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SOUTH AFRICA'S NEGOTIATED TRANSITION FROM APARTHEID TO AN INCLUSIVE POLITICAL SYSTEM: WHAT CAPITALIST INTERESTS REIGNED SUPREME?

Introduction:

South Africa's negotiated transition from apartheid to an inclusive political system has had many interpretations, which even 20 years later, represent various ideological, class, political, racial, regional and economic interests and perspectives. This thesis will argue and conclude that certain fractions of capital did reign supreme in determining the economic and therefore political content of South Africa's transition. Such will be done through thorough document study, interviews with those who partook in South Africa's economic and political policy negotiations and discussions, and in depth analysis of the commentary of all aspects that defined South Africa's transition from apartheid to a politically inclusive system.

Morris (1975) argues that "the fraction that is economically dominant may very well not be politically dominant. In the case of South Africa this is very clear from Kaplan's work on the earlier period of capitalist development, where he was essentially arguing that while gold mining was economically dominant it was the national bourgeoisie that was politically dominant". This is an acknowledgement that in various political developments, there exist fractions of capital which are dominant and influence the content and character of the political sphere.

The notion of capitalist or 'elite' influence on the transition has been cogently addressed by Bond (2000), Esterhuyse (2011), Terreblanche (2002 & 2012), Alexander (2002), Giliomee (1995) and various others. While they correctly argue that it was an elite that had the most impact on the nature and content of the transition, they do not deal substantively with the fractions of capital that determined the content and character of the transition at the expense of other fractions of capital and at the expense of the aspirations of the ANC led National Liberation Movement.

In an interview conducted for this thesis, Clem Sunter, who worked in various capacities for Anglo American in the transition period said, “What Anglo perceived, in the kind of early, well in the 70s.... Harry Oppenheimer who was our Chairman. He always realised that apartheid was a no go. It was not sustainable. So from his point of view, if Anglo wanted to have a future in SA, we had to look at something else” (Sunter, 2013). This relates to the statement he made in 1987, that “Negotiation works. Rhetoric is dropped, reality prevails and in the end the companies concerned go on producing the minerals, goods and services (Sunter, 1987)”.

As will be seen in the Chapters below, the thesis argue that specific fractions of capital reigned supreme over the ANC economic aspirations, and over the economic policy content of the transition. This happened in the context of approaching the State as a contested terrain, yet with profound capacity and capability of influencing economic policy to favour a political outlook that would guarantee continued profitability, expansion and protection of private property rights.

The thesis seeks to contribute to a thorough understanding of the transition, but isolate the specific fractions of capital that reigned supreme and show how these interests were all elevated into what was an economic policy *coup d’état* by the International Monetary Fund (IMF). Isolating the specific capitalist interests assist in a thorough comprehension of the structural crises that continue to characterise South Africa today and how these link to the nature and content of economic policy influences on South Africa.

The thesis is based on the notion that South African capitalism is not homogenous and various interests of South African capitalism have not always held homogenous interests and aspirations. While uniting on the need to continue doing business and maximising profits, their interests are not, have not and possibly will not be homogenous. More often than not, the reign and influence of one fraction of capital can negatively impact on other interests.

Secondly, the thesis is based on the notion that since the emergence of capitalism in South Africa, political institutions, systems, and legislation that were promulgated and promoted by capitalists or fractions of capital always sought to consolidate and continue with capitalist exploitation, initially in its racialised form, and with superficial minor changes post 1994. The interests of fractions of capital in South Africa have always emerged victorious in various political trajectories, and the study illustrates which of these fractions of capital are. This is so because fractions of capital were hegemonic or reigned supreme in the transition from apartheid to an inclusive political system.

The thesis is unique because it deals with fractions of capital and illustrate through research that these ensured that capitalist interests reigned supreme in the transition from apartheid to an inclusive political system. Other studies of the transition in the political and academic left generalise the notion that capitalists and capitalism held a dominant perspective on the content and direction of the transition. This is one factor which virtually all scholars of South African transition to post apartheid political system have ignored, and instead focused on the elite character of the transition and the reality that at the end, dominant fractions of capital reigned supreme is neglected.

Fractions of capital reigned supreme over other interests, but importantly over the ANC's economic policy aspirations because after its first negotiation meeting with representatives of big business and opinion leaders in 1985, the ANC issued a statement which amongst other things said,

> "with regard to certain specific questions ANC policy was outlined around certain specific problems that they [business and opinion leaders] had raised. They included: That our perspectives at the economic level were based on the Freedom Charter which requires the nationalisation of monopoly industries, banks and the mines and required a re-distribution of the wealth of our country in contrast to the present economic order which is characterised by extremes of wealth co-existing with gross mass poverty" (Gerhart & Glaser, 2013: 576).

