reflected a growing belief that the ruling class was no longer interested in accommodation with the african middle classes*" (Fine, 1991; 49).

The new radicalism did not translate immediately into radical action, and the government's willingness to negotiate briefly revived hopes for accommodation (see Fine, 49–50). In 1934, Seme led a delegation to the secretary for native affairs, to explain that the ANC "was not a political party" but a movement for social reform, whose leaders "were respected men of distinction" who would be "honoured" if the secretary were to attend their conferences "as our great chief". (See Simons and Simons, 1983; 490). In the following years, however, the prospects of a solution to middle class interests through accommodation with the existing ruling class became increasingly obviously remote.

The second factor contributing to the ANC's radicalisation was that its social base had changed dramatically. By the mid–thirties the ANC was little more than "a noisy shell" as Simons and Simons put it, with a shrinking membership. Whereas its base initially was drawn largely from amongst *"the relatively privileged stratum of independent african peasants"* (Fine, 1991; 48), by the 1930s it had been almost completely eroded by the land acts and the collapse of agricultural prices during the depression. Its other source of support – the african aristocracy – had largely been drawn into the state administration. Meli argues:

> *The composition of African society had changed in many ways. Traditional chiefs...began to be replaced by new incumbents who were now paid servants of the government...Increasing industrialisation and urbanisation led to a growing African working class and this resulted in the emergence of a new breed of African revolutionaries, with a distinctively working class outlook, and a new generation of intellectuals.* (1988; 82)

referred to by Fine. But a deep-seated moderation continued to govern the SANNC/ANC's approaches for some time. It often articulated anti-communist sentiment in response to the struggles of the african proletariat, accompanied by calls for calm and restraint. Regarding ICU-SANNC relations, Meli says:

> *One difference that did emerge was the form of struggle to be pursued. Whereas the strike and mass campaigns (in short, class struggle) were accepted forms of protest and action in the ICU, the ANC [sic] was not yet accustomed to these forms of struggle and even tended to be unresponsive and sometimes unsympathetic to strikes* (1988; 67).

The continuation of this conservatism, Lodge argues, was fuelled by concessions from the authorities, which took the form of

> *...a series of measures which, though generally incorporating features that offended the integrationist and meritocratic principles of leading Congressmen, nevertheless mollified some of the immediate resentment of petty-bo ,ois Africans and detached them from the movement set off by the popular classes* (Lodge, 1983; 4).

Radicalisation consolidated

It was not until the 1930s that the real radicalisation of the ANC began. It was to be a slow and halting process; and, although it did represent a genuine radicalisation, it was the radicalisation of a bourgeois-nationalist programme, not – as some have later argued – a switch to a fundamentally more radical programme or away from the middle class interests which the SANNC initially represented.

By the thirties even the most conservative elements in the ANC were beginning to realise that polite appeals to government were getting them nowhere. Although the very limited concessions of the 20s (The Native Housing Act, the Natives (Urban Areas) Act and the provision of first class accommodation for africans) had temporarily appeased many in the ANC's middle class base, the Hertzog Bills of the mid-1930s once again seriously challenged their interests, further restricting electoral rights and property rights. The bills sparked a new scepticism regarding the government.

The moderate nature of the early SANNC and its successor, the ANC, is well documented. The first conference sought to distance itself from radical action, adopting a resolution that:

> *the natives disassociate themselves from the industrial strikes on the Witwatersrand and elsewhere and prefer to seek redress through constitutional and legal rather than by violent means* (Quoted in Meli, 1988; 44).

This essentially moderate nature was to continue well into the late 1920s. However, as early as 1918, the organisation began to experience pressures which were to reshape the organisation in a more radical form.

Pressures to radicalisation

By 1918 wartime industrialisation had expanded the black urban population and industrial proletariat, particularly in the Transvaal. Sharp declines in living standards resulted from rapid inflation, pegging of black wages at 1914 levels, and reluctance on the part of municipal authorities to provide housing and services for the expanding black urban population. These factors had a dual effect on the ANC. First, racial segregation meant that the african middle class was itself hard hit by falling living standards in urban areas. Second, there was a surge of struggle amongst the african proletariat, leading in time to the formation of the first african trade unions (most notably the ICU and the African Mineworkers' Union, AMWU).

Lodge argues that the radicalisation and struggle of the urban proletariat, combined with closer contact between it and lower layers of the african middle classes, contributed to a change of leadership in the Congress:

> *In 1917 the executive was taken over by Transvaal men...Although hardly revolutionaries, these men were nevertheless less immune to the stresses provoked and stimulated by wartime industrial and social developments than the Cape leaders* (1983; 4).

The pressures of the post-war period led to the SANNC's involvement in the miners' strike, the pound-a-day demand, and the anti-pass campaign - the brief radicalisation

a particular concern, the fear of any petty bourgeoisie at a time of crisis, of being thrust back into the ranks of the urban and rural poor...Above all the South African Native National Congress was to represent the concerns and anxieties of the small professional (Lodge, 1983; 2).

Mell presents the formation of the SANNC as *"a result of the people's experience, and the leaders [the SANNC] were responding to the people's demands"* (1988; 37). But at the time the SANNC could hardly be characterised as the leaders of the (african) people; its successor was not to gain genuine mass support for some thirty years.

Initially, the SANNC's primary strategic outlook centred around their own incorporation into the existing ruling class. Fine argues:

> *Prior to the 1940s, with the possible exception of two brief periods of radicalisation in the 1920s, the African National Congress had represented more or less exclusively the aspirations of the african middle classes. It was a liberal organisation, favouring the gradual extension of the suffrage to 'civilised' africans alone, fearful both of the blanket african from the reserves and the working class african in the towns...* (Fine, 1990; 47).

To this end, the methods adopted were limited to petitions and delegations to government, based on appeals to reason: for example, John Dube, a SANNC leader, placed *"hopeful reliance in the sense of common justice and love of freedom so innate in the British character"* (quoted in Lodge, 1983; 3)[79]. The South African minister of Native Affairs *"confessed to a feeling of relief at the moderation of their tone"* (Plaatjie, quoted in Mell 1988; 44).

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79 Mell paints a kinder picture of the SANNC; for Mell, it was not even reformist, let alone conservative. Its reliance on moderate methods apparently resulted from appeals and delegations being part of African custom, a ruling class split between Boer and British, the underdevelopment of an african proletariat, and the failure of white unions to fight racism. But these explanations are inadequate: for example, while the african proletariat may have been underdeveloped, there was no shortage of militant struggle, including the 1913 black mineworkers' strike; the failure of white unions and the CPSA to take the racial question seriously does not explain why the SANNC did not seek to build alternatives; and while it may have hoped to exploit Boer-British divisions, it could not have been lost on them that the Britain itself instituted the act of union.

armed struggle; and the period of negotiations, which will be dealt with in chapter four[78].

The history not only demonstrates that the ANC's politics were and remain consistent with the essential features of nationalism outlined above, but also the process of radicalisation of nationalism; the latter aids understanding of features of specific nationalisms. It further highlights a dynamic of central importance to this study: the contradictory and ambiguous relation between nationalist politics and organisation, and the demands, aspirations and forms of struggle characteristic of "mass" classes such as the working class.

Formation of the ANC: incorporation into the existing ruling class

The formation and early years of the ANC demonstrate that its roots lie firmly in exactly the sort of middle class mentioned above; indeed, it was initially relatively conscious of its own interests and character.

When the South African National Native Congress (SANNC) was formed, the extension of capitalist relations of production had created a small but significant african middle class in South Africa. It consisted largely of independent african peasants or small farmers, landholders, elements of the old african aristocracy, labour agents, and professionals (lawyers, teachers, clerks and so forth). Their aspirations and interests were severely threatened by coalescing racist legislation. In particular, small farmers – many of whom had succeeded in carving a niche in the market by supplying fresh produce to the mining industry and towns – were challenged by the 1911 Natives' Land Bill, and later by the 1913 Land Act. Lodge puts it:

> *The group of men assembled in Bloemfontein in 1912 were well aware of the wider dimensions of the social tragedy being enacted around them. But they had*

78 The following historical overview is necessarily brief; it seeks to draw out some of the main points of relevance to an understanding of revolutionary nationalism. Consequently the richness and complexity of this history and of the struggles it is embedded in is lacking in the following account. Lodge (1983), Simons and Simons (1983) and Fine (1991) provide useful histories which include important detail regarding debates in the ANC and Communist Party. Meli's history (1989) is useful for tracing events, although it tends to project a current interpretation onto past events. The following overview draws heavily on these works and on speeches and articles (published in anthology form by Johns and Davis, 1991); Meer's biography of Mandela (1988), Roux's bibliography of Bunting; and Simons and Simons' history.

an inability to see beyond the present social organisation of society. It is not surprising, in a world organised entirely on the basis of competing nation states, that those fighting oppression should turn to the formation of new nation states, or the seizure of existing ones, to solve their problems. As Harman puts it,

> *The idea of the division of humanity into nations is etched into people's consciousness under capitalism. If one nation state fails them, the easiest thing is to turn to the idea of creating a different nation state. It seems so much more practical to rearrange the pieces on the board than to invent a totally new game* (1992; 51).

However, the point still remains that nationalism is the struggle for a nation state, organised around an ideology of "the nation"; it is this which distinguishes it from other struggles for state power. But if we accept that the nation state is the typical form of the capitalist state then clearly a struggle for a new or different nation state is a struggle for a new or different capitalist state, and the economic development which such a state seeks to accomplish is likewise capitalist economic development[77]. Nationalism is, in essence, a struggle centred around the *reorganisation of capitalism.*

These points isolate essential characteristics of nationalism. Concrete analysis reveals additional features of revolutionary nationalism, and yields a more complex understanding of the phenomenon.

A brief history of the ANC

The ANC's history can be roughly divided into four periods: its early history, characterised by moderate methods and aims; its radicalisation and turn to mass action; its turn to

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77 To this must be added that any single country's economy, as long as it remains embedded in a global capitalist economy, is going to find its economy shaped by and subject to the rhythms, logic and dynamics of the capitalist system, and unable to escape from that logic for any great length of time.

(or white) capital's interests; and to direct the economic development of the national economy to improve its position in the world hierarchy of states. This can be termed radical nationalism.

In this context, nationalist sentiment becomes an entirely logical focus around which these sections of the petite-bourgeoisie can organise their struggle, precisely because the struggle is for a nation state, and against national oppression. As Slovo observed, the definition of the nation in such struggles generally correlates to their oppression as such[74]. It is precisely this middle class, aspiring to assume its place in the ruling class proper, which is the social base[75] of revolutionary nationalism[76].

The essentially bourgeois character of nationalism

To summarise the conclusions drawn so far: first, nationalist movements, even revolutionary ones, are essentially bourgeoisie (capitalist) in character; in other words they do not go beyond the framework of capitalism, although they do seek a reorganisation of its specific, concrete manifestations in a particular country. Second, in the particular case of revolutionary nationalist movements, their social base is the oppressed petit-bourgeoisie, which seeks to gain control of its own state in order to direct the national economy.

A qualification is necessary before continuing. The process by which such a middle class constitutes itself around nationalism is by no means as conscious a process as it appears to have been presented here. The nascent bourgeoisie can be unaware of its own class nature. Revolutionary nationalists are not lying when they put forward their nationalism as a solution for all classes, although they are wrong. Their misconception is based on

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74 Although even this is not simply read from the given situation: nation-building, the process by which a group is subjectively constituted as a nation, is itself a dynamic process which often forms an integral part of the process of mobilising around nationalist ends.

75 The term "social base" is used in this chapter in a technical sense, to denote the social group (class or section of a class) upon which particular forms of political outlook (for example, nationalism) rest; as distinct from support base, which as we shall see later denotes a broader group.

76 Sections of an oppressed middle class may also form the social base of certain forms of reactionary nationalism. Inkatha is a case in point: a petite-bourgeoisie/bourgeoisie organised around control of an apartheid bantustan administration, it has sought to defend its niche against the threat of majority rule by attempting to mobilise around a mixture of nationalist and ethnic sentiment.

example) but in the course of justifying their behaviour, created an oppression which by its nature includes all classes within the defined nation.

At the same time as existing capitalist states oppressed these classes, the simultaneous extension of capitalist relations into these countries created the possibility of the development of a local bourgeoisie – or more accurately, aspirant bourgeoisie[73]. The middle classes of the oppressed nation find their career opportunities and their potential to develop into fully–fledged capitalists blocked by national oppression, and are further frustrated by the general economic backwardness which generally accompanies colonial intervention. That national oppression finds its concrete expression in the form of a foreign (or in South Africa, white) controlled state, which entrenches the economic backwardness experienced by the country in general or by the oppressed middle class in particular.

For this middle class, two solutions present themselves. First, they can attempt to seek incorporation into the existing ruling class, particularly through incorporation into its colonial apparatus. This route was chosen by many. However, it presents certain difficulties for large sections of the aspirant middle class: first, it is an option open only to a section of the middle class, merely by virtue of the restricted number of posts. Second, the pervasive nature of racism – that it cuts across class – often means that full incorporation into the existing ruling class will be blocked precisely by racism. Even those who manage to achieve some measure of incorporation through the state bureaucracy may find further advancement blocked in this manner.

The second perceived solution is to seize the oppressive state and transform it into one which the local nascent bourgeoisie can use to further its own interests in place of foreign

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73 In the era of rising capitalism, it is the bourgeoisie proper which constitutes the social base of revolutionary nationalism. In the era of advanced capitalism, however, it is particularly the middle classes, the aspirant bourgeoisie rather than the bourgeoisie itself, which provides revolutionary nationalism its social base. One factor in this is that, in the era of advanced capitalism the bourgeoisie is, as Trotsky put it, "everywhere reactionary". Quite simply, they are loathe to make any challenge to the status quo of their own volition, in case it poses a challenge to the system in general, and their power within it. (This is of course in general, and not necessarily applicable to individual capitalists.) See Trotsky: *The Permanent Revolution*, (Pathfinder Press, New York, 1969) and Lenin in "The Agrarian Programme of Social Democracy" for a fuller exposition of this argument. The middle classes, with less to lose and a whole system of exploitation to gain, have fewer such qualms, although by no means none.

> *Men and women did not choose collective identification as they chose shoes, knowing that they could only put on one pair at a time. They had, and still have, several attachments and loyalties simultaneously...It was only when one of these loyalties conflicted directly with another that problems of choosing between them arose* (Hobsbawm, 1990; 127).

Until a direct and clearly irresolvable conflict arises, the mass base of national liberation movements seek to combine their loyalties to the nationalist movement with their desire for deeper social change; and, in so doing, seek to imprint their specific demands on that movement.

In this respect, Slovo's assertions regarding nationalism are partly valid. Given the particular character of nationalism, however, the fulfilment of these broader and more fundamental demands – demands which go beyond the framework of capitalism – would require a break with nationalism as an ideology, and a qualitative transformation of struggle around nationalist demands into struggle against the system itself.

The need to maintain the support of (to remain sensitive to) a mass base which may be looking to broader change than the ANC can or will offer, explains the vacillation between the radical and more moderate faces of the ANC[84]. When relatively spontaneous movement of the working class posed a potential challenge to nationalist leadership of the movement, it very often adopted a radical face in order to maintain its leadership; at times, the more radical approach extended deeper than mere facade, to constitute a real radicalism around nationalist demands. This was evidenced particularly in the ANC's 1960 "turn to the masses", and the Congress alliance's radicalisation in the 85–86 upturn: these did constitute genuine shifts in strategic focus. Nevertheless, whatever the strategy, the overall aims to which this strategy was directed remained nationalist ones. What was happening in these cases was, in a very real sense, a focusing of mass discontent on nationalist agitation.

In terms of nationalisation policy specifically, it is in this context that it is possible to understand the most radical interpretations that the ANC itself has attached to its views

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84 I have purposely avoided counterposing militant and moderate, because nationalism in and of itself does not exclude militancy with regard to nationalist demands, as the ANC's history demonstrates.

conservatism, combined with the added problem of its own weakness in terms of size and power[83].

This may lead it into the second circumstance: seeking alliances with mass classes like the working class and peasantry in order to gain a support base. On one hand, it relies on these classes for support, but on the other, its programme stops far short of what these classes may expect from a movement promising change.

Nationalist movements are tied to their support base, at least until they attain power, because this is very often their only strength. Many national liberation movements were able to find an alternative in guerilla struggle, but for reasons which will be discussed in chapter four this option proved unviable in South Africa.

However, every time nationalists agitate amongst their support base around their own demands, they raise the possibility that this base, once mobilised, will seek to go beyond nationalist demands towards more fundamental transformation of society, or at least go beyond nationalism's own chosen methods. One effect of this has been that the ANC has repeatedly, once mass action is in progress, looked to other methods because mass action itself seems too dangerous or "confrontational". In the South African context, owing to certain peculiar circumstances to be discussed in chapter four, this has meant turning to less effective means of realising aims.

At the same time, and related to the previous point, nationalists seek to maintain leadership of that support base – both to ensure that their own nationalist demands are met, and to ensure that their support base does not overtake them. This contradiction is manifested clearly in the ANC's history.

The supporters, however, are not passive recipients and followers of nationalist ideology. Hobsbawm makes the point that the views of this mass base may not be as clear-cut as nationalist leadership might like to believe:

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83 A small but perhaps important aside: these comments refer, of course, to the middle class and the nationalist movement as a social – i.e. collective – force. They should not be taken to mean that every member of a nationalist movement or of the middle classes is necessarily conservative

alliance with other oppressed classes. These classes look to nationalist ideology particularly in circumstances where no alternative leadership presents itself. But this cross-class alliance does not in any way detract from the fact that nationalism's social base is the middle classes, and its political programme representative of their aspirations. It is in fact characteristic of nationalism under particular circumstances.

Contradictory nature of nationalism: between mass struggle and the ruling class

These features, as we shall see, are important in explaining the ANC's shift away from nationalisation, and the manner in which it has occurred. They cast necessary light on a central aspect of revolutionary nationalism: its inherently contradictory nature.

Although the ANC's programme may not intend to go beyond the framework of capitalism, it is nevertheless true that such broad statements as "the people shall govern" or "the people shall share in the country's wealth" are open to interpretation (as both Wolpe and Fine point out), particularly on the part of those elements of its support base – like the working class – interested in broader and more fundamental social change. Such elements may read into the national liberation movement far more radical desires and demands.

It is important, then, to understand the effects of the heterogeneity of the ANC and other national liberation movements. Revolutionary nationalism's inherent contradiction is twofold. First, it seeks to challenge the status quo in the particular while (perhaps unconsciously) preserving the status quo in general. In other words, it challenges the present organisation of the particular nation state which it seeks to overthrow, but at the same time seeks to keep the capitalist system as a whole intact.

This contradiction does not become a problem except in relation to two circumstances: the first is under conditions, as we have already seen, where moderate methods fail. Then the nationalist movement is faced with the contradiction between the necessity of challenging the status quo to achieve its own demands, and its own inherent

if not always in appearance, remains that of an oppressed petite-bourgeoisie. Nelson Mandela best sums up the class character of the ANC:

> *The ANC has never at any period of its history advocated a revolutionary change in the economic structure of the country, nor has it, to the best of my recollection, ever condemned capitalist society* (Quoted in Meer, 1988).

But, as we shall see in the next chapter, the continuity of the essential political programme has been accompanied by important strategic discontinuities which are of importance to our concerns.

Nationalism: the tendency to vacillation

The preceding brief history of the ANC serves more than to confirm that its social base and political outlook were, and remain, rooted in the aspirations of an oppressed middle class. It also pointed to two features of revolutionary nationalism which are essential to answering the question posed by this thesis.

The first feature is the tendency to compromise, related to a concern regarding too severe a challenge to the status quo. These tendencies persisted throughout the period of the ANC's radicalisation, and resurfaced periodically even during its period in exile. This tendency remained contradictory with its turn to mass action; to the extent that the ANC has used mass struggle, it has been an uneasy alliance.[82]

In a sense, the choice facing nationalists between accommodation with the existing ruling class and its overthrow was never clearly resolved for the ANC: chapter four will demonstrate this point more clearly.

This brings us to the second feature. In order to effect more radical change forced on it by structural obstacles to its incorporation into the ruling class, nationalism seeks an

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82 The ANC's history, it must be noted, is by no means inconsistent with the history of other national liberation movements, which exhibit remarkably similar beginnings and further development, particularly regarding their political programmes. A major difference, however, has been that – for reasons which will be discussed in chapter four – armed guerrilla struggle has had substantially more prospect of success in other cases; a second factor, which will also be discussed later, relates to differences in the form of the existing ruling class: in South Africa, a well established local bourgeoisie, in other cases a foreign, colonial power.

reflected a sensitivity to this, but continued to focus primarily on armed struggle: In February 1984 Tambo said:

> *The struggle for liberation is a struggle of the workers who constitute the proletariat. They constitute the most powerful contingent in our struggle...It is clear to us, as it is to the enemy, that the workers, the black workers especially, constitute a force that could pose a serious threat to the regime. But we don't see this as having exclusive importance. The armed struggle is indispensable...* (From Johns and Davis, 1991; 245).

And at the same time, the search for alternative means of achieving aims made a resurgence. In the same interview, Tambo said:

> *There is always a possibility of a truce...It would be very, very easy if, for example, we started negotiations. We have said that negotiations can start, serious negotiations* (From Johns and Davis, 1991; 248).

The 1985 upsurge added weight to the mass-action position. There is some evidence that the ANC made a renewed effort in the late eighties to set up bases inside the country. The United Democratic Front, for the most part, placed itself under the Congress Banner. But the ANC itself played a minor part in actual mobilisation.

Moreover, the tendency to seek a settlement through other means was gathering steam. Tambo, in August 1989, stated:

> *Negotiations are not an end in themselves; they can be a means to achieve our objectives...the ANC has over decades expressed its preference for a resolution of the country's problems through these means...* (From Johns and Davis, 1991; 277).

The reasons for this will be discussed in some detail in chapter four, so I will not examine them here.

With their unbanning in 1990, the ANC returned with it nationalist character intact, although in the intervening period it had acquired something of a red tint. In reality, the tint is barely skin deep: the chapters which follow will demonstrate how the ANC's approach and programme has remained essentially consistent with that prior to 1960 – the ANC remains a nationalist organisation, with a political programme which, *in essence*

But the masses themselves were not to be armed; and more importantly, efforts to organise and mobilise the masses were few. Even the inspiration-by-sabotage strategy was soon abandoned in favour of armed insurgence from outside the country:

> *The fight which held out prospects best for us and the least risk of life to both sides was guerrilla warfare* (Mandela, testimony at the Rivonia trial; from Johns and Davies, 1991; 124).

This was no doubt influenced by the widespread use of guerilla tactics in other parts of Africa; as Meli says, *"At this time the armed struggle was being adopted throughout Southern Africa by the liberation movements as a method of struggle"* (1988; 161)

Even alongside the turn to armed struggle, tendencies to compromise persisted. For example, Mandela said, in his 1960 courtroom testimony:

> *We demand universal adult franchise, and we are prepared to exert economic pressure to attain our demands...until the government should say, "Gentlemen, we cannot have this state of affairs...Lets talk". In my own view, I would say, yes, let us talk, and the government would say "We think that the Europeans at present are not ready for a type of government where there might be domination by non-Europeans. We think we should give you sixty seats...We will leave the matter over for five years and review it at the end of five years". In my view, my lords, that would be a victory...and we would for the five years suspend civil disobedience...* (Quoted in Johns and Davies, 1991; 68).

The practical effect of the strategy of armed struggle was to distance the ANC from potential mass agitation inside the country. Although the Morogoro conference made a verbal commitment to "maximum mobilisation of the African people" (See Meli, 1988; 169) the next upsurge in mass struggle came only in 1973; the initial spontaneous strike wave threw up the independent trade unions, which initiated and led a large portion of struggles over the decade to come. For some time the ANC continued to insist that SACTU was the only real union. The '76 uprisings – a landmark struggle – went under the banner of Black Consciousness rather than the ANC.

These events sparked a debate within the ranks of the ANC, however. Once again there was a section which sought to base itself on mass mobilisation. The organisation

campaign, a minority continued to argue for a focus on the masses following the anti-pass campaign; but the perspective which won the day relegated mass action to secondary status. During his 1960 trial, Mandela assigns all forms of mass action to the bin of "less effective methods":

> *All opportunities for peaceful agitation and struggle have been closed....Certainly the days of civil disobedience, of strikes, and mass demonstrations are not over, and we will resort to them over and over again. But a leadership commits a crime against its own people if it hesitates to sharpen its political weapons which have become less effective* (Quoted in Johns and Davis, 1991; 109).

Armed struggle – or more accurately, armed propaganda – launched from bases outside the country became the primary strategy for the next three decades. The strategy was to prove singularly ineffective in achieving demands, for reasons to be discussed in chapter four.

The initial turn to armed struggle reflected a continuing desire to maintain leadership of the masses, combined with limited faith in mass action itself:

> *...It could not be denied that our policy to achieve a non-racial state by non-violence had achieved nothing and that our followers were beginning to lose confidence in this policy and were developing disturbing ideas of terrorism...each disturbance pointed clearly to the inevitable growth amongst Africans of the belief that violence was the only way out...* (Mandela, testimony at the Rivonia Trial; from Johns and Davis, 1991; 119).

Initially, sabotage was proposed as a means of *"mobilising and organising both city and country dwellers"* (Mbeki, quoted in Meli (1988); 144):

> *These attacks would serve as a source of inspiration to our people. In addition, they would provide an outlet for those people who were urging the adoption of violent methods and would enable us to give concrete proof to our followers that we had adopted a stronger line and were fighting back against government violence* (Mandela, testimony at the Rivonia trial; from Johns and Davis, 1991; 122).

Similarly when the ANC women's league and the Federation of South African Women sought to organise around the militant response to the extension of passes to women, the ANC initially advised them not to do so, and later unilaterally called off the campaign (See Fine, 1991; 176–181.)

In the bus boycotts of the late 50s – another example of relatively spontaneous struggle – the role of the ANC was largely to urge negotiations at an early stage, rather than to urge the struggles on to greater heights and seek to capitalise on them. As Lodge puts it:

> *[The bus boycotts] demonstrate the possibility of obtaining through struggle immediate material improvements and of drawing political capital from these. Too frequently the possibilities that such struggles presented were disregarded [by the ANC]* (Lodge, 1983; 182).

A similar pattern repeated itself in the anti-pass campaign following the Sharpeville massacre: on one hand, the campaign was characterised by the ANC's militant face. For example, Lithuli responded to a threat to ban the ANC and PAC by burning his pass book, declaring that he would never again carry a pass (See Fine, 1991; 221). The ANC met spontaneous outbreaks of militancy by calling a national day of mourning.

On the other hand, the ANC made little further effort to capitalise on this militancy. The day-long stayaway turned spontaneously into a week-long one, but only after the mass strike was crushed by brutal repression did the ANC call another day of protest. In April the following year, the ANC called a three-day stayaway which was called off after only one day. Having called off the strike however, Mandela praised it and the South African working class in the highest terms.

<u>The turn to armed struggle – a turn away from mass action</u>

Shortly after this, the ANC/SACP alliance (along with the PAC and the trotskyist African Resistance Movement) made the turn to armed struggle, on the basis that their previous methods of non-violent protest were ineffective. Their analysis collapsed mass struggle as a whole into this category of "old methods". As was the case following the defiance

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had enmeshed itself in an alliance with the ANC where the latter was the dominant partner.

Nationalist politics were able to serve as a *"focus of mass discontent"* (Harman, 1991; 13) in a situation where an alternative focus was lacking. The working class and peasantry suffered severely from the economic backwardness imposed on them by racial oppression; it was precisely the means by which their exploitation was mediated. There was thus a coincidence (although by no means a convergence) in the interests of the african middle class and the african proletariat and peasantry, with all sharing a common desire to overthrow the oppressing state. Struggles around immediate problems were conducted under the banner of the ANC, because its challenge to the existing state appeared to encompass mass demands and aspirations.

Throughout these struggles, however, the ambiguity which had plagued the defiance campaign remained. On one hand, the ANC sought to maintain leadership of the spontaneous struggles which occurred, as well as to mobilise for its own demands: this required a somewhat radical rhetoric. On the other hand, however, it was still wary of unleashing a "frankenstein", and to this end its radicalism was constantly moderated by calls for peace and restraint, and in certain cases, seeking to stop spontaneous actions. Further, the "turn to the masses" remained only one tactic in a host of others for the ANC, rather than a firm focus.

So, for example, during the pound-a-day campaign - which the ANC transformed into a campaign around the white elections - the ANC's focus was on pamphleteering the white electorate. It also overruled SACTU decisions, insisting that there should be no pickets and that a planned stayaway should last for only three days; it called off the stayaway after only one day.

The 1959 Cato Manor women's uprisings met with an ANC response which "paid tribute to the spirit of resistance" but warned that:

> *We do not support anyone who damages or burns buildings or destroys property. It does not benefit the nation and...violence makes us look like terrorists and irresponsible people* (Lithuli, quoted in Fine, 1991; 218).

These quotations sum up precisely the character of revolutionary nationalism under particular conditions. On one hand, the need for structural change is recognised, as is the need for radical methods to effect such change. Because the social base of nationalism was too small and weak – the middle classes being a minority with no real political or economic power – the ANC was forced to look to an alliance with other oppressed classes, like the working class and peasantry. The Freedom Charter was precisely an attempt to appeal to such classes. It was part of a process of "nation-building", the process by which the nationalist organisation sought to create a subjective consciousness of nationhood in the minds of those from whom it sought support At the same time, however, its ultimate aim remained explicit: the opening of "fresh fields" for the advancement of middle class interests.

Precisely because of its ambiguity, however, the Freedom Charter was to serve as a very useful document in later years in maintaining the support of an increasingly radicalised working class and youth. At the time, it certainly helped to convince the masses that the ANC represented their aspirations.

Focusing mass discontent

By the second half of the 1950s, the ANC had, for all intents and purposes, finally won mass support. The working class movement made a significant resurgence, launching its own urban-based trade unions and embarking on a number of struggles; rural struggles also made a brief resurgence.

The ANC was able to assume leadership of these struggles, although it seldom initiated them. Fine argues that their ability to do so was rela[illegible]he absence of any serious, non-nationalist alternative: since the early 50s, the Communist Party – following Stalin's "right turn" and the "national democracies thesis" (the latter I will return to later) – had adopted a policy of close alliance with the ANC and accordingly dropped any independent face or criticism of nationalism. Other socialist parties, like the New Unity Movement, were both tiny and politically isolated from the working class by ultra-leftism and confused politics. (See Fine, 1991, for more detail on both points.) SACTU, meanwhile,

Both Lodge and Fine point out that the Charter was far from a collection of mass demands (See Fine, 1991; 139; Lodge, 1983; 72). Rather, it was a statement of the ANC's own political programme. The Freedom Charter has since been taken to represent a socialist or potentially socialist document by some[81], but the demands presented are – as argued in chapter one – firmly within the framework of bourgeois democracy.

Indeed, attempts to define it otherwise by the very same masses whose demands it supposedly represented were, early on, countered by the leadership itself: the Congress of Democrats, for example, in 1959 specifically ruled out a socialist content to the land clause and the economic clause. (See Fine, 1991; 150) A June 1956 article by Mandela characterises the Freedom Charter succinctly:

> *The charter is more than a mere list of demands for democratic reforms. It is a revolutionary document precisely because the changes it envisages cannot be won without breaking up the economic and political setup of present South Africa. To win the demands calls for the organisation, launching and development of mass struggles on the widest scale.*
>
> *Whilst the charter proclaims democratic changes of a far-reaching nature, it is by no means a blueprint for a socialist state but a programme* ***for the unification of various classes and groupings amongst the people*** *on a democratic basis...Its declaration "The people shall govern" visualises the transfer of power not to any single social class but to all the people of this country, be they workers, peasants, professional men or petty-bourgeoisie. It is true that in demanding the nationalisation of the banks, the gold mines, and the land, the charter strikes a vital blow at the financial and gold-mining monopolies....****the breaking up and democratisation of these monopolies will open up fresh fields for the development of a prosperous non-European bourgeois class.*** *For the first time in the history of this country the non-European bourgeoisie will have the opportunity to own in their own name and right mills and factories, and trade and private enterprise will flourish as never before* (Johns and Davis, 1991; 48 – my emphasis).

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81 See, for example, the debate in the South African Labour Bulletin, from late 1986 to 1987

becomes increasingly central to the growth path. Throughout, there is a constant tension between this and regulating the operations of capital to preserve the overall health of the national economy, although the former dominates in the end.

Two central trends emerge; both are usually couched in terms of "the national interest". On one hand, formulations of economic policy manifest a clear desire to stabilise the national economy and (almost without exception) improve productivity in order to achieve a greater measure of international competitiveness. To this end, substantial state regulation of investment and the economy is perceived to be vital. On the other hand, the imperative of attracting investment (both local and foreign) is a constant theme, increasingly pronounced in later documents. A third concern of note is how to meet the aspirations of the mass of workers, unemployed and rural people[93]. These themes are presented in relation to the crisis facing South Africa, in terms of solutions to that crisis.

State regulation to restore economic growth

The Harare document clearly demonstrates these concerns. The backdrop to its approach is the search for solutions to the structural crisis facing South Africa. This is understood to be the result of *"distortions of the apartheid system, problems in the sphere of domestic production and reproduction and the changing and destabilising international environment"* (1990; 2). This refers to the effects of the skewed development of the South African economy.

While the manufacturing sector grew rapidly, it remained dependent on imports for capital goods and machinery. Mineral exports earned foreign exchange required to support this sector. The effect was stabilising as long as mineral prices remained stable, but global fluctuations of mineral prices led to growing instability in manufacturing, which found it

93 This, it will be argued, remains a constant theme for three reasons: first, and most obvious, the ANC still perceives itself to represent the interests of this mass of people. Second, a very large part of its membership is drawn from this quarter, and has therefore, to a greater or lesser extent (as will be discussed in the next chapter) had some effect on the contours of the ANC. Third, and most importantly here, the ANC realises that this same mass base could present a very significant threat to political stability if no attempt is made to meet its aspirations. This point will be discussed in the next chapter.

may conflict with the overall health of the economy – given that these decisions would be made with the health of the corporation itself foremost. Thus the nation–state would seek to regulate and direct the operations of transnationals to some extent, although at the same time it would have to balance this against a desire to maintain transnational investment.

The nation–state might also seek to develop linkages with other nation–states in order to strengthen possibilities of attracting capital from these nation–states, or to provide markets for its 'own' capitals.

The nation–state would, of course, face contradictory pressures. First, capital which is still nationally–tied would seek increased protection from the nation–state in the face of sharpened competition from transnationals. In the South African economy, however, the distinct predominance of a few large conglomerates (like Anglo American and De Beers) all with well established transnational operations, and the relative under–development of smaller capitals suggests that such interests are likely to be less influential[92]. (See Kaplan (nd) for a discussion of the internationalisation of South African capital). Second, different sections of transnational capital would seek different international political linkages. The latter would impact on the precise form such linkages take.

Our concern here is not primarily the exact form such trends have taken, but whether they are manifest. The latter point should be noted, therefore, but is not of central importance to the following discussion.

Manifestations of trends in ANC economic policy

Measured against these broad points, the economic policy formulated by the ANC is remarkably consistent with the logic of these trends, as demonstrated in the following brief discussion of economic growth paths perceived to be viable. Broadly speaking, the economic growth path which emerges proposes export–led growth, emphasising achieving political and economic stability. The theme of accommodation to capital

92 The South African clothing industry is a good example of such nationally–tied capital. It has been unable to compete favourably with imported clothing, but its pleas for protectionism have fallen, to date, largely on deaf ears.

Implications of the trends – a summary

Implications for capital

We can assume that, given the changing state-capital relation discussed, an optimum situation for a transnational capital would imply continuing relations with particular nation-states, allowing a large measure of influence through which it can shape economic policy to suit its own ends; but in which it maintains a large degree of independence from nation-states to decide and control the direction of its own operations, particularly in relation to operations in other countries. It would also imply a measure of freedom to move its operations or establish new operations in a number of countries.[91]

At the same time, transnational corporations would, evidently, be more willing to invest in countries which offer a suitable climate to guarantee accumulation. In particular, they would seek political and economic stability and an infrastructure to support their operations. Finally, the promise of high profit margins would be an important incentive to investment.

The nation-state

In general, the nation-state itself (or aspirant nation-state) would want to ensure a healthy economy; given the dynamic of capitalism, this would imply an internationally competitive one. In the current context it would imply attracting transnational corporations (both local and foreign) to invest: given their size, economic capacity and attendant competitive edge, these would be more likely to contribute to competitive economic growth. To attract them, the nation-state would have to provide conditions for stable accumulation.

At the same time, however, the nation-state would not necessarily benefit from a situation in which these transnationals could do just as they pleased. While transnational investment would contribute to the nation's economic power, their investment decisions

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91 This is, of course, broadly and abstractly speaking. The points made in the second chapter regarding the influence of concrete historical ties with particular nation-states should not be forgotten, although they are not of direct relevance here.

INTRODUCTION:
THE SEARCH FOR SOLUTIONS TO THE CRISIS

The central argument in this thesis has been that the ANC's policy shifts with regard to nationalisation cannot be fully understood without understanding the concrete conditions in which they are taking place. The preceding section sought to lay a general and partly theoretical basis from which to proceed to more specific analysis: I argued that the shifts are related to the impact of global economic and political trends, and the particular character of the ANC as a national liberation movement. These chapters sought to outline the limits within which the ANC and its allies are constrained to act. In terms of its character as a national liberation movement, the outer limit is that the ANC will seek to solve the national question within the framework of capitalism. The changing nature of the relation between state and capital, discussed in chapter two, imposes certain limits in terms of that capitalist framework, in this particular historical conjuncture.

But these "limiting cases" can not be assumed to translate directly and functionally into a particular economic policy in the here and now. While they contextualise the shifts, the context itself cannot be taken to predetermine the outcome of a particular economic policy. Rather, the impact of these factors must be mediated by further influences which serve to translate the objective trends in capitalism into actual and ideological trends in the formulation of ANC economic policy. In other words, we must look now for the factors which have "brought home" the influence of these trends. This section sets out to find these factors.

It is useful to examine the extent to which the changing state-capital relation has indeed impacted on ANC economic policy. Before we can conclude that this is a factor – even a mediated one – it must be demonstrated that ANC economic policy does reflect the concerns imposed on a nation-state by changes in the state-capital relation. Such discussion also hints at the factors which have mediated these changes.

SECTION THREE:

THE SOCIAL AND POLITICAL CONTEXT OF NATIONALISATION – HISTORICAL CONJUNCTURE AND CONCRETE CIRCUMSTANCE

Morris (inadvertently perhaps) hit the nail on the head. Given that the nation they are trying to save is locked in the framework of international capitalism, and indeed dependent on local capital for economic recovery as long as this remains the case, it is hardly surprising that nationalisation was largely rejected "in the national interest". As we shall see in chapters to follow, "the national interest" led the ANC to seek to project itself more strongly as the saviours for national (and international) capital – with unfortunate implications for the black majority.

Conclusions

This chapter sought to demonstrate that the ANC's political, and hence its economic, programme remains firmly within the framework of capitalism, given its class character as a nationalist movement. It is only in this context that we can begin to understand the impact of general trends in world capitalism on the ANC's economic programme. It allows us to understand their openness, if you like, to those trends. In itself, however, this is not enough: we must further understand how the ANC came to apprehend those trends. Equally importantly, we cannot assume that a combination of nationalism with these trends necessarily and inevitably led to the outcome outlined in chapter one. Understanding the extent and form of the impact of those trends requires fuller understanding of the social and political context in which ANC economic policy was shaped. In developing such understanding – as we shall see in chapter four – understanding how the ANC's character as a nationalist movement shaped its behaviour during the political transition proves essential.

The preceding chapters provide a basic framework for further, more specific discussion regarding the central questions of this thesis. In the following chapters, I shall discuss in detail how the general trends in capitalism discussed in chapter two came to impact directly on the ANC's policies regarding nationalisation. This requires a more concrete analysis of recent events than this discussion has provided so far.

imperative – namely, to make the national economy as attractive as possible to big and in particular trans–national capital.

It is precisely the ANC's nationalist tendency to seek to build a competitive national economy which, at this historical conjuncture, reinforces the trend away from nationalisation in general. Of course, there are certain kinds of nationalisation which could serve to make South Africa more attractive as an investment opportunity, such as those which provide infrastructure for capital and possibly those which contribute to stabilising the workforce (welfarist forms). These sorts of nationalisation appeared consistently in policy documents[90].

Underlying this is a more general point concerning the character of nationalism: the interests of "the nation" (or "the people", as the term is often used here) are not the interests of all who are subjectively or objectively defined as part of that nation – quite the contrary. They are, rather, the interests of the nation state (or 'aspirant nation state') which defines the social, political and economic boundaries of the "nation". These interests, as we saw in the previous chapter and this chapter, become inextricably bound up with the interests of national capital, and inextricably tied into the international web of political and economic relations.

As we saw in chapter one, shifts in the ANC's policy on nationalisation were strongly linked to the tendency to adopt a conciliatory attitude to capital. That, in turn, linked precisely to their attempt, as nationalists, to rescue the national economy: as Morris (again in a rather different context but again very succinctly) puts it:

> *The problem they [the ANC] face now is how to formulate an appropriate alternative social vision that is perceived to encompass the totality of South African society. The ANC have to resolve that national question by projecting themselves as the saviour and creator of* ***the whole nation****, and not, as they will presently be portrayed, as merely the principle representatives of the black majority at the negotiating table* (1991; 56 – my emphasis).

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90 Although attempts to extend such forms of state–owned industry show no signs of materialising post–elections.

necessarily linked to any particular form of economic organisation, beyond the broad trends prevalent in capitalism[89].

Having said this, however, it is nevertheless significant that organisations which are fundamentally similar in character should, in practice, seek to institute significantly different economic programmes. This precisely is a central problematic of this thesis. Concretely, the broad trends prevalent in capitalism and a host of other factors come into play in determining the particular economic programme or growth path posited by a particular nationalist movement.

Nationalism – reinforcing anti-nationalisation trends

In terms of the ANC's 'bottom line', the preceding analysis of the ANC's character as a national liberation movement suggests that it is likely to accept any amount of compromise with regard to nationalisation in particular, if forced to. In the abstract, their bottom line is incorporation into the ruling class in one way or another. In South Africa, concrete conditions have meant that such incorporation implies the ANC gaining control of their own nation state (probably best translated into concrete terms as majority rule); nationalisation is secondary to this issue.

Given that this nation state's survival will require directing the local economy to make it competitive on the world market, it is highly likely that the ANC's character as a national liberation movement will push it *away* from nationalisation in the current context. For national liberation movements at other points in history, the drive towards national competitiveness reinforced the trend towards nationalisation because that was the easiest and most effective way to coherently mobilise and direct the resources of the national economy. Such a drive still exists, but it is fast being overwhelmed by a conflicting

89 In this vein, an obvious point is that the whole aim of gaining one's own nation state is precisely to enable one to direct and develop the national economy according to one's own interests. This raises the question of whether national liberation *can* be said to have been achieved if the national bourgeoisie gains control of its own state, but – because of the power of transnational capital, say – is not able to *use* that state to direct the economy. This is a moot point, and not of primary relevance to this thesis; however, I would tend to argue that nationalism, for all that it does have an economic aspect, is primarily a political phenomenon: it is the gaining of the state which must be taken as the solving of the national question, rather than the economic outcome.

the means of production..." (Roxborough, 1979; 135)[88]. The importance of this in the South African case should not be underestimated: it links strongly to the "national democracies thesis" and the notion of two-stage struggle, which took the form of Colonialism of a Special Type in South Africa. The Comintern's right-ward shift, in the late 40s and early 50s, posited that the communist parties should move into a much closer and essentially uncritical alliance with nationalist movements. This break with Lenin's position on nationalism argued that the struggle for national liberation must necessarily precede the struggle for socialism; indeed, "national democracies" were presented as a stage in between capitalism and socialism, because they included features such as wide-scale nationalisation. Such confusion was easier to perpetrate given that the extant model of "socialism", the Soviet Union, was itself hardly different in economic form from the economic organisation chosen by many nationalist movements.

It is only on the basis of such confusion that it became possible for anyone to advance an argument that the ANC was or is socialist. For all the confusion, revolutionary nationalists remained nationalists, no matter how much they nationalised; but with nationalism increasingly tinted red, the ANC's reformulation regarding nationalisation made it *appear* fundamentally different from other nationalist movements.

But if national liberation movements' nationalisation is understood as economic nationalism, it becomes possible to understand that the MPLA's (for example) wide-scale nationalisation and the ANC's shift away from nationalisation do not make these movements fundamentally different in character. The ANC's rather less radical economic programme does not imply that it 'sold out' its own programme as a national liberation movement. What constitutes national liberation is, quite simply, a national (aspirant) bourgeoisie gaining control over its own state apparatus; in the abstract, it is not

88 I will not embark upon an argument about what socialism is, at this point, save to say that, although centralised planning and high levels of 'nationalisation' may be associated with it, they are not definitive of it. Socialism is not merely an economic system: its political form is worker's power, translating at the economic level into *socialisation* (bringing under the control of *society*, or the majority) of the means of production. Those who would like to pursue this point further can find more detailed discussion in Roxborough (1979), Cliff (1955) Harman (1990), and, of course, the marxist classics.

In the concrete, historical conditions under which most national liberation movements came to power, this link was manifest in a particular form, briefly discussed in the previous chapter. Given that third world economies were particularly backward, at that time, and local capital generally weak or non-existent, it was particularly likely that the aspirant bourgeoisie should have relied far more heavily and directly on the state once they had successfully achieved a transfer of power. To have any hope of rescuing their economies, they required a large measure of national co-ordination. Bureaucratic state capitalism, as discussed in the previous chapter, was thus a highly likely outcome of successful national liberation struggles. Prevailing material conditions translated the struggle to control the nation state (in order to direct the national economy) into wide-scale nationalisation.

In this sense nationalisation is economic nationalism[87]. It represents the attempt of a local, nascent bourgeoisie to direct the economy at their own will, rather than at the will of foreign capitals; the seizure of capital, bringing it directly under the control of the state (which in turn is under the control of the aspirant bourgeoisie), provides access to the resources (such as capital) required to effect this aim.

Turok makes the point in an interview:

> *The phenomenon that we had in the third world...was that you had nationalist movements that nationalised on the basis of serving national interests. It could be national interests or it could be national capital, domestic capital, which is fighting for its place in the global economy, and on the basis of nationalist struggle in those countries* (interview; 1993).

A spin-off effect of this drive to nationalisation by nationalists has been that nationalists have been able far more easily to identify themselves as socialists. This resulted largely from *"the Stalinist equation of socialism with economic planning and state ownership of*

87 And, it should be noted, it was no less economic nationalism in the case of monopoly state capitalism, representing a very similar attempt to maintain or improve the position of the nation-state in the global political and economic hierarchy.

inherent contradictions of nationalism-in-alliance may express themselves in ideological divisions in the organisation, as different sections of the organisation are pulled by different poles of the contradiction.

In the chapters to follow, these aspects will receive greater attention with regard to the current conjuncture. It is first necessary to consider a further aspect of the history of revolutionary nationalism which relates specifically to nationalisation: nationalism's economic face.

Economic manifestations of revolutionary nationalism

Morris (1991) has argued that, in South Africa, *"both the expressions of state power and the challenges to them have taken the form of competing and conflicting resolutions of the national question"* (1991; 33) He argues further that there is a link *"between accumulation and the state, between the advancement of a new growth path and possible resolutions of the national question"* (1991; 34).

Although the main focus of Morris's article is South Africa's organic crisis, the point he makes regarding a link between particular resolutions of the national question and particular accumulation paths is relevant here. Earlier I argued that the nascent bourgeoisie seeks to gain control of a nation state partly in response to the economic backwardness imposed on its country and itself by the uneven development of capitalism. It is not surprising that it should seek to use the state it seizes to launch the country (the nation) on a path of national development. Its role as the new ruling class both presupposes and requires this of it: there is not much point (and indeed, much discomfort) in ruling over a collapsing economy[86]. Any particular nationalism generally posits one or other economic growth path (accumulation strategy). But determinants of the specific accumulation strategy chosen can only be understood in the concrete.

Nationalisation as economic nationalism

86 Which is not to say that aspirant bourgeoisies are not sometimes shortsighted, choosing corruption and self-enrichment over responsible economic management.

on nationalisation: faced with a mass base which was itself adopting radical interpretations of broad statements regarding nationalisation, the ANC itself appeared to agree with these interpretations, at least partly in order to maintain its leadership of the movement.

Throughout negotiations and at present, however, the ANC is faced with a new contradiction between sensitivity to its mass base, and sensitivity to big capital, upon which it now (for the first time in any real sense) has a certain reliance; in that big capital is a central part of the national economy which the ANC in government hopes to direct. The contradiction between the need to challenge the status quo and accommodation with it resurfaced with a vengeance as the real potential for incorporation into the ruling class arose with negotiated settlement; and moreover, this contradiction came increasingly into contradiction with reliance on the mass base[85]. Consequently the vacillation over the last few years became substantially more marked.

A further implication of the ambiguous relation to mass action was that the ANC was forced to compromise with the existing ruling class because it was unwilling to use mass action to full effect towards its goal of attaining political power. It was thus forced into some measure of compromise on own demands. This political compromise partly influenced, but also reflected, the extent of its sensitivity to big capital.

At the same time, the ANC's continued focus on social provision in economic policy (housing, jobs and education) attests to its continued reliance on – and indeed, wariness of – its own mass base. The attempts by the mass base to imprint their demands on the movement they looked to for leadership explains why the drift away from radical nationalisation policy was not linear or unproblematic. There was a struggle within the ranks of the ANC over nationalisation policy, as the ANC's mass base tried to imprint its own particular understanding of nationalisation (often linked to the idea of socialism) on its leadership. Although the first chapter was not able to deal with this aspect in detail, it did show that such a struggle occurred. The mass base of the ANC did not present an organised response, but, along with a few individuals within the higher ranks of the ANC and its allies, it did not easily give up its interpretation of how to meet its aspirations. The

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85 This contradiction continues with the ANC in government.

Protection has led to high costs of production compared to the world market situation...

Investment levels have declined, per capita income has fallen, unemployment has reached an unacceptable level of 46%, and our international trade framework leaves much to be desired.

Solving the crisis

This brief discussion demonstrates that perceptions of the roots of crisis have not changed significantly over time: variation between documents is largely in terms of detail. There is, however, some subtle shift in emphasis. In particular, it is of note that concerns regarding lack of international competitiveness as part of the explanation for the crisis emerge explicitly only in the May 1991 document, after which they remain a consistent theme. Similarly it is of note that brevity in previous documents resulted in a broad overall sketch of the crisis, whereas the strategic perspective document specifically singles out international competitiveness.[98] This point is of note in that it raises a question which will, hopefully, be answered by the next chapters: why did this aspect become so pronounced *at this particular historical point*?

If perceptions of the crisis have remained relatively unchanged, perceptions of potential solutions to the crisis have undergone subtle but noticeable shifts. The shifts in ANC policy regarding nationalisation are directly linked to this: nationalisation, in particular, is no longer seen as a central aspect of such solutions. The remainder of this thesis is devoted to understanding these shifts in perceived solutions to the crisis.

It was mentioned earlier that the crisis is perceived as having both a political and an economic dimension. Chapter five focuses on the ANC's shifting perceptions regarding the economic dimension in particular, although the political dimension is, of course, linked to this. The chapter seeks to establish the roots of such shifts in perception: why the ANC has come to believe that a particular form of state intervention (i.e. nationalisation) will not effectively deal with the problems posed by the crisis. It seeks to do so through

98 This is not to say that international competitiveness is not mentioned prior to this; usually, however, it is mentioned in relation to solutions to the crisis.

The draft economic policy (May 1991) gives a more comprehensive analysis of the crisis. To quote at length:

> *Since the mid 1970s, the South African economy has stagnated. Economic growth has been less than the growth of the country's population...Successive minority governments and business have tried to promote growth by encouraging local production of manufactured goods which were previously imported. This growth path led to the emergence of a significant manufacturing sector in our country, but it was oriented primarily to providing luxury consumption goods for the wealthy minority. The manufacturing sector has failed to become internationally competitive. It has low productivity...it makes little contribution to foreign exchange earnings, but depends to a very great extent on imported machinery and equipment paid for out of foreign exchange earned by mineral exports...* (1991; 1).

It also mentions the problematic role of conglomerates in skewing investment.

"Ready to govern" (May 1992) bases itself on a similar analysis, although its exposition thereof is sketchy. It devotes a paragraph to the stagnation of the South African economy, and significantly, a further paragraph to *"the emergence of a significant manufacturing sector in our country, but one which is generally uncompetitive in terms of international costs and prices"* (1992; 2). A later part of the document implies (but does not make explicit) points regarding the monopolies and skewed investment.

Finally, the Reconstruction and Development programme (RDP – fourth draft, 1993) puts forward a relatively detailed exposition of the roots of the crisis in the section titled "Building a new economy". To quote at length again:

> *The South African economy...is heavily dependent on mineral exports and yet it faces an international economy where the prices of these minerals are increasingly declining due to the development of new technologies and new production systems. The import substitution industrialisation strategy has run its course and our dependence on imported technology and intermediate capital goods is a serious impediment to sustainable industrial development.*
>
> *The economic growth rates achieved in the 1960's were based on...high levels of protection for domestic industry and the expansion of resource exploitation. This industrial sector is seriously out of line with international trends.*

viable economic growth path. The backdrop to this, in turn, is the search for solutions to the structural crisis facing South Africa.

The roots of the crisis[97]

There is a clear link made in policy documents between a particular understanding of the crisis facing South Africa, and the particular economic policy posited. The crisis is understood to be a structural crisis of a particular growth model, incorporating both a political and an economic dimension.

Concerning the economic dimension of the crisis, a link is made between the economic crisis and a lack of international competitiveness, linked to:

- low level of investment,
- dependency on mineral exports,
- the skewed development of manufacturing,
- and the effects of a racially-structured economy.

The link between these and the political crisis is seen to lie in the inability of the particular growth model to provide basic needs and decent living standards to the majority of the South African population. This has resulted in resistance from this majority, leading to political instability and hence to declining investor confidence.

The Harare document, as we have seen, argues that the crisis has arisen out of *"...distortions of the apartheid system, problems in the sphere of domestic production and reproduction and the changing and destabilising economic environment"* (1990; 2). In other parts of the document, mention is made of the balance of payments deficit, problems of attracting productive investment and of directing that investment, and the contribution of the large conglomerates to unbalancing economic growth (1990; 3-4).

Later policy documents continue to reflect these perceptions of the roots of the crisis. "Guidelines on Strategy and Tactics" (February 1991) speaks of *"negative growth rates, low investor confidence, spiralling inflation, shortage of skilled personnel..."* (1991; 3).

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97 The following discussion of the crisis is brief, and serves only to point to areas for further exploration. In the next two chapters, more detailed discussion of the crisis will be embarked on.

Given the class nature of the ANC, it should not seem particularly surprising that the ANC's broad nationalisation policy is so consistent with the trends discussed in chapter two. As a nationalist organisation, accommodation with capital is inherent to their programme. However, a further question confronts us: as I have pointed out previously, to assume that these trends translate directly into a particular economic policy would assume that the ANC and its policy-makers possess full knowledge of the trends in capitalism. For that matter, it assumes that they possess full awareness of their own class nature and its implications in terms of developing policy consistent with those trends.

This is a dangerous assumption indeed, on several interlinked levels. If this were the case, then shifts in the ANC's position on nationalisation would be self-explanatory – and the problematic of this thesis would have been answered by its first chapter. On a theoretical level, such an assumption would imply a direct and functional link between changes in capital's needs and changes in the approach of major actors. By implication, the actions and motivations of human beings would be transparent. While this would perhaps be a pleasant state of affairs, (and one which would put any number of social scientists out of a job) there is little reason to suppose that this is the case, either theoretically or empirically.

Further (and perhaps most importantly), there is no evidence to support such an assumption: the ANC's policy documents, the archival research, and the interviews conducted demonstrate no such full knowledge. On the contrary, one is hard-pressed to find any direct mention of a realisation of the impact of globalisation on the **state-capital relation** in any of the documentation, or even in the work of academics influential on the ANC's economic policy. As we have already seen, these trends are **reflected** in the documents in plenty of ways. What the documents do not reflect is a coherent and explicit understanding of the trends.

How, then, are we to understand the fact that shifts in ANC economic policy do reflect the trends in global capitalism in terms of the changing state-capital relation in particular? A clue to the answer lies in the nature of the economic policy itself. It was mentioned in chapter one that the backdrop to the shifts in nationalisation policy is the search for a

A report on the conference of trade union centres in the Indian Ocean region highlights the impact of globalisation on the nation-state:

> *Economist Howard Gullie pointed out that all of these changes undermine the economic sovereignty of the nation-state by reducing government's capacity to intervene in any aspect of the economy. Indeed, governments are forced into competition with each other...* (Von Holdt, 1993; 78).

Not everyone in the Congress alliance was sold on an export-oriented approach, it must be noted. To take two examples from interviews which I conducted, both Cronin and Turok questioned the validity of pinning hopes for economic growth on foreign investment. Turok argues that South Africa has little hope of competing against those countries which have already cornered manufacturing markets, especially given the world crisis; he also raises concerns that economic growth does not necessarily translate into the wellbeing of the population. Cronin, likewise, questions the "growing common wisdom" of foreign investment, arguing that foreign investment generally underdevelops; capitalism in crisis, he says, "often offers a drowning hand". He argues instead for an inward looking growth path, predicated on providing basic needs:

> *...we need an economy which increasingly begins to address the needs of our people, and we believe that that means an orientation which is premised on inward industrialisation... So its addressing local needs, its not pursuing the chimera of some kind of internationally competitive export-led growth view of how we are going to get reconstruction moving. I just don't believe that's going to happen* (Interview, 1993).

We shall see in chapter five why such alternatives gained little support in ANC economic policy.

Apprehending the shifts: political and economic dimensions of the crisis

The preceding discussion clearly demonstrates that there is significant consistency between the implications of a changing state capital relation and the ANC's economic policy; it has also begun to allude to some of the sources of the ANC's perceptions regarding economic policy. The discussion will now turn to this issue.

Stable, consistent and predictable policies as well as a dynamic economy should create a climate favourable to foreign investment. The government must ensure treatment of foreign investors equivalent to treatment of national investors. They should abide by our laws and standards...and obtain the advantages available to all investors (1994; 93).

These are presented in the context of changing global economic relations which require moving to an export-oriented growth path. Amongst its state objectives is

[to] integrate into the world economy in a manner that sustains a viable and efficient domestic manufacturing capacity and increases our potential to export manufactured products (1994; 80)

and the section on industry, trade and commerce policy states: *"Coherent strategies are required in industry, trade and commerce to meet the challenges of a changing world economy"* (1994; 87);*"In general, our objective is...to ensure that South Africa emerges as a significant exporter of manufactured goods"* (1994; 87). It suggests trading links with regional neighbours, to *"strengthen the Southern African region in its relations with emerging global trading blocs"* (1994; 89); reducing protectionism; and favouring those *"internationally competitive industries which emerge..."* (1994; 88).

Beyond policy documents, an apprehension of the implications of globalisation began to develop from early 1991; this was most pronounced in COSATU, which was beginning to form links with international labour bodies. March 1991 saw a NUMSA workshop pointing to a heightened international competition:

"This does not only apply to companies - countries which fail to develop competitive industrial strategies fall behind and are doomed to stagnation and decline" (From SALB, 1991; 18).

The workshop also pointed to the weaknesses of inward-looking growth paths, arguing that *"several socialist and developing countries have tried to protect themselves against international competition, but this only led to deeper economic crisis and the collapse of industry"* (1991; 21). At COSATU's economic policy conference in the same year, *"many affiliates reported on the impact of global restructuring on their industries"* (Joffe, 1991; 42).

"Increase our levels of productive investment, [and] negotiate new industrial policies to allow our economy to be re-integrated into the world economy without continuing to rely on high protective barriers" (1993; 5). Protectionist policies are explicitly linked to aspects of the current crisis. Foreign investment is seen as welcome *"as part of our effort to increase our levels of investment in our economy"* (1993; 5).

The state is seen as playing a key role, but its role now clearly lies in directing the market and investment, rather than in itself taking over the functions of capital (1993; 5). While the state is seen as playing a leading role in ensuring national economic health, this will be approached flexibly and in consultation with big business:

> *Our programme aims at achieving a dynamic balance between state intervention and active market co-operation. The guiding principle for us is not dogma but the needs of the national economy...Further, our programme is predicated on the fundamental prerequisite that the democratic state, the trade union movement, business associations...will always co-operate in the process of policy formulation* (1993; 5).

The final version firmly consolidates these trends. It places great stress on achieving economic growth, rejects the old inward-looking growth path (Final draft, 1994; 76), and assigns to the state the role of guiding market development through co-operation with business in order to achieve aims:

> *Reconstruction and development will be achieved through the leading and enabling role of the state, a thriving private sector, and active involvement by all sectors of civil society which in combination will lead to economic growth* (1994; 79)

> *To carry out [RDP objectives]...the democratic government must play a leading and enabling role in guiding the economy and the market toward reconstruction and development* (1994; 80).

Talk of "strict" anti-trust legislation to create *"a more competitive and dynamic business environment"* (1994; 92) goes alongside policies designed to encourage foreign investment:

The element of protectionism could well be a defensive response to the trends in global capital, rather than a total ignorance of them.

With regard to the role of the state, the document maintains a notion of state direction and regulation of the economy, but argues that *"the role of the state should be adjusted to the needs of the national economy in a flexible way..."*; further, such state intervention should be judged on its efficiency in achieving desired aims such as stimulating economic growth and competitiveness.

The ANC NEC strategic perspectives document has little to say about growth paths. However, its repeated references to the need to ensure political stability are significant: as will be discussed in the next chapter, this is linked to concern to ensure economic stability.

State direction of market-led growth

Finally, the Reconstruction and Development Programme consolidates many of the emerging trends. Like the policy guidelines, it reflects the influence of the mass base to some extent. But in and of itself, the document also represents a broader trend towards co-operation and conciliation with capital, namely the trend towards some form of "corporatist" arrangement.

Moreover, the content of the document, for all its radical flavour, strongly links majority aspirations to a particular growth path and a particular approach to capital: it pins its ability to deliver basic needs on sensitivity to the needs of local and foreign capital, with redistribution to be achieved primarily through stimulating market-mechanisms and revitalising economic growth: the state's role will be to provide "seed money" and guarantee private capital's returns, mainly in the areas of housing and infrastructure provision. These trends first become explicit in the fourth draft of the document.

The RDP, states the fourth draft, *"aims at the building of a new sustainable growth path which will achieve growth, create jobs, and meet basic needs...**within the context of international competitiveness**..."*(Fourth draft, 1993; 5). It argues for the need to

and on attracting its investment[96]. The document explicitly links fulfilling majority aspirations to this proposed economic growth path: *"Developing the economy will, in turn, provide the basis for overcoming the divisions of the past...*(1992;1). Its argument on how to achieve such an economy is consistent with that of other documents.

Attempts to involve capital emerge again: it mentions the need for a "dynamic" private sector, and speaks of fostering *"a new and constructive relationship between the people, the state, the trade union movement, the private sector and the market"*. It further repeats that the ANC is not opposed to big firms as such, although it maintains that anti-trust laws may be introduced.

The document also states that the ANC will welcome foreign investment and will *"adopt an open approach to the entry of foreign investment"* (1992; 23) and mentions that *"the most important way to promote foreign investment is to establish a climate of political stability, economic growth, and transparent, consistent economic policies"* (1992; 23). It maintains, however, that foreign investments should not function as *"capital flight, but to boost our competitiveness and benefit the entire economy"* continuing to reflect the potential tension between the nation-state's and capital's ends.

An element of protectionism emerges, (although this is rejected entirely in later documents): the document specifies that trade policy will aim at *"raising the level of productivity and improving the competitiveness of* ***domestic and Southern African*** *producers"* (1992; 23: my emphasis). An interesting linked notion which emerges is co-operation with other nation-states in the region. This can be related to the growing manifestation of the changing state-capital relation in the formation of such trading blocs amongst the advanced capitalist countries: other countries will be forced to follow their example if they are to defend their interests in global economic competition. The document says:

> *Trends in the world economy make it essential for countries located outside of the major trading blocks of the advanced industrialised economies to forge greater co-operation (1992; 25).*

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96 Although it places somewhat less stress on foreign and more on domestic investment.

position consistent with transnationals' potential concerns to maintain some independence from a particular nation-state. It also argues that heavy tax burdens should not be placed on foreign investors, and considers providing incentives for foreign capital to locate in certain areas; this suggests an approach of directing the national economy through recourse to a persuasive rather than directive approach to capital. Further, its concerns regarding the conglomerates are offset by an assurance that *"the ANC is not opposed to large firms as such"* (1991; 4).

In addition, significant tendencies towards co-operation with capital - in the "national interest" - emerge. For example, it states that the ANC should commit itself to fostering

> *co-operation between the state, private companies, financial institutions, trade unions and other organs of civil society (1991; 3).*

It accords importance to the role of the private sector in contributing to economic development.

By this stage, nationalisation is perceived as being more useful to providing social welfare and basic infrastructure than as a means of directly shaping investment choices. The document explicitly states that *"neither a **commandi' t** nor an unfettered free market system can provide adequate solutions..."* (1991; 3).

Redistribution through growth emerges

The ANC Policy guidelines (May, 1992) reflect contradictions between the mass base of the ANC and its leadership (as will be discussed in the next chapter). The guidelines place a relatively strong emphasis on pointing out that the purpose of creating a strong, competitive economy is to meet the needs of the mass of the population. The renewed emphasis on this aspect is related to the fact that the document's drafting included relatively extensive consultation with ANC branches.

But in spite of this, it maintains that such an economy is only achievable on the basis of an approach which reflects the trends already isolated. In this, it reflects a growing conviction that economic health depends largely on the health of capital in the country,

direct response to perceived roots of the crisis (namely, declining investment and skewed economic development).

The document also evidences awareness of potential contradictions between attracting capital and directing the economy. It mentions the need to encourage foreign investment, but stresses that this should be on terms consistent with the goals of the new government; it mentions in particular the need to ensure that foreign investors *"reinvest productively to promote continued growth"* (1990; 5). In line with this, it speaks of *"investigating extreme concentrations of economic power"* and considers dismemberment of the conglomerates.

Conciliation with capital and welfarism

The draft economic manifesto (DEM – significantly subtitled "Forward to a democratic mixed economy"), maintains an emphasis on meeting the needs of the majority, but strengthens emphasis on the need to become internationally competitive, and lessens emphasis on proposals which are potentially threatening to big capital. The document recognises lack of international competitiveness due to low productivity of manufacturing as a central problem requiring attention (1991; 1). Later it argues that:

> *industrial policy will be aimed, in the first instance at meeting basic needs...[and ensuring] **that South Africa emerges as a more significant manufacturing exporter** (1991, 9; my emphasis).*

It argues further that *"it is absolutely imperative to promote economic growth along a new path...oriented towards satisfying the basic needs of the majority..." (1991; 2).*

The document maintains the notion of relatively strict control over investment, arguing, for example, that part of the profits of foreign investors should be *"re-invested to promote continuing growth" (1991; 11)*; that investors should *"co-operate with the government in achieving development goals"*), and further questions whether the conglomerates should be left intact. But it also makes significant concessions to attracting foreign investment. For example, it states that *"foreign investors will be given certain guarantees relating to the security of their investment and the right to repatriate profit" (1991; 11)* – clearly a

increasingly difficult to absorb rising capital goods prices and maintain productivity. This led to declining confidence and hence declining investment.[94]

The growth path presented as a way out of this crisis reflects the concerns mentioned. The document argues for restructuring of the economy through strong state direction, in order to restore economic growth. It explicitly states that the goal of the proposed growth path would be to:

> *...achieve economic growth through a process of increasing equality in the distribution of incomes, wealth and economic power. This strategy calls for the active restructuring of production to meet basic needs, to expand employment, to redistribute incomes and to provide social services.* ***Furthermore the restructuring of production would take account of the need to transform South Africa's international economic linkages. The goal would be to increase competitiveness and develop dynamic linkages with domestic industries and markets*** (1990; 3: my emphasis).

It later states: *"Industrial restructuring would be directed to meeting domestic needs and increasing international competitiveness"* (1990; 6).

The document goes on to argue that:

> *...the democratic non-racial state would assume the leading role in the reconstruction of the economy...This necessitates some form of overall macro-economic planning and co-ordination...the criteria for state involvement would be efficiency and effectiveness (1990, 3).*

At this time, relatively far-reaching nationalisation was still seen as useful to effect state intervention[95].

Amongst other things, this would be necessary since *"The current capital market does not sufficiently direct investment into productive activity..." (1990, 4).* Clearly this is a

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94 See, amongst others Gelb (1991) for a fuller exposition of this analysis. As will be discussed later in chapter five, the work of Gelb and others in the Economic Trends Research Group (ETRG) influenced ANC understanding of the roots of the crisis.

95 Since changing perceptions of nationalisation and the role of the state were discussed in detail in the first chapter, only brief reference to these will be made here, and serve primarily to situate these in the broader perceptions of economic growth.

the higher echelons of the ANC regarding mass uprising was that it would serve to force the regime to negotiate, rather than overthrow the regime (Lodge, 1987; 15).

Why did the negotiations option override the "insurrection" option? No doubt the ANC's nature as a national liberation movement, as discussed in chapter three, constrained the mass-mobilisation option, but it is difficult to ascertain how this nature was *subjectively* manifest in this case[108].

It is likely that the ANC's exile status was one factor, since this made it extremely difficult to engage in such mass work, even if the ANC wanted to: the uprisings of the late 80s were not (contrary to government propaganda) orchestrated by the ANC, but organised primarily by the UDF[109]. Part of the reason may be historical: the turn to armed struggle itself was historically bound up with implicit questioning of mass action – an association between mass struggle itself and the failings of the non-violent approach[110]. It is highly likely that the eventual defeat of the 85-87 uprisings similarly played a role in reinforcing perceptions that mass struggle alone would not defeat the regime. Finally, negotiations and mass action did not present themselves as mutually exclusive options, with the effect that those tending to either the "insurrectionist" or the negotiations approach could be accommodated by the approach of mass struggle to force negotiation[111].