The study is also unique because it brings to the fore clearer context, key documents and perspectives on South Africa's transition to an inclusive political system. Notably these are International Monetary Fund's (IMF) and Transitional Executive Council (TEC) statements of policy on what should be economic policy post apartheid, and the IMF's own explanation in

Boughton (2012) of how the economic policies were agreed and binding on the post-1994 inclusive political system even before the April 1994 elections happened. A clearer context of how the IMF exerted hegemony over South Africa's economic policies even before the first politically inclusive elections were held will be discussed in Chapter 6 below. This will illustrate how the dominance of IMF economic policy content subsequently came to reign over ANC economic policy aspirations and other capitalist interests, but importantly as a triumph of fractions of capital that reigned supreme.

The reality that the leadership of the ANC, through the Transitional Executive Council alongside Derek Keys, signed the General Agreement on Trade and Tariffs (GATT) just before the first inclusive general elections in 1994, is a confirmation that upon transition, an economic policy *coup d'état* had been declared in South Africa. The reality that the TEC, which was comprised of the apartheid government representatives and the ANC, as a potential ruling party and government, signed the GATT means that post elections, the new government was already tied to neo-liberal conditions, which were dominant aspects of capitalist rule in the world. This observation is made on the reality that most cogent and reliable reflections of the IMF in the African continent and the countries it helped with policy prescriptions lost their independence to decide sovereign economic policies, and that is exactly what happened in South Africa during the transition to an inclusive economic system.

A thorough understanding of the reality that fractions of capital ensured that capitalist interests reigned supreme should be located within a proper and detailed understanding of the following:

a) Theoretical and ideological framework as tool of analysis which help to elucidate the reality that whilst it is an instrument of class rule, the state is contested by various fractions of capital and largely defined by a dialectical relationship with capital where capitalists influence its content and also influenced by capitalists. This will be done in **Chapter 1**.
b) The nature of South African capitalism, particularly the reality that historically, different political system always ensured the profitability of fractions of capital. This will be provided in **Chapter 2**.

c) The ANC economic policy aspirations as a significant role player in the transition, despite the widely held perspective that the ANC never had economic policy aspirations during transition. This will be in **Chapter 3.**
d) The other factors that influenced the political transition, and how capitalist interests emerged victorious amidst these. This will be in **Chapter 4**.

A thorough understanding of these aspects is provided in the first four Chapters and the actual question of what capitalist interest reigned supreme is responded to in the following four chapters:

e) Discussion of the fractions of capital that reigned supreme. This will happen in **Chapter 5**.
f) Discussion of how the IMF consolidated the capitalist agenda through a binding policy statement which was signed in December 1993. This will be in **Chapter 6**.
g) An illustration of how fractions of capital ensured that capitalist interests reigned supreme and how this relates to the political dynamics of the transition to a post 1994 South Africa. This will be in **Chapter 7**.
h) The evidence and consequence the reigning supreme by the capitalist interests. This will be provided in **Chapter 8**.

These eight chapters are followed by a conclusion, which will summarise the argument of each Chapter, presenting the final argument of this thesis.

LITERATURE REVIEW:

Literature review is an account of what has been published in the topic under review, and this section of the thesis will highlight the key themes and notions dealt with in relation to the transition from apartheid to an inclusive political system. Firstly, the question of fractions of capital in relation to South Africa received much attention in the mid to late 1970s and early 1980s, epitomised with the publishing of *Class struggles and the Periodisation of the South African state* by Davies et al (1976). In that perspective, Davies et al (1976) argued that

> "Within capitalist social formations, classes are not reproduced as a unity, but are fractured and divided. Several dominant classes co-exist (dependent on the articulation with other modes) and, more critically, the dominant capitalist class is itself divided into several fractions (resting on their differing roles in the expanded reproduction of capital). The dominant classes and fractions share a common interest in the maintenance of the relations of exploitation in general, but simultaneously have contradictory interests corresponding to their particular place in the relations of exploitation" (Davies et al, 1978: 5).

This assertion was within a debate that various fractions of capital have dominated various political conjunctures in the development of capitalism in South Africa. The dominance and reigning supreme of these fractions of capital would largely be reflected on the type of economic policies various governments would adopt to promote capitalist interests of fractions of capital, while obviously safeguarding the capitalist system as a whole. Specific interests and aspirations of fractions of capital, in this instance, became direct or indirect policies and expression of the political system.