An added impetus to a negotiated settlement was international pressure; this is particularly important in explaining the timing of the settlement. Most importantly, the economic and political crisis of the USSR meant withdrawal of material support for the

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108 In other words, to establish how the class character of nationalism – of which nationalists themselves are seldom conscious – translated into a particular strategic position. Chapter five will deal in greater detail with such issues, although not with specific reference to the issue at hand.

109 The UDF did, of course, place itself within the Congress tradition: but this is not at all the same as saying that the ANC chose to use the UDF as a vehicle. The actions and organisations which facilitated that action were, by all accounts, initiated largely independently of the ANC. According to Lodge (1992; 45): *"the ANC's specifically political network inside South Africa remained poorly developed until the close of the 1980s. It was unable to achieve its strategic aim of promoting a generalised insurrection."*

110 It is of note that not all members of the ANC-alliance made such an implicit association: see Fine (1991) for a discussion of the alternative viewpoints which emerged at the time.

111 This in itself reflects an aspect of nationalism mentioned in chapter three, that nationalism has "a gun in one hand and a negotiating agenda in the other" – in other words, that its use of mass action is usually a matter of expediency when other avenues are closed.

The Congress alliance itself was aware of its inability to win through classic guerilla struggle. For example, Alfred Nzo (ANC general secretary) said at the beginning of 1990 that

> *We must admit that we do not have the capacity within our country to intensify the armed struggle in any meaningful way* (Quoted in Callinicos, 1990);

while the SACP's 1989 Path to Power argues:

> *...ours cannot be a classical guerilla-type war primarily based on the winning, over time, of more and more liberated territory, nor are there immediate prospects of inflicting an all-round military defeat on the enemy.*

and as early as 1986, the ANC's own assessment was that:

> *Despite all our efforts, we have not come anywhere near the achievement of the objectives we set ourselves* (Quoted in Lodge, 1987; 10).

it was the inability of the ANC to achieve a military takeover, then, which led them to seek a negotiated settlement. An alternative path to both such a settlement and to guerilla warfare did exist – namely mass insurrection, or at least sustained mass pressure. A second effect of South Africa's level of industrialisation was the creation of a significant urban proletariat, whose struggles, as mentioned, linked political and economic issues. Although the 85–87 was not strictly a revolutionary period, it reflected the potential of an alternative path.

It is difficult to say with precision why the ANC did not adopt such a route. The '80s uprisings sparked a debate within the ANC, similar to that which occurred in the early sixties, with some arguing that "mass work" was a viable alternative to a guerilla strategy. It appears that the ANC did make an attempt to engage in mass agitation inside the country, or at least relate to mass uprisings, in the late 80s, although only after the defeat of the uprisings (See Lodge, 1987). But moves to set up bases inside the country went hand in hand with a renewed impetus to seek a negotiated transfer of power, beginning in at least 1986 (See Lodge, 1987). According to Lodge the dominant understanding in

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meant that urban-based struggles tended to have a far deeper impact on the existing state, and have thus tended to occupy centre-stage; this could explain why the ANC did not turn to the *rural* masses when it made its turn to the masses. However, even if it had focused on rural struggles, the points regarding the greater level of infrastructure would still, in all probability, have made such an approach unsuccessful.

From the ANC's point of view, a similar factor helped to precipitate negotiations: namely, the apparent lack of a viable alternative. Although the ANC is a national liberation movement in essence no different from national liberation movements in Angola, Mozambique, Cuba or any number of other third world countries (as argued in the previous chapter), it found itself in a historically peculiar situation[106], both in general and in terms of the particular historical conjuncture in which the transition occurred. Of primary importance here is the high development of the South African economy, compared to that in other third world countries. This has four important implications, three of which will be discussed later.

The first is that the strategy of guerilla struggle, commonly adopted by national liberation movements, had little chance of success in South Africa. Although the ANC devoted substantial energy and resources to its armed wing, MK was able only to mount "armed propaganda" exercises, rather than an open and sustained attack on the state military machine.

The most important factor in this is undoubtedly the relatively high urbanisation of South Africa and the extent of its infrastructure. This made a victory through classic guerilla warfare highly unlikely: the potential for guerilla forces to move undetected for long periods through rural terrain was virtually non-existent (See Callinicos, 1990); while the potential for state security forces to track down and arrest guerrilla forces was increased owing to high levels of infrastructure and the highly developed military machine made possible by relatively high economic development. An added factor was that the ANC did not – or was unable to – link its guerilla struggle into the land question, as other national liberation movements had done: that is, base itself on the peasantry[107].

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106 The peculiarities of South African capitalism have been the subject of protracted debate about the nature of the South African social formation; see, for example, the debate centred particularly around the SACP's theory of colonialism of a special type – Hudson (1986), Plaut (1987), Bundy (1989), Cronin (1986) and others. It is questionable whether South Africa is unique; it is, however, safe to say that any country – because of its concrete historical development – has certain peculiarities which will impact on the factors under discussion here.

107 This is probably at least partly related to the nature of proletarianisation in South Africa, which has been more far-reaching and extensive than in most countries undergoing struggles for national liberation. The nature of such proletarianisation meant, on one hand, that the majority of rural dwellers have historically had close links with the urban proletariat; it seems to me that one effect of this must be to undermine a sharp distinction between struggle around urban and rural issues, resulting in the land question becoming tied to questions of broader political rights. On the other hand, it has also

3. The impact of the protracted nature of the settlement on the concrete expression of the ANC's nature as a national liberation movement;
4. The relevance of the above to the question of nationalisation policy.

Negotiated settlement vs. armed takeover: South African peculiarities

It is no accident that the transition in South Africa took the form of a negotiated settlement, or that it was protracted. It is by now a commonplace that the regime entered into negotiations because there seemed no other way out of South Africa's "organic crisis"[104]. On one hand, the regime faced an economic crisis, linked to low productivity, reliance on primary exports, lack of international competitiveness, and an inability to hold or attract new investment. On the other, it faced an increasing inability to quell political resistance from the black majority: in particular, a militant and organised black working class consistently linked struggles against economic hardships with the demand for black majority rule (i.e., a solution to the national question). Resistance reached a high point in the mid- to late '80s.[105] While the regime was eventually able to quell this particular revolt, it was increasingly clear that it was only a matter of time before another occurred. The political dimension of the crisis stoked the economic: political instability led to declining investor confidence, further exacerbating the problems of international competitiveness.

Botha's strategy of limited reform with repression failed dismally. Its inadequacy prompted the regime under De Klerk to seek a political settlement -- to save capitalism, but also, if possible, to secure a niche for itself in a future dispensation. The pressure brought to bear on the government by certain sections of South African capital, evidenced by the central involvement of big capital in the earliest trends towards negotiations (such as the Lusaka conference) was of prime importance in the government's change in strategy.

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104 This is a term originally coined by Gramsci, but later used by Saul, Gelb and others in the regulation school, to denote a crisis of both economic and political dimensions.

105 For more on this, see, amongst others, Morris, 1991; Callinicos, 1990 and 1988; Gelb, 1989; and Morris and Padyachee, 1989

This is not the end of the matter, however. The ANC's nature as a national liberation movement affected not only its response to the balance of forces (and hence its influence on that balance); but also, centrally, what it sought to achieve from the negotiations process as the balance changed or appeared to change. The following discussion will indicate that a tendency to accept a form of incorporation into the existing ruling class, rather than its overthrow, gradually consolidated over the transition period, with the Government of National Unity compromise marking a decisive shift. The very nature of the transition reflected further limitations on the constraints already imposed on nationalism by its own character. Alternative routes by which nationalism can achieve its aims have, I shall argue, narrowed (particularly in South Africa), thus limiting the terms on which nationalists are forced to accept incorporation into the ruling class.

The nature of the transition both reflected and mediated (or shaped) these limitations. The form of the transition was not accidental: it related to trends in world capitalism discussed in chapter two, as well as to factors such as South Africa's place in the world economy (discussed further in chapter five). Similarly, the Congress Alliance's perceptions of the balance of forces (and the actual balance of forces) were linked to the trends in world capitalism, but conditioned by the political logic of the ANC's character as a national liberation movement, discussed in chapter three.

This is why concrete analysis of the transition is of prime importance. Policy changes did not result simply from arithmetic addition of a number of factors; rather, each factor was in constant and dynamic interaction with other factors, and it was precisely this *interaction* – not the factors in and of themselves – which produced the *particular* outcome under study. It was not an abstract collection of trends which produced changes in ANC policy, but the concrete articulation of those trends.

With this in mind, I shall now discuss the impact of the nature of the transition on the ANC's nationalisation policy. The chapter will briefly examine:

1. Why the transition has taken the form of a protracted, negotiated settlement;
2. A history of the negotiations process;

balance of forces at any given time, and nationalisation policy. We must look for a more subtle and complex relation.

A less immediately obvious point – which will become increasingly obvious in the discussion to follow – is that the factors which forced abandonment of nationalisation were distinct from the immediate balance of forces during the transition; a more general analysis of the transition is required. A third point which is not at all obvious is that policy changes – as the remainder of this chapter and the next will seek to show – have been initiated as much from within the ANC as forced from without.

The value of examining the nature of the transition and the balance of forces within it lies primarily in a second factor: the *protracted* nature of the settlement made explicit the inherent logic of nationalist politics towards accommodation with the existing ruling class; it has re-enforced certain tendencies within the ANC towards compromise and "conciliation" with the existing state and capital. These tendencies will be explained with reference to the ANC's status as a "government-in-waiting". Shifts in the balance of forces are by no means immaterial to the aim of this thesis, but the manner in which they are of relevance is not linear.

The transition: an articulation of the balance of forces with the ANC's class character

Shifts in the balance of forces relate to both actual (objective) shifts, as well as perceived (subjective) ones. The two are interlinked, but not synonymous: the Congress Alliance's response to changes in the actual balance of forces was influenced strongly by their own perceptions of that balance, which in turn depended on their general political understanding as a national liberation movement. In affecting their response (their actions), these perceptions affected the real balance of forces. Naturally, the balance of forces – both perceived and actual – had implications for the ANC's confidence in asserting its own political and economic programme in contradistinction to that of, in particular, the regime and big business.

By contrast, from about June until the end of 1990, the ANC's press statements regarding its economic policy tended to be defensive, especially in terms of nationalisation: this, as we shall see, was a period when the ANC had made considerable concessions to the government in "talks about talks", while the government had not kept its part of the bargain. The ANC had renounced armed struggle, but not yet made a turn to mass action to back up its demands in negotiations; Inkatha violence was sweeping the reef, with destabilising and demoralising effects. Also significant is that this period saw capital embarking on a particularly strong attack on nationalisation (although, as I argued in chapter one, its attack seemed to reflect a defensive posture).

Having said this, however, the link between shifts in the balance of forces and changes in ANC nationalisation policy is by no means direct. First, apart from the three instances quoted above, there is little else to suggest such a link. Significantly, there does not appear to be any connection between changing balance of forces and reformulation of economic programme in policy documents. This is to be expected, of course; it is highly unlikely that shifts of this nature would consolidate immediately into policy. More importantly, the ANC's increased confidence to assert its own economic programme has not necessarily translated into an attendant confidence to assert wide-scale nationalisation as part of that programme, as the wrangling between the ANC and capital over mineral rights and the RDP clearly demonstrate: mention of state intervention were many, but of nationalisation in particular, few. In fact, it seems that relatively direct links between ANC confidence and a reassertion of nationalisation specifically disappear early on in the negotiations process; after 1991, there is little evidence of a link.

This should not be surprising, given that the shift away from nationalisation of the commanding heights was relatively firmly consolidated in ANC policy by this time. But this raises a third problem. As already mentioned, analysing the balance of forces alone can not explain why the <u>overall</u> trend in ANC policy was away from nationalisation.

Where, then, does this leave a discussion of the balance of forces and the nature of the transition in relation to the ANC's changing nationalisation policy? The most obvious point is that it is not possible to read a simplistic, one-to-one relation between the prevailing

transition. The ANC is not, as some have suggested, transforming from a national liberation movement into a monster of capitalism, but in fact continuing to follow the logic of its own politics, *in circumstances where its options have narrowed.*

The balance of forces and shifts in nationalisation policy

It is tempting to attribute changes in ANC nationalisation policy to shifts in the balance of forces between the ANC and its opponents, and I was subject to this temptation. The argument runs that the ANC would like to nationalise, but has been forced to back down because it is not strong enough. There is some substance to this argument, as I will explain. But if the content analysis presented in chapter one is correct, then the corollary of this would be that the balance of forces has shifted in one direction only. Given that the overall trend has been away from nationalisation, this would imply that the balance of forces has only shifted against the ANC, never in its favour.

It is certainly true that the ANC has been forced to abandon a programme of extensive nationalisation. It is true that the ANC would probably have preferred such a programme, in order to gain direct control over the national economy. And it is true that the balance of forces did affect the ANC's nationalisation policy.

There is a link between the balance of forces and the confidence of the ANC in *asserting* its own economic programme, which should not be ignored. Three examples stand out in correlation of the balance of forces and the development of ANC economic policy.

First, late 1993 and early 1994 saw the ANC defending certain forms of state intervention relatively aggressively (see chapter one). This is no doubt linked to the setting of an election date, and high support for the ANC indicated by opinion polls. At the same time, however, the organisation reformulated policy to reassure capital, in particular assuring them that it did not envisage expropriation of mineral rights, following an attack from this quarter. Similarly, September and October of 1991 saw brief rallying of calls for nationalisation, following some months of upturn in mass action and the signing of the Peace Accord (the latter in response to an ANC ultimatum on the government).

Of course, the importance of this question can only be fully understood if it is taken in the context of the particular contradiction faced by nationalism: that although it seeks the maintenance of the system in general, it may – under certain conditions – be required to seek the overthrow of a section of the ruling class, that national section which blocks its own nationalist aspirations (its aspirations to be incorporated into the ruling class). It is not a question except insofar as nationalism s long term goal is blocked by existing capital and its political guards, the existing state apparatus. In other words, it is only a question insofar as the immediate interests of existing national capital (including the existing state) conflict with nationalism's immediate goals.

In the South African case, the local ruling class has not been overthrown, and local capital has not been expropriated: indeed, the ANC's economic programme exhibits no intention of rectifying this situation, certainly with regard to expropriating capital. This implies, however, some compromise of the ANC's own aims: it has secured only a limited ability to direct the nation's development at its own behest. Tt is in itself requires explanation.

I argue that the route which the ANC followed is as consistent with nationalism's character as that followed by other national liberation movements. Understanding the differences in form, however, requires understanding the concrete circumstances in which nationalism seeks to gain power. Such understanding must be more particular, more specific, than a general understanding of trends in global capitalism which are themselves not yet even consolidated.

Examination of the transition process in South Africa aids such understanding. It will serve to clarify not only the circumstances under which the ANC sought to gain power, but also what the logic of nationalist politics implies in such circumstances: the nationalist response to these circumstances.

Such an understanding provides a vital clue to changes in ANC nationalisation policy. The following analysis intends to indicate that the limitations imposed on nationalism by its own character (that is, that it must seek to advance a nation state in the framework of capitalism) subjected it to further limitations under the specific circumstances of the

exchange of products on the global market, and so on. This was the generalised experience of the majority of national liberation movements. The process is not usually a conscious one, either in the case of the state in general or in the case of revolutionary nationalism in particular. It is, in the final instance, primarily a process of trial and error, for all that it may be informed by a general economic programme or by specific research.

This analysis, however, remains too general to explain the precise shape or the timing of shifts in ANC nationalisation policy. First, the preceding analysis assumes that the nationalists in question are already in control of such a nation state. Until such time as this is the case, it seems logical that they will enjoy greater latitude in determining the specifics of their proposed programme for national prosperity, since there will be no immediate mechanism by which individual capitals, or national capital as a whole, can assert its interests: as long as nationalists are not yet in control of the nation state, the immediate health of the national economy is not yet their primary concern[101].

During the period under discussion, the ANC had not yet assumed power; yet its economic programme came to accord relatively closely with those of a nation state attempting to survive in a world economic hierarchy subject to the imperatives of a changing state–capital relation[102]. What, then, is the mechanism by which the interests of the most powerful sections of capital were incorporated into the ANC's own programme prior to the ANC assuming its place in the ruling class proper? In the case of the earliest national liberation movements it took decades of being in power before the constraints of the global economy forced them to reveal *in entirety* the logic of their political programme as one which was ultimately about accommodation with the existing order[103].

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101 Which is not to say, of course that sections of the middle class will not choose to place this imperative above even the achievement of their own demand for incorporation into the ruling class.

102 This is all the more of note given that a new state–capital relation is not firmly in place by any means, but only just developing.

103 Certainly, the logic of nationalist politics was present in the economic programme of such national liberation movements, but somewhat obscured by their greater ability to actually achieve limited national development.

CHAPTER FOUR:

THE TRANSITION – "STATE IN WAITING" AND LIMITATIONS ON NATIONALISM

Introduction: the articulation of nationalism with trends in capitalism

Chapter two argued that the state usually acts in the general interests of capital in order to preserve its own niche in the ruling class, since the continued existence of the ruling class depends on the continued existence of the capitalist system in general. Further, since capitalism has historically organised itself according to competition amongst a global hierarchy of nation states, the interests of this section of the ruling class (the state) tend to coincide with the health of the national economy. Chapter three argued that revolutionary nationalism is a political ideology directed at gaining control of a nation state to effect the incorporation of an oppressed middle class into the ruling class (the nation state being the typical and peculiar political form of capitalism)[99].

This implies that imperatives similar to those imposed on the state will be imposed on nationalism: although it seeks to reshape the existing order, its aim depends on the preservation of the general features of that order.

Once incorporated into the ruling class[100], nationalists – as the new state – become subject to constraints which force them to act according to the dynamics of capitalism. In a situation where local capital has been expropriated by nationalists, this subjection occurs primarily according to constraints imposed by the global economic system. The process by which such constraints are imposed is, of course, subtle, as discussed in chapter two: they usually operate on the level of immediate economic imperatives – such as how to deal with an investment strike, problems regarding industrialisation and

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99 At least up until the present; as discussed in chapter two, the consolidation of capital's globalisation may result in changes in its typical political form.

100 Even if that incorporation depends on the overthrow of a (national) section of the existing ruling class.

analysing the impact of actual research and of broader historical events on the ANC's perceptions regarding economic solutions.

But the process of developing a response to the crisis has been embedded, of course, in a context that a particular organisation (a nationalist one) has developed that response: and it did so in circumstances where other political players sought to safeguard and assert their interests by seeking to "project" them onto the ANC. The arena in which this occurred was the transition process itself. As Haysom phrases it,

> *The process is not...a technical one. It is and will continue to be a profoundly political game of manoeuvre in which an increasing range of off-stage and on-stage actors exercise influence and muscle* (Haysom, 1992; 26).

To understand why the ANC's nationalism translated into a particular economic policy rather than another requires understanding the transition process itself: the shifting balance of forces, in which the ANC's ability to assert its own interests was continually contested against the attempts and abilities of other actors to assert their interests. Further than this, however, a study of the transition process also casts light on the way in which the ANC's nationalist character manifested itself: the particular character of the transition, a protracted negotiated settlement, made particular manifestations of nationalism more likely than others. This is the subject matter of chapter four.

In one sense, shifts in the ANC's perceptions regarding desirable solutions to the crisis were the result of the concrete articulation of the nature of the ANC with the impact of global trends in the changing state-capital relation; but as we shall see, their articulation – and its results – can only be fully understood in the particular: it is only through a discussion of actual historical events, and the actions of agents within that historical context, that the precise shape of the ANC's economic policy can be understood. The transition process is the matrix, if you like, in which these perceptions have formed. It is to this "matrix" that the discussion turns now.

The government has now learned that it is not going to introduce anything in a unilateral way...sections [of big business and the government] are beginning to see that only genuine negotiations could solve problems (In WIP, December 1991; 19).

Lodge argues:

From the perspective of the ANC's national leadership, the main function of the branches was to give substance to the ANC's authority and leverage at the negotiation table...the ANC was reconstituting itself as a political party – a force geared to electoral competition – rather than the broad multi-functional movement which the UDF had embodied so powerfully (1992; 62).

The single-minded focus on negotiations was not lost to the rank-and-file and middle leadership of the Congress Alliance. Although the leadership had formally stated a commitment to mass action on several occasions during the year, the depth of its commitment was questioned. The July issue of Maybuye complained that the national leadership had a tendency to view negotiations as the main terrain of struggle. The letters pages of the magazine began, increasingly, to include letters from ANC members dissatisfied with the way in which mass mobilisation appeared to be a secondary tool in the negotiations process. Criticism was levelled at the tendency to "mobilise through decree", and the lack of coordinated work on the ground. Even some in the national leadership shared these concerns – Lodge quotes Kasrils: *"by developing this strength we can transform the negotiating process into a democratic transfer of power to the people"* (1992; 63). The ANC, argued Kasrils, should therefore nurture rather than neglect its heritage of mass struggle.

But if many on the ground felt this way, many in the leadership was not convinced: *"Clearly the principal ANC negotiators had little faith in imposing their views on the government through orchestrated mass struggle"* (Lodge, 1992; 63). A common response was to put the failure – or rather, the limited success – of mass action down to the forms it had taken. At the ANC conference at the end of the year, Nzo suggested that the problem was a lack of "creativity". Alternatives more reminiscent of an idealised hippy movement than of serious mass action were proposed. But the problem, as Lodge points out, did not lie with the forms of action: similar sorts of action were, on a local scale, continuing to yield results. Rather, the problem lay in the ANC's inability or unwillingness

The Peace Accord did little to stop the violence: weeks after it was signed, violence broke out again on the Reef. But in terms of the progress of the negotiations, it proved significant, in that it introduced new mechanisms for controlling the police and SADF. The Accord, argues Haysom, *"signalled that the phase of negotiations over preconditions and an appropriate climate for negotiations had largely ended"* (1992; 35)

Meanwhile the Patriotic Front conference, convened in October, drew about 90 organisations, including the PAC, several homeland leaders, and tricameral parties (AZAPO withdrew). The conference committed itself to an elected constituent assembly and an interim government. The government accused the Patriotic Front of "ganging up" on it. Indeed, the Patriotic Front did serve to isolate the government to some degree. Combined with the embarrassment of the Inkathagate affair, the Patriotic Front certainly impacted on the balance of forces in favour of the ANC.

But the final straw in forcing the government into negotiations proper was the anti-VAT strike, in November. In urban and rural areas alike, support for the action was enormous: three-and-a-half million stayed off work. The effect on the violence was also significant: for the two days of the stayaway, the only incidents of violence (apart from police action during pickets prior to the stayaway) were in the Welkom area. Collinge characterised the VAT strike as a vital component forcing the government into CODESA:

> *The VAT protest...challenged the NP government's right to reshape economic policy unilaterally. As such, it was related to the demand for an interim government, albeit indirectly. However, the impact on the negotiations process was undoubted...the message was clear: the popular force which had been central in propelling the white minority government to the negotiating table had not dissipated.* (1992; 15)

The VAT strike did not succeed in removing VAT, but it demonstrated that mass action retained pivotal potential, even "after the era of resistance". The strike, however, remained a demonstrative action. No attempt was made to escalate the stayaway beyond the two-day period. Certainly for the leadership, its value lay primarily in its effects on negotiations. This was as much the case for the union leadership as for the ANC. Jay Naidoo of COSATU commented:

or centralised co-ordination. Mayibuye complained that ANC branches and COSATU locals were not consulted in time, while publicity was poor.

A signature campaign was launched in March. Consumer boycotts were initiated to protest certain municipalities' refusal to permit marches. Further actions occurred on 6 April, Mayday and Republic day. Tensions between the leadership and the rank-and-file emerged again at this last when marchers burned an effigy of De Klerk - an action condemned by Albertina Sisulu and Slovo. Repeated calls from ANC leaders for "responsible, disciplined behaviour" marked most of the actions.

In addition to formal mass action, there were ongoing struggles around local issues, particularly in North and Eastern Transvaal, a teachers' march in August, and a series of NECC protests around the opening of schools. These were not always treated tolerantly by the regime, while the ANC itself was sometimes ambiguous in its response.

At the table, progress was slow for the first part of the year. Although the government had made some progress in releasing prisoners and repatriating exiles by April, it was trying hard to delay. It blamed the ANC for hold-ups in the process and kept up a wrangle about what exactly fell under the rubric of the suspension of armed struggle. But as the April deadline approached these issues were overshadowed. In April, Mandela issued an ultimatum that the ANC would suspend negotiations if the government did not act to control the violence. De Klerk responded by unilaterally calling a peace conference for May, which was not supported by the ANC or the churches; a later conference, in June, led to the signing of the Peace Accord in September.

Government funding to Inkatha was revealed in the midst of the peace talks. The scandal forced the government to demote certain cabinet ministers, and it was a prime factor in pushing the NP and Inkatha to sign the Peace Accord. "Inkathagate" marked a golden opportunity for the ANC to shift the balance of forces in its favour. But although the scandal threw the NP on the defensive, the ANC did not seek to increase political mileage by mobilising around it, but focused once again on the negotiating table. Inkatha itself was not so mannerly: on the day the Peace Accord was to be signed, it mobilised thousands to march through Johannesburg.

involved in the violence. Nevertheless, the government seized this as an excuse to clamp down, responding to an ANC threat to withdraw from talks by launching "operation Iron Fist", in spite of strong opposition from the ANC.

Although the ANC leadership verbally defended communities' right to form self-defence units, it seems little was done by the ANC itself to actually co-ordinate such action, beyond independent initiatives by local branches of the ANC and some MK operatives on the ground. Certainly, no effort was made to repeat COSATU's attempt at mass mobilisation against the violence, and in the union movement itself the feeling was increasingly that mobilisation or strike action would only worsen the situation.

In line with the consultative conference resolutions, 1991 was launched as the "Year of mass action for peoples' power", with Mayibuye arguing that *"The might of our people must be mobilised"*. (February 1991, 7) But, as Collinge put it

> *Despite the application of the brakes by the rank-and-file, the first days of January 1991 made it abundantly clear that negotiation initiatives would continue to be generated at a leadership level* (1992; 9).

Such mass action as did occur would be designed to put pressure on negotiations to bring about the implementation of an interim government and a constituent assembly. The latter concept had also begun to undergo some reformulation: the NEC's January speech indicated that an elected CA would be preceded by an All Party Conference which would draw up broad constitutional principles. This was the first clear emergence of tendencies towards conciliation "in the national interest". Walter Sisulu, in an interview with Mayibuye, explained: *"Our approach is to persuade all the people of South Africa to unite behind democratic ideals"* (February 1991); to this end, he felt that the CP and Inkatha's initially negative response should not deter the ANC from its *"duty to persuade them as much as possible by exchanging views"*.

Mass action got off to an apparently good start with large marches in Cape Town and Pretoria around the constituent assembly demand greeting parliament's opening in February. But the ANC leadership's commitment to mass action remained – as it had been in its early history – somewhat half-hearted. While marches were well supported, a stayaway was not. It seems the lack of success owed much to insufficient preparation

release prisoners and indemnify exiles[117]. At the conference members criticised leadership for not pressurising the government enough, for not consulting with the rank and file, and for failing to achieve visible progress regarding exiles and prisoners.

The conference forced a verbal commitment to mass action: it resolved to launch a *"programme of mass action and all other actions to achieve our objectives as quickly as possible."* (Maylbuye, February 1991; 24) Even in the face of this, the leadership maintained a focus on negotiations: the conference wanted the ANC to state that it would withdraw from negotiations if obstacles to negotiations were not removed by 30 April the following year. But a "note of caution" prevailed (to use Lodge's phraseology): this was changed to "considering" withdrawal.

1990 was by no means devoid of action: the year saw ongoing struggle around 'community' issues. But these struggles were fragmented and isolated, and the limelight firmly on negotiations. ANC involvement in these remained limited to the initiative of members on the ground (ANC branches were not well established yet) and no effort was made to link these to national processes or issues. The health workers' and teachers' strikes attained rather more prominence, as did a number of smaller strikes and actions in the public sector. But the ANC's involvement was directed at conciliation: in the hospital workers' strike Mandela appealed to workers to return to work; a similar intervention was made in the Mercedes Benz strike.

Another main site of struggle was against terror attacks from the black right-wing. The worsening violence in Natal spread to the Reef in July as Inkatha sought to carve its way out of its regional limitations. Indeed, COSATU's July stayaway against Inkatha had been the only large-scale, nationally-organised mass action of 1990. Over three million workers responded to the call. The violence was clearly orchestrated as a destabilising tactic: its worst peaks coincided with the launch of the COSATU campaign and of ANC branches respectively. Part of the reason for the violence was undoubtedly that Inkatha feared marginalisation, now that the NP had turned to negotiations with the ANC rather than Indabas with Buthelezi. But later it was to emerge that the government itself was

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117 On the contrary, the state president maintained the final veto on indemnity, while returning exiles were required to fill in a form which amounted to a confession.

Actual talks were slow to get off the ground, beginning only in May 1990 with "talks about talks", to negotiate the removal of "obstacles to the negotiating process". The Groote Schuur Minute committed both ANC and government to a negotiated political settlement and resolution of the violence, and set up joint mechanisms to determine terms for the return of exiles and release of political prisoners.

The ANC's commitment to negotiate was demonstrated again in August. Although little progress had been made, particularly on releasing political prisoners, by the time of the Pretoria meeting in August, the ANC agreed at this meeting to suspend the armed struggle; there was no attendant commitment by the government to control its own armed forces. The meeting followed verbal attacks from the NP which insisted that the armed struggle was itself the main obstacle to negotiations; and the discovery of the notorious "operation Vula" – which turned out to be a police blunder, although one would never have guessed from the mileage that the National Party made out of it. The suspension of armed struggle was a sharp departure from the Harare declaration, which had declared that the suspension of armed struggle was conditional on the removal of all obstacles to negotiations.

The Pretoria minute further set target dates for the release of prisoners and the return of exiles (this was to be phased, which meant that Mkhonto would not return as an army but in dribs and drabs); an undertaking by the government to "consider" lifting the state of emergency in Natal; and the lifting of some sections of the internal security act.

There was little doubt in the minds of most that the ANC gave away more than it got in this meeting. The ANC leadership insisted that there was no other way to break the logjam. Its supporters, however, were less than pleased with the leadership's magnanimous gesture. There were rumblings from various quarters about the absence of mass action. Umsebenzi, in October, criticised the absence of such mobilisation, arguing that *"If [the masses] become mere spectators then our negotiating hand is weakened"*. By the Consultative Conference in December of that year, frustration had grown, especially given that the government had still not kept its promise to speedily

latter trend is manifest in a decisive strategic shift away from mass action, as opposed to mere inconsistency with regard to mass action.

Although De Klerk's February 1990 speech astounded many, it was no abrupt turn-around. I have already mentioned that moves to negotiations started well before 1990 in the case of the ANC. The same is true of the government: 1989 saw the state of emergency lifted, a more tolerant attitude to mass marches, and the release of several well-known political prisoners. The unbannings of the ANC, PAC and SACP and the initiation of negotiations continued a clear strategy heralded by the easing of 1989. Nevertheless, as, Haysom puts it, the move

> *caught most observers by surprise...Indeed, De Klerk was to employ a strategy of decisive and rapid movement to maintain the initiative, an advantage he held over the ANC until the scandal of government funding of Inkatha more than a year later* (Haysom, 1992; 28).

The ANC's initial response was cautious. It stated only that it would begin political work inside South Africa. Later it decided to enter talks, but stressed that it had not abandoned the struggle for the transfer of power. But if this was its aim, it was slow to set the strategy in motion. Its unbanning and return were greeted by enormous rallies and marches. Mass confidence had definitely been boosted. But the ANC did not immediately exploit the legal space offered by its unbanning to harness this mass confidence and regain the initiative. Instead, the ANC seemed committed to negotiate; this was evident early in the process. For example, after police shot and killed protesters in Sebokeng, the ANC threatened to withdraw from negotiations, but almost immediately "clarified" this statement. Mandela, on his release, reflected a similar approach. On one hand, he said that: *"Our struggle has reached a decisive moment....now is the time to intensify struggle on all fronts"* but at the same time seemed concerned about unleashing mass action: *"I hope you will disperse with discipline. And not a single one of you should do anything which will make other people say that we can't control our own people"* (From Johns and Davies, 1991; 228)[116].

116 Calls for discipline were to become a familiar part of the scenery during the transition. Usually, such calls were associated with holding back or preventing mass action rather than with organising it more efficiently.

rather than an external metropolitan power. The implications of these for nationalisation policy will be expanded on later. The discussion now turns to a brief chronology of the negotiations process itself, before analysing this process and its impact on nationalisation policy.

The shifting balance of forces: a chronology and analysis of the transition

The chronology which follows clearly demonstrates that the balance of forces during the transition was by no means static. What concerns us here is not so much a blow-by-blow account of this process (although the analysis must be concretely rooted) but the general trends emerging from such a history[115].

Most evident is that while the National Party's commitment to negotiations may have been real, the kind of settlement it sought through negotiations fell far short of the ANC's aims. It undoubtedly sought to achieve all the appearances of a settlement, but with the minimum of real concession. To this end, it tried to shift the balance of forces in its favour by, for example, a strategy of multi-lateral negotiations designed to numerically load the dice against the Congress Alliance; using the state machinery to its own benefit; forming alliances with forces opposed to the ANC; and, most importantly, contributing substantially to violent destabilisation. An equally notable trend was the importance of mass action in forcing concessions from the NP, or in shifting the balance of forces in favour of the ANC.

With regard to the ANC itself, three important trends emerge: first, the ANC's inconsistency in using mass action to achieve its aims (a trend consistent with its early history, discussed in chapter three) in spite of clear evidence of the strength of mass action; linked to this, an ongoing tension between negotiations and other "terrains of struggle" (in which negotiations tended to win priority, if only by default); third, consolidation of tendencies to compromise and conciliation, resulting from a complex interaction of the first two tendencies with the ANC's "government-in-waiting" status. The

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115 To date, no comprehensive history of the negotiations process has been written. The discussion to follow bases itself partly on three articles which appeared in 1992, by Haysom, Lodge and Collinge respectively. Much of the information, however, is drawn from archival material such as *Maylbuye*, *Work in Progress*, *African Communist* and the *South African Labour Bulletin*.

This context enables us to understand the protracted nature of the settlement. Simply, the existing ruling class (both capital and the government itself) sought through negotiations to achieve political stability *while at the same time maintaining as much power for themselves as possible.* In other words, capital and the state did not negotiate to give away power, but to hold on to as much of it as they could. Their interest was not black majority rule (although they conceded that it remained preferable to insurrection) but political stabilisation. This meant – as *Advance to national democracy* so succinctly put it – that negotiations was "a terrain of intense struggle" (' 991; 6).

In practice, this meant that the state and capital attempted to tie a future ANC government to particular political and economic solutions during the course of negotiations[113] (such as power sharing, regionalism and, of course, ditching nationalisation as a central aspect of ANC economic policy[114]). As importantly, it meant that the negotiations process was by no means smooth: it consisted of constant jockeying for position and political dominance inside the negotiating forum itself, and accompanying political turmoil outside of it, as groups like Inkatha and the White right wing sought to assert their interests. The state's own "dirty tricks" department, seeking to shift the balance of forces against the ANC, played a significant role in these attempts at political destabilisation.