This was a subject of discussion and debate, involving critical and notable scholars such as Morris (1975), Kaplan (1976 and 1977), Davies (1979), Clarke (1978), and Wolpe (1980). In the debate, Morris (1975) argued that "the fraction that is economically dominant may very

well not be politically dominant. In the case of South Africa this is very clear from Kaplan's work on the earlier period of capitalist development, where he was essentially arguing that while gold mining was economically dominant it was the national bourgeoisie that was politically dominant." (Morris 1975, appendix).

Kaplan (1976) argued that "The consensus of state policies, with respect to local industrialisation, with those of the Mines and Commerce, provide a firm indication of which fractions of capital were hegemonic under the Botha-Smuts government." (Kaplan 1976: 76). This is an acknowledgement that in a certain political conjuncture, i.e. Botha-Smuts government, certain fractions of capital were dominant, and as will be illustrated below, a thorough investigation of which fractions of capital were dominant in the transition and post transition has not been done adequately, and such constitute a firm foundation and reason for this thesis.

Davies (1977) argued that "despite the fact that industrial capital did not itself exercise direct political hegemony during the early Apartheid period, the state continued (in the name of national economic development) to guarantee the conditions necessary for the emergence of the not yet given relation of monopoly capitalism in industry" (Davies 1977: 291-2). This again is an acknowledgement of the existence of fractions of capital and the reality that capitalist interests are not homogenous and will never be in South Africa's capitalist interests.

Acknowledging this debate from a contrary point of view, Clarke (1978) argues that "The form of state, as much as particular state policies, is seen as the product of the struggle between fractions of capital and is determined essentially by the form in which the dominance of the dominant fraction is institutionalised. Hence the Apartheid state is not explained as a particular form of the struggle between labour and capital, but rather as a particular form of the struggle between the fractions of capital. The key to an understanding of the Apartheid state is to be found for the factionalists, in an understanding of the 1924 election that established the dominance of 'national capital', a dominance subsequently eroded, but renewed in 1948 with the formation of the Nationalist government" (Clarke, 1978:48).

Wolpe (1980) argued then that “the access of classes or elements of classes to state apparatuses such that these apparatuses become the means of defining and organizing the interests of those fractions of classes, quite obviously depends on the outcome of struggles which take place in already given structured political and economic conditions. It is clear that there are a number of possibilities, certain apparatuses may become monopolized by a particular class fraction, others may be the site of struggle between opposing classes or class fractions and in this event these classes may have equal or asymmetrical access to the apparatuses in question.” (Wolpe, 1980). This was a necessary observation, and perhaps one of the last substantial reflections on fractions of capital, which is an academic development that deprived South Africa and the world of necessary debate on the content of the capitalist system.

While there have been substantial analyses on the nature, character and content of the transition from apartheid to an inclusive political system, there is virtually no work that has dealt with the fractions of capital as key beneficiaries of the transition. None of the debate on the transition cogently investigates and discusses the fractions that became dominant in the transition. Those who do so, like Bond (2000), argue that the transition was an elite transition and like Terreblanche (2012), argue that the dominant system, christened Minerals-energy complex triumphed. Both deal with this question without delving deeper into the dynamics that characterise and define specific interests of various fractions of capital.

Those who acknowledge dominance of certain fractions, do so without analysis of the context within which certain fractions became dominant in the transition from apartheid to an inclusive political system, In his analysis of the transition, Esterhuyse’s (2011) argues that “the role played by business leaders in reform initiatives and transition processes in South Africa should not be underestimated. Naturally, they had vested interest in developments in this regard. Once the Afrikaner business elite realised that apartheid did not make economic sense, they began to change their political tune. They put together a great amount of pressure on the Botha regime, albeit mainly for strategic, than moral reasons” (Esterhuyse, 2011: 23).

While Esterhuyse (2011) mentions the Afrikaner business elite as having played a role, he does not locate this within a broader and clearer context of various fractions of capital that stood to benefit through pushing for certain and specific economic policy interests during the transition. This is so and does not help in a thorough understanding of the capitalist interests that dominated the transition.

Another important observation around this notion is Alexander's (2002) argument that the popularised view that the end of apartheid was a victory of the masses for their benefit is false, and "the truth, however is that from a rigorously social analytical point of view, South Africa's government of national unity is a government dominated – in terms of real power – by the very same capitalist class that profited from the system of over and systemic racism which the world called apartheid and which is now allegedly a thing of the past" (Alexander, 2002: 59).

The view by Alexander (2002) presents a theoretical perspective that the capitalist system homogenously benefitted in its entirety, ignoring the reality that there are massive and sometimes irreconcilable contradictions and interests within capitalists. While all capitalists chase profits, they do not always agree on important economic policy issues such as fiscal policy, industrial and trade policy, industrial relations policies and whether there should be protection of industries or not.

Terreblanche (2002) correctly argues that "Capitalism is not a sovereign and self-regulatory system, and it does not operate in accordance with natural economic laws. Capitalism is not a natural construct. It is a human construct and a man-made phenomenon. It is a project always in the making. A capitalist system cannot exist in a political and constitutional vacuum. Capitalism is always part of a dual politico-economic system in which the political authority, the state – irrespective of whether or not it has been elected democratically – represents the political side of the dual system, and capitalism the economic side" (Terreblanche, 2012: 37).

While Terreblanche (2012) argues a correct point, he does not delve into the deeper detail of fractions within the 'economic side'. This is a fault committed by many scholars of the transition and one that does leads to the misdiagnosis of the structural economic problems, such as unemployment and massive blacks and Africans poverty, that continue to define South Africa 20 years post transition.

In the introduction to his biography, former South African Government Minister, Ronnie Kasrils (2013) states, "We took an IMF loan on the eve of our first democratic election and had already imperceptibly succumbed to the guile and subtle threats of the corporate world which had been chipping away at revolutionary resolve for some years. That loan, with strings attached that precluded a radical economic agenda, was considered a necessary evil at the time, as were the concessions to keep negotiations on track and take delivery of the promised land for our people. We walked into that in the misguided belief that there was no other option" (Kasrils, 2013: xiii).

While acknowledging the reality that the IMF loan was a sort of ANC's capitulation to capitalist pressure, his assertion is ignorant of the fractions of capital that stood to benefit from the IMF's policy expectation from the transitional and post 1994 government. Trade liberalisation, which was the hallmark of IMF's policy package and expectation was not a guarantor of the entire capitalist system because it weakened sectors that enjoyed state protection. This applies to the expectation of privatisation, which weakened the state capitalist interests.

Van Zyl Slabbert (1991) argues that "increasingly, it became apparent that the South African economy could not carry the ideological costs that apartheid/separate development demanded. In addition, the imperatives of economic growth demanded the undermining of political goals set by the regime" (Lee & Schlemmer (eds), 1991: 2). He goes on explicitly to say that "the private sector has always followed the political approach of 'business' to keep both ears to the ground, tuck in behind power, and economically exploit stability for as long as it (capital) endures" (Lee & Schlemmer, 1991: 2). While large sections of business acknowledged the danger apartheid posed to their capitalist interests, the observation by Slabbert (1991) presents a picture that business interests were homogenous.

This literature review reveals the reality that whilst there have been many studies on the transition from apartheid to an inclusive political system; there has not been a thorough focus on the fractions of capital that dominated this transition. This reflects a disjuncture from the mid to late 1970s and early 1980s discourse and discussion of fractions of capital that had been dominant in various political developments of the political territory called South Africa. The thesis will therefore be an important, yet not exhaustive contribution to this gap left by scholars of the transition. This is so because those who discuss the transition in SA ignore the role of fractions of capital and how, for their interests, pursued certain political actions.

RESEARCH METHODOLOGY:

The research method is qualitative and will include interviews with ANC leaders who overtly and covertly partook in the economic policy negotiations as individuals and institutions for the transition to take the form it did.

Leedy and Ormrod (2010) argue that qualitative research, 'involves looking at characteristics, or *qualities*, that cannot easily be reduced to numerical values' and 'typically aims to examine the many nuances and complexities of a particular phenomenon' (Leedy & Ormrod, 2010: 94).

To reach an adequate solution, the research will use case study analysis to come to a correct conclusion. Mark (1996) refers to three types of case studies, distinguished from each other on the basis of purpose, namely:

1. *The intrinsic case study*: designed not with the aim of gaining insights into a broad social issue, but to describe the specific case at hand;
2. *The instrumental case study*: used to elaborate theory or illuminate a broad social issue; and
3. *The collective case study*: intended to elucidate a researcher's understanding of a social issue or the specific context, but is distinguished by the fact that it is the

comparison between cases rather than the individual case that is primary (Mark, 1996: 219, cited in de Vos *et al*, 2005: 272).