The discussion so far has pointed to factors important in explaining the ANC's present economic policy: first, the ANC embarked on negotiations because it perceived this to be the most (or only) viable means to achieve its aims; second, that the old ruling class was likewise forced to embark on negotiations, *in order to attempt to safeguard its continued existence.* The latter is directly linked to its nature as an entrenched, local ruling class

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113 The most preferable solution for the National Party, and possibly for sections of capital, would have been to present a facade of democracy which would serve to quell political resistance, while at the same time preventing a decisive victory by the ANC in elections. While the outcome of the negotiations did not achieve exactly this, it was surprisingly favourable to forces such as the NP, as I shall later discuss.

114 An aspect of this is linked to the fact of South Africa's greater integration into the global economy, and the attendant fact that South African capital has amongst its ranks trans-national companies (most notably De Beers and Anglo American); this has a significant influence on the precise nature of the interests which capital is attempting to impose in the process of negotiations. (This will be discussed in a later chapter.)

Western capitalism, but a rich, powerful and well-entrenched ruling class which, like its counterparts in other Newly Industrialising Countries, is perfectly capable of pursuing its interests, certainly not on terms of equality with the imperialist powers, but to the point of conflict with them...

By the same token, that entrenched local ruling class had also a greater capacity to impose its will on the transition process. According to Collinge,

It was plain that the government/NP had certain inherent advantages over its major negotiating partner as the party established on South African soil, its organisational machinery well-oiled, the huge resources of the state at its disposal and its operations unhindered by security laws...as long as agreements reached in talks were to be carried out under existing law or in terms of amendments to the law, the NP held the key. (Collinge, 1992; 18)

Further, it would be a mistake to assume that South African capital was hasty to dispense with apartheid, ushering in a kinder, gentler capitalism without a murmur. Many commentators have argued that Apartheid no longer serves capital's interests in South Africa. This is true for many sectors of capital, particularly manufacturing; certainly it is true that the prospect of continued political resistance outweighs the potential continuing benefits. It is also entirely possible for the ANC to provide national capital with a political framework which serves its interests (as was argued in the previous chapter; and indeed, the research conducted for this thesis suggests that the ANC will do precisely that).

However, especially during a period of transition, capital continues to rely on a state apparatus to protect its interests. It must guard against attacks on its right to accumulate, particularly from the (black) working class (See Callinicos, 1991; 129). The possibility of such attack was increased by continued economic crisis and the instability of the political situation. Not least among factors coming in to play here was that the unbanning of political organisations and the lightening of overt repression at the start of the negotiations process created greater space and increased confidence for the ANC's support base to mobilise. This meant that, during the transition, capital remained tied to the extant state apparatus under the control of the National Party.

like Mozambique, Cuba and Angola were largely marginal to the world economy for most of the past two decades (see Binns, 1984) South Africa, by contrast, has been firmly integrated into the world economy since the post-war period: Morris (1991; 41) discusses the marked increase of South African global linkages during this period.

These factors had important implications for the nature of the transition process, particularly regarding the ANC's concept of the transition. First, the non-viability of classic guerilla struggle on the one hand, and the ANC's inability or unwillingness to follow the path of full-scale mass insurrection on the other, meant that the ANC entered negotiations from a position of relative weakness.

As Callinicos (1991) argues, other national liberation movements came to power after a more or less decisive *military defeat* of the existing government. This was the case even where the actual transfer of power took the form of a negotiated settlement, as was the case in Zimbabwe; negotiations were around the terms of surrender rather than around the transfer of power itself.

In South Africa, by contrast, negotiations did not follow on the heels of a military defeat, or indeed a defeat, of the government, except insofar as mass struggle had forced it to abandon its old ways. The major impetus to negotiate was precisely that neither side seemed able to defeat the other. But as a result of this, the ANC entered into negotiations with a government which retained, more or less intact, the entire state machine.

At the same time, the opposing side (the state and capital) had an enormously greater interest in exerting its will in such a settlement, given that it was and remains nationally entrenched. Other national liberation struggles (with the exception of Zimbabwe) have been against colonial regimes, which were able to withdraw when it became clear that the disadvantages of mass resistance outweighed the advantages of continued domination. This is not the case in South Africa. As Callinicos (1991; 127) puts it:

> *...national liberation wars have achieved victory generally through weakening the political will of the metropolitan power. But there is no such power in the South African case. The South African bourgeoisie are no mere clients or puppets of*

ANC from this quarter, thus increasing the ANC's dependence on a negotiated route by severely undermining any slim chance of success via armed struggle (see Lodge, 1987; 10). Equally significant, however, was that the "new political thinking" under Gorbachev led the USSR to seek regional settlements with the West. This played itself out, for example, in the Namibian settlement, and in increased pressure on both the ANC and the South African government to negotiate[112] (See Callinicos, 1991, p113ff).

Similarly, pressure to negotiate was brought to bear on both the ANC and the National Party government by Western governments, most notably Britain and the USA, and by the "frontline states": the latter seeking to end destabilisation of the sub-region by South African sub-imperialism; the former for a range of factors including interests in gold, and fear of the effects on regional stability of a revolution upsurge in South Africa (See Callinicos, 1991).

As the ANC's 1991 *Advance to National Democracy* puts it:

> *The collapse of a number of [illegible]ents in Eastern Europe, and the crisis facing the socialist system has somewhat weakened the forces opposed to apartheid...[there is] a tendency among some governments to relax pressure on the apartheid regime* (1991; 3)

While the above explains both the regime's and the ANC's willingness to enter negotiations, further factors must be considered to understand the full complexity of the impetus towards negotiations, and the relatively protracted nature of the process. It is necessary to consider again South African peculiarities.

The protracted nature of the settlement

The third significant factor arising from South Africa's relatively high level of industrialisation is the existence of an entrenched and powerful national capital. A powerful sector of South African capital is locally, not foreign, owned. A fourth aspect is South Africa's comparatively high integration into the world economy. Whereas countries

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112 This is perhaps one of the earliest ways in which the changing trends in the relation between state and capital came to bear on South Africa, given the direct link between this trend and the collapse of the USSR - see Harman (1991) for more on this.

Mayibuye). But it was a perspective which simply co-existed with the effectively dominant notions that the balance of forces was unfavourable, that it was not primarily determined by mass mobilisation, and that there was a need to placate the right. The GNU compromise, combined with the absence of further plans for mass action, clearly demonstrated the dominance of the latter over the former.[122]

The ANC NEC strategic perspective document, published in late 1992, consolidated the perspective of compromise to appease the right in actual policy. It argued for:

> *a negotiations process combined with mass action and international pressure which takes into account the need to combat counter-revolutionary forces...*
>
> *...our strategy should not focus narrowly on only the initial establishment of democracy, but also (and perhaps more importantly) on how to nurture, develop and consolidate that democracy. Our strategy must at once focus on ensuring that the new democracy is not undermined. Our broad objectives for the first two phases should therefore be...**minimising the threat to stability and the democratic process*** (1992; 50ff; my emphasis).

This partly underpinned the argument in favour of a Government of National Unity: to quote the document at some length,

> *...we also need to accept the fact that even after the adoption of the new constitution, the balance of forces, **and the interests of the country as a whole** may still require of us to consider the establishment of a government of National Unity...Some objectives of a Government of National Unity:*
>
> ***Stability during the period of transition to full democracy**: the enemies of democracy will try to destabilise the new government and make democracy unworkable.*
>
> *Commitment and responsibility for the process: we should seek, especially in the early stages, to commit all parties to actively take part in the process of*

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122 It is quite conceivable that the former perspective could have a resurgence in the future - given the heterogeneity of the ANC alliance, and in particular its continued dependence on its mass base - but even if it does, it is unlikely that it will overturn the consolidation of the latter perspective, especially given that the GNU is firmly in place; nor will it undo the decisive trend to compromise and conciliation, for reasons which I shall argue later in this chapter. Increasingly, a resurgence of such views is likely to take the form of actual rifts within the ANC and within its alliance partners.

Eastern Europe and much of Africa, arguing that *"transfer of power to a liberation movement does not necessarily lead to the empowerment of people on the ground"* (1992; 29). A re-examination of the concept of power, he argues, is required. The remainder of his argument contends that the balance of forces is not sufficiently in the liberation movements' favour to achieve a decisive transfer of power, but that the GNU compromise will allow it to achieve some power from which it can proceed to further shift the balance of forces. For Suttner, the main difference between negotiations and insurrection is, apparently, that the former is gradual and the latter sudden; the former is not, he implies, any less thoroughgoing in achieving desired aims.

Cronin's response similarly centres around countering an 'all or nothing' approach. Such an approach, he argues, *"wishes away apartheid structures. But because this wishing away does not happen for real, the approach can only dream"* (1992; 44). Although Cronin cautions against elevating negotiations at the expense of all other strategies, his understanding mirrors Slovo's gradualist approach. He characterises the negotiations process itself as the route to power, and, indeed, a means by which to shift the balance of forces:

> *The present negotiations process holds out the very real prospect of democratic elections for a sovereign constituent assembly. These elections will probably mark a very important qualitative shift in the balance of forces. But neither the elections, nor the CA, nor the democratic constitution will mark the "final showdown" with the political and structural legacy of the apartheid state.*

These responses reinforced the gradualist approach which characterises Slovo's paper on the GNU. Slovo, Cronin and Suttner's interventions all shared a common contradiction: on the one hand, the GNU was presented as an undesirable but necessary compromise to appease the right wing, a partial deferment of the liberation movements objectives; but at the same time it was also presented as a means to achieve those objectives – as the first step on the road to state power.

Opposing views did not succeed in diverting the general trend that was emerging. Up to the elections, the notion that mass action was the way to both defeat the right and speed up the negotiations process continued (see, for example, the June 1993 issue of

negotiations and grass-roots activity. This latter part of the article apparently had minimal impact.

Numerous arguments against these perspectives came from the ranks of the ANC, ranging from Pallo Jordaan to less widely known activists like Oupa Lehulere. An ANC Youth League paper argued that:

> *a study of the short record of negotiations does not give evidence that we have made any gains by making compromises, instead we have suffered setbacks...there is more evidence of the fact that all the breakthroughs we have made so far have been as a result of unrelenting struggles.*

Jordaan similarly attacks the idea. He argues that the perspective can only seem tenable by assuming that the government and the ANC share a mutual need to move the peace process forward (a position that is indeed made explicit by Slovo); this assumption, he points out, is flawed. Similarly, he finds it problematic that the argument revolves around "the balance of forces" being unfavourable, as if the balance of forces is *"a pre-ordained reality that seems impervious to human will"* (1992; 8) .

Nzimande argues that negotiations are doomed unless they are carried out in the context of mass struggle, pointing out that *"central to [De Klerk's] strategy is an attempt to introduce constitutional changes in such a way that the economic base of the ruling class remains untouched"* (1992; 17). He continues *"The vicious attack on the ANC's economic programme - the freedom charter - is aimed at discrediting any alternatives to a 'free market' economy"*. Nzimande concludes that the immediate goal should be defeat of the NP. Gwala, likewise, castigates Slovo for theorising abstractly; the potential for shifting the balance of forces lies in mass action. The negotiations, he argues, have become caught up in negotiations, seeking the moral high-ground without asking whose morals they are appealing to[121].

Suttner and Cronin both responded to these critiques by caricaturing them as simplistic, instantaneous insurrectionism. Suttner makes direct reference to the experience of

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121 These points in themselves provide insights into why the GNU compromise eventually did prevail, as we shall see in later discussion.

Initial reading of the article suggests that the perception of an unfavourable (or not entirely favourable) balance of forces is the prime factor motivating Slovo's argument for compromise. However, while this is undoubtedly one factor, a further aspect emerges:

> *...we should not underestimate the danger of the counter-revolution in the period following a major transformation...hence, in addressing areas of compromise, we should also consider measures which will help to pre-empt the objectives of the counter-revolution and reduce its base.* (1992; 37)

He refers specifically to the white-right wing, and concludes his article:

> *In particular, the prospect of a period of power-sharing, a shared vision of the future regional dispensation, some security for existing incumbents in the civil service, and undertakings which will promote reconciliation, will make it exceedingly difficult for the other side to continue blocking the transition.*

In other words, the reasoning behind "necessary compromises" is not solely a particular reading of the balance of forces - a balance which is evidently such that mass action cannot succeed in sweeping away blockages to the transition - *but also the need to placate certain elements during and directly after the transition.* "Necessary compromise" was thus justified by the need to avert violence – an argument I shall deal with shortly.

In the same issue of *African Communist*, Cronin's article makes more explicit the perception of an unfavourable balance of forces. His argument centres around three approaches to negotiations: deals between elites, mass action as merely a lever in the negotiations process, and the Liepzig option. This last approach to negotiations alludes to: "*...the capacity of mass action to play a role in sweeping regimes out of power WHEN the balance of forces is favourable...*" (1992; 45)

Cronin argues that the Alliance's zig-zags over the negotiations period stem from "the unresolved co-existence" of these three strategic outlooks, but concludes that none of them is really strategically appropriate for South Africa – the first two because both are ultimately elitist, the third because the balance of forces is not such that an "insurrection" is possible, given the international, national and regional balance of forces. His article goes on to argue that consistent mass action is the key to finding the "balance" between

Exactly what Slovo means by "genuine liberation" or "the main objectives of national democratic revolution" is not made explicit; nevertheless, it is clear that his new analysis constitutes stages within stages, a la the classic two-stage approach of the SACP and ANC. It seems that he perceives negotiations as the first stage of the first stage.

While this proliferation of stages should not come as a great surprise to anyone familiar with the two-stage theory, it is nevertheless significant. I make this point, not as a cheap sideswipe at Slovo, but because this represents a significant departure from the initial perspective regarding the place of negotiations. Simply, negotiations itself – with or without mass struggle to pressure the regime – was no longer to be the means of achieving a transfer of power; rather, it had become the first step in a much longer process of transferring power.

Slovo goes on:

> *In other words we can realistically project the possibility of an outcome for the negotiating process which will result in the liberation movement occupying significantly more favourable heights from which to advance. This will clearly be the case if, amongst other things, the tricameral parliament is replaced by a democratically elected sovereign body and executive power is led by the elected representatives of the majority. If this comes about, the balance of forces will obviously have been qualitatively transformed in our favour* (1992; 37; my emphasis).

Thus negotiations themselves and elections become a major component in shifting the balance of forces in favour of the ANC and its allies. He continues:

> *...the immediate outcome of the negotiating process will inevitably be less than perfect when measured against our long-term liberation objectives. If such an outcome is unacceptable then we should cease raising false expectations by persisting with negotiations. On the other hand, if it is strategically acceptable then a degree of compromise will be unavoidable.*

It is in this context that Slovo posits the notion of "sunset clauses" – power sharing for a limited period – as a necessary compromise.

Responding to a question on intensified mass action, he added:

> *You will continue to have mass activity, but it must assume different forms. It must be aimed at different things. We need to begin a mass campaign of education, for instance, around elections. That's mass activity* (1992; 9).

In August 1992, a *Maylbuye* article reflected this notion, arguing that the mass action campaign was "not a programme for insurrection", and adding:

> *There is a growing realisation across the board that this task [reconstruction] belongs to all South Africans. After all, a climate of fear, uncertainty and lack of investor confidence affects ordinary people's lives as much as it undermines productivity and disrupts the whole economy* (1992; 10).

By late 1992 the strategic focus on compromise had become explicit, with two seminal articles: Joe Slovo's *Negotiations: what room for compromise?*, and Jeremy Cronin's *The Boat, the tap and the Liepzig way*. These warrant detailed discussion.

Slovo's argument rests on the notion that the balance of forces was unlikely to shift decisively in the Congress Alliance's favour: he points out that the regime was not decisively defeated when negotiations were initiated, that the resulting balance of forces prevailed into the present, and that *"there was certainly never a prospect of forcing the regime's unconditional surrender across the table"* (1992; 36)

He argues further that the negotiating table is *"neither the sole terrain for struggle nor the place where it will reach its culmination"* (1992; 36). But, significantly, he contends that negotiations itself would not be the end of the national liberation struggle: rather, negotiations is:

> *...clearly a key element or a stage in the struggle process towards full and genuine liberation...because it holds out the possibility of bringing about a radically transformed political framework in which the struggle for the achievement of the main objectives of the national democratic revolution will be contested in conditions far more favourable to the liberation forces than they are now* (1992, 37).

But at the same time a contradictory strategic outlook began to consolidate – one of compromise and conciliation as a central strategy for achieving ANC aims. Towards mid-1992, the initial perspective mentioned shifted subtly. While a formal commitment to mass action still remained, the focus began to shift decisively away from mass action (in theory as well as in practice) as the major determinant of the balance of forces, and hence of what was possible at the negotiating table. In its place, it was argued that compromise was both unavoidable and necessary, and indeed that mass action could harm the prospects of successful compromise.

There were two aspects to this strategic reformulation: the first involved arguing that, because of an unfavourable balance of forces, compromises in negotiations were necessary; while mass action remained important, it did not have the capacity to decisively defeat the regime, even used purely as a lever at the negotiating table. The second, and I shall argue dominant, involved turning the whole issue completely on its head: a formal nod to mass action was still retained, but even if mass action had the capacity to decisively defeat the regime, the Congress alliance should not attempt to do so, in the interests of political and economic stability. In short, the politics of conciliation and compromise won out over the politics of mass mobilisation. What this represented, I shall argue, is the resolution of two contradictory aspects of the ANC's character as a national liberation movement.

The trend towards compromise and conciliation, of course, predated 1992, as the first chapter clearly demonstrates. But it was only in mid-1992 that it began to firmly dominate ANC and SACP strategic thinking and to firmly replace mass action as a strategy.[120]

In the May 1992 issue of *Mayibuye*, several articles argued along these lines: *"People's actions should determine what happens at the negotiating table"*; but in the same issue, Thabo Mbeki (ANC NEC) argued that

> *clearly you can't have a stable political order and a stable society if half the population rejects the constitution.*

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120 I say ANC and SACP, rather than the Congress Alliance, advisedly; the trend in question does indeed emerge in COSATU, but in a different form – in the notion of social accords. Although it is certainly the same trend operating, there are certain qualitative differences in the details of how it has emerged in the labour movement in particular. These will be discussed later.

date was set, and the installation of an interim government was agreed, although wrangling over the shape of this was to continue for some months. Most significantly, the government agreed to bilateral negotiations.

In spite of the gains, however, the stress in this round of negotiations was on necessary compromise and conciliation. A decisive strategic shift away from mass action consolidated. In a interview in February 1992, Mandela said:

> *We realise the importance of a government of national unity, both during the interim period and when a democratic government has been installed. We would like to forestall the possibility of a counter-revolutionary onslaught on the democratic government which will be established. We think we have a very good chance of achieving our objective if we are able to form a government of national unity as a result of a decision of any majority party which will emerge after the general election* (Maylbuye, February 1993; 10).

Prior to 1992, the Congress Alliance argued consistently (even if its practice did not always reflect this) that mass action on the ground was the key to shifting the balance of forces in favour of the ANC. For example, in February 1991 *Maylbuye* argued:

> *As we gear ourselves for the June conference, we must ensure that the balance of forces has shifted irretrievably to the side of the people...The might of our people must be mobilised to resolve these problems* (1991; 7; see also quote above).

More important than its verbal commitment to mass action as a means of shifting the balance of forces, however, was its acceptance that mass action *could* alter the balance of forces; and its acceptance that it *should* do so. The perspective throughout the initial period of negotiations was that – in theory, at least – the ANC should try to force through as much of its own programme as possible at the negotiating table, using mass action as, at worst, a lever to do so; at best as a means of simultaneously bringing pressure to bear on the regime and expressing the will of the masses in negotiations – although, at all times, mass action was to be kept under control. This approach informed the semi-successful 1991 "year of mass action for people's power" and the campaign leading up to the August 1992 stayaway.

The effort spent on building the "rolling mass action" paid off resoundingly, with the biggest stayaway yet seen: over four million stayed away in August. Outrage over the Bisho massacre no doubt contributed to the turn-out. De Klerk was forced to back down. The groundswell released was difficult to curb: sporadic protests continued for some time after the strike.

But while the action was impressively organised and definitely successful, it remained limited, and firmly focused on getting negotiations back on track, no more. Little effort was made to link into the local struggles around generalised economic issues which were happening, or into the national hospital, metal workers' or teachers' strikes. The actions remained demonstrative, with even the strike being, again, a stay-at-home rather than a strike. Mandela called a "cooling-off" period immediately after the stayaway to await the government's response.

Most significantly, in the face of resounding proof of the potential to mobilise mass action, soon to be backed by proof of its efficiency, arguments against it were afoot in the Congress alliance. The counter-current argued that compromise was necessary to undermine the threat of a right-wing backlash, and linked this to arguments for "sunset clauses": appeasement and conciliation were essential to South Africa's future stability. (These arguments are discussed in detail below.) The trend was given further credence by the Bisho massacre, which was roundly condemned in the press and by the ANC's opponents as an adventurist exercise in which the ANC held prime responsibility for the deaths. While the massacre added fuel to militancy on the ground, it also fuelled arguments against mass action from moderates within the ANC.

With negotiations back on track, the negotiations were set to put mass action on hold once more. The balance of forces had shifted in favour of the ANC, but also in favour of a moderate ANC[119]. A 'record of understanding' was signed, the demand for a sovereign constituent assembly was conceded, several army generals and senior civil servants were dismissed, and controls on dangerous weapons and hostels agreed to. It was agreed that the elections would be held towards the end of 1993, although no firm

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119 This was by no means an inevitable outcome of the success of the action; rather, it reflected the absence of an organised alternative within or outside the ANC.

it COSATU participation either – Rhamaphosa argued against it on the basis that it would spark "a flood of requests" from other organisations that were not "party political".) To this demand, COSATU added demands for an interim government by the end of June and a constituent assembly by the end of the year.

The subsequent action showed a more serious commitment to mass action than the last round. Those arguing for sustained mass action gained ascendency for a time. For example, Barbara Hogan of the ANC, referring to the train boycott, argued: *"Firstly it showed that there is militancy on the ground, that the conditions exist for mass action. Second it has showed how protest is a much more effective form of extracting concessions".* The ANC acknowledged that its previous attempts at 'mobilisation by decree' had been problematic: its programme argued that

> *...organisers should not take the masses for granted. The mobilisation of the masses for support and action can't be a process which is switched on and off; where the people are only called upon where there is a deadlock or problem* (Maylbuye, June 1992; 12).

The campaign was relatively well organised, with smaller actions building towards the strike. Significant effort was made to co-ordinate action, to build for it on the ground, and to consult with regions and organisations. The greater level of organisation and accountability may well have been linked to COSATU's central involvement. The programme included a series of marches, demonstrations and city occupations. The government and big business responded first with alarm and then with threats; many companies threatened to retrench workers who participated. Nevertheless, the actions went ahead. They sparked an upsurge of struggle around other issues: alongside them went a strike wave, marked most dramatically by the hospital strikes, and a 200,000-strong protest against the Boipatong massacre.

But although the ANC had made a firm shift towards mass action, its calls were tempered with calls for restraint and largely successful attempts to rein in spontaneous militancy from going beyond demonstrative action. The Bisho massacre was an exception: the crowd refused to be confined to the stadium, with the support of a few militants in the leadership; marchers were massacred by Ciskei troops.

calls for national action, deciding that individual branches could take action as they saw fit. The result was very little action indeed. Budget day demonstrations the following day went ahead, but no effort was made to link these issues. The resounding 'yes' vote gave the NP considerable confidence in CODESA, as it claimed that white South Africa had given the NP a mandate to negotiate on its behalf.

The budget day protests themselves were significant although not dramatic: 30,000 demonstrators in Cape Town prevented officials from getting in or out of parliament for twenty minutes, after which the crowd decided to take an unauthorised route back to the parade. This was a noticeable, if small, sign of an increasingly generalised attitude of defiance and confidence from the mass base of the ANC, possibly partly linked to frustration over the referendum. This mood of militancy was similarly evident in a host of localised boycotts and marches around issues such as rent and service charges, protests at five universities at the start of the year, a fightback against Inkatha by Alexandra SDUs, boycotts and occupations of schools by pupils (at the end of 1991), and a week-long train boycott. This mood was no doubt linked to the VAT stayaway's success, increased expectations given that negotiations had actually started, and mounting evidence of state complicity in the violence.

For the negotiations, however, mass action remained on the back burner for the first half of 1992. Moeletsi Mbeki of COSATU commented on CODESA: *"The mass of people are not involved. [So] in a meeting of political parties, the NP has the trump cards, because it has power on its side"*. The effects of this were finally felt in May: the NP insisted on a 75% majority to change the constitution. The ANC, initially having argued for 50%, went up to 70% before it issued an ultimatum. In May, the ANC withdrew from negotiations and, with the SACP and COSATU, launched a programme of "rolling mass action" to pressure the government. The ultimatum gave the government until the end of June to set a date for elections and an interim government. *"The aim of this approach"* said Mayibuye, *"is to ensure that the alliance's resolve to make negotiations a terrain of struggle will be enhanced. People's actions should determine what happens at the negotiating table"* (June, 1992; 11). COSATU, earlier in the year, had set the same deadline for a general strike after earlier requests for direct COSATU participation in negotiations had been opposed by the government. (Some in the ANC were not keen on

to build, co-ordinate and organise action in a coherent fashion. Added to this, it is questionable whether the rank-and-file were content to continue simply turning out "on decree" for actions which remained purely demonstrative. But in spite of rumblings from the rank-and-file, the ANC continued, in the following year, to approach mass action in much the same way.

One further event in 1991 requires at least a passing mention: the Ventersdorp battle, where far-right-wingers battled police after gathering to disrupt a De Klerk meeting. Although the battle was far less serious in all respects than the carnage of the Boipatong massacre, the press made much of it; it marked the beginning of a phobia about the threat of a right-wing backlash, which was to extend into ANC circles.

CODESA was initiated in December 1991, undoubtedly as a result of the combined effects of scandal and, more significantly, stayaway. Numerically, it was loaded against the liberation movement, with only three delegations from the movement out of 19 parties (the NP had two – one as the NP, another as the government). It set out to determine the nature of the transitional government, constitution-making mechanisms, broad constitutional principles, and the future of the TBVC states.

A "now traditional" demonstration outside parliament marked the beginning of 1992, and a campaign to picket courts was launched. The ANC leadership remained focused on negotiations, but progress here was slow. After agreement that decisions taken at CODESA would be binding on all parties involved, that the TBVC states would be reincorporated through negotiations, and that decisions would be taken by "sufficient consensus", the process jammed again. Although the ANC remained firm on the issue in the end, early 1992 saw it "contemplating" regionalism[118]. It also made renewed efforts to draw all players into the process, calling on the AWB, the CP and the HNP to join negotiations.

In the meantime, De Klerk went ahead with a whites-only referendum. Although the ANC rejected the referendum as racist, its final position was a "hands-off" one. It made no

118 The eleventh-hour deal made to draw Inkatha into the elections, although not quite what Inkatha or the NP wanted, did make substantial concessions to a regionalist approach.

to; more importantly, its mass base repeatedly demonstrated its willingness to support mass action in spite of the ANC's inconsistency in mobilising, as the August mass action and the Hani protests, in particular, suggest. Further, the number of prolonged strikes in various sectors throughout the transition indicated potential for sustained organisation. This in itself did not, of course, mean that instant seizure of power was possible – but it did point, at very least, to a potential to exert significantly greater pressure on the negotiations process which the ANC failed to exploit. Pallo Jordan's point is vitally important: if the balance of forces was indeed so unfavourable, why did the negotiators do so little to try to alter it?

In any case, the fact that these trends began to emerge when the ANC was gearing up for one of its most successful mass action campaigns in August 1992, and consolidated in the afterglow of the same, makes it seem unlikely that the major impetus behind the shift to compromise and conciliation was a gloomy outlook regarding the potential of mass mobilisation to bring pressure to bear on the negotiating process. It seems that the architects of the GNU were looking to a different balance of forces from that between the ANC and its supporters, and the government.

The continual references to political stability, mentioned earlier, offer a clue: it was the *ANC's concern to ensure political stability for itself as a future government* which was the prime impetus behind the compromises. Simply put, the ANC too has an interest in political stability if it is to achieve its implicit aim – control of a nation state with which to direct the national economy. For the ANC, as for the present regime, any solution to the economic crisis requires political stability. The ANC, as a "government-in-waiting", has an interest in *proving to capital its ability to be a future government.* As Paul Bell of the Star said, in an article entitled 'Strain takes its toll on government in waiting', *"To the ANC falls the task of keeping the business and international investment communities on its side".*

It is my contention that the ANC's status as a government-in-waiting increasingly overrode other concerns; and the balance of forces of concern to them was that between themselves as a future government and old ruling class on the one hand, and between themselves and their own supporters on the other.

of that base not only breaking with supporting the ANC, but also going beyond the programme of the ANC and challenging the very framework in which its programme is framed (namely the capitalist order). To maintain the support of the mass base, and equally important, to retain its *leadership* over the mass base, the ANC was forced move with the "mood of the masses" at times. In other words, when it appeared that the mass base was going to move with or without it, as was the case after Hani's assassination, the ANC was forced leftwards to retain its leadership of the mass base. But once the crisis had passed, the leadership moved quickly to dampen further struggle, as evidenced by the "cooling-off" period following the August stayaway, and indeed by the ANC's handling of the Bophuthatswana uprising. Further than this, the ANC was also concerned to demonstrate to capital in particular its ability to control its followers, in order to maintain confidence.

The same trend came to bear on economic policy: this tension is vital in understanding the continued stress on redistribution and social welfare in the ANC's policy documents, even though the content behind these changed significantly. Lodge argues that:

> *the chief importance of the activists (and indirectly, perhaps, the masses) is not so much supplying the pavement protest during crucial altercations over the negotiating table, but rather in maintaining pressure on ANC leadership to hold firm to those policy elements which would constitute a programme of radical socio-economic reform* (1992; 70).

But while this explains the vacillation over mass action, it does not explain why 1992 evidenced such a sharp, one-sided and lasting turn away from mass action towards compromise, particularly since that turn forced the ANC to compromise its own aims.

Government in waiting - political stability before a decisive solution to the national question

The justification for the sharp turn to compromise was that the Alliance was not strong enough to undermine the threat from the right, or drive through its own programme. Whether the balance of forces was indeed as gloomy as this analysis would suggest is a moot point. Certainly the ANC clearly demonstrated its capacity to mobilise when forced

understand just how the formations of the MDM had come to wield considerable power....In reality, the ANC had never controlled or been the dominant organising force in the mass resistance, much as this had been a crucial – the crucial – component of the liberation struggle...The ability of the ANC to make its reasonably sustained popular support felt at the table was slow in coming (Collinge, 1992; 22–23).

The point is valid in and of itself, but there is more to it than either Collinge or Lodge identify. Both argued (in 1992) that as the ANC established itself and sorted out its organisational structures, the problem would disappear; later, however, it was to become patently clear that the tension between mass action and negotiations would strengthen rather than decline. The ANC's inconsistency regarding mass action is partly linked to the tendency for national liberation movements to vacillate.

Their vacillation resulted from two factors. First, as has already been discussed in some detail, the ANC was concerned to present itself as a reasonable negotiating partner, while remaining aware of its dependence on mass mobilisation for its strength at the negotiating table. The ANC's approach to mass action in the early nineties was consistent with its approach in the fifties: it turned to mass action primarily when other avenues closed, as was evident in its turn to mass action after the "logjam" in CODESA 2. This meant, at best, seeking to balance calls for mass action and militant rhetoric with the language of conciliation and compromise.

Second, and linked to the above, the ANC (as a national liberation movement) remained tied to its mass base throughout the transition[127]; it depended on it for strength and later for votes in the elections which completed the negotiations process. At the same time, however, its ultimate objective – integrally linked to the maintenance of capitalism – fell short of the potential demands of that mass base, particularly in a time of severe economic crisis.

The latter aspect adds a further dimension to the ANC's tie to its mass base. Not only did it rely on it for support, but it also had to control it. It had to contend with the possibility

127 And still does, I would argue, although for different reasons which will emerge shortly.

This disempowerment means that each time the tap is turned on again, it is liable to be less and less effective (and more and more resentful)" (1992; 44)

Yet the ANC's support base remained remarkably responsive to mass action when it *was* organised; demoralisation never became firmly entrenched. The second point is similar: inconsistent or badly-organised mass mobilisation which yielded poor results could have reinforced trends away from it, by making the strategy appear increasingly less viable. But even in this respect, certain mass actions yielded results right until the end of the negotiations process, when action was either well-organised by the national leadership or, in two cases, relatively spontaneous outbursts by the mass base. There was enormous evidence of the effectiveness of mass action, and clear pointers to what could make such action succeed.

The erratic use of mass action cannot be attributed merely to strategic blunder, nor purely to misreading of the situation. That the ANC was initially slow to translate its commitment to seize power into a concrete programme of action, preferring to rely on talks with the NP, was perhaps not surprising, given that its return was immediately accompanied by internal problems. As Lodge points out, it was faced with:

> *a struggle to absorb and reconcile the experiences of three generations of leadership; the elderly veterans who emerged from decades of confinement on Robben Island, the middle-aged managers of an insurgent bureaucracy; and finally, the youthful architects of the most sustained and widespread rebellion in South African history* (Lodge, 1992; 44).

These problems were to continue well into the following year, with debates over the status of the UDF and internal democracy within the ANC itself, along with problems in setting up ANC branches. There can be no doubt that they had an effect on the ANC's ability to exploit early mass confidence to its own ends.

Internal difficulties aside, however, it would be a mistake to attribute the ineffectual use of mass action to internal disarray. What is most insightful about Lodge's point is the *political* division which became evident. Collinge makes the point more explicitly: she argues that the ANC entered into talks in a "political vacuum", without having rooted the organisation inside South Africa, amongst its mass support base. The exile leadership, she argues, failed to:

But despite the understanding evidenced in this extract and numerous similar statements in the press and speeches, the ANC leadership failed to effect this mass mobilisation in a consistent manner[125].

While the August stayaway evidenced the Congress Alliance organising successful mass action to strengthen its hand at negotiations, there are more examples of the ANC attempting to rein in mass action, or of missing opportunities to mobilise, such as its response to the Inkathagate scandal, Mandela's intervention in the hospital workers' and teachers' strikes[126], the ANC's initial stance after the Hani assassination, and the general approach to mass action which focused on "restraint". (The reasons for the leadership later revising its position during the events following Hani's assassination are linked, as I shall argue below, to its need to maintain control over the mass base.) This inconsistency in utilising mass action contributed to an effective shift in the balance of forces at the negotiating table, and waning confidence on the part of the Congress alliance at certain points.

Why was mass action not used to greater effect? Two possible explanations spring to mind: first, inconsistent mobilisation contributed to demoralisation, disillusionment, and ultimately demobilisation on the ground, as the February 1992 stayaway indicates. As Cronin (1992) argued, trying to turn mass mobilisation on and off like a tap:

> *...is likely to have reformist consequences, not least because it continually disempowers popular struggles, particularly when the tap is supposed to be off.*

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125 As has been stated previously, the leadership of the ANC and the ANC itself is by no means homogenous. Thus - as the preceding chronology indicated - there were elements amongst the leadership who stressed mass action, while others placed the main stress on negotiations. More important, individuals in the leadership vacillated between these poles. This vacillation, as discussed in the previous chapter, is inherent to nationalist movements, particularly in the conditions in which the ANC found itself. The concern in this discussion is not to detail which leadership elements centred around which pole, but to establish the overall effect of this vacillation.