Using these three analytical tools, the research will focus on the following:

1. **Document study**—
    a. Biographies and autobiographies of ANC, National Party and other relevant leaders.
    b. Scholarly texts on the South African transition.
    c. Documents of the international organisations, particularly the IMF's Staff Report for the 1993 Article IV Consultation, and Request for a Purchase under the Compensatory and Contingency Financial Facility.
    d. Ready to Govern, Old Mutual Scenarios, and many other documents that were presented by representatives of Capital in the mid to 1980s.
2. **Interviews**—Interviews are the most 'predominant mode of data or information collection in qualitative research' (de Vos *et al*, 2005: 287). These interviews were conducted with people who played a role in the transition politics and those who made submissions to the nature and character of the economic system for a post-apartheid system. This included but not limited to:
    a. Prof Sampie Terreblanche
    b. Prof Vishnu Padayachee
    c. Prof Patrick Bond
    d. Tito Mboweni,
    e. Prof Ben Fine, through granting of access to an interview he held on more or less the same topic.
    f. Axel Schimmelpfennig, IMF Senior Resident Representative in South Africa.
    g. Clem Sunter.
3. **Observation**—Due to the researcher's involvement in high level policy making and advocacy process in the ANC, and South African government, such information and experiences will be brought forth to explain how and why certain policy positions were adopted.

SPECIFIC ADDITIONAL SOURCES OF THE RESEARCH PAPER:

While this list of additional sources will be included in the Biography of the thesis, it is important to highlight them in this section in order to properly locate the context of the discussion and argument of the thesis. This is so because in one way or another, these research sources played a role as individuals or through the organisations they represented in the transition from apartheid to an inclusive political system in South Africa.

Former Reserve Bank Governor and Deputy Chairperson of the ANC Department of Economic Transformation during the transition, Mr. Tito Mboweni:

1) Email interaction with Mr. Tito Mboweni between the 31st of October 2013 and 12 November 2013, where he referred me to various documents on the transition, and an ultimate meeting on the 6th of January 2014 in 10 2nd Avenue, Lower Houghton Estate, Johannesburg. The interaction with Tito Mboweni is due to his participation in the processes of negotiations. The following document was shared by Tito Mboweni:
    a. International Monetary Fund. (1993). South Africa - Staff Report for the 1993 Article IV Consultation, and Request for a Purchase under the Compensatory and Contingency Financial Facility. IMF, Washington D.C.

Professor Ben Fine:

2) Meeting with Professor Ben Fine in October 2013 at the Wits University Sociology of Work Colloquium on Marikana, which led to email interaction between 31st October and November 7th 2013, which led to accessing of an interview he did on the same topic with Fumani Mthembi, who interviewed him on the same topic. It should be noted that the interview of Professor Ben Fine has largely covered areas the research paper aimed to dwell on and all the verbatim quotes by him were clarified through a subsequent email interaction. From Professor Ben Fine, I received the following document:
    a. Fine (2008), Engaging the MEC: Or a Lot of My Views on a Lot of Things; Paper for Workshop at University of KwaZulu-Natal, June, 2008.

Professor Sampie Terreblanche:

3) Email interaction with Professor Sampie Terreblanche on the 12th of September 2013, where he sent the document on his reflections of what transpired on the negotiation from apartheid to post apartheid. The following documents were shared by Professor Sampie Terreblanche:
    a. Presentation by Professor S. Terreblanche, September 2013, Cape Town.

Professor Vishnu Padayachee:

4) Email interaction with Professor Vishnu Padayachee on the 4th of December 2013, where he responded to the specific questions asked and provided additional readings to help me understand the issues around the Macro Economic Research Group (MERG). The following documents were shared by Professor Padayachee:
    a. Padayachee, V. A.B Xuma Memorial Lecture at Rhodes University titled **Ideas and power: academic economists and the making of economic policy:** The South African experience in comparative perspective.
    b. Vishnu Padayachee (2013) Lost and found: the South African transition through a Stellenbosch lens. Willie Esterhuyse, Endgame: secret talks and the end of apartheid. Sampie Terreblanche, Lost in transformation, International Review of Applied Economics, 27:6, 834-841, DOI: 10.1080/02692171.2013.839500
    c. Padayachee, Vishnu (undated). Progressive Academic Economists and the Challenge of Development in South Africa's Decade of Liberation, CSDS, University of Natal, Durban
    d. Bill Freund, Swimming Against the Tide: The Macro Economic Research Group in the South African Transition: 1991 to 1994.