126 It could be argued that these would have had no effect on strengthening the ANC's position at the negotiating table, since they were, after all, industrial actions. However, Mandela's involvement in calling them off surely contradicts the ANC's own statement, previously quoted, of the need for "the people" to "express, defend and advance" their own interests through mass action. Moreover, these strikes in particular were in the public sector, and there can be little question that their resolution in favour of the strikers would have represented a blow to the government's confidence - particularly if the ANC had intervened in such a way as to explicitly link issues. As it was, in both strikes, the strikers themselves drew links between their demands and the illegitimacy of the government.

another matter, and the state used all manner of dirty tricks to try to drive through a settlement favourable to itself. Its main lever in the balance of power was its continued control over the state machinery, particularly the armed forces. It used this control, for example, to encourage Inkatha's strategy of violent destabilisation (perhaps the second most important factor influencing the balance of forces). But mass action, as the chronology clearly shows, could make it concede to ANC demands.

Early on in the negotiations process, the Congress Alliance expressed an awareness of both De Klerk's "double agenda", and the importance of mass action. For example, the ANC's *Advance to National Democracy*, published in February 1991, stated:

> *Despite the strategic advances made by the liberation movement, the regime still retains the capacity to implement counter-measures on a whole range of fronts. The white ruling group has entered the negotiations process with its own agenda: a radically reformed system of apartheid which will retain the essentials of white domination of the economic, political and social institutions of our country...*

and:

> *underpinning the regime's approach is a perspective to impose, by hook or by crook, a constitution which entrenches apartheid in a new and disguised form.* (1991; 13)

This implicit recognition of what negotiations was actually about from the regime's point of view did not, however, necessarily translate into strategy.

On mass action, the ANC said:

> *The struggles of the masses, led by the ANC, are the primary factor which has precipitated the crisis of apartheid...[however] the balance of forces is not a static phenomenon...* (1991; 3ff)

It later continues:

> *Central to our approach in the transition...is our reliance on the mass of the oppressed and anti-apartheid forces...the people must be the engine of the transition and be seen to take an active part at all possible levels. This demands the continual strengthening of the ANC and other democratic forces, and mobilising the people to express, defend and advance their point of view* ***through mass action.*** (1991, 18; emphasis mine).

This reading, in turn, links to the third and central factor. The stress on a reasonable image, and the Congress Alliance's particular reading of the balance of forces, can only be understood in the context of the ANC's concern, as a "government-in-waiting", to achieve a political solution which ensured long-term stability for itself as a government-to-be. To do this, it had to counter the dual threat of political and economic instability. The first required (in the ANC's perception) making concessions to minority groups to undermine the possibility of a backlash; the second displaying to capital its ability, as a future government, to govern, to control its supporters, and to direct the economy to greater heights[124]. The following discussion considers these factors in greater detail.

The negotiations trap - mass action versus suits and ties

The most obvious "trap" inherent in negotiations is that they are, of course, negotiations - they imply a certain level of compromise. To explain away ANC policy changes purely in these terms would, however, be extremely simplistic. Negotiation does indeed imply compromise, but who compromises and to what extent is not answered by this simple assertion. The ANC's ability to force compromise on the government, or conversely the government's to force compromise on the ANC, is related to more complex factors.

Without doubt, factors determining the balance of forces in negotiations lay largely outside the World Trade Centre. Scandal, moral manoeuvre and fancy negotiating all played some part, but the prime and most decisive factor was mass action or its absence. As the process unfolded, it became increasingly clear that the ANC leadership perceived negotiations as the most or only viable route to a transfer of power. Yet negotiations alone could not guarantee a transfer of power. The ANC had only two bargaining chips at the table: one was the threat to withdraw from negotiations, thus undermining the possibility of the existing ruling class achieving a settlement; the other was the threat of, or actual, mass action.

For its part, the government remained tied to negotiations because it desperately needed a political settlement to achieve political stability. But the form of the settlement was

124 These in themselves require explanation - why did the ANC not simply move rapidly to expropriate capital, for example? This will be discussed later.

to greater effect. The GNU compromise and the attendant shift away from mass action marked a decisive turning point. Why did the ANC choose compromise rather than decisive action to undermine the threat from the right? The answer to these questions – which may at first glance appear to be of little relevance to this thesis – cast great light on a number of issues of concern to us.

Inherent contradictions – nationalism and negotiations

It was earlier mentioned that the ANC was not willing to give in too easily to the pressures brought upon it by the state and capital. Nevertheless, it found itself caught up in a number of contradictions which contributed directly to shifts in the balance of forces. Three interrelated contradictions lie behind the changing balance of forces, all related to the fact that the ANC, as a nationalist movement, sought to gain control of a state; and, once in control of it, that it would have to take on the role of national economic direction.

First and most obviously, the ANC found itself caught in the double bind of negotiations: on one hand, it recognised the dangers implicit in negotiations; but on the other, it found itself tied into the logic of negotiations. The ANC's inability to walk this tightrope in a manner completely favourable to itself was directly linked to its concern to present itself as a "reasonable" negotiating partner, while at the same time remaining dependent on factors external to the negotiations themselves – particularly, the mobilisation of its mass base – to consolidate its strength at the negotiating table. The contradiction, of course, was that calls for mass action, the overthrow of apartheid and so on do not conjure the image of "reasonable" negotiating partners in the eyes of capital and the state, both locally and internationally. The resulting unwillingness to consistently mobilise its mass base objectively weakened the ANC at the negotiating table.

But changes in the balance of forces did not result solely from objective (actual) shifts in the relative strength of the ANC and the government, even self-induced ones. This brings us to the second point: the Congress alliance's particular reading of the overall balance of forces – over and above the concrete ... ts of its need to appear reasonable – left it unable or unwilling to exploit potential shifts in the balance of forces in its favour.

the other hand, for the same reasons, toppling Buthelezi would require far more serious, consistent and prolonged mass mobilisation than the Bophuthatswana uprising – the spectre doubled.

So the route the ANC chose was compromise. Eventually negotiations succeeded in drawing Buthelezi into elections, but at considerable expense. The compromises, it later emerged, included greater regional powers which left the KwaZulu state essentially intact, while the KwaZulu Police were to remain independent. Given that Inkatha's main source of power was exactly its control over this apparatus, these were serious concessions indeed. Violence in KwaZulu continued throughout and after the elections, despite a state of emergency. The KZP has been implicated. The "elections" in Kwazulu were reduced to horse-trading by the major parties and Inkatha; the Independent Electoral Commission admitted, albeit in a convoluted way, that counting of votes for this area was never even completed[123]. Inkatha was given the majority in the KwaZulu/Natal cabinet, and moves by the ANC-region to contest the result were squashed.

Although the ANC won overwhelmingly in areas where there had recently been upsurges in struggle, it failed to win the two-thirds majority required to change the constitution alone. The depth of the strategic shift to compromise became clear when Mandela appeared on television days after the results were announced expressing relief that the ANC had not won a two-thirds majority.

The balance of forces: an analysis

The negotiations process, then, was not only an intensely contested one – marked by substantial bloodshed – but also one of enormous contradiction. Impressive displays of mass mobilisation went alongside concessions which compromised even the limited programme of nationalism, with the tendency to conciliation and compromise reaching a high point in the elections. How are we to understand these contradictions?

The central question emerging from the preceding chronology is why the ANC did not, in spite of indications of the potential of mass struggle, use this weapon in its armoury

123 Several personal sources in the IEC suggested that the same was true for the PWV region.

strike action plagued other "homelands" like Venda, Ciskei and Lebowa up to and after the elections.

The ANC's involvement in these actions was limited to independent initiatives by members on the ground. The benefits of ousting recalcitrant homeland leaders were clear: there is no doubt that their interests in a regional solution conflicted with the ANC's desire for strong central government. On the other hand, however, the Bop uprising raised a spectre even more threatening than that of '86 – and for reasons to be discussed shortly, such spectres increasingly haunted not only the NP but also the top echelons of the ANC. ANC leaders, now sitting on the Transitional Executive Council, were not overly vocal about supporting the uprising, concentrating their efforts on resolving the crisis through negotiating, and once Mangope was clearly ousted, they agreed to measures to rapidly restore order in the region.

The clear success of the uprising did, however, briefly strengthen the hand of those in the ANC favouring mass action, in the leadership and in the rank-and-file, as well as boosting mass confidence enormously. For a brief time, the organisation shifted leftwards again. It was far more vocal about Ciskei, while an ANC-led march through Durban against Buthelezi drew thousands.

But the shift was short-lived. A follow-up march to Ulundi was cancelled. Alternative means of neutralising Inkatha were sought: a renewed effort was made to draw Buthelezi into elections through negotiation and compromise. Mass action, it was argued, would not be a viable strategy in the KwaZulu case.

Undoubtedly, Inkatha was a somewhat different kettle of fish than Mangope et al. Unlike these, Buthelezi had used the homeland administrative apparatus to build something of a popular base. While most of his "supporters" were actually coercees, he had succeeded in creating a small but hard core of support. This had a dual effect on the ANC: on one hand, it made Buthelezi an infinitely greater threat to future political stability than other homeland leaders, thus making his neutralisation infinitely more pressing. Inkatha's rampage through Johannesburg, spurred by its increased confidence over talks with the King and its increasing desperation to avoid marginalisation, drove home this point. On

The events around the Hani massacre certainly had a dramatic effect on the NP. The scale and depth of the protests raised the spectre of '86. In the aftermath, an election date was set and the process of forming an interim government set in motion.

Wrangling with the National Party was to continue, but was overshadowed by wrangling over regionalism and reincorporation with the right-wing alliance, COSAG. Some of these parties, reformed into the Freedom Alliance, withdrew from elections towards the end of the year. By this stage the notion of a government of national unity was firmly accepted, and getting these parties back into elections became a central focus for ANC negotiators. The paper tiger of the right-wing loomed large again after a tatty white right-wing assault on the World Trade Centre. In an attempt to entice the Freedom Alliance back into the negotiations, concessions were made on regionalism and a double ballot. The concessions stopped short of undermining the ability of the main parties to maintain the bulk of power, and the ANC remained firm on its bottom line in this. Nevertheless, the concessions reflected the tendency towards conciliation. Ramaphosa (general secretary of the ANC) said that the FA *"are forces that can destabilise the process. In everything that we do, we should not allow that. It is for this reason that we are prepared to negotiate with them"*.

Towards the end of 1993 COSATU threatened a general strike over a lock-out clause written into the constitutional guidelines. Rapid backtracking by ANC negotiations (with Slovo blaming the blunder on his suit) averted the strike. Mass action did not figure high on the alliance programme for the remainder of the year. In the months that followed, the main emphasis amongst the leadership and the mass base was firmly on the forthcoming elections.

The elections became a focus for further compromise, but also of further struggle. Of the latter, the Bophuthatswana uprising stands out. It was sparked by a strike of civil servants concerned about their pensions after elections. The strike rapidly escalated into a full-scale uprising, supported by students and sections of the police and army. The AWB were rousted "like goats" (as a Bop resident put it) after a blundering attempt to "restore order". The uprising firmly solved Mangope's heel-dragging over reincorporation. Similar

dismantling apartheid, building democracy, and promoting development (1992; 52; my emphasis).

What was emerging was a tension between the ANC's own main aim – broadly, gaining decisive control of the state – and its concern to ensure political stability in the future. Its strategic approach was changing increasingly in favour of the latter.

But if the leadership had put mass action on the back burner, the mass base had not. Although it was unable to divert the trend in the ANC leadership, for reasons to be discussed shortly, it was still able to impact on the course of negotiations under certain conditions. The pace of events in negotiations was given a sudden boost after Chris Hani's assassination in April 1993. The ANC leadership's initial response was to call, yet again, for discipline and restraint. It cautioned against any form of action at all. Its support base felt otherwise – such calls were met by hissing and booing at mass rallies. In the face of this anger and frustration, the ANC was forced to adopt a more radical rhetoric. Two stayaways in the space of six days gained phenomenal support, with a turnout of 90–100% in the PWV area, and around 88% in Natal. These were accompanied by huge protest marches, and an impressive attendance at the funeral. The funeral itself was marked by sporadic clashes between the police and mourners. Von Holdt commented: *"The scale of the stayaways made Hani's funeral a state event. In doing this, it revealed the ANC, backed by the tripartite alliance, as the real leaders of the nation: the future government"* (From South African Labour Bulletin, May/June 1993)

What was impressive about the action was not only its size but the short time in which it was organised. Cronin later commented: *"These events were all pulled together in a matter of days, and clearly relied enormously on the spontaneous self-organisation of thousands of people"*. He links this to Hani's popularity, and to *"pent up mass frustration and a general sense of disempowerment produced by the drawn out transition and our over-emphasis on a (probably inherently elite) negotiations process"* (WIP. June 1993; 14)

Thus tendencies to conciliation and compromise emerged from the union leadership as well, in the form of the social accord/RDP. They were more completely cloaked in radical appearance, because of pressure from the rank-and-file, but in content they accord relatively closely with the ANC's own approach. A lesser cousin of the negotiations process emerged on the labour front, in the form of the National Economic Forum, which evidenced similar tensions. A focus on these and national negotiations contributed to the opening of a similar gap between the rank-and-file and the leadership. The NUMSA congress, for example, noted this in a resolution. The regional secretary of NUMSA's Wits region said: *"There is a growing dissatisfaction on what leadership is doing...they are becoming locked in forums and less time is being given to debating what is going on in forums"* (Weekly Mail, 9/06/1993).

While a strong tradition of shopfloor organisation and rank-and-file control slowed the leadership's trend to compromise, it did not reverse or prevent it. Thus, although COSATU expressed the mass base's concerns to some extent, it did so in a limited way; contradictory pressures came to bear on COSATU too.

In as much as the ANC's capacity to bring pressure to bear on the government depended on the mobilisation of the mass base, so the mass base's capacity to bring pressure to bear on the ANC depended on its mobilisation. That mobilisation need not have been directed at the ANC in order to pressure it – mobilisation against the National Party regime, or around wages had the same effect (and continue to have an effect), in that any significant mobilisation forced the ANC to take cognisance of its base. But mobilisation – except in very exceptional circumstances, such as following Hani's

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with little option to safeguard their position by adopting a cautious approach.

However, by the time the negotiated transition began, unions had consolidated their strength. Both capital and the state were forced to accept their existence and make available avenues for negotiation. At the same time, the falling level of struggle generally opened the way for the gap between leadership and grassroots members to grow.

Moreover, the prospect of an ANC government increasingly offered an alternate path for individual union leaders to secure a position (namely, through parliament or through positions in policy-making forums); while the prospect of a "friendly" government increased the tendency to avoid conflict. There is no doubt that the latter was also a factor influencing many union members too – but it is a tendency which is far more fluid amongst grassroots members.

The distinction between the union membership and leadership is central to a nuanced understanding of why COSATU played contradictory role in the transition, while nevertheless firmly consolidating the reformist trend under discussion.

See Cliff and Gluckstein's (1986) comparative history of Russian and British trade unions for a full discussion of the ideas contained in this footnote.

initiated campaigns such as the anti-VAT campaign; the 1992 deadline on the government was initially set by COSATU; while the limited action against the lock-out clause involved direct dissension with its alliance partners.

But although COSATU leadership's closer tie to its mass base led the federation to act independently on occasion, a link between itself and the ANC exists: the link is that the leadership of both organisations have in common a reformist outlook. While unions are based on the working class, they are also generally locked within the framework of capitalism – they exist, as it is often put, to negotiate the terms of exploitation, not to do away with exploitation. The next chapter will show that the majority of COSATU leadership shares with the ANC a basic assumption that capitalism is immutable, at least for the moment: the task the union leadership has set themselves is to attempt to effect a kinder capitalism[135].

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135 It is important to caution against a crude understanding of the reformist nature of unions: it is a *tendency* which is *inherent* in the nature of a union, but not immutable or inevitable. It is always a contradictory one. Much depends on the circumstances in which the union movement is formed and subsequent developments in the level of class struggle. The contradictory nature of the tendency towards reformism in unions rests centrally on the distinction between the leadership and the grassroots membership.

Under most circumstances, both share a reformist outlook. But certain circumstances will pressure the grassroots membership to reject, partially or wholly, such an outlook. They may do so practically (i.e. through their actions) even if they do not do so ideologically (i.e. in their perception of the world). Such rejections may happen rapidly and unexpectedly. The response to Hani's assassination, although not specific to the unions, is a case in point. The union leadership, by contrast, suffers an inertia with regard to such pressures precisely because of their position.

First, the leadership's role is, in essence, one of mediating between capital and labour – negotiating deals over wages, working conditions and so on. However much they seek to take the side of labour in this mediation, it does not detract from the essentially reformist nature of their task, or the fact that it centrally involves some notion of compromise. Their role is precisely one of balancing between capital and labour. This predisposes them to looking for negotiated, compromise solutions to the problems faced by their membership – whether with regard to a specific wage issue or more general social questions.

Second, the leadership is not directly subject to the same material pressures as the membership: their position buffers them from the ups and downs of capitalism and the whims of the state. They are not *directly* affected by retrenchments, the state's failure to alter labour law, or indeed the inclusion or absence of a lock-out clause in the constitution. These only affect them insofar as they affect the union's survival. As mentioned, the union leadership remains sensitive to its membership precisely because its own survival depends on it. But the pressures which threaten union survival are not confined to loss of membership: the threat of state repression, for example, also poses a threat. Such threats may therefore strengthen the tendency to compromise and negotiations: leadership may opt for these rather than risk open conflict which might damage the union.

The extent and form of reformism in unions will depend heavily, then, on two factors: first, the outlook and the actions of the membership – stated more generally, on the condition of class struggle. Secondly, it will depend on the capacity of the membership to overcome the leadership's "compromise inertia".

South African unions were formed in the heat of heavy repression, and on a rising wave of class struggle. The latter increased the level of grassroots influence on the unions, while the former made avenues of negotiations and compromise something of a non-starter. This left the leadership

If the mass base was a pressure against trends towards conciliation, and if part of the reason for the strengthening of these trends was a growing gap between the mass base and the leadership, why did that mass base not independently continue to exert pressure on the ANC? Why was it largely unsuccessful in countering these trends, in spite of evidence that some sections at least wished to?

The first and most obvious reason is that the mass base continued to pin its hopes on the actual transfer of power (i.e. on elections). But this is by no means a uniform, simple or complete confidence: even while the ANC's support base looked to elections, it nevertheless attempted, to some degree, to independently exert pressure on the ANC.

COSATU was the most significant vehicle for these attempts, as previous discussion indicated. The nature of COSATU, as a union federation, is significantly different from that of the ANC. Its social base is the working class, not the middle class; while nationalist organisations turn to the working class (and other sectors, like students) under specific conditions, unions rest directly on the working class. The union leadership can only maintain its position (and its income) if the union remains in existence[134]. This means that it must be seen to serve the interests of its members – if it cannot present such a face, it will risk losing membership and the union's existence will be threatened. Union leadership, then, depends directly on membership for its continued existence, and therefore the link between the union leadership and its rank and file is generally more direct than is the case for a nationalist movement and its mass base. Moreover, the South African labour movement has a relatively well established tradition of shop-floor unionism; rank and file control is more firmly part of COSATU's history than of the ANC's. It is for these reasons that COSATU acted as a vehicle for an independent assertion of mass interests during the transition, and for this reason that it remained somewhat more sensitive to pressure from below.

It is in this context it is possible to understand why COSATU, on occasion, played a relatively independent political role, as the chronology of the transition presented above demonstrated. Although it was in consultation with the ANC and SACP, the federation

134 Except, of course, in the case of sweetheart unions, where an alternative avenue of maintaining their position is open to the union leadership – namely, state sponsorship.

But the main pressure against conciliation – the mass base – had been lessened by the growing gap between the leadership and supporters, and opening of an alternative avenue for the ANC to secure access to the state.

The transition evidenced growing unease amongst some portion of the mass base, in spite of attempts to maintain its support. It is difficult to corroborate the extent of this. The concerns raised at the COSATU congress, discussed in chapter one, indicate some unease. The letters page of *Mayibuye* certainly reflected a growing number of ANC activists disillusioned enough to write in: for example, one correspondent, regarding the repeated calls for disciplined behaviour, wrote, *"We know how to behave...I want to warn our leaders not to deepen the gap between the people and themselves"* (Mayibuye, July 1993); while another raised the issue of *"our leaders seeming to leave the oppressed masses behind and even doing or saying things which benefit the regime"*. The latter went on to criticise the *"lack of consistency in the ANC in putting forward its demands"* (Mayibuye, September 1993).

Obviously these cannot be taken to constitute a representative survey, but they point to the fact that the focus on negotiations contributed to opening the gap between the ANC and its mass base. This was manifest in, and exacerbated, a declining sensitivity of the leadership to pressure from the mass base. Those elements in the leadership who remained firm on the need for mass action did not gain dominance in determining the direction of the movement. Consequently radical rhetoric was increasingly displaced by a moderate face, and the contradictory pressures manifested were more clearly the pressures faced by a capitalist state.

It should be noted, however, that the ANC continued to straddle its mass base and capital; even now, it can not yet completely break with the former, and has not yet gained the confidence and support of the latter. Therefore radical rhetoric still occupies a place in the ANC's vocabulary, and will probably do so well into the future, although it co-exists uneasily alongside the rhetoric of compromise, and although the radical rhetoric, when it does surface, is increasingly a cloak for the reality of compromise.

The mass base

The second aspect linking the ANC's unwillingness to expropriate capital to its search for political and economic stability (and hence, also to its turn away from mass action) was a largely subjective one – although it was linked to objective events: namely, an underlying assumption that capital cannot be expropriated because the capitalist framework is inevitable. Any attempt to move beyond that framework is doomed to failure. By implication, then, using mass mobilisation to expropriate existing capital would simply be an adventurist miscarriage. Chapter five will examine the roots of this assumption.

Revolutionary nationalist movements such as the MPLA and FRELIMO did not *subjectively* share this assumption. Although their understanding of socialism as a radical variant of nationalism did not objectively break free of the framework of capitalism, as I have already argued, their subjective understanding did not directly exclude an attack on existing national capital (which was in any case relatively weak). The possibility of rocking the national boat without capsizing it altogether – of securing their place in the ruling class through the armed overthrow of both the political and the economic sections of the existing, national ruling class – seemed more viable.

In short, then, one aspect of the balance of forces which remained firmly entrenched, as far as the ANC was concerned, was the balance of *economic* power. As a state-in-waiting, the ANC had to be increasingly sensitive to capital, given its own assumptions; its own future as a state depended on this.

Of course, tensions remained. The ANC's bottom line – the health of the national economy – was, on occasion, threatened by forces other than their own mass base. For example, asset-stripping (see Business Day, 18/03/1994) and capital flight were met with a relatively hard response. Individual capitals do not necessarily place the interests of the national economy above their own. The homeland administrations and groups like the Freedom Alliance did pose some threat to political stability. Therefore the ANC's status as a government-in-waiting did create contradictory pressures (as does the position of the state generally).

compromise with capital; it was forced to compromise with capital because it could not easily expropriate it; and it could not expropriate it because it turned away from mass action. There are two points which break the circularity.

First, the ANC has less latitude than its counterparts on a third score: the potential for it to deliver real material improvement which would serve to appease its mass base is far more limited, given South Africa's place in the world economy and the difficulties in altering it, as will be detailed in the next chapter[132]. The organisation was increasingly aware of this: for example, in 1993 Sisulu said that ANC followers' "unrealistic expectations" could hamper achieving "reconciliation" in South Africa:

> *We've got to get it across to people that we cannot work miracles, that we cannot overnight provide a house and a job for everyone – yet somehow we must keep their trust that we will try our best to improve everyone's lives* (Star, 30/06/1993).

The pressure to maintain some sensitivity to the mass base was evident in Sisulu's words; but they also indicated an increasing concern that the new government will find it difficult to appease its supporters. Mass action became far more of a threat to nationalism under such circumstances, since material reform is no longer an apparent option to appease the masses and hence achieve their (temporary) demobilisation. The chances of the mass base going beyond a nationalist programme once mobilised are increased as nationalism's ability to deliver on their demands is decreased. An alternative way to achieve such demobilisation would be repression, but this is an extremely dangerous option. During the period of transition, the prospect of elections served the ANC in holding its followers in check for some time, but this was of course temporary[133]. One of revolutionary nationalism's central contradictions returns with a vengeance: seeking to expropriate existing national capital under these circumstances could very easily turn to seeking to overthrow capital in general.

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132 National liberation movements in the last few years, such as the MPLA, faced a similar problem, but were perhaps unaware of it until well after the transfer of power; their experience has undoubtedly alerted the ANC to the potential of such problems. In any case, for these movements, the option of guerilla struggle offered an avenue which made dependence on mass action (and hence, also the threat of it outstripping a nationalist programme) far less direct.

133 The period immediately after the elections saw a dramatic upsurge in mass confidence, expressed in land occupations and a sharp upswing in industrial action.

of stability, the greatest part of capital remained distrustful of the ANC's programme. The ANC had to convince capital of its economic credentials as well as its political credentials – and this is a central reason for shifts in economic policy.

For the ANC, as holders of state power, its central concern must be economic growth of the national economy. But on this score too, the ANC does not have the latitude of its counterparts. It cannot directly take on the role of capital, because individual capitals remained entrenched in the country and concerned to maintain their independence from the state. This is more so given the trans-national nature of the most significant sectors of South African capitalism. Capital had not fled, as it had in several other cases. Expropriating it would have require even greater measures than unseating the government, and face the same constraints; mass action on a grand scale would have been the most viable strategy to achieve such a goal.

The ANC, then, left itself no option for attempting economic growth on its own. It is forced to co-operate with capital: and to gain that co-operation it must compromise with it. The shifts in its economic policy did not result from capital directly imposing its interests on the ANC – rather, the ANC (as the next chapter will show) actively attempted to discover what these interests would be, both in order to present itself as a viable option for capital now, and in order to attempt to make the future economy attractive to capital. As Turok puts it,

> *The change [in nationalisation policy] has come ...also on the grounds of a kind of compromise with the regime, and with capital internally.* (Interview, 1993)

In this context, mass action beyond a very limited framework *was* irresponsible, from a nationalist point of view. Such mass action would undoubtedly lead to a decline in investor confidence, and – as long as it was not able to break with the framework of capitalism or its present arrangement – would indeed harm the economy.[131]

This is an important factor in explaining the turn away from mass action. But so far, the argument is circular: the ANC turned away from mass action because it was forced to

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131 Whether it would harm the interests of those engaged in such mass action is another matter entirely: certainly, there is no necessary connection between an economically healthy national economy and the wellbeing of the mass of the population.

The first aspect which must be considered is that, as the negotiations process proceeded, the ANC's incorporation into the ruling class – even if on less favourable terms – became increasingly guaranteed. This meant that, increasingly, negotiations proved itself as a viable option to achieve nationalist aims. The setting of an election date and formation of the TEC concretised this route. Thus mass action became apparently less necessary to the ANC leadership, even as a last resort, as it gradually acquired a partial hold on the reins of power. This is the objective content of what has occurred, but again, these are unlikely to be the terms in which the leadership was thinking. Subjectively, the ANC's aim is to gain power – to seize hold of the state. Although this was most often couched in terms of using the state to redress inequality, the essence remains the same, subjectively or objectively. As negotiations proceeded and each party became increasingly locked in them, so the ANC also came closer to its *subjective* aim, state power.

The second aspect is that, quite simply, the ANC's mass base was itself a potential threat to future political stability. The ANC was explicit on this issue in repeated warnings to capital, where it called on capital to be more socially responsible to avert the danger of revolution: witness, for example, Sexwale's warning that it would take "one demagogue" to spark a revolution if basic needs are not met. These warnings do not yet represent a *subjective* alliance with capital against the masses: within the framework of nationalism, they are warnings made in good faith. To understand how this can be the case, it is necessary to consider a further factor, one which relates directly to the question of economic policy.

The compromises in economic policy are a mirror of the political compromises. It is not only the NP (the overtly political section of the ruling class) which was firmly entrenched in South Africa; capital, too, was firmly entrenched. In the same way that the ANC's nationalist framework forced it to compromise with various political parties, so to it was forced to compromise with capital itself.

With reference to the discussion in chapter two concerning the mutual dependence of the state and capital, South African capital may have been willing to change horses, but only if it seemed that the new horse would serve its interests as well, or better, than the old. But although significant sectors of capital supported a political settlement in the interests

the South African ruling class to negotiate – political stability. Political stability resulting from a partial transfer of power suited their interests as well as, if not better than, that resulting from a decisive transfer.

In short, the fact that the South African ruling class remained firmly entrenched, along with the inviability of guerilla struggle, meant that the options open to nationalism for achieving a transfer of power were limited. The ANC had, on this score, less latitude than its counterparts in other countries: its choice was stark and bipolar – negotiations or mass action.

The ANC was hesitant to choose the second option because it feared that its mass base, if mobilised, would go beyond its own programme. Because of this, it was forced to accept incorporation into the ruling class on less favourable terms than it would have like. In this sense Slovo's multiplicity of stages is correct: *within* the framework of nationalism, there was no other *safe* viable option to attempt to shift the balance of forces in its favour[129].

But having said that the ANC was unwilling to use mass action because it feared its mass base going beyond it, more explanation is required. While ANC leaders made repeated calls for peace, restraint, reconciliation and compromise, it has yet to be found saying that it fears its own mass base. While it stated that its programme is not intended to go beyond capitalism, it has not yet (to my knowledge) ever told angry protesters that they should go home before they begin to challenge capitalism[130]. This could be attributed to sly tactics, but it is extremely doubtful that even the most conservative of the ANC leadership actually thinks in this fashion. How, then, has such a factor come so strongly into play?

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129 So far I have spoken primarily of the differences between the ANC and other NLMs arising from the differing concrete conditions which they face. There are, however, two cases where a potential transfer of power has evidenced very similar behaviour from NLMs – Palestine in particular and Northern Ireland to a large extent. In both cases, the similarities in behaviour have been accompanied by significant similarities in conditions. In Northern Ireland, classic guerilla warfare has not been viable; in Palestine, the PLO faces an entrenched local ruling class. Of course, there are also differences: for example, in Ireland national oppression is still enforced by a foreign ruling class. But it is instructive that similar (although not identical) pressures have had similar (but not identical) effects on national liberation movements in the same historical period.

130 That is, not in as many words. Mandela's early 1995 attacks on strikes and student protest amount to that, but are still couched in terms of upsetting reconstruction and development.

But for all that the threat of political instability from such quarters was of real concern to the ANC (for reasons which will be elaborated later), it is less than convincing to argue that the GNU compromise in particular was made entirely for the far right's benefit. It ran deeper than attempting to appease the far right: it was as much a compromise to the NP. Although the GNU compromise was specifically linked to the threat of the far right, it was situated in a more general framework of conciliation between all parties, as we have seen. This links back to our earlier discussion regarding the protracted nature of the settlement: the South African ruling class, in contrast to its colonial counterparts, was firmly entrenched, as Cronin recognised. Moreover, although it was forced to negotiate, it had by no means collapsed.

This did not, by any means, imply that it would be impossible to unseat the NP: but it did imply that doing so would require far greater measures than was the case in other national liberation movements. Given that a classic guerilla war proved unviable, the ANC had two alternatives if it wished to overthrow the existing government. The first was civil war in place of a guerilla war; in the absence of an army of any significant capacity to carry out such a civil war, its sole recourse in such a scenario would have been to the masses. The scale of mass action required to successfully achieve a transfer of power in this manner would, however, have required a far more consistent and serious approach to mass mobilisation; essentially, it would have meant approaching insurrection, or certainly posing the potential of insurrection. The second alternative would seek to gradually undermine the government's political will, without posing the question of state power quite as sharply, until the government began to crumble of its own accord. But here too, the ANC had only one option: mass action, albeit on a smaller scale. The transition process – and indeed, the history of South Africa – clearly demonstrates that the NP's political will was not dependent primarily on how badly it embarrassed itself; rather, it was when actual pressure was brought to bear on it that it weakened. The only other potential source of pressure on the NP was from the international community. Although such pressure was an important factor in precipitating the transition, once the transition process was in motion the international community's main contribution was to urge a speedy transition, on Mandela as well as De Klerk. International interests in the South African settlement hinged around precisely the same factor as that which forced

Although Inkatha demonstrated an enormously greater potential for destabilisation[128], its support, as discussed, was small, its "victory" in KwaZulu/Natal dubious. Certainly, its capacity for destabilisation rested at least in part on resources from NP handouts and control of the KwaZulu administration. Its inability to ever really break out of its regional limitations demonstrates this. Although the Johannesburg march was significant, it is questionable whether Inkatha could have repeated the feat: threats for further similar actions never materialised.

Whatever the real capacity of the far right-wing, it is certainly questionable whether compromise was the best way to undermine the threat: compromises to the Freedom Alliance and a willingness to negotiate with Inkatha seemed only to increase their confidence to assert further demands or embark on their own version of "mass action". By contrast, the right-wing's confidence appears to have been undermined by increases in the confidence of the ANC's mass base. Serious upturns in mass action have been accompanied by a drop in township violence. Strikes in the public sector in the bantustans severely weakened recalcitrant administrations. The cancellation of the Ulundi march came at a time when cracks were beginning to appear in the Kwa Zulu civil service.

It is significant that the ANC did not try to harness this potential to counter the much talked about right-wing threat. Obviously, at the time, the question of violence seemed paramount, and perhaps this can be attributed to a genuine conviction that mass action would only worsen the situation. But further than this, it is a question whether the ANC itself perceived the right-wing to be as much of a threat as has been made out. The compromises concerning regionalism were significant, but the ANC's approach to the Freedom Alliance was ultimately disdainful. Those made to Inkatha demonstrated a more genuine concern, although it remains significant that the ANC chose the route of compromise to deal with the problem.

Revolutionary nationalism: incorporation into the ruling class in unfavourable conditions

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128 Which, interestingly, is not presented as the major threat in justifying the GNU in the articles mentioned, although Inkatha had certainly presented greater evidence of a potential to destabilise than the white right.

The main stick used to beat the GNU drum was the supposed threat of the right-wing, particularly the white right-wing (as is evident in the Slovo article, for example; The NEC document also mentions the right-wing, while previous quotes on the GNU from the *Mayibuye* article come from an article on the right-wing). The ANC was not alone in beating this drum: it was joined by its main opponent, the National Party.

It would indeed have been dangerous to underestimate the threat posed by this lunatic fringe. But their capacity to launch a bid for state power was virtually non-existent. Sass (1993) argues that their main capacity was for destabilisation. It is true that, left alone, the white right-wing certainly had an enormous capacity for bloodshed and destabilisation. But their capacity to sustain destabilisation in the face of opposition was questionable. Estimates put their armed capacity at roughly 6,000 (at best) well outnumbered by most standing armies; their broader support – especially in the case of the white right – is a tiny minority of the total population. Not all of this support was bent on imposing its will through force: a sizeable proportion of it looked to elections, leaving the hard core smaller than it might seem. Sass argues that the wild card in determining the success of this hard core was the SADF and SAP, sections of which might change sides or, more likely, refuse to oppose the white right if ordered to. But this possibility must be offset by the point that neither the SAP nor the SADF are, any longer, lily-white – far from it. The number of black recruits into both has sky-rocketed in recent years. The number of black members of the armed forces would pose an important counter-weight to such a threat, simply because they are themselves directly affected by racism. Recent strikes by black members of the army and police force, particularly around issues of racism, demonstrate this point.

The black right-wing – embodied in particular homeland administrations – posed a far more serious threat. Yet these homeland governments also enjoyed only tiny support. They did, of course, command trained standing armies and police forces, which, although small, were significant; but these in themselves proved wild cards the actions of sections of the Bop Defence force demonstrated that dramatically, as did as strikes in, for example, the Venda police force. For the most part, those homeland governments which opposed incorporation collapsed before elections, leaving Inkatha as only real black right-wing threat.

increasing capability to extend their operations into other countries. Kaplan (nd) has documented this process in detail, while Morris (1991) and Gelb (1991) both recognise it in their discussion of the failure of the import substitution model.

An interesting peculiarity of South African direct foreign investment emerges from Kaplan's study, namely the tendency for South African firms to shift their research and development operations to the advanced capitalist countries. This reflects the importance of networks of co-operation between existing national capitals in the state-capital relation (see chapter two). Quite simply, the national framework provided by South Africa does not (given continued reliance on imports of heavy machinery) support development of interlinkages which can encourage and assist the kind of research and development necessary for a transnational to maintain a competitive edge.

At the time of writing, Kaplan felt that such constraints implied an increasing attraction to shifting managerial operations likewise; a potential trend which has since been confirmed by, for example, the spectacle of De Beers South Africa abruptly becoming a subsidiary of one of its own erstwhile subsidiaries. A less contorted form of this trend has been the increasing tendency for locally-based firms to shift significant proportions of their productive investment into other countries.

An additional aspect of the South African national framework's unsuitability is the productivity problem. Further factors contributing to disinvestment trends included political instability, high wage rates relative to productivity, and low productivity relative to capital outlay. A significant example is that of the major South African mining houses, which, almost without exception, are planning new projects in South and Central America, West Africa, and along the Pacific Rim. Amongst the reasons given for this in a *Financial Mail* article were high wage rates compared to productivity, lack of investment enticements, and high tax rates (Financial Mail, 28 May 1993; 24)

Simply put, the national economy of South Africa does not provide a climate which is attractive to transnational capitals. In the face of such unsuitability, they have increasingly sought greener pastures in other nation states. Given the extent of monopolisation in South Africa, and the heavy dependence of the South African economy on these now-

emphasis on a strong role for the state, although the precise form of state intervention could vary.

The initial success and subsequent failure of inward-looking growth paths across the world must be considered in light of the analysis presented in chapter two. Gelb (1991) argues that, although the timing and precise nature of the crisis was dependent on the particular (and peculiar) form of South Africa's growth path, it must be contextualised in South Africa's insertion into the global economy and in a shifting global context. Gelb contends that the central feature in this regard is the global failure of Fordism as a mode of regulation[147]; specifically with regard to South Africa, increasing instability in mineral prices is the most relevant aspect of the shifting global context.

There is, however, an additional aspect to the global context of import substitution's failure: the globalisation of capital, as discussed in chapter two. Central to South Africa's economic crisis was a steady fall-off in productive investment rates (recognised by Gelb and ANC policy documents). This was not purely in terms of foreign investment: significantly, locally-based capital has also failed to re-invest. The immediate reasons for this are undoubtedly connected to declining rates of productivity relative to outlay in manufacturing, as Gelb argues.

However, this in turn must be seen in the context of capital's increased ability to extend its operations across several countries. Capital, as argued previously, will invest where it is most likely to find a return on its profits; but its choices are limited by its mobility. It cannot be argued that capital will necessarily invest where it faces low returns simply because it cannot invest anywhere else; but it can safely be argued that it will certainly not invest where it faces low returns if it is relatively mobile and able to invest elsewhere.

The high level of monopolisation of South African capital is well documented: the size of the major South African capitals, such as Anglo and De Beers, set the stage for their

147 There is much of value in Gelb's analysis; however, a general failing of the regulation school is that it is unable to explain why features of a particular mode of regulation which were initially positive should become negative. See Harman, 1987 for a more detailed critique. The overall validity of this analysis is not really at issue here, however; what is important to note is that the analysis of South Africa's crisis has a large amount of validity on an immediate level.

from the racially-structured, import-substitution and inward-looking growth path adopted by the old government. Manufacturing's continued dependence on mineral exports created productivity problems[144]; racial division of the population into a low-paid black majority and a highly-paid white minority limited domestic markets, thus weakening local manufacturing's capacity to realise surplus; while political resistance exacerbated the investment crisis.

Weaknesses of inward industrialisation

This analysis of the crisis presents a set of obvious problematics requiring solutions. But the range of potential solutions is enormous. Why was the dominant chosen solution an export-led growth path[145], consistent in several aspects with global trends in capitalism?[146] The answer is really self-evident. The trends underlying the changing state-capital relation are manifest in the actual experience (positive and negative) of various countries. Although the underlying trends may not be plain, their *effects* are readily visible to researchers.

As mentioned, the basis for the formulation of new growth paths was analysis of South Africa's structural crisis, which was, in turn, informed by a critique of the existing growth path - import substitution, accompanied by high levels of protectionism and particular forms of state-intervention (See Gelb, 1991). The evident failure of this growth path and reasons identified for its failure easily implied that the solution to the crisis should exclude such measures. At the same time, the whole concept of regulation supported a continued

144 Most capital machinery was imported, and paid for by foreign exchange earned from minerals exports. This meant, however, that the imported machines were generally not state-of-the-art, latest technology, but 'second-hand' technology, since the former - especially in the context of fluctuating minerals prices - was too costly. This in turn meant that South Africa lagged behind the advanced capitalist countries in terms of competitive edge.

145 With few exceptions: it is important to stress that a significant minority are suspicious of this path. For example, Jeremy Cronin argued, in an interview, that such a growth path was a pipe-dream. The policy guidelines, similarly, represent a different (although perhaps not fundamentally so) conception of a growth path. However, these alternative approaches have certainly not won the day.

146 To remind the reader, these include low levels of protectionism, a relatively conciliatory approach to foreign investment, and a move to indirect rather than direct methods of state intervention to shape the economy.

that it did impact. The following discussion will select particular, central examples to illustrate the point. It should be borne in mind that research impacted through a variety of other channels.

Apprehending globalism indirectly – the search for solutions to the crisis

The introduction to section three showed that the Congress Alliance, particularly COSATU, was well aware of the globalisation trend, and had some awareness of its impact on the nation state. It acquired this awareness through research conducted within South Africa or presented at international trade union conferences. This, clearly, had a direct impact on ANC economic policy.

Trends in global capitalism were apprehended through more subtle means as well. A particular analysis of the crisis – namely, the "regulation school" – warrants particular attention. It had a distinct influence on ANC economic policy, being accepted relatively coherently in ANC policy documents[142]. Its influence is evident, for example, in the general approach of Alliance economic policy documents. The need for conscious and institutionally-directed restructuring of the entire economy, often expressed as the need to develop a coherently-formulated economic growth path, is a concept that emerged clearly in the content analysis introducing this section. The concept reflects the broad analysis of the regulation school: that structural crises in capitalism require restructuring of the social structure of accumulation. The latter corresponds to a particular economic growth path and associated socio-political institutions[143].

This research impacted most directly with respect to isolating the *causes* of South Africa's structural crisis. Consistent with the work of Gelb (1987; 1991) in particular, economic policy documents uniformly identified the crisis as a structural one characterised by low productivity, resulting in poor competitiveness and falling investment. This crisis sprang

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by particular (and undoubtedly varied) influences.

142 This does not imply that the analysis in policy documents is necessarily the same as that developed by these researchers; clearly there is a certain amount of interpretation between research results and formulation of economic policy.

143 See the collection produced by the Economic Trends Group (1991) *South Africa's Economic Crisis*, including Gelb and Morris.

The last chapter contented that a national liberation movement already in power would be pressured to accord with objective trends in capitalism by a process of trial and error. But the ANC began to reshape its economic policy in a manner consistent with such trends before it was in power. I argued that its status as a government in waiting conferred on it increased sensitivity concerning economic issues. The question which remains is how this increased sensitivity led it to draw the particular policy conclusions which it did.

There are two ways in which the ANC apprehended the trends in capitalism. The first and most obvious is through empirical research. Research revealed the *impact* of such trends – although in a fragmented way which did not necessarily reveal the essence behind the empirical data. This was enhanced by increased sensitivity to the input of big business, which itself was already experiencing the imperatives of these trends (although again, not necessarily conscious of their essence). The second, more subtle but perhaps more significant, is on the level of ideology. I will return to this later.

The impact of research – apprehending globalisation

Empirical research on the South African and world economy obviously shaped ANC economic policy formulation. The research in question covered a broad spectrum of related issues, ranging across historical and comparative investigation into the experience of other countries, through macro-level studies of the South African economy and its place in the global economic system, to micro-level studies of workplace organisation. It was drawn, sometimes indirectly, from an equally wide range of sources: specifically from organisations directly linked to the ANC and its allies (such as MERG, the Macro Economic Research Group, and the Economic Trends Research Group) but also from organisations with which the ANC came into contact (like the World Bank and the IMF), and the work of academics locally and internationally.

It is difficult to pinpoint exactly where and how such research had an impact, because of the vast number of sources from which it was drawn[141]. Nevertheless, there is no doubt

141 This is complicated by the fact that such research did not influence economic policy only in a formal manner. Large numbers of people contributed to developing ANC economic policy in one way or another: each individual, no doubt, came to such formulation with a particular outlook, shaped in turn

why this can be one variant. The particular historical period outlined in chapter two explains why such a variant should be logical from a nationalist perspective; but the mere existence of certain objective trends in global capitalism does not explain how the ANC came to *recognise* them, to the extent that nationalisation policy reflected them before the ANC attempted to implement its economic policy[139].

This chapter intends to answer a question posed earlier: why certain practicalities seem practical to the ANC at present. It intends to establish how and why the ANC *came to believe* that wide-scale nationalisation, of the sort initially proposed, would be harmful to the well-being of the South African economy. In other words, it intends to examine how objective factors translated into subjective ones: how and to what extent the ANC came to apprehend objective trends and develop economic policy accordingly[140]. Thus it completes the link between the objective and the subjective which the previous chapter began to forge. To do so the chapter must show that the growing belief that nationalisation would be unpragmatic (harmful to the economy) was at least partly related to an apprehension of the changing state-capital relation. Showing similar links with aspects of ANC policy not directly related to the role of the state will strengthen the case. It also requires establishing the *mechanisms* by which perceived practicalities came to be relatively consistent with certain broad objective trends in capitalism. The chapter does comprehensively overview this process, but isolates the factors most central to it.

Social and political context of nationalisation

This thesis contends that factors contributing to shifts in nationalisation policy may have been hidden from the major actors themselves. But it also contends that those hidden factors shaped the actors' behaviour. This poses an immediate contradiction. Together, these contentions imply that the actors must have apprehend these factors in order to act on them, without necessarily realising it. How is this possible?

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139 It is to be expected that the logic of these trends would manifest themselves quite clearly some time after a particular economic policy was implemented, simply through the success or failure of that policy.

140 Content analysis of policy documents throughout this chapter hints at some means by which the shift came about. However, policy documents, given their brief nature, are limited in this respect. The interviews, as well as a reading of a wide variety of other documents, provided more detailed bases for explaining the concerns of this chapter.

CHAPTER FIVE:

HOW THE ANC APPREHENDED THE TRENDS IN CAPITALISM – ECONOMIC CRISES AND LIMITATIONS ON NATIONALISM

Chapter four showed how the nature of South Africa's transition brought out certain aspects of the ANC's class character. The logic of nationalist politics in a particular historical context became explicit during the transition.

Nationalism's tendency to compromise with international and local capital and the state (its political face) was clearly revealed. At the same time, the ANC's central goal became plain – gaining control of a nation state, with the attendant imperative of using that state to *direct the national economy.*

The latter goal, I argued, imposed certain limits on ANC economic policy. In the present context, one limitation is a reliance on existing capital to guarantee the health of the economy. This in turn required increased sensitivity to the needs of capital.

The ANC downplayed nationalisation because it came to believe that such a policy would not be in its interests as a government. Proposing nationalisation threatened its ability to encourage a healthy, internationally competitive South African economy: hence it threatened its ability to govern. The first chapter mentioned that pragmatism was commonly given as the reason for the shifts, especially in interviews. Nationalisation was taken to be less efficient and not economically (or – as one unionist pointed out, commercially) viable.

This explains rejection of wide-scale nationalisation; but it does not explain how the ANC came to perceive nationalisation as unpragmatic and hence harmful to the South African economy. The introduction to this section argued that this perception was not merely an accidental variation of nationalist politics, although understanding nationalism explains

The next chapter will seek to draw the final link between the broad perspective outlined in chapter two and three, and actual ANC policy. It will examine the direct mechanisms by which the ANC acquired an understanding of the imperatives of a changing global system. A central part of this is how the ANC's subjective approach to these issues has been shaped.

with the additional limitation of an inability to easily deliver the aspirations of that base. The significant and explicit emergence of these trends *prior to the transfer of power* was directly related to the protracted nature of the negotiations process. This was not because shifts in the balance of forces during the transition forced the ANC to move in this direction, but because the protracted nature of the negotiations process, along with certain broader conditions, allowed the trends to assert themselves in an explicit manner before the ANC actually assumed power.

This contributed to the widening gap between the ANC and its mass base. It is this which allowed the ANC's "true character"[138] to start to emerge prior to the transition. The protracted nature of the settlement did not create this tendency; rather, it allowed it to emerge sooner than it might have otherwise.

Second, and related to the previous point, this chapter has demonstrated that shifts in the balance of forces were not the sole or primary reason for the shifts away from nationalisation in the ANC's economic policy. Rather, its concerns as a government-in-waiting, and concern to *present* itself as such (which strengthened as negotiations drew to a close) led it to seek increasingly to demonstrate its ability and willingness to create and maintain political and economic stability. The ANC did not drop nationalisation from its agenda solely because it was too weak, or felt itself to be too weak, to implement a policy of nationalisation, but because such a policy *would not have been in its own interests* as a government concerned to make the economy internationally competitive. Of course, the direction that this imperative took reflected the imperatives of the post state-capitalist era. An interconnectedness of the political and the economic emerges clearly here.

Finally, an essential component in limiting the alliance's options was its own subjective understanding of the situation at hand, in particular the understanding that capitalism is inevitable.

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138 This is not to imply that the ANC has suddenly removed its mask and revealed a true face that it previously kept consciously hidden. Rather, it is a side of the ANC which has always (unconsciously) been present within the ANC, as argued in the previous chapter. The point being made is that the context of the present period has reinforced this face, and weakened the other.

The unionist quoted above was convinced that faith in the ANC is not immutable: *"But if the ANC betrays them, workers will react. I'm sure of that...If they don't deliver the goods, workers will go against them, they would break for sure."* But during the transition and the elections, the mass base continued to focus its hopes for transformation on the ANC *as well as* its own action.

These points are of relevance to this thesis because they do provide a part of the explanation for why the ANC's position on nationalisation shifted. The absence of coherent pressure from the mass base is as important in explaining the behaviour of a nationalist organisation as is its presence. The conditions which explain the absence of pressure are, therefore, as much part of the array of concrete conditions which contribute to our understanding of shifts in ANC policy.

Conclusion: Shifts away from nationalisation – a concrete expression of nationalism

What I sought to concretely expose in this chapter is, first, that the tendency towards the politics of compromise and conciliation is inherent to the character of national liberation movement, as outlined from a more theoretical perspective in chapter three. The contradictory tendency (that of a confrontational approach) is inherent to nationalism only insofar as nationalism has no other avenue by which to pursue its aims. The former is, if you like, the true character of nationalism in practice; the latter tendency is a practicality forced on it by concrete circumstance. Further, when forced to adopt a confrontational approach, nationalism's reliance on mass action as an avenue to achieve its aims is one which it turns to unwillingly when all other avenues are closed. Under conditions where that mass base poses a potential threat to its future status in the ruling class, it may accept incorporation into the ruling class on less favourable terms rather than risk mobilising its base.

The trends outlined in this chapter are the concrete expression of the character of the ANC in concrete conditions which have given it an additional avenue (namely, negotiations) to achieve its programme, and thus – in spite of its continued dependence on its mass base – allowed it to begin to divorce itself from that mass base, while faced

For example, all the participants agreed that Natal was "robbed" in the elections and that the elections were not free and fair; but felt that "maybe this served the country better". On the other hand, all formally agreed with the arguments current after the Bisho massacre (that mass action could lead to further loss of life, and should therefore be approached cautiously – this will be discussed further later); but one participant still maintained that

> *a mistake was made when the march to Ulundi was suspended, after the Bisho march – if that March had gone ahead, the outcome would have been different.*

Later, he responded to the "loss of life" argument:

> *But as for the marches, we knew we were not marching to save the rhino or the whale. We were marching for an objective, and [we knew] that possibly people can be hurt or they can die in the process. So that was the fact.*

All the participants certainly agreed on the effectiveness of mass action: when asked to mention strengths and weaknesses of mass action campaigns, all maintained that its strength was that it had forced concessions from the government:

> *The mass action, in terms of its strength, is we managed to force the government to agree with some concessions...because, let us see, the record of understanding, where the government was to arrest people who are carrying dangerous weapons, fencing of hostels – all those things. That mass action actually brought.*
>
> *I think the whole thing that ensured that the process of negotiations becomes fast, it was after we lost...comrade Chris Hani. Hence we saw the announcement of the date of elections...[and] the establishment of the TEC.*

The weaknesses, they felt, were that no effort was made to "monitor" the gains won – i.e., to ensure that the government implemented its promises.

This interview points to a generalised phenomenon: namely, that the ANC's mass base is itself contradictory. While open criticism of the ANC existed, the ANC was still taken to represent aspirations for an end to white minority rule, and material improvement in day-to-day conditions. At the same time, however, in spite of the pressures to focus on negotiations at the top during the transition, a firm belief in mass action – in the efforts of the mass base itself – remained, and the latter was backed up by actual experience.

assassination – requires a significant level of *organisation*. The leadership of the existing organisations through which this could have occurred became increasingly tied into the same processes which shaped the ANC's approach – COSATU for reasons mentioned above, the SACP because its two-stage approach committed it to a nationalist programme for the 'first stage'. Thus the ability of the mass base to exert pressure on the ANC *independently* of its leadership remained sporadic and fragmentary. It is largely as a result of this that the gap between the ANC and its mass base was able to consolidate to such a degree.

Once again, this trend was least pronounced in the union movement because of the tradition of shopfloor organisation: the very nature of union structures made it more likely that a certain amount of grassroots organisation could persist independently of the leadership[136].

Moreover, there is no doubt that the majority of the mass base maintained a general faith in the ANC, although becoming increasingly suspicious of the direction in which it was headed. As a union organiser said in an interview: *"It is difficult to take out of workers' minds that the ANC are the leaders."* An interview, conducted in June 1994 with a group of Soweto ANC members, yielded interesting insights into the profoundly contradictory relation to the ANC[137]. For the most part, the interview was like reading *Mayibuye*: all participants were firm in their support of the ANC, and defended the arguments put forward by leadership justifying compromise and conciliation. But they maintained a contradictory faith in mass action.

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136 This point has been confirmed in the months following the April 1994 elections. There was something of an upturn in struggle since the elections, and industrial disputes were by far the biggest proportion of this upturn. Strike figures reached their highest levels since 1987, even though the majority of strikes were short-lived and localised.

The strike wave also reflected a qualitative shift towards grassroots organisation and a growing gap between membership and leadership. A preliminary survey of newspaper clippings reveals a significant proportion of wildcat strikes. Informal discussion with union leaders and members alike revealed a pronounced feeling that even the bigger strikes, like the Pick 'n Pay strike, were driven largely from the shop-floor. Many strikes – such as the Kwazulu/Natal nurses' strike and the truckers' strikes – were openly opposed by the union leadership.

137 Although this interview cannot be taken to be representative, I will discuss it at some length, because it seems to reflect a very generalised trend.

But this is by no means the end of the matter. The earliest interventions arguing for a mixed economy accepted that commandism was flawed, but their main focus was how to avoid the inequality and poverty which were likely to result from an unregulated market. Indeed, their (subjective) focus was on how to avoid not only the problems of the East but also of the West – how to eradicate poverty, unemployment and low standards of living, and how to beat back at the ideological offensive which capitalism had launched against the concept of socialism.

Thus Erwin, for example, argued: *"Market forces are unable to generate structural changes, they simply reflect them"*. (1991; 43). The SACP's major contributors in the Great Socialism Debate, Cronin and Slovo, argued consistently that socialism is a more efficient, just and desirable way to organise society.

To understand how their subjective approach could go alongside a de facto limiting of nationalism's economic options, a subtler understanding of the impact of the events in Eastern Europe is required. The collapse of these regimes and the questioning of socialism had another clearly ideological effect beyond simply bringing commandism into question, which is extremely important in explaining the response of the ANC's alliance partners.

The impact of ideology – the "inevitability" of capitalism

The 'loss of faith' mentioned by Cronin went deeper than questioning commandism. In raising questions regarding the socialist project as a whole and the nature of socialism, the fall of Eastern Europe led many on the left to conclude that, for the time being at least, capitalism is immutable, and the best that left forces can hope to do is create a "kinder, gentler" capitalism.

This seldom took the form of declarations that capitalism would always exist. Usually, it appeared more subtly. The first form it took was to question the idea of achieving socialism through decisive rupture; the proponents of this view generally concluded that the experience of the USSR and Eastern Europe showed the folly of such approaches. In contrast, they proposed that socialism would come about through a gradual

solutions lie neither in free market capitalism nor in centrally planned command economy socialism". Erwin's comments on the Harare document similarly implicitly link the failure to large-scale state ownership, in a rhetorical manner: *"Can centralised command planning be compatible with democracy and/or* ***a responsive economy?"*** (1990; 20; my emphasis)

An important point is that this rejection was no simple matter of assimilating objective evidence: it was part of a general ideological questioning. Cronin speaks of a "reassessment", coming out of *"major confusion, uncertainty, loss of faith...as a result of the crisis"*. Turok similarly points to a reassessment, and makes an instructive point about its effects:

> *there is a loss of confidence, largely because of the collapse of Eastern Europe...so its very hard to argue the case for nationalisation, except on rational grounds; the ideological basis is gone* (interview, 1992).

The reassessment did not really break with the existing ideological framework . But it did lead to a conception that ideological adherence to a particular path was not enough – "pragmatism", rational argument, was required; research was necessary before concluding an economic programme. To quote Erwin again: *"Finally, we will have to learn to confront the issues and not the ideological paradigms"* (1989; 5).

Research of the kind already discussed came to bear on the formulation of ANC economic policy against this backdrop. The whole world, or so it appeared, was declaring that the collapse of Eastern Europe proved that nationalisation – supposedly the defining element of socialism – was not viable. So it is to be expected that the ANC and its allies should, for the most part, interpret further empirical evidence as supporting this conclusion, and more importantly that their research should confront the ideologically-framed questions which it did.

Of course the collapse in itself reflected certain objective trends in global capitalism. In this sense the response of the Congress Alliance constitutes another way in which these trends came, indirectly, to impact on ANC economic policy formulation. But the specific response owes much to the ideological interpretation of these events. It cannot be separated from the pre-existing understanding of nationalisation.

understand why the ANC and its alliance partners interpreted objective events in a particular way.

The dominant conception of socialism hitherto adhered to by the Congress alliance – particularly the SACP – centred around defining socialism by commandist central planning and state ownership of the means of production[157]. This definition was a simple and obvious result of the nature of the Soviet Union itself[158].

It is hardly surprising, then, that Communist parties throughout the third world came to identify many post-liberation regimes in the third world as socialist too. Neither is it surprising that these movements themselves could, at times, easily assume a mantle of socialism. Collapsing national liberation into socialism is a well-documented characteristic of the SACP's strategic outlook. Following the Comintern, the SACP's thesis was that the national democratic revolution would bring into effect a stage which, although not clearly socialist, was not capitalist; rather it was an intermediatory stage which laid a basis for a transformation into socialism. This idea is current today, although it has changed subtly.

But given this prevalent ideology it is also not particularly surprising that the collapse of these regimes – taken in the common-sense logic to signal the collapse of socialism or at least a variant of it – should thus signal, amongst other things, the non-viability of large-scale state-ownership[159]. If socialism was defined primarily by central planning and large-scale nationalisation, then socialism's collapse must mean that these were flawed.

There resulted a generalised rejection of "commandist, centrally planned" economies, usually explicitly linked to the Eastern European experience (as has been discussed already). So the article by Erwin, previously quoted at some length, argued that *"Our*

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157 No questions were asked, of course, about who controlled the state. I argued in a previous footnote that this question is central in defining socialism.

158 In the absence, that is, of a more rigorous evaluation of its nature, which may have brought into question identifying this model with socialism. Admittedly, stalinism in itself made such scientific study somewhat difficult by simply eliminating those who questioned its socialist credentials.

159 With little consciousness that the shift away from state-ownership was a generalised one, or that the collapse of these economies linked to a complex of factors including, but not only, commandism.

time, the precise manner in which it responded to these events was shaped by its existing ideology.

Until now, this thesis concentrated on objective factors: trends in global capitalism, the objective nature of nationalism, the transition process, research. This in itself does not pose a problem, for the factors influencing ANC economic policy are objective ones, as is their nature as a nationalist movement. But all of these objective processes and factors are an outcome of human activity in one way or another (even if humans are not completely conscious or in control of the outcome of their actions). Consequently they are constantly informed, mediated and therefore influenced by subjective understanding.

The chapters on nationalism pointed to subjective factors in explaining how the objective character of nationalism was subjectively manifested. A similar process is required with regard to the impact of both research and broader historical events. Research itself is a subjective process in many senses. Moreover, the Congress Alliance's world view further limited the options open to nationalism in the present context.

The collapse of the Eastern European and Russian economies and the overthrow of their regimes compelled the alliance to reformulate its ideological outlook. The economic failure of countries like Mozambique and Nicaragua could be explained away by external destabilisation, but the collapse of the very heartland of "socialism" called into question far more fundamental issues. The dramatic disintegration of the USSR is vital to explaining the *timing* of shifts away from nationalisation – why, for example, left forces had not already begun to question the state-capitalist path given the experience of African state-capitalist regimes.

This discussion will not overview the full reverberation of these events. Two aspects are of importance. First, the collapse of these regimes shook ideological adherence to the bureaucratic state-capitalist path followed by so many other national liberation movements, by calling into question the viability of "socialism" itself.

The restructuring of the alliance's ideology in response to these events occurred within the framework of already-existing ideology. Unless this is understood, it is impossible to

Shifting trends in the state–capital relation have been indirectly reflected in research. But research is shaped by a pervasive but less explicit framework: ideology. Empirical research, by its nature, must reflect something about objective circumstance[155]; but translating a collection of data into a particular socio-economic strategy requires human intervention.

Ideological outlook shapes the interpretation of empirical data – and even the questions posed about objective circumstances (what research is conducted)[156]. Although the research in question did reflect real (objective) trends, the specific interpretation of this research with regard to nationalisation requires further explanation. (For example, why the emphasis in much research on the dissimilarity between *forms* of state intervention in the South Korean model and inward-looking models, rather than on the similarity between them with regard to the high levels of state intervention in both?) The explanation lies in ideology.

Of course, ideology is not a static set of beliefs with no connection at all to material reality. Ideology can not be said to accurately explain that reality, or even to describe it accurately. But it is rooted in it, in two senses. First, any given ideology reflects certain material interests – in particular, class interests. (So, for example, the ANC's class nature has certain implications for the kinds of ideology – the ways of explaining the world – that it might adopt.) Secondly, ideology must have some correspondence with the real world, and this means it must respond to it. It is therefore constantly reshaped to attempt to explain real-world events.

In this context it becomes easier to understand why reformulation of ANC policy took a direction away from nationalisation as a form of state intervention. Certain events in the real world confronted the ANC and its allies ideologically, long before they seriously set their minds to formulating detailed economic policy. These events confronted the alliance with problematics which required it to reformulate its ideological framework. *At the same*

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155 Although, of course, what it reflects can be so superficial and fragmented as to be essentially useless in explaining that objective circumstance.

156 Ideology being defined as a set of beliefs about the world. It shares with science a basic motivation: to explain material reality. It is distinct from science in that it comprises of beliefs rather than verifiable analysis of reality (which is not to say that aspects of that belief are not sometimes "true" – verifiable).

bases to compete internationally, precisely because their earlier strategy placed them in a weaker position overall when the crisis began to impact. In this context, few if any have succeeded in rescuing their economies, even by rapidly privatising and deregulating. (See also Harman, 1993b, for a more recent analysis of these issues.) It is questionable whether ANC economic policy will do any better.

The main point, however, is that the increasing internationalisation of the global system, *in the context of global crisis*, underlies the collapse of these economies and their rulers' renunciation of wide-scale public sector intervention. Hence it also underlies increasing sensitivity to transnational capital. The latter shaped what replaced commandist forms of state intervention.

But the failure of these economies is seldom understood as a complex interaction between forms of state intervention and weaknesses of a particula wth path, in a particular historical context (internationalisation and crisis). It is more often attributed directly and primarily to the form of state intervention used. It is seldom understood that the particular form of state intervention was directly linked to the particular growth path adopted, in that both originated in the economic marginalisation of the countries in question. In the same way, the success of the Asian NICs is often explained narrowly, in terms of forms of state intervention – even though, once again, the precise form of state intervention was tied to the particular growth path, rather than an independent factor in its success. This is one reason that the experience of these countries reinforced certain perceptions regarding nationalisation, a particular form of state intervention.

The ANC did not draw on the experience of other countries from a coherent view of a changing relation between state and capital. Yet what was happening to those economies most definitely reflected the *effects* of the changing relation, either in a negative or a positive sense. So although the ANC did not necessarily apprehend the trends consciously, it apprehended them in a fragmented, indirect manner.

The impact of ideology – the collapse of the state-capitalist regimes

Pressures towards re-integration into the world economy thus became enormous. These countries were forced to look elsewhere for both aid and markets because internal markets failed to ensure profitability[164]. As internal investment dropped off, so investment from the advanced countries seemed to offer the only solution. This was reinforced by the apparent success of export-led economies.

Attempts to attract investment and to open up to world markets led to changes in the form of state-capitalism. Deregulation, increasing decentralisation and a shift away from commandism were part of the attempt to make these economies more attractive to foreign capital. They required of the state a somewhat different role to that previously played - but nevertheless, a role. As Harman (1993b) points out in his article on the failure of import substitution models, attempts to redirect the economy towards export-oriented strategy demands different forms of state intervention, but does still require the state to:

> *play a mediating role between the local economy and the wider system, seeking to exert pressure to prise open foreign markets for local products, to mobilise local resources to take advantage of those markets and to entice multi-national capital to set up shop in one country rather than another...the state's role can be as great, even if differently exercised, as in the previous period of import-substitution (1993b; 90).*

New forms of state intervention are shaped by the increasing dependence of national economies on transnational companies:

> *The rulers of states need to maximise the resources at their own disposal...increasingly, they can only do so if they can reach a bargain with the multinationals...* (Harman, 1993b; 91).

Of course, as Binns and Harman argue, sharpened international competition resulting from global crisis meant the chances of finding either markets or foreign investment were severely curtailed, especially given that countries like South Korea have already cornered available "niches" in the market. Countries like Mozambique, Angola, and so on have generally not succeeded in developing sufficiently strong or competitive manufacturing

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164 Of course, it must be noted that the measure of profitability was not always an explicit one, especially in many post-liberation countries. Very often, it manifested via increasing balance of payments problems.

None of these countries, of course, achieved import-substitution in any real sense. Although they were able to capture internal consumer markets through tariff barriers or simply closing borders to trade, few had economies strong enough to produce competitive local substitutes for heavy machinery.

Not all less-developed countries chose this option: some, like Brazil and later South Korea, seized market opportunities presented by the global boom to launch export-led growth paths, by filling "niches" in the market. In most cases, this was achieved through heavy state intervention and direction of the economy, even to the point of developing significant state sectors. (The extent of the state sector in these countries was, however, often under-recognised - partly because it often took forms other than direct nationalisation, and partly for ideological reasons which will be discussed later.) High investment from advanced capitalist economies was often a feature of these economies' ability to achieve a successful growth path, along with low wages and harsh labour repression.

The relative strengths of export-led growth paths and the weaknesses of the inward-looking were not immediately obvious. The latter's inherent weaknesses included limited internal markets and lack of built-in pressures to efficient use of resources from the point of view of profitability and international competitiveness.

But these only emerged as problems as the world economy plunged into crisis, sharpening competition and raising costs of imported capital-goods. The weaknesses were exacerbated by extremely high levels of investment relative to profit rates in these countries (South Africa is no exception)[153]. The final straw, in many cases, was the growing dissatisfaction of the majority of the population with poor living conditions. (Again, South Africa is a prime example, but by no means alone.)

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153 For example, inward-industrialisation tended to rely on labour-intensive industry, low wages, and imports of manufacturing inputs. More investment is needed to achieve the same profit as competitors, especially when the wage bill is forced up. When the economy is expanding, as Binns points out, this does not seem to matter; but when it begins to contract, the losses incurred by such low-return industry are far greater than if they had more favourable investment-return rates.

through nationalisation. The same paper goes on to examine the negative experience of "planned economies". In a paper apparently based on the previous one, Erwin makes the points more explicit. Having discussed forms of state intervention in Korea, he continues:

> *...It is necessary to carefully understand the experience of planned economies. There can be little doubt that the command economies were capable of effecting rapid structural changes...However, it is now reasonably clear that such economies did not accelerate growth in the standard of living. Productivity was static and the quality and variety of products was increasingly unacceptable to people* (1990; 44).

Similar sensitivity to these experiences amongst left academics is demonstrated in a number of articles appearing in the pages of journals like *SALB, Transformation, WIP* and even *Maybuye*[151].

The crisis of inward industrialisation – the changing state capital relation

The failure of the state-capitalist import-substitution path manifested the changing state-capital relation in particular concrete circumstances, as much as South Africa's crisis reflected the impact of globalisation. In the second chapter I argued, following Binns (1984), that the isolation of third world and Eastern European countries from the world economy both allowed and made desirable the form of state-capitalism which they adopted, since the bulk of world trade was between the advanced western economies. For the same reasons, import substitution and inward-looking industrialisation were viable (if not optimum) growth strategies at the time[152], offering less-developed, marginal economies some opportunity for growth. The link between the two was not accidental: as Binns puts it:

> *The alternatives seemed clear enough. Development would come through self-finance or not at all, and the former would require, more often than not, the centralisation of capital in the hands of the state* (1984; 56).

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151 The manner in which awareness of such experiences impacted on economic policy was less direct than the impact of, for example, the regulation school's research. It seems to have operated as an ever-present but not necessarily explicit backdrop to the formulation of economic policy. This is not to say that the awareness was not based on research, but that its influence operated less formally.

152 It is important to stress that the Eastern European economies were, no less than those of many third world countries, import-substitution/inward-looking economies.

Sensitivity to the experiences of these countries is demonstrated in the interviews[150]: Hanekom, for example, argued that the shift away from nationalisation was informed by *"the international experience"*, while Sexwale said that South Africa was *"opportuned to be the last"* [of the national liberation struggles] since this gave the ANC a chance to study the actual practice of nationalisation in other countries. Similar points were made by Cronin:

> *There's been the experience of Africa, there's been the experience of the collapse of Eastern Europe...and all this has lent a particular perspective, but not yet a detailed plan, to the question of nationalisation* (Interview, 1993);

and by Turok:

> *The change [in nationalisation policy] has come in the last five years: firstly, because of the emerging problems in Eastern Europe...* (Interview, 1993).