Professor Patrick Bond:

5) Email interaction with Professor Patrick Bond between the 4th and 10th of December 2013 which provided substantial responses to the questions posed for this research essay. Professor Bond provided the following documents in this regard:
    a. Bond, P. ***Elite Transition: from apartheid to neoliberalism in South Africa***(Pietermaritzburg: UKZNpress, 2000)

Clem Sunter:

6) Research interview meeting with Mr. Clem Sunter on the 6th of December 2013 at the Nunos Restaurant in Rosebank Mall, Johannesburg which provided substantial

analysis of the transition and referred me to additional readings for the research purpose. This was followed by recurrent email interactions for clarity.

Axel Schimmelpfennig:

7) Research interview meeting with Mr. Axel Schimmelpfennig, the IMF Chief Representative in South Africa on the 6th of December 2013 in the IMF South Africa offices in Brooklyn, Pretoria where he gave substantial responses and emailed me additional documents on the 12th of December 2013. The following documents were shared by Axel Schimmelpfennig:
    a. International Monetary Fund. (1993). South Africa - Staff Report for the 1993 Article IV Consultation, and Request for a Purchase under the Compensatory and Contingency Financial Facility. IMF, Washington D.C.
    b. History of the IMF in South Africa by Boughton.

Bobby Godsell:

8) The interview with Bobby Godsell happened on the 21st of January 2014 at the Johannesburg Country Club after email interaction which began on the 7th of January 2014.

Joel Netshitendzhe:

9) Email interaction with Mr. Joel Netshitendzhe, which begun on the 4th of December 2013 and ended with reference to historical ANC Economic Policy Documents, which dealt with the transition economic policies.

Cyril Ramaphosa:

10) The presentation by Cyril Ramaphosa to the ANC Youth League National Executive Committee meeting on the 30th of July 2011, where he spoke in great detail about the process of the Negotiations between apartheid government and the ANC. This was followed by discussion with the author on the politics of the ANC, and transition from apartheid to an inclusive political system. The information he provided has been processed and verified through other sources, notably his biography and other documents that reflect on his participation in the negotiation process. Because most of the remarks he made cannot be confirmed by a 2nd source except the author, references to what he said is corroborated by his Biographer, Butler (2007).

As illustrated, the interviews were with people who were in one way or another involved in the economic policy and decision making during the transition. This is meant to avoid speculations on what exactly happened as is the case with even dominant analyses of the transition from the political and economic side.

BIOGRAPHY STUDIES:

Studying autobiographies and biographies has substantially assisted in the research process and contributed magnificently to a thorough comprehension of the topic on focus. The majority of the information provided in the following biographies and autobiographies respond to the question the research would have asked and deals with such in a substantial and cogent fashion. The following autobiographies and biographies deserve special mention:

1) Nelson Mandela's Long Walk to Freedom, referenced as Mandela (1994).
2) Nothing but the Truth by Ben Turok, referred to as Turok (2008).
3) Cyril Ramaphosa, by Butler (2008).
4) Endgame by Willie Esterhuyse referred to as Esterhuyse (2011).
5) Frederick van Zyl Slabbert's The Other Side of History, by van Zyl Slabbert (1991).
6) Thabo Mbeki and the battle of the soul of the ANC, by Gumede (2005).
7) Armed and Dangerous by Ronnie Kasrils, by Kasrils (2005).
8) Trevor Manuel, Choice, not Fate by Green (2009).

Biography study as a source of research is very critical and important to understand even the most basic and fundamental of dynamics and contexts how certain political developments transpired in the manner they did.

CHAPTER 1: RATIONALE, THEORETICAL FRAMEWORK AND CONCEPTUAL BASIS.

RATIONALE: WHY STUDY THE TRANSITION FROM APARTHEID TO AN ELECTORALLY-INCLUSIVE SYSTEM?

In 2014, the year when this research paper will be concluded and submitted, South Africa will be commemorating or celebrating the 20th anniversary since the first inclusive elections. Larger sections of society, sections of the media, civil society, and political parties will be persuaded or coerced to celebrate 20 years of democracy. This will happen despite the reality that 20 years of democracy means different things to different people.

There are so many interpretations of what happened, including the interpretation which says it was a triumph of capitalist interests. None of these interpretations has cogently isolated the specific capitalist interests and illustrated how they reigned supreme in the negotiated transition. To some, the transition was a major democratic breakthrough and victory of the African National Congress led liberation movement, whilst to others it was a capitulation of the democratic and liberation forces to the whims and demands of capital in

South Africa, which had acknowledged and accepted that it could not continue to maximize profits under the apartheid system. Some view the negotiated settlement as a beginning of a transition, which should in times to come or in its 2nd phase, achieve an equitable, united, non-racial, democratic society, whilst to some it represents the first stage in the struggle for socialism.

For someone who was not directly involved in the whole transition, and for someone who has had academically and politically to address the consequences of the negotiated transition, an observation of what really happened is refreshing. It is refreshing because it will not be embedded in the perspective and view that are about relooking at the mishaps and blunders committed in negotiating the transition. Most of the observers and commentators on the transition reflect on it with a sense of nostalgic notions of 'we wish we could have done things differently', or 'we were right in agreeing to what we agreed should be content of the transition'.

Furthermore, most academic reflections on the transition from apartheid to an inclusive political system are done by people who were directly involved and they tend to justify the positions they held then and how those were correct. For instance, Professor Patrick Bond was in the RDP Office; Professor Sampie Terreblanche was part of the negotiations; Professor Willie Esterhuyse was assigned to lead the secret talks;and Professors Ben Fine and Vishnu Padayachee were in the MERG process. While most of the notions they present are correct, they tend to justify the positions they held during their participation in the process.

With so many socio-economic challenges and crises confronting South Africa 20 years post first inclusive elections, it is important to investigate thoroughly and discuss the economic interests to assist future policymakers, observers, and commentators on their view of what went wrong or right during transition. This is so because, as will be argued, the specific economic interests that reigned supreme during negotiations are primarily responsible for the socio-economic challenges confronting South Africa 20 years into an electorally-inclusive political system, with high levels of poverty, unemployment, under-employment,

joblessness, and inequalities. In fact, the nature and content of the transition is largely reflected in post 1994 South Africa.

The political and economic future of South Africa cannot be defined clearly without a thorough and continuous understanding of the economic interests that determined the pace and content of South Africa's transition. The study is further necessitated by the desire to contribute into the development of a thorough understanding of the South African political economy in light of the options taken by the post-apartheid government. A study and continuous assessment of the political economy is forever necessary to understand the power dynamics that determine resource allocation and property relations in a country that is characterised by massive inequality, high levels of unemployment, joblessness and poverty.

Whilst there is academic work which correctly argues that the end of apartheid through a negotiated transition was triumph of neo-liberalism and continued dominance of certain fractions of South Africa's capitalism, the dominant discourse in South African society and other parts of the world is that the transition signifies the following:

1) The defeat of apartheid.
2) The defeat of racism.
3) South Africa as a last country to be decolonised in Africa.
4) Triumph of the human spirit of solidarity and determination.
5) Construction of a rainbow nation.
6) Victory of an important phase of the national democratic revolution towards socialism.
7) The beginning of the first phase of the transition towards socio-economic transformation.
8) Peaceful transition.

Most of these dominant characterisations of South Africa's transition are objectionable and some utterly false. The thesis illustrates that the transition from apartheid to a electorally-inclusive system can be correctly defined as substitution of the apartheid political office bearers with the post 1994 political office bearers, so that they could continue to be

'nothing but a committee for the management of the common affairs of the bourgeoisie" (Marx & Engels, 1848), and admittedly dominated by the fractions that were dominant. South Africa's move from apartheid to an inclusive political system was a transplacement, not a revolutionary overthrow of apartheid. While explored and discussed in other analyses and observations, this notion does not enjoy popular acceptance, despite the fact that it reflects reality more than all of the notions mentioned above.

Bringing this notion with the cogency it deserves is therefore important because if such is not done, these other objectionable and utterly false notions of what South Africa's transition are and will be dominant, and ultimately become the only lens through which future generations understand the transition. Such will be disastrous for future policy consideration and economic policy options which will be oblivious of what truly happened for South Africa to negotiate a transition in the manner it did.

While the literature reviewed illustrate and dwell on the question of how capitalist interests reigned supreme in the transition from apartheid to an inclusive political system, the question of what these interests are has not been adequately responded to. There is currently no academic enquiry into the primary question of what these capitalist interests are, therefore leading to a generalisation that capitalism reigned supreme or was hegemonic and dominant in determining the content and character of the transition in South Africa.

The combination of document study and interviews with people and institutions that partook in the economic policies of the transition removes the speculative analyses that has for some time dominated the discussions of the transition. This is specifically the case in relation to the existence of a 'Brenthurst' group which most academic analyses mention with less certainty. This also applies to the IMF's binding agreement with the Transitional Executive Council on what should be SA's economic policies in the inclusive political system. It also applies to the intra-liberation movement's change of heart on key economic policy issues, and how these came about.