A SACTWU policy document – titled "a social market economy is the way forward" – similarly argues against nationalisation because:

> *The costs of nationalisation would be immense. In practice this would have to be done with compensation – the international balance of forces would make any alternative impossible...The international isolation which would follow, together with the flight of skills, and crucially in a world of open markets, of capital would cause major damage to the economy.* ***The inefficiencies associated with state-owned enterprises elsewhere in the world would be difficult to avoid*** (1993; 27: My emphasis).

A awareness – albeit critical – of the success of the "four tigers" was likewise demonstrated. Erwin, for example, said in a 1989 paper:

> *Comparative studies must be used with care. However...within a developing economy in the present international economic context a state can intervene in the economy in many different ways. A brief comparison between South Korea and South Africa is instructive...* (1989; 5)

He argues for state intervention to achieve international competitiveness through direct influence on investment backed up by "support" functions, in place of state intervention

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150 Some included a critical perspective on this failure: Turok, for example, gives a broader context to the failure in terms of international competition, which confirms the impact of global trends via these examples, as will be discussed shortly.

that these trends have been indirectly apprehended in the formulation of economic policy, through their impact on existing circumstances[148].

The impact of research – changing state–capital relation

While this demonstrates how some of the general implications of the changing needs of transnational capitals indirectly impacted on ANC economic policy, it does not explain how this policy came to incorporate particular implications for *the role of the state* – why a particular approach to nationalisation?

There is a relatively transparent mechanism by which this aspect of the changing state–capital relation was grasped: namely, the fates of different growth paths adopted by other countries, especially third world countries. The success or failure of different growth paths reflects concretely the impact of the trends. ANC economic policy formulation was informed by the economic failure of countries which followed a clearly state–capitalist path, combined with inward–looking (import substitution) growth models, like Mozambique and Angola. Especially in the context of the collapse of Eastern European countries[149], particular forms of state intervention were perceived as unviable. The failure of import–substitution models came to be associated with particular form of state intervention.

At the same time, the "economic miracle" of newly–industrialising countries which adopted export–led growth strategies, combined with state intervention other than nationalisation – particularly South Korea and the "Tigers" – suggested that the way out of the crisis was to somehow copy this path, although rather more cautiously.

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148 Of course, given the indirect and fragmented nature in which the trends were apprehended, there is no reason to suppose that the economic policy formulated should be entirely consistent with the trends. Indeed, more is needed to explain the surprising (although not complete) consistency of economic policy with these trends.

Neither should we suppose that the policy formulated will necessarily be successful in adapting to the trends which it directly and indirectly reflects – see the prolific Harman (1993b) for a discussion of the difficulties facing countries wishing to break out of import substitution growth models.

149 Their failure, I shall argue later, is also strongly linked to the adoption of an inward–looking growth path. The ideological impact will also be discussed.

transnational monopolies, the effects of these transnationals "disinvesting", coupled with disinvestment on the part of foreign investors (also because of the unattractiveness of the South African economy) must have a sizeable impact on the economy as a whole. The impact is even greater given the fact that the most significant South African transnationals are the mining houses: their central role in providing foreign exchange would make their withdrawal all the more severe. The resulting destabilisation would further undermine the confidence of locally-tied investors – and, importantly, the strength of the nation state.

In short, the investment crisis pointed to by Gelb and others is strongly related to the transnationalisation trend at the heart of the changing state-capital relation. On one hand, transnationalisation has made it possible for major companies to lessen investment in South Africa, without ceasing to invest altogether – a factor which no doubt speeded up the onset of the investment crisis. On the other hand, the imperative of maintaining a competitive edge against other transnationals exacerbated the unsuitability of South Africa for these transnationals, thus increasing their tendency to disinvest. The same trends, moreover, make it increasingly diff[illegible]cally-tied (non-transnational) capitals to attain a competitive edge in the global economy, while structural problems (such as low buying power of local consumers) jeopardise their profitability as long as they remain locally-tied.

Kaplan further points out that the particularly extreme concentration and centralisation of the South African economy is directly linked to the particular growth path chosen by South Africa and the role of the state within it. Monopolisation, he points out, was *"positively facilitated by government policy; it was also facilitated by the fact that South African anti-monopoly legislation was almost non-existent"* (Kaplan, nd; 482). The tendency was reinforced by the need to *"acquire a large slice of the small domestic market in order to compete with imports"*. Thus the very development of monopolisation (which laid a basis for transnationalisation) is rooted in elements which define the South African import substitution growth model in Gelb's analysis.

Trends isolated as roots of the crisis by researchers like Gelb therefore partially reflect the broader global trends in capitalism discussed in chapter two. Thus it is safe to say

they do not see a potential to move beyond it. From an ideology which subjectively claimed to break with capitalism, but objectively remained within its framework, they were forced by the events in Eastern Europe to move to an ideology which objectively *and* subjectively remains within that framework: and this was based centrally on an inability to conceive of any possibility of moving beyond that framework other than through gradual transformation. In particular, the deep distrust of the effectiveness of mass action – as discussed in the last chapter – left the Alliance with no means to assert its programme other than through the formulation of policy and negotiations with capital. The inability to look beyond capitalism in the here and now has constrained these organisations to accept capitalism's limitations, including limitations on nationalisation.

Such an understanding avoids a mechanistic approach to the question at hand. We need not take the reasoning presented by the ANC entirely at face value. Nor do we need to resort to a deterministic approach, which assumes that actors' actions can be read off directly from objective circumstances. Yet it still allows us to find distinct reasons for shifts in nationalisation policy.

Whether there was any viable alternative to the ANC's approach would require a thesis of its own. The conclusion will touch on these issues. But the main point here is that the conclusions drawn from actual research cannot be separated from the ideological framework in which that research was posed. The link (the mediation) between objective trends and subjective policy formulation is, finally, also a profoundly ideological one.

The importance of this point lies not only in understanding how the ANC's nationalisation policy was shaped, but also in understanding that there was nothing inevitable about the form it took. The results we see before us were not pre-determined but emerged from a complex interaction of a variety of objective factors and a variety of subjective ones.

understanding, it would be difficult to conclude that socialism could grow out of the national democratic phase. Third, and centrally, this same outlook created the idea that "the nation" is an entity in and of itself, which exists independent of the classes within it; the national economy, by implication, is also a phenomenon distinct from class. On the basis of this understanding, it was possible to conclude that economic growth of that national economy can serve the interests of all classes within that society. Further, it could be concluded that regulation of that economy can increase the likelihood of it serving the interests of a particular class in that society.

This inherently instrumentalist view of the economy translated into a negatively instrumentalist view of nationalisation. Since regulating the economy in the interests of the masses was perceived to presuppose a healthy national economy in this view, capital must be accommodated and encouraged. Since capital is entrenched and would not take kindly to nationalisation, nationalisation will therefore not create a healthy economy. Since the interests of the masses depend on the health of the economy, nationalisation is not a tool which can be used in their interests. By contrast, the interests of the masses can be asserted using other tools to regulate capital, including other forms of state intervention; these, by directing the economy to become internationally competitive, will therefore lay the basis for economic growth, which in turn will lay the basis for redistribution. Similarly, tools such as the RDP and the NEF can be used to direct the national economy in a socialist direction.

Such an instrumentalist view suffers from the problems of all instrumentalist views: it forgets that the national economy, like the state itself, is not a thing but a complex of social relations, inserted into a broader complex of international social relations. Both the local and the global economy necessarily express certain relations.

But this leads on to the final point. To see the economy as a thing rather than a set of social relations is also to miss the fact that human actors have created, and can change, those social relations. Nationalism necessarily remains within the framework of capitalism not by conscious design, but because it takes as immutable a political phenomenon (the nation state) which is in fact specific to a particular way of organising society. Similarly, the ANC and its allies came to accept the imperatives of capitalism at present because

union movement with the ANC's economic programme, since it appeared to set the basis for fulfilling the needs of the majority, thus averting – for the time being – a significant challenge to the ANC from below, and maintaining its electoral base. The former is, of course, vital if the new government wishes to create a politically stable environment to attract foreign investment.

The rank-and-file of the unions have not been completely satisfied with the form of the RDP: while there was a relatively generalised acceptance that definite promises from the ANC regarding its plans once in power were worth extracting, the rank-and-file repeatedly expressed concern over the final *form* of the RDP, as previously discussed. As yet, however, they have been unable to present a coordinated and coherent opposition to the general trends in the Alliance's economic policy. This was been exacerbated by the growing gap between top leadership and the rank-and-file.

Ideology – mediating the impact of objective trends

The preceding discussion demonstrates that the way in which objective trends translate into policy is complex and subtle. The relation seldom takes a crude and direct form, but is shaped and mediated by a variety of interplaying factors. Central amongst these is the subjective ideological outlook of the main actors, both in its original form and in how it has developed from there, in response to events over the past few years.

The point is that the existing ideology of the Congress Alliance was a central part in explaining their later ideological response to the collapse of Eastern Europe, and to the transition itself. The fact that these events led to an interpretation that nationalisation was harmful to national economic health, and indeed that national economic health depends for the moment at least partly on capital, is predicated on certain ideological assumptions.

First, from the two-stage idea that a socialist society will grow out of the national democratic stage, it was but a small step to the idea that socialism could be negotiated out of a stage of negotiated settlement in which capitalism remains in place. Second, this in turn rested on a particular reading of nationalism itself, discussed in chapter three, as a force which can serve the interests of several different classes; without such an

having to resort to the kind of tactics – like nationalisation, but also potentially other forms of state regulation – which might scare off capital. This was made explicit in SACTWU's economic policy document, already quoted in the first chapter. To refresh the reader's memory, the document states:

> *But an alternative to large-scale nationalisation of banks, industry, farms and mines is possible. Through our struggles we can create a system of co-determination, where capital or government is unable to act in a unilateral manner (1993; 27).*

Baskin argues less explicitly:

> *Economic growth is in the interests of both capital and labour, even if they differ over how best to achieve it and how to distribute its fruits. Growth is insufficient without redistribution; redistributive strategies, without growth, are nothing more than a one-off solution...and without agreed economic policies the cake will not grow* (1993; 66).

Interviewees made the same point. Cronin, for example, saw the reconstruction accord as a way to "curtail the scope of activity for capital" and also as a means to shift the balance of forces in favour of the masses, in that it could "strengthen the new democratic state", ensuring that its economic programme is "informed by a range of mass democratic formations". Mashitele saw the RDP as a means to allocate resources to "improve the lives of ordinary people" and to "guide" fiscal, monetary and investment policy.

It should be noted that explicit reference to nationalisation enjoyed slightly more persistence in union-generated documents than in ANC policy documents, but this was gradually replaced by the idea of regulation of capital and strong state intervention in other forms. COSATU's effect on the alliance's overall policy was perhaps to slow the shift away from nationalisation and to reinforce a stress on social redistribution, but the former was very temporary; COSATU's position (if not that of all its affiliates or its rank and file) came to accord closely with that of the ANC, albeit for slightly different reasons.

At the same time as reinforcing trends away from nationalisation, the RDP also served to undermine opposition to these trends. It helped to ensure the co-operation of the

socialist goals, but this did not prevent union leaders from proposing strategies which accepted a capitalist framework as a given.

The transition process saw the acceleration of an increasing separation between the union bureaucracy and the rank-and-file of the unions, as mentioned in the last chapter. This was a trend which grew partly out of more centralised structures and centralised bargaining. While in themselves neither positive nor negative, these factors contributed to a growing stress on negotiations by a leadership increasingly distant from the factory floor. A seemingly logical outgrowth of this was a social accord of some sort – which has explicitly been identified as an extension of collective bargaining – and a tendency to focus on the development of broad policy rather thar a focus on shop-floor driven issues. The new approach is summed up in the oft-quoted statement that "unions are moving from resistance to reconstruction".

Effects of "bargained capitalism" on nationalisation policy

Fora such as the National Economic Forum did not only demonstrate a commitment to consultation and negotiation with capital, but also created the space for a far more direct awareness of the needs of capital. They further drove home the point that, not only is the health of the economy dependent on local capital, but that local capital is firmly entrenched in South Africa: it was thus unlikely to open the way to "nationalisation by default" (as Cronin puts it) as was often the case in other countries where multi-nationals fled following liberation, and had a greater stake in asserting its interests.

Trends to a social contract further consolidated trends away from nationalisation by presenting an apparently viable alternative to achieve the same ends.

The first chapter showed that provision of social services, social welfare and regulation of the economy were amongst the stated aims of initial proposals to nationalise. A continued desire to regulate capitalism to some extent was combined with the acceptance of its continuation (a project consistent with the particular nature of the nation-state under capitalism), as discussed in the introduction to this section and earlier in this chapter. Some form of social contract appeared to provide a way in which to achieve this without

A further trend which is in similar relation is the trend towards social contracts in the union movement; this too has both reinforced and been reinforced by the notion of the inevitability of capitalism.

Bargained capitalism

The implicit acceptance of a capitalist framework has also been manifest in trends towards some sort of social contract – a notion that capitalism can be regulated through bargaining amongst the state, labour and capital. Concretely, this eventually expressed itself in two forms – first, forums such as the National Economic Forum; and second, the Reconstruction and Development Programme, already discussed in previous chapters. Implicit to both is an acceptance that future economic health can not be attained without the co-operation of capital.

For example, Baskin (COSATU) states with regard to a social contract that:

> *The challenge is to develop an economy which is both productive and profitable, bringing increased employment, higher wages and improved social services. A structured relationship between capital and labour, rooted less in adversarialism and more in co-operation, stands the best chance of delivering social and economic outcomes favourable to both sides* (1993; 66).

Patel (COSATU) argues similarly in respect of the NEF:

> *The NEF is in my view a desirable model for a complex society...In today's very open world, capital can move between borders with ease. At the same time labour is also a very powerful factor. If you wish to have a reconstruction arrangement that can work, you need to get broad consensus between organised labour and organised business* (1993; 26).

The trend to a social contract cannot be seen as a simple result of a particular interpretation of the collapse of the USSR, although the preceding discussion showed that this is an aspect. It must also be situated in the nature of the union movement itself. The previous chapter briefly discussed the reformist nature of trade unions. While this reformist nature does not manifest itself crudely, it certainly has manifested itself of late. The South African union movement has a long tradition of explicitly associating itself with

> *Baldly stated, there has emerged a kind of consensus about the political and economic prospects for transformation...At the risk of oversimplifying, it holds that:...there are objective limits to the redistribution of power and wealth. SA will remain a capitalist society, but one in which capital is subject to scrutiny and regulation both by the state and by other social interests. Economic policy must aim simultaneously at dynamic development and lessening inequalities...selective state intervention will "reshape the orientation of the economy", altering the direction of investment and production* (1993; 18).

Thus the ANC and its allies, for the most part, have come to conclude that any solution to the economic problems of the country (and meeting the aspirations of the masses) lies for the moment with the creation of a successful **capitalist** economy. Indeed, the chances of building socialism come to depend on such success. But this in turn presupposes the continued existence of capitalists, and preferably successful ones – given that the state, in the dominant perception, is unable to fulfil the role of accumulation. The conviction that capitalism is presently here to stay has, therefore, created an increased sensitivity to capital per se (that is, to individual units of capital). This is strengthened by and in turn strengthens pressures towards compromise discussed in the previous chapter. It is in this context that the impact of the research already discussed must be considered.

This has played itself out in appeals for co-operation in "the national interest" (the implication being that the health of one sector of society (i.e. capitalists) is in the interests of the health of the entire nation), an increasingly conciliatory attitude to capital, and shifts towards consultation with capital, as previous content analysis demonstrates.

The trends towards the acceptance of capitalism have not rested solely on the collapse of Eastern Europe, however. They have interacted with other trends; amongst these, the very fact of negotiations, predicated as it is on some notion of compromise, has reinforced this trend, and dependence on negotiations has in turn been further reinforced by the notion that capital cannot be expropriated, as the previous chapter sought to show.

Van Holdt has a similar understanding of the SACP's outlook:

> *There will have to be co-operation between the democratic government and capitalists in many spheres of the economy. But which force is actually dominant will be determined by the balance of forces when a new constitution is actually drawn up, and by struggle after it is implemented* (1990; 45).

This acceptance of a capitalist framework is nothing new to nationalism, if the analysis presented in chapter three is accepted. However, for many national liberation movements the acceptance was an unconscious one, rooted in an incorrect understanding of socialism and a limited international perspective: the capitalist framework was accepted by default rather than conscious choice. The commonly accepted definition of socialism as central planning and nationalised industry meant that these movements were able to consider themselves socialist, even though their actions and policies did not allow them to break out of capitalism as a global system and, therefore, they remained subject to the dynamics of capitalism *in reality*.

Of course, their subjective claim made little difference to the real nature of the societies which they governed. But the subjective aspect is important here because – in contrast to these movements – the ANC and its allies have accepted a capitalist framework both consciously and explicitly. What is particularly significant is the acceptance of this notion by the SACP and COSATU, which might otherwise have been expected to have responded in a more confrontational fashion to shifts in ANC policy.

From a perspective which accepted the inevitability of capitalism at least for the moment, the major task of the Alliance became to develop strategies to **regulate** capital, not expropriate it[161]; indeed, enough regulation may lead to a transformation to socialism. As Bundy puts it:

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161 The analysis of the regulation school – within which much of the research informing ANC economic policy has been conducted – reinforces such an approach, whether the authors intended to or not, since it is based on the notion that capitalism regulates itself, potentially indefinitely, out of crises. A logical conclusion is both that capitalism will not collapse of its own accord, and that capitalism can successfully be regulated.

a standard revolutionary nationalist one – that social improvement depends on the health of the national economy.

Baskin's redefinition is most extreme and explicit. In an article on corporatism, he states:

> *If [socialism] is held to compromise one or all of the following – proletarian revolution, worker control of the means of production, the subordination of the market – then corporatism is not a step towards socialism...If, however, socialism is defined less ambitiously – as a striving for freedom, justice and solidarity – then corporatism is less problematic* (1993; 68).

Cronin, in 1991, put forward an argument that appeared to diverge from this trend, and certainly demonstrates the SACP's continued subjective commitment to deep social transformation. He says *"workers should not abandon the contest for state power"* and that the objective of socialist struggle *"is to abolish employers"* (1991a; 53). He further argues that it is essential to keep the masses mobilised to defend their gains. But he goes on to situate this within the context of national democratic transformation, implying that socialist transformation will grow out of this stage if the balance of forces is in the NLM's favour. In May of the same year he argues that *"popular mass struggles, popular power, popular hegemony can create the conditions in which parliamentary elections (or, for that matter, insurrection) can become a real turning point..."* (1991b; 28). Once more, the implication is that the transformation into socialism will depend simply on the balance of forces, and that a favourable balance of forces might express itself either through insurrection or parliamentary elections. Elections in themselves are seen as a springboard to further shifting the balance of forces, but this, evidently, can happen from within what is initially a capitalist framework. As Hudson and Louw summarise it:

> *The form of socialism envisaged [in the SACP strategic document] attempts to radicalise rather than simply replace democratic mechanisms developed under capitalism...This is important not only because such quasi-corporatist processes can bolster the legitimacy of the national parliament but also because in themselves they reduce the margin of capitalism's prerogative. Limiting the powers attached to the ownership of capital, and extending the orbit of popular influence over economic and social policy, modifies the nature of the relations of production in an anti-capitalist direction* (1993; 39).

if the working class can achieve this by their own organisational strength (1990; 20).

Implicit in this instrumentalist approach to reconstruction is a reading that achieving socialism is a matter of the balance of forces within the national democratic economy and polity. Slovo, in a 1991 article, echoes this sentiment, arguing that: *"We accept the reality and necessity that our post-apartheid economy will be a mixed economy"* (1991; 13); he goes on to argue that the party will seek to ensure an "increasingly socialist" orientation to the mix. Cronin, in 1990, argued that:

> *The strategic reality we face in this country is that the national democratic revolution is not a detour, but the most direct route to socialism. It does not guarantee it, but it is necessary to achieve mass power, which will allow a development in the direction of socialism* (1990; 6).

Such a conception of how socialism will develop is hardly tenable without some subtle redefinition of socialism. Slovo's 1990 pamphlet "Has socialism failed?" set the ball rolling. Amongst other things, the pamphlet implies that the failure of the Russian revolution was because it moved too fast towards communism. He speaks of

> *...policies based on what has been called the 'big bang theory of socialism' which ignored the historical fact that many of the ingredients of social systems which succeed one another – and this includes the change from capitalism to socialism – cannot be separated by a chinese wall* (1990; 19).

This set the stage for redefining socialism as a transition stage which could be embarked on without insurrection, (as is evident in the previous quotations) and which, moreover, would not differ substantially in appearance from capitalism. The redefinition soon consolidated itself into one where socialism was actually a stage in capitalism, but one which was more equitable because the masses were gradually gaining more say over the economy.

In early 1991, Erwin argued that COSATU *"has a socialist conception of the economic policies which will be necessary to solve our economic problems"*; but, he goes on to say *"It is important to define what this means – what economic and social programmes can effectively develop and benefit our whole society"*. This conception is not far different from

For socialists aligned with the liberation movement, the transitional state is seen as a state of national democracy (1991; 45) .

The third approach is least explicit, but in fact integral to the previous approaches: it consisted of redefining socialism in such a way that its definition could easily accord with particular forms of capitalism. Where it was made explicit, its logic became clear: it usually started by outlining a particular (apparently pragmatic) outlook, and then named this outlook socialism; rather than attempting to define socialism, and then evaluating its validity in terms of what was considered a pragmatic or at least viable outlook.

The inevitability of capitalism for the present has been accepted both by left academics and broadly within the Congress Alliance itself: for example, Webster and Van Holdt argue that: *"The balance of forces between capital and labour...leads not to revolution 'but to compromise and radical reform'" (quoted in Bundy, 1993; 18)* .

In the Congress Alliance, generalised acceptance of capitalism (at least for the immediate future) is evidenced both explicitly and by omission in policy documents and interviews. On one hand, no mention is made in policy documents (either economic or otherwise) of bringing socialism into effect. Amongst those interviewed, most spoke of the need to effect fundamental change in order to improve the living standards of the majority, but none characterised this as socialism.

On the other hand, beyond policy documents, it has been explicitly stated that present ANC strategy is, at best, geared towards making capitalism more friendly. For example, one unionist stated in an interview that COSATU and the SACP would have to "chart a way forward beyond this stage". As early as 1989, influential figures in the Congress Alliance were arguing for a mixed econo demonstrated by Alec Erwin's article, although his stress at this point was more o.. .. need for state intervention to regulate the market in order to achieve desired outcomes.

Erwin, commenting later on the Harare recommendations, states that:

The Harare recommendations are no blueprint for socialism. They constitute a framework for reconstruction and transition. They will be a transition to socialism

transformation of the existing system[160]. There should be a gradual extension of workers' control over production, combined with a gradual extension of social welfare and social rights. This approach has been particularly pronounced within the union movement, although not the sole approach.

A variant of this predicated itself on the idea that revolutionary rupture (insurrection) was not necessarily problematic, but was only one option of many. According to this approach (setting aside questions about whether insurrection is desirable) present conditions in South Africa were not conducive to such a rupture:

> *Given the domestic and international situation, does any significant grouping believe that an organised seizure of power, and revolutionary rupture, are on the agenda?* (Baskin, 1993; 66).

Consequently it was necessary to "engage" with the present circumstances, and seek to build the conditions for socialism in the here and now.

This approach was commonly an extension of the SACP's two-stage strategy, and quite within its logic: it is possible to build the basis of a socialist society from within a post-liberation one. The post liberation society could, in fact, lay a basis for such a society. As the SACP's strategy document puts it *"Socialism is a stage in deepening the national democratic revolution"* (Quoted in Hudson and Louw, 1993; 38).

It was generally accepted, however, that this outcome was not inevitable under present conditions, but would require some contest with capital. The political face of this approach was evident in the previous chapter, in the notion that elections were laying the basis to further shift the balance of forces in favour of the liberation movement.

Von Holdt (approvingly) puts it:

> *Most socialists now agree that socialism cannot be established in one stroke...there would have to be a period of transition, of movement towards socialism. During this period of transition there would have to be a struggle by the working class and its allies to establish and expand social control of the economy.*

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160 This is certainly not a new idea. It dates back at least to Bernstein at the turn of the century.

Exactly how the situation will pan out remains to be seen: how many people will go which way, and when they will do it, can't be predicted. A lot will depend on whether left groups are able to give consistent support to struggles on the ground, without falling into the trap of appearing to be against people's history of struggle when they critique the ANC.

What can be predicted with certainty, however, is that struggles of the sort we see now will continue, with varying intensity, in the years ahead. These struggles begin to pose a real challenge to the social relations at the root of social injustice, albeit in small ways, regardless of whether those conducting them are conscious of that challenge. They challenge the idea that a minority should control society's wealth at the expense of the majority, and in doing so pose the question of a fundamentally different project to that of nationalism, a fundamentally different means of organising society. They could be the basis of a complete break with capitalist relations, where nationalisation, if it occurs, will be governed by a different imperative, and where the state which nationalises could be directly controlled by the majority.

That such struggles are happening at all reflects a high level of organisation on the ground – whether through union locals and shopsteward structures, or local community organisation, or even ANC branches. But there is no overall co-ordination between struggles which can weld them into a serious challenge to the direction the present government is moving in. They remain isolated and fragmented, leaving them open to be picked off one by one[164]. What is required is an organisation which can link these struggles and provide a different political vision to that offered by nationalism. However unfashionable it may seem, what is needed now is clear socialist politics and organisation.

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Many are aware of the constraints the ANC faces, but not conscious of the extent to which those constraints are self-imposed. This is all the more the case because there is no significant alternative organisation in which to continue that history of struggle.

At the same time, however, many working class people are finding no other option but to fight around immediate issues, whether the government they elected likes it or not. They are forced to keep alive their history of struggle, and to return to the 'old methods'. Increasingly they are finding the ANC in government to be unreliable allies in their struggles.

This can have various effects. Many may continue to mobilise even under the banner of the ANC for some time to come, for lack of a visible alternative, although they will be increasingly disgruntled with it. Some will begin to fall prey to demoralisation.

Another section will look for alternatives to the ANC. This is already beginning to happen. Some will be content to confine themselves to union organisation, but this is an avenue which is not available to a very large section of ANC supporters. It is also an avenue which will create many similar problems, given the acceptance of many union leaders of the ANC's path.

Some – hopefully a tiny minority – will find an alternative in right-wing organisations like the IFP, which is already seeking to harness the discontent to their own ends. The number who move in this direction will depend crucially on whether an alternative leadership for their struggles.

Others – hopefully a bigger minority, but probably still a minority to begin with – will look leftward. The PAC is unlikely to offer many amongst this minority a home, since its direction is no different from the ANC's in practice, only with less seats in parliament. AZAPO may be able to garner more support, especially given its socialist rhetoric; but the long history of sectarianism between the ANC and itself may cut off this route to many ex-ANC supporters. Finally there is an array of small socialist groups, who will no doubt gain some of this support

relations at the root of the majority's miserable conditions – for its politics are embedded in those very social relations. Even if the ANC was successful in creating a climate conducive to investor confidence, there is no automatic link between a booming economy and improved living standards for the mass of people. South Africa in the 60s bears testament to that.

This is not to say that the ANC will not or can not deliver. But it is to say that the key is not the ANC itself.

The study repeatedly highlighted the central role of "the masses" in influencing the course of history; it is on this note that I wish to conclude. Nationalism, even revolutionary nationalism, offers a limited way forward to solve the problems of the majority. It will go only so far, no further. The activity of the mass of people proved central in winning nationalism's limited demands in South Africa; and it is that same activity that offers the potential for winning their own demands. The actions of the "grassroots" will be crucial in determining what transpires in the years to come.

Grassroots mobilisation and action can still pressure the ANC to move in favour of its mass base, to some extent, although the depth of the crisis means that there is a limit to how far they will move. We cannot accurately predict when the limit will be reached: it is unlikely to be a sudden event. We are more likely to see a gradual extension of the process already unfolding now, with the ANC moving against particular struggles, even while they are still forced to respond favourably to others, with more and more of the former and less of the latter. In other words, they will continue to vacillate, in all likelihood, but they are likely to increasingly bend against struggle.

When the ANC refuses to move any further, mass mobilisation offers the potential to move beyond it. What are the prospects for such mobilisation? The mass base of the ANC still retains a contradictory consciousness: while many are questioning the route the ANC is taking, there is still a deep-rooted loyalty to the ANC, linked to a memory of its history as leaders of struggle against racism. For many, the ANC still embodies their *own* history of struggle. Consequently few are willing to yet break from the ANC or to openly pressure it. There is a deep-rooted feeling that the ANC should be 'given a chance'.

and evictions. More recently, Mandela's 1995 opening speech to parliament warned that there would be a crackdown on strikers; a month later he called on university administrations to deal firmly with 'disruptive' university students.

On the other hand, the ANC's sensitivity to capital seems to have increased further since the elections. The RDP's practical implementation is proving increasingly to centre around *capital's* demands, with fiscal discipline and restraint on government spending becoming key words. And in spite of verbal conflict with capital over its investment decisions, little has been done to enforce desired outcomes; threats of passing legislation (around housing bonds, for example) have been made, but not implemented. The 1995 budget makes no move to increase company tax.

A political mirror of this situation emerges. Repeatedly, the ANC has shown itself unwilling to move decisively against its old political enemies. Walkouts and threatened walkouts by the NP and the IFP have been met with strong rhetoric from the ANC on occasion, but in private the disputes are patched up. The 'truth and reconciliation' committee plans to expose but not prosecute those involved in death squads; and so on. To its mass base, the ANC's appeals are for reconciliation and forgiveness.

This pattern is likely to lead the ANC increasingly to stand against its own mass base in their struggles for social justice. Their unwillingness to challenge capital in order to meet demands leaves them little other option.

Which way to social justice?

The issue of nationalisation is often presented in terms of social justice: either as a means to achieve it or as an anathema to it. In seeking to understand nationalisation, this thesis also seeks to add a little to understanding how to achieve social justice. It should be plain that the aim of achieving social justice is less connected to nationalisation per se than to the deeper social relations which it necessarily reflects and embodies.

It is becoming increasingly clear that the ANC, left to its own devices, will deliver few of the aspirations of its own mass base. It is unlikely to challenge or transform the social

economic power – a gateway to Africa – but this potential depends centrally on the health of other African economies, which for the most part are more than a little green about the gills. While the shifts away from nationalisation may have made South Africa appear more attractive to capital, this could easily be outweighed by the disadvantages incurred by South Africa's current standing in the global economy. As matters stand, the promised flood of foreign investment has been a mere trickle. Local business confidence has been at best unstable (see, for example, *Business Day's* daily economic indicators).

The ANC will find it difficult to control the actions of capital. This difficulty has already expressed itself in ongoing tension between the ANC and capital over issues like investment in low-cost housing. The ANC in government has shown little ability to control capital's investment decisions during its first months in government.

The ANC is finding itself caught in a second trap, between capital and the working class. It will, in all probability, continue to attempt to straddle these social forces for some time to come. It is likely to face ever increasing pressure from the masses, impatient for deeper social change and improvements in living standards, while at the same time facing pressure from capitals which perceive those very demands as a threat to their own profitability, and which will, quite probably, see wage cuts[163] as the easiest and only way to improve profitability. Pressure from capital and international bodies to maintain 'fiscal discipline' (in other words, keep down government social spending) is enormous. The government itself faces huge budgetary constraints which will not be solved without a challenge to capital.

Increasingly, the ANC in government is falling on the side of capital rather than the masses. It is showing itself to be less and less willing to challenge white-owned capital. It seeks more and more to neutralise rather than appease its mass base. Calls for patience and restraint have multiplied as it becomes clear that rapid delivery of basic needs such as housing is unlikely. Strikes were met initially with an ambiguous government response: while defending the right to strike, the government warned strikers not to engage in 'disruptive' forms of protest, and did little to curb police attacks and arrests of strikers; land invasions and building occupations were similarly met with police

163 Or alternatively, preventing too large an increase in real wages.

relation shaped the shifts in two ways: first, it meant that the shifts away from nationalisation were somewhat slowed, and moderated the form which the shifts took. It also meant that the issue of social welfare has remained high on the nationalist agenda, at least in rhetoric. At the same time, however, the ANC's wariness of its mass base, combined with the fact that its base still, largely, looks to it for a lead (and has, consequently, not successfully challenged the ANC leadership's perspectives) contributed to real shifts in the balance of forces. The latter represents, as argued, a largely self-imposed limitation on the ANC's options.

Will the shifts away from nationalisation allow the ANC to continue to placate this base, by delivering real material and social improvement?

On a political level, the mere fact of attaining the vote represented a significant shift from apartheid to a 'normal' bourgeois democracy; it represented a real extension of democracy. At the same time, however, this victory has had the effect of increasing the confidence of the mass base, and raising their hopes for deeper social transformation.

The result is an upturn in struggle rather than an end to it, although continuing struggle has often been fragmented and isolated. To date, the period since the elections has seen an increase in struggles, particularly on the union front, which reflects the increase in confidence and a willingness to do something to achieve hopes and aspirations. The months directly after the elections saw a rash of strikes over racism, wages and managerial prerogative, accompanied by a spate of land invasions and building occupations across the country. Early 1995 has seen another upturn in strikes, as well as upturns amongst students in schools and tertiary institutions.

But the ANC's ability to deliver on the majority's bread-and-butter demands is severely limited. On one hand, the structural crisis can not be wished away. The ANC in government has shown itself to be caught in a trap: national economic health depends on attracting investment, but that depends increasingly on a healthy, attractive national economy. South Africa's productivity problems will not easily be solved, and its international competitiveness and attractiveness depend on a solution to this. One potential way out of the dilemma would be for South Africa to become a regional

Beyond this, however, the ANC in government – whether acting decisively or not – is still be faced with the problem of ruling over capitalism in crisis. This thesis has also added to the theory of revolutionary nationalism: to answer the question at hand regarding nationalisation it was necessary to understand the common threads between all revolutionary nationalisms and how they are influenced by their circumstances. In this the study added to understanding revolutionary nationalism in power. What has become clear is that the ANC – like other forms of revolutionary nationalism – has ended up governing over capitalism. The main difference between the ANC and most other national liberation movements lies in the present circumstances of the global capitalist system – circumstances which, because of the depth of the crisis, leave little latitude for the rulers of most countries to determine their futures.

It also raises a question mentioned in the introduction: the prospects of change for the vast majority of South Africans after the transition. This study has political implications which cannot be escaped. Centrally, it raises the question: does nationalism offer a solution to the problems of the majority?

What about the working class, Mr President?[162]

From the point of view of the majority, the effects of the ANC's vacillation are serious. The prospects of achieving lasting solutions to their immediate material problems are rapidly diminishing.

The bulk of this thesis was completed by 1993; since then, the ANC has achieved power, although it remains tied to the government of national unity. It has, of course, promised to redress the problems of the majority and made minor moves to implement promises, partly because it still perceives itself to represent those mass interests; partly because if it doesn't, political turmoil may result.

This is the third set of social relations expressed in the ANC's shifts regarding nationalisation – the relation between a nationalist movement and its mass base. This

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162 Apologies to Linton Kwezi Johnstone

has confined it to accepting these limitations. Its essential character leads it to seek genuine reform of the present system, but the extent to which it is able to "reshuffle" the system has been curtailed.

Integrating agency and structure

At the same time, however, the ANC has not been merely a victim of its circumstances: as a social actor, it has the ability to shape those circumstances, in however limited a way. *The limitations on its options are partly internal to its politics, a politics which accepts the general current framework as inevitable.* Most centrally, in a context where other avenues of achieving power were closed, its unwillingness to consistently mobilise mass action has forced it to accept a greater degree of compromise with the existing ruling class than might otherwise have been the case. This compromise has apparently been in its own interests as a future state, concerned to secure political stability and prevent capital flight.

Yet its tendency to seek compromise has potentially undermined its ability to achieve those aims : its unwillingness to move decisively against the right (including the National Party and Inkatha) has contributed to an increase in the right's relative confidence, at least to destabilise and delay if not to challenge for state power. At the same time, its own supporters are increasingly disenchanted with the government's tardiness in delivering on their basic needs. It could take years for this to reach full-blown proportions, but already the boat is being rocked in small ways. All of this means that the present balance of forces is extremely unstable. The effects of this on investor confidence could perhaps be far worse even than a decision to nationalise key industries in order to provide a suitable climate for investment. Of course, disinvestment trends are already afoot, and capital is not, generally, particularly fond of the ANC in government; but these trends may in the end be accelerated rather than reversed by a weak ANC-led government which is unable to act decisively towards attempting to deal with the crisis, political and economic. This is, of course, speculative, and will remain so since history cannot be reversed.

guarantee the conditions to accumulate; but as capitalism as a whole changes, it necessarily rearranges its political form as well as its economic form. The tendency towards centralisation and concentration has led first to an increasing convergence of state and individual capitals, then to a separation of the two. The ANC's shift away from nationalisation ultimately expresses this rearrangement of capitalist relations, economic and political.

From this perspective, the problem with the "pragmatic" and, more broadly, instrumentalist approaches to the issue of nationalisation become clear. Subjectively and explicitly, the ANC's shifts have resulted from rational assessment of the situation at hand, from considering the task at hand and looking for the right tool to achieve that task. But objectively and implicitly, the task at hand assumes certain social relations – it assumes a capitalist economy. The "tools" represent variants of the relation between a capitalist state and units of capital. And the task itself is how that state will improve its own standing in the world hierarchy of nation states (the characteristic political form of capitalism) through economic competition. The decision not to nationalise is, in this context, eminently pragmatic; but it is "pragmatic" only from the perspective of certain class interests in a given concrete situation.

As long as a capitalist framework is assumed, the final determinant of what is "pragmatic", then, is the capital relation itself: in the end, the drive to accumulate will prevail. For a theory of nationalisation, the implication is clear: nationalisation, the forms it takes, and whether it occurs at all, can not be fully understood unless it is understood to *express* social relations, not simply be taken to be neutrally embedded in them.

It is the dynamic of accumulation which has crucially, if not explicitly, determined the options open to nationalism in the current scenario. This dynamic has imposed the necessity of developing an internationally competitive economy on the ANC. The "de-marginalisation" of South Africa, combined with the current economic crisis both within the country and globally, gives the ANC very little latitude to determine exactly how such an economy can be achieved, or indeed whether it should be achieved. The ANC's acceptance of the current framework – an acceptance given further weight by the ideological questioning following the collapse of bureaucratic state capitalist regimes –

a nexus for certain of those relations. The ANC's shift away from nationalisation does not negate this central contention. It does not render the social relations embodied in nationalisation meaningless – rather, it has served to highlight them.

If nationalisation is itself a social relation, what does the ANC's shift away from it tell us about this social relation – about nationalisation? What is the (dynamic) content, if you like, of this shift?

A central point is that the ANC's economic policy can not be understood in economic terms alone. This thesis has served to highlight the profoundly political nature of economics. The economic and the political are, indeed, 'moments' in a single, unified set of social relations. These 'moments' can not be understood in isolation from each other. And so too with an aspect of those relations, nationalisation: an understanding of this phenomenon, or its absence, can not be achieved without understanding that it expresses and reflects the political and the economic in complex, constantly dynamic interaction. An understanding of this complex interaction can not be developed in the abstract, except in the most general terms. It requires concrete analysis, from a theoretical framework which assumes such complex interaction.

Integrating the political and the economic

This thesis has been as much about nationalism as about nationalisation, and necessarily so. The nationalisation being considered and ultimately largely rejected has been fundamentally shaped by the social actor seeking to "use" it. The ANC's class character has determined the form of nationalisation which it considered and ultimately rejected. The social relation embodied in this nationalisation is, broadly, the capital relation; more precisely, the state–capital relation; or still more precisely, the relation between a state-in-waiting and existing capital.

Nationalisation – or its absence – currently expresses the dynamic of the capitalist system itself. The drive to accumulate and to compete is the matrix in which the shifts have occurred. It forces capital to constantly rearrange itself in the search for means to realise ever greater profit. In this, the state is a central means by which capitals seek to

WRAPPING UP:
THE DYNAMICS OF NATIONALISATION

The scope of this thesis was broad. It does not pretend to have dealt comprehensively with every one of a myriad of factors contributing to shifts in the ANC's nationalisation policy, but it has examined the key elements of the process. It argued that:

1. Nationalisation is one form of the state–capital relation
2. Nationalisation within capitalist relations of production is a form of economic nationalism; it can be one means by which the nation–state seeks to defend and advance the standing of the national economy in the global hierarchy
3. Deepening globalisation of capital has led to a global movement away from a close, unipolar relation between individual states and capitals to a multipolar one, which makes nationalisation unfavourable to capital
4. The ANC, as a nationalist movement, is tied into the general framework of capitalism, since its aim is to seize hold of a nation state (the peculiar political form of capitalism)
5. It has rejected nationalisation since it is out of step with the general direction of global capitalism's reorganisation; nationalisation is no longer a viable form of economic nationalism
6. The protracted nature of the settlement, the experience of other countries, and the ideological impact of the collapse of commandist economies all served to make the ANC conscious of the trends in capitalism, albeit in a fragmented form
7. Mass action proved to be a strong weapon in the ANC's arsenal, but the ANC's unwillingness to mobilise its mass base consistently has forced it to accept further limitations on its ability to determine the course of the South African economy under its rule.

Sundry surveys were used where appropriate.

The research process

The research aimed to establish two things as a basis for analysis: first, how the ANC's nationalisation policy changed; second, possible reasons for reformulation. The former was relatively straightforward, the latter obviously more complex. It was easy enough to establish the ANC's own *perceptions* of why their policies had changed, but less simple to establish if these told the whole story.

I assumed that they did not. The task then was to find hints and clues to other factors that may have shaped the ANC's policy. These could be found in two ways. First, examining perceptions of why policy had been reformulated hinted at factors shaping perceptions, and hence at deeper explanation of the shifts. Second, the *form* which policy changes took gave further clues to underlying factors. I also used studies of national liberation movements and of trends in the global economic system to provide a historical context in which to appraise these clues. The introduction explains why I chose these areas, so I will not repeat that discussion here.

I began the research with a survey of newspaper clippings and available policy documents. From these I began to draw out trends, themes and rationales for the shifts. I used them to draw up a 'timeline' according to each broad theme, which I used to trace shifts in terms of these themes.

Analysis of policy documents was integrated into the overview of newspaper clipppings as an initial stage. Further analysis was conducted while doing interviews and using secondary sources concerning global trends and local economic trends. I paid particular attention to the form of the shifts in this analysis (for example, the continued prevalence of state–intervention oriented policies even when nationalisation per se was disappearing from policy). This helped to establish the exact nature of the shifts and posed problematics which laid the basis for further analysis.

Interview schedules were drawn up according to themes emerging from the overview of newspaper clippings and policy documents. They were reformulated where necessary, according to new developments or additional themes emerging from previous interviews and ongoing study of newspapers and policy documents.

Throughout this, I was constantly appraising broader political developments. Secondary sources were referred to in this process. As the relevance of particular developments became clear, I sought to integrate them with the trends emerging from the clippings, documents and interviews, and conducted further research on these developments.

I returned to theoretical readings and a study of various histories (such as of the state–capital relation and national liberation movements) towards the end of the research process, to evaluate which trends I could generalise. This involved returning repeatedly to my original sources of data to confirm and correlate emerging general trends.

The 'problem' of the mass base

I encountered some difficulty in setting up these interviews, since most of those I approached had very busy schedules. Consequently, I was unable to conduct as many interviews as originally planned. A difficulty which arose as a result of this was that the interviews by no means yielded a cross-section of the alliance partners: for example, union-interviews were with an organiser and a union official from COSATU affiliates; I was unable to interview someone from COSATU itself. The ANC interviews gave a better spread of top and middle leadership.

One interview, taking the form of a group discussion, was conducted with "grassroots" ANC activists. Group interviews are often more difficult to conduct than individual interviews, but are useful in several respects. People are often more comfortable in a group of associates. The interviewer's perceptions are less likely to determine the focus of discussion since people are as likely to respond to each other as to the interviewer. Further, tensions and subtle differences in perspective in the group are more likely to emerge than in an individual interview.

Interview schedules were used flexibly. They served primarily as a reminder of themes which seemed important. Because the interviews were intended to establish perceptions, it was useful to allow the interviewee to set the direction of the interview at times. This allowed the interviewee's concerns and priorities to emerge. Few of the interviews dealt with all the themes because of time constraints; but because many of the themes were closely linked, most interviews covered a surprising amount of ground.

Secondary sources

Interviews, articles, reports and letters: The limitations of interviews were partly overcome by extensive reference to interviews in various publications such as *Work in Progress, Labour Bulletin, Mayibuye* and so on. Obviously, these were not designed with my research in mind, but they nevertheless proved a mine of information. They allowed me to broaden the scope substantially. Articles written by leading figures in the Congress Alliance were also used to supplement the research. Reports, articles and letters in the organisationally linked publications (*Mayibuye, Umsebenzi* and *The Shopsteward*) were often useful for getting a view closer to the ground. To some extent the mere choice of subject matter reflected the concerns of the broader membership of the Congress Alliance, and the debates occurring within its ranks.

Reports and articles from various publications were used in detailing the transition process. These were incorporated into the survey of newspaper clippings and policy documents as they became available.

Surveys and research: Detailed primary research on the South African and global economy and on post-liberation regimes were obviously beyond my capacity. Numerous secondary sources were used in this regard.

Secondary sources were similarly vital in developing the history of the ANC in chapter three. It was necessary to be especially careful here of biases in such histories. I tried to draw on various sources to avoid such problems. A collection of speeches and articles from leading ANC figures proved particularly useful as raw data. Secondary sources were also used to some extent to develop an overview of the transition period.

Newspaper clippings were further useful for understanding the context in which changes in policy took place. They pointed to actors and events which may have influenced policy, and highlighted leadership perceptions of policy. These were further investigated using other methods, which I will detail shortly. Clippings were used alongside secondary sources to develop an overview of the transition period.

Finally, clippings provided a good sense of the non-linearity of ANC policy reformulation. Tensions and zig-zags emerged more clearly than in policy documents. Analysing the rhetoric cloaking the shifts was also informative; the latter came out clearly in newspaper clippings.

Policy documents

The survey of policy documents was useful to establish how broad trends translated into actual policy. They also were more likely to incorporate the opinions of the broader membership, and more accurately reflected dominant thinking in the organisations as a whole.

However, using them to pinpoint reasons for policy reformulation was complicated. Policy documents were not "self conscious" regarding shifts in position, and so seldom explained shifts. Therefore the process had to be guided by contextualising policy documents in other data. Policy documents themselves provided little or no direct information on the context in which policy was being reformulated. Sometimes, however, they did provide a broad rationale for the particular set of policies they espoused.

Although policy documents were more likely to reflect broader membership opinions, it was difficult to establish the extent of this, since many documents were drafted at large conferences but redrafted by smaller "expert" groups. This made it necessary to look elsewhere for more information on membership opinions.

Interviews

In-depth, open ended interviews were used to obtain a deeper understanding of issues covered in the media and policy documents, and to fill in some of the gaps mentioned. In particular, they provided a finer understanding of the perceptions of individuals interviewed. The weakness of interviews, of course, was that they provided a "snapshot", and therefore did not give an accurate sense of change and trends developing. Unlike policy documents, however, interviewees were conscious of policy reformulation, and therefore more likely to volunteer their explanations for shifts.

Ten interviews were conducted. One with Bobby Godsell set out to examine big businesses' perceptions of nationalisation, with the aim of establishing their influence on ANC policy. Further such interviews were planned, but these were abandoned after it became clear that the mechanism of influence was more subtle than had originally been expected. The remainder of the interviews were with individuals from the Congress Alliance. These intended to establish differences between the Alliance partners in addition to a general understanding of perceptions. Interviewees came from the SACP (one interview); COSATU unions (two interviews) and the ANC (the remainder).

This activity was also particularly important in developing an analysis of the ANC's mass base. It brought me into discussions with a broad spectrum of political people, many of whom were ANC supporters. It also meant that I was intensely conscious of the unfolding of the transition process, of general shifts in the ANC's position, of the actions of its mass base, and of broader global events.

I cannot pretend that this has given me overarching knowledge of the world. I can safely say that it helped me significantly in developing my own understanding of how to look at the world (a method of analysis). In this sense the research owes a debt to a collective both personally known to me and unknown except through their collective action. I hope that what I have discovered in this research can contribute some small aid to the project of emancipating that collective.

Research methods

Data for the study was drawn from four main sources:

* a survey of newspaper clippings, covering nationalisation as well as events during the transition period;
* a survey of Congress Alliance policy documents;
* interviews with individuals in the Congress Alliance, an interview from big business, and a group interview with ANC activists;
* a number of secondary sources, which were used to supplement the above, such as
  - articles and interviews from journals like *South African Labour Bulletin*
  - Congress alliance publications, such as *Maybuye, The Shopsteward*, and *Umzebenzi*
  - other surveys and research, such as the CASE interview of shop-stewards, histories of the ANC, and studies of post-liberation countries.

Each of these methods of data collection suffered particular problems. Individually, none could provide a satisfactory basis for analysing the question at hand; together, however, they could be used to build a more complex picture.

Newspaper clippings

Newspaper clippings were not always reliable sources. Reporting was often sensationalist. In addition, reportage around nationalisation in the media was inconsistent. Finally, reports in the media largely reflected the opinions of individuals in leadership positions; they seldom reflected the perceptions of the alliance's general membership and supporters, and often a single statement by a controversial figure received more column space than a policy document.

However, the clippings were useful to establish, in broad brush strokes, dominant *trends* in policy reformulation. I used the clippings to isolate recurrent themes (chapter one covers these) Links between themes were also noticeable in the overview of newspaper clippings.

is equivalent to discovering 'laws of motion' for society, and at the same time we can better understand how to look at the world by modelling an analytical method on such patterns.

Acknowledging 'organic sense'

My own political activity[176] deserves mention, since it played a significant part in this research. It was central to the broad understanding of the world that I brought to this research (and so clearly influenced my methodology). But it was also a way of gathering information – an inadvertent research *method*, which accorded closely with the dialectical 'principle' of allowing the pattern to grow out of the facts.

My political activity heightened my development of an 'organic sense' of the period under study. Such organic sense is seldom credited as a research method, but it is of greater importance than many would allow. It can make it more difficult to step back from the period to adopt an objective view; but it also gives a rich view of the complexities of the period which it would be difficult to get elsewhere. Combined with other research methods organic sense is extremely valuable.

When I started this research, it was not immediately evident what would be relevant to it. Some central aspects only emerged as such when the research was near completion. But because I had already been constantly analysing the period, it was easier to integrate these aspects when their importance did emerge. Their 'patterns' had already began to grow on me, sometimes explicitly, sometimes implicitly. Further, without the broad, general analysis which was necessarily central to my political work, many of these aspects might have been lost in the specific starting point of this study.

Moreover, the nature of my political tasks required me to grapple with the issues at hand, rather than looking for neat, simplistic explanations[177]. I had to search for ways of explaining the world which fit the experiential pattern of those I was relating to politically; but at the same time, these explanations had to be explanations, not mere descriptions of diverse experiences. This also involved trying to explain the complex, and often contradictory, actions of a wide range of social actors. In this sense I had at my disposal a test for the numerous mini-hypotheses that one develops when trying to explain social phenomena on a day-to-day basis. Discussion with other politically active people from various ideological backgrounds, and with people-on-the-street alerted me to crude, unsatisfactory and contradictory formulations. It also often gave me ideas of how to resolve these problems. This wasn't only in relation to the immediate experience of these people, but also with regard to their understanding of broader events and big collective actions. In this sense I was able to draw on a far broader concrete experience and to more easily discern patterns within it than I would have been able to had I sat in a room with my books. I had access to the patterns which others had discerned also, which made it far easier to evaluate the accuracy of different patterns.

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176 In the International Socialists South Africa (ISSA)

177 Which is not to say that there are no *simple* explanations. Once the essence (law of motion) of a thing is uncovered, it can appear extremely simple. Of course this implies by definition a level of abstraction from the complexity that arises from the interaction of various laws of motion.

a variety of areas (political and economic for example). This point also became clear following my very earliest attempts to conceive of shifts in ANC policy from an economist viewpoint, and my attempts to conceptualise nationalisation in terms of the state–capital relation.

The need for a post-dictive rather than pre-dictive approach simply alerts us to the fact that reality itself is vastly complex and constantly in motion, particularly social reality[174]. It is therefore essentially impossible to account for every possible combination of *actual* events and every possible interaction of society's constituent parts. But this does not detract from the possibility of uncovering its general laws of motion by studying what *has* happened. From this we can develop general guide-lines to predict what *can* happen if certain conditions prevail. Bhasker puts it:

> *We can be sure that society exists and confident that it has certain general features...Its existence (and some of its features...) is a necessary precondition for knowledge, including knowledge in the natural sciences or everyday life. But we must exercise' some circumspection in our cognitive claims about specific structures and mechanisms in social science... partly because of... 'their general messiness and fluidity'. However critical naturalism does at least situate the possibility of adjudicating – in terms of their comparative explanatory power – between research programmes and between rival theories within them (1989; 186).*

This point is important to my research method for two reasons. First, because the research does not claim to provide a basis to predict the future; but it did intend to uncover certain tendencies or laws of motion in society which could provide a framework for understanding society. Second, it points to a way of testing the framework which I started out with: the study itself further validated this framework[175]. That framework had more explanatory power than others available to me.

Bhasker's final point relates to an explanation of how I developed an understanding of the method of analysis outlined previously. He implies that it is impossible to completely separate 'knowledge production' from our attempts to act on the world to transform it. As mentioned previously, he also conceives of human society as actively (if unconsciously) created through human action. The logic of this exposition is that we can come to know the world most accurately in acting. Put in simple language: we learn from experience. Of course, it is not only from our own immediate experience, but also from the actions of others, that we can learn more of how the world works. This is particularly true of collective action, simply because this carries more weight to actually impact on the world.

By observing (and taking part in) such action, particularly if it is *conscious*, it is possible to more easily discern the dynamics of reality. Collective social action can force the underlying essence of a relation to become plainer. (To use a simple analogy, following Lenin, when a company calls in police to break a wage strike, the real link between politics and economics begins to show through the appearance of their separation.) After numerous 'lessons' of this sort, patterns begin to emerge. Apprehending such patterns

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174 Bhasker expresses this in the formulation that "social phenomena only ever occur in open systems".

175 In other words, in the course study I was not able to find any holes in it.

These concepts fit with two of my discoveries. First, the latter fits with the idea that nationalisation is a nexus of social relations. The 'sociology of nationalisation' which I develop in this study rests on the notion that social structures and institutions are relational. Similarly with the analysis of the ANC's class character, which necessarily took into account its relation to other significant class actors.

Second, I wanted to achieve a unified understanding of subjective and objective factors, rather than a dualist one. I wanted to understand how the ANC was an *agent*, yet at the same time a partial prisoner to certain objective circumstances. Bhasker's understanding of social structure theorises my initial 'solutions' to this problem. The ANC's political outlook centres around a particular structure of society (the nation state). This structure is constituted by certain relations. The ANC's ideology therefore expresses these relations (often unconsciously) while its actions (its behaviour as an agent) reproduced them. Further, the ANC is also part of a totality of social relations which it cannot have complete control over.

Moreover, I understood from the beginning that it was necessary to be sceptical of the ANC's own perceptions of its ideology and its policy reformulation. But at the same time, study of their subjective interpretation did offer clues to the objective framework, precisely because they were integrally a part of that objective framework – both a product of it and continually reproducing aspects of it. The objective conditions and the subjective ideology are not separate dynamics in this. They form a unified, inseparable totality[173].

From these initial concepts, Bhasker develops an understanding of the need for:

* a concrete and historical aspect to social study;
* avoiding a fragmented approach to different areas of social study (such as economics or politics);
* adopting a post-dictive rather than predictive approach to social science (although this does not rule out 'conditional prediction');
* understanding that the objects of social study are independently real, but at the same time 'casually interdependent' with the knowledge that they are objects of;
* following the logic of this approach, to perceive 'knowledge-production' as part of and an aid to transforming our social world.

The concrete, historical aspect has already been discussed. Bhasker adds that these are all the more important in social sciences because their subject matter (society) moves much more quickly than the subject matter of the natural sciences. The rapid development of social relations, especially under certain conditions, was clear in the study. A study covering the short space of four years did yield definite patterns, which I could then compare with other historical periods in order to evaluate which patterns were most generalisable.

Avoiding a fragmented approach has also been dealt with, although it is worth noting Bhasker's point that this relates particularly strongly to the 'social-relation-dependence' of social structures. Social structures are 'dependent' on complex relations, which embody

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173 That is, inseparable in reality. It is possible and sometimes useful to separate them for analytical purposes, or more accurately to distinguish between them – for they are distinct.

I had begun thinking of the issues from what might be called a deductive perspective. I posed a series of questions, then tried them against the facts to see if they would fit, following an "if a then b" type of procedure. Something of this process is traced in the introduction. At the same time, however, I was trying to make sense of the archival overview of newspaper clippings and policy documents (discussed under research methods). In the end I discovered that I could only answer my questions by finding the 'patterns' in this overview. The framework I was working in was not put aside, of course. The *general* patterns which it posited provided a scaffold on which to build the specific analysis that was growing out of the study, without detracting from the need to start from the concrete.

I have already mentioned certain aspects of this framework: namely, its materialist starting point, its class analysis, and its analytical method. Certain other aspects are developed in the critical realist approach.

The critical realist approach

Many of the starting points of this study closely resemble the critical realist approach, as explained by Roy Bhasker[172]. It is an approach which successfully develops a marxist and dialectical understanding of knowledge production in the social sciences, adding depth to the general points outlined already.

Bhasker understands social structures or institutions as products of human social activity, and at the same time as the framework in which it occurs. He argues for a

> *transformational model of social activity. Opposed to reification and voluntarism alike, the model allows us to sustain the conjoint dualities of structure and praxis – a conception of social structure as existing only in virtue of the human praxis for which it is the indispensable condition and which that praxis (for the most part unintentionally) reproduces or transforms* (1989; 184).

This accords well with a materialist and dialectical approach, and with the patterns emerging from my study. It allows for the unity of the subjective and the objective in the study of society; it posits an understanding that overcomes the false dichotomy between structure and agency. At the same time it avoids the idealist trap of collapsing structure into our perceptions of it (i.e. positing that social structures have no objective reality outside of our minds).

Further, Bhasker argues that the 'subject-matter' of sociology necessarily has a 'relational character'. As I understand it, this means that society and its structures express relations between humans or groups of humans, and are constituted by these relations. This links closely to the previous point, that social structures are the products of human activity. Society can not be conceived of as a thing: rather, it is the sum total of human relations. It is through such relations that humans organise themselves (form society); society is therefore necessarily relational.

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172 This, it must be noted, was not by design. I only discovered Bhasker's writings towards the end of the study. Since he has integrated and summarised many of my own thoughts on the matter, I shall make substantial reference to his theory.

reveals the essence or motor force. Any other approach would deny the materialism at the heart of the marxist dialectic.

This is not at all to imply an empiric*ist* approach. Studying the concrete (empirical facts) does not mean taking 'the facts' at face value. What this approach appreciates is that 'the facts' are the *concrete manifestations* and reflections of the underlying dynamic. The surface appearance does reflect something of reality, but not the whole of it. The pattern of *how* the underlying dynamic is manifest alerts us to the dynamic itself.

Secondly, concrete analysis must also be applied to the history of a thing. It must be understood from the point of view of historical totality as well. Tracing the development of a thing (a social institution or ideology, for example) makes it possible to more accurately strip away the appearance to discover the essence. Phrased crudely, we can begin to isolate what is common to all historical instances of a phenomenon by comparing them. Such historical analysis is moreover essential because it helps us to understand a thing if we understand what it grew out of. In this sense we can began to understand the thing as a moment in a process.

Thus in the study at hand, I had to analyze nationalisation in general (across history) to understand the nationalisation that the ANC spoke of. I also found it necessary to take a concrete historical approach to the issue of the state–capital relation, the ANC's class character, and the shifts in their position on nationalisation, for example. This allowed me to locate the dynamic that moves these social phenomena. In doing this, I had to consider the form of these phenomena, because I had nowhere else to start from. Understanding that these were the concrete manifestation of the dynamic I was looking for under different historical conditions allowed me to use study of the form to uncover the essence.

The historical continuity of social phenomena also became clear in the research. For example, although there are many kinds of nationalisation, all have a common thread. The state–capital relation takes a significantly different form now than it did 100 years ago, but the essence of the *relation* itself is continuous.

This conception of allowing the pattern to grow out of the facts is the crucial methodology of this study. I started it with a certain conceptual framework in place (a marxist framework). I am convinced that this framework is essentially sound, because it is based on a rich tradition of concrete study[170]. But as I began to gather data for the study, it became clearer and clearer that an attempt to crudely apply this framework could not do justice to the complexity of the subject matter or to the marxist framework itself. I wanted to develop an analysis which fitted this framework – but that would have been impossible had I started with its abstraction[171].

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170 And praxis, which I will discuss shortly

171 It should be noted here that I was developing my understanding of a dialectical method while conducting this research. I did not start the research with a complete understanding of it – and, I daresay, I will continue to develop my understanding of it. The process of grappling with the research itself was one area in which I was able to sharpen my understanding of this method.

A dialectical understanding has three basic features; these were the pointers at my disposal when I began the research:

* The only constant about the social and natural world is that it is constantly in motion.
* Any object of study (whether a social institution, human agents within it, or the subject matter of the natural sciences) must be understood as a unity. No part of society (or the natural world) can be completely understood in isolation from the other parts.
* Flowing from these, the motor force of constant change must be understood to originate within the totality. For Marx, the driving force is contradiction; in class societies, more specifically class contradictions.

These basic points have certain important implications. First, static definitions bring us no closer to understanding society. Rather, we have to look for the motor force of its movement (its 'laws of motion'). Second, understanding society as a totality means that discovering its laws of motion is only possible if we avoid the temptation to analytically fragment its constituent parts.

In a discussion of the Hegelian dialectic, Callinicos argues:

> *Hegel's broader argument is that if we merely concentrate on individual things, we see only the differences between them. Once we look at things from the standpoint of the dialectic, however, we see that they are all part of the same process. 'The truth is the whole'. Things only acquire their meaning when we see them as moments in a process of change.*

This conception emerged centrally from the study. First, it quickly became clear that it is essential to avoid conceptualising any social institution or actor in isolation. Thus, for example, I was forced to try and understand nationalisation from a broader perspective than the economic; and I could only understand the contours of the ANC's nationalist ideology in relation to other social classes, not merely in itself.

Second, the earlier-mentioned point that appearance and essence are not necessarily congruent became clear. The form of things[169] may differ greatly over a period of time. To simply describe or even analyze their form will tell us little about the process in which they are a 'moment'. This is not to say that form is meaningless. It can tell us a lot about the underlying dynamic – but *only if* we try to contextualise it in the underlying dynamic.

Materialism and the dialectic

But how do we discover the underlying dynamic? This is where a dialectical analysis is necessarily historical and concrete.

First, a dialectical analysis implies abstracting *from the concrete* (rather than from other abstractions). Rees puts it: "*a dialectical analysis must grow from a patient, empirical examination of facts, not be imposed on them*" (1990; 118). In searching for the essential dynamic, it is necessary to allow the *pattern* to emerge from concrete study. This pattern

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169 for example, of the capitalist state; or of nationalist movements

therefore, simply by gathering 'facts' about the world. Rather, 'facts' must be studied with the purpose of stripping away the phenomenal appearance of things to find their essence.

It also differs from the idealist approach which posits an identity of thought and being. Human society (the subject matter of sociology) is itself an objective reality, and at the same time a complex unity with human subjectivity. There is no necessary identity, and never a complete identity, between our *perceptions* of the world, and the real world, including the social world.

Such materialism underlies the 'sceptical' approach to the question under study. I asked "Why did the ANC's position on nationalisation change?" and assumed that the change was not entirely internal to the subjective perceptions of the ANC. Therefore it was necessary to look beyond the ANC's own rationale to explain the shifts.

A distinctive feature of marxism is its class analysis. For marxists, the fundamental feature of most forms of human society is their division into classes[167]. It is the *dynamic* of class relations which shape the form and movement of all social institutions, although not in a functional or direct manner. My concern to analyze the class character of major actors in the transition flows from this aspect of materialism.

The method by which marxist analysis reaches these conclusions about the world is through dialectical analysis. It is also the method by which it is possible to strip away the phenomenal to discover the essence. I started the research with a very broad conceptual framework, outlined above, and with a few broad pointers regarding the dialectical method, introduced below. In the course of the research, I developed my understanding of this method; or rather, it presented itself to me as a pattern in the material world I was studying.

A dialectical analysis

A dialectical analysis is a *way of looking at the world* rather than a technique for gathering data. It is a method of analysis rather than a method of research per se. It is powerful because it reflects the way the world works. The marxist dialectic is fundamentally materialist.

Marx did not invent the dialectic; he was not even the first to think of it. He only *discovered* it in its materialist form. Reality is itself dialectical[168]; therefore it is necessary to conceive of it dialectically. It is in this sense that the marxist dialectic is fundamentally materialist: it mirrors in thought the dynamic of the world, and by doing so lays the basis for a more accurate understanding of objective reality.

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167 This flows quite simply from the patent fact that the first imperative for humans and other animals is securing their means of survival. Without meeting this simple material need, no other human activity can occur. But humans have the capacity to *produce* their means of survival, rather than simply relying on nature to provide it. In producing their means of survival, humans organise themselves socially. Therefore the fundamental starting point of understanding human society (human social organisation) is understanding how they organise themselves to produce their immediate material (and other) needs. Most societies to date, with the exception of primitive hunter-gather bands, do so according to class - one group of humans produces, while another controls the surplus which they produce.

168 Bhasker discusses in some detail how we can test this conception of the world.

APPENDIX ONE:
RESEARCH METHODS AND METHODOLOGY

The study at hand was conducted using marxist methodology, although the research techniques used to gather data were not peculiarly marxist.

Methodology

The following discussion touches on current debates about 'knowledge production' (about how and if we can know reality). I have not explicitly situated the discussion in these debates, however, because my primary concern is not to say what framework I started from. Rather, I want to make explicit to the reader how I analyzed the data I was gathering in my research, and, as importantly, how I learned more about how to think about the world (how to analyze it) in the process.

What I want to show here are the very general patterns that emerged from this study. Such patterns reveal more of how the world works. By modelling a method of analysis on them, it is possible to more easily understand the world. In this sense, I hope to add to understanding how best to gather accurate knowledge about the world[165].

A big part of the method of analysis I will discuss was acquired implicitly – I learned a certain way of analysing the world through 'praxis' over a substantial period of time (more about this later). Therefore it is often difficult to remember where I learned it. A few references (see footnote) helped me to consolidate my own thoughts on the matter.

<u>The marxist approach</u>

A marxist approach involves centrally a historical and dialectical approach[166]. I tried to use a dialectical method (which I will discuss later) in this study, and also used some discoveries that Marx made about the world using this method.

Marxism is a fundamentally materialist conception of the world, starting from the notion that objective reality is the starting point of society. Humanity's social organisation cannot be understood in isolation from the real world in which humans organise themselves.

But marxist materialism differs from empiricism, because it assumes that objective reality is not necessarily identical to the *appearance* of reality. It can't be apprehended,

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165 It must be noted that the order in which material is presented in the body of the thesis does not accord with the order in which the thoughts were developed. This appendix, and the introduction to the thesis, attempt to explain the latter.

166 For more detailed discussion of these issues, Callinicos' *The revolutionary thought of Karl Marx* provides a useful overview of the development of Marx's thought. John Rees' article, *Trotsky and the dialectic of history*, is an excellent and very readable discussion of the dialectic. Roy Bhasker's writing on critical realism reproduces much of this method of analysing the world (although his style is less easy reading).

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Finally, numerous informal discussions with ANC members and supporters contributed to an 'organic sense' which again helped to alert me to complexities in their perceptions.

Investigating the impact of the ANC's mass base deserves special mention, because it required a less direct approach. A problem with the interviews and survey of documents was that the former represented the opinions of a handful of mainly leadership figures; with the latter, it was difficult to establish the extent to which the opinions of broader membership and supporters were incorporated. As the research progressed, it was suggested that, given the importance of the ANC's mass base, interviews should be conducted with samples from this group.

The group interview was useful in alerting me to subtleties and complexities in the activists' perceptions, detailed in chapters one and four. However, a drawback of the interview was that most participants were executive members of the same branch, and highly active members of the ANC. This clearly biased the sample. It pointed to a greater difficulty with conducting further such interviews – namely, that ANC *members* are a minority of the ANC's mass support base. Both were influential on ANC policy.

An apparent way to overcome this problem would have been to select random samples of people, but this scale of research was beyond my means; a relatively large sample would be required to make such a survey meaningful[178]. An alternative was interviewing more groups, but attempts to set up "cross-section" group interviews were unsuccessful. I could think of no satisfactory way of random sampling, and moreover the process of trying to set up such interviews was extremely time-consuming.

Fortunately, interviews and surveys were not the only way of assessing the ANC's mass base, particularly given my conceptual starting point in this regard.

Secondary sources provided some additional information. Like the group interview, newspaper reports and letters to Congress Alliance publications helped to highlight subtleties to look out for.

Contextualising policy documents also gave insight into the influence of the mass base. As mentioned, it was difficult to establish the extent of broad membership influence on policy documents, but it was easier to establish *when* it may have influenced them (for example, at conferences). From there, I was able to assess whether there were significant differences between these documents and those formulated in different circumstances. Differences which emerged suggested a disparity between the views of the leadership and the general membership.

Further, the *actions* of the ANC's mass base were as important as their ideas. The study of the history of the transition period allowed me to look at what the ANC's support base actually *did*, as a collective, to consciously or unconsciously influence the ANC leadership. The collective aspect is of qualitative importance. When a whole lot of individuals come together to act, each bringing their own ideas and perceptions, the outcome can not be understood as an algebraic aggregate of those perceptions. Its complexity is too vast. It is best understood in total, in the actual collective action that results. This is a subtlety that individual and even group interviews are unable to apprehend.

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178 Some information of this nature was gathered from surveys such as the CASE survey of COSATU shopstewards.

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