Overall, a consistent analysis of South Africa's transition from apartheid to an inclusive political system will never be exhaustive, but should happen because as Alexander (2002) correctly observes, "the partial political revolution in South Africa, which is what this transition actually is, has usually been marketed as a social revolution in which the popular masses are the victors and the real beneficiaries" (Alexander, 2002: 59). In discussing the capitalist interests that reigned supreme, the thesis will illustrate that South Africa's transition was not a social revolution, but triumph of capitalist system over the political through dominance of certain fractions of capital which aimed to protect their continued dominance and profitability.

THEORETICAL FRAMEWORK:

Firstly, while appreciating the many theoretical tools of analysis, this research paper uses the Marxist-Leninist perspective to understand capital's relationship to the state. Marxism-Leninism is a set of ideas developed by Karl Marx, Frederick Engels, and Lenin which propagate for the discontinuation of private ownership of capital and means of production, en route creation of a classless society, with a view that this will end alienation, the exploitative relationship between labour and capital, and such anomalies as poverty and unemployment, as resources would be distributed equitably,(Marx, 1875).

Notably, there are various Marxist-Leninist paradigms existent, which shall also serve as lens to make analyses. Analyses of the political economy herein will be biased towards the poor

and working class, such that failure of a political economic strategy will be gauged predominantly through the extent at which it improved or can improve the conditions of the working class and the poor. Claiming to be neutral in doing such a study will itself not be a neutral claim, because capitalism and capitalist interests should always be understood from a cogent theoretical and ideological foundation.

The reason Marxism-Leninism is chosen as a tool of analysis is because Marxism-Leninism is a philosophy and social scientific theory that does not die and has matured to explain the most contemporary of developments in a scientific and almost exact manner. Marxism propagates emancipatory reasoning and rationalist scrutiny of the world, with the sole purpose of emancipating humanity from exploitation and oppression.

Specifically, Marxism-Leninism's conception of the state is that almost all discussions on economic and political transformation characterise, define and explore the possible role of the ruling class and state in economic transformation. Depending on which side of the ideological spectrum a perspective falls, the state is mainly characterised in orthodoxy as an instrument, which should not be involved in economic transformation, whilst the contending heterodox perspective largely calls for an expanded state intervention on economic transformation.

The former view contends oddly that the market is capable unnoticeably to control itself to address social and economic challenges, whilst the latter is fitted into various and contending ideological telescopes. This thesis is based on the scientific understanding that in any class society, the state is a product of the irreconcilability of class antagonisms, (Lenin, 1917). Despite this, the state does not and cannot manage these contradictions, it instead acts on behalf of, and as an instrument of domination and oppression by the ruling class over the dominated, oppressed or exploited class (Lenin, 1917).

In any capitalist society, the state is an instrument of class oppression, utilised to minimise and eliminate any resistance to the capitalist accumulation path. Governments, in this instance constitute a vital and central role in conditioning the continued oppression and exploitation of the working class by the capitalists. Conspicuously, the state always seeks

ways to legitimise itself and capitalist exploitation through non-cohesive instruments of class rule, such as education, media, religion, and narrow nationalism. An understanding that capitalism is fixed is canvassed, indoctrinated, and sometimes ossified amongst the exploited class. The view that capitalism is a fixed phenomenon, inequality is inherent, that there is generally scarcity of resources, and it can only be few people that can live well, whilst the rest are poor is predominant in a capitalist society.

The structural character of the state makes the institutions of capitalism appear neutral, securing legitimacy for the capitalist system and popular support for policies that benefit the capitalist class.The state, the law, and prevailing culture-ideology reflect the interests of the ruling class or ruling class fractions. What are these interests?

- Protect private property (especially capital).
- Secure the conditions under which labour is exploited.
- Secure and advance accumulation of capital (Lenin, 1917).

Now, this is a scientific foundation from which the thesis below moves from. There is emphasis here that this is a scientific foundation, with an understanding that scienceis knowledge well-researched, developed and formulated, experimented, well-tested and found to be true beyond any reasonable doubt. This is in no way hubris, and contrary perspectives and theoretical tools could and should be expressed without any emotive dispositions as is the case in conversations such as this. In a highly contested terrain of academic investigation such as this one, perspectives should be expressed, contested and consolidated to enhance the quality of the output and perspective.

This Marxist characterisation of the State as captured in the Manifesto of the Communist Party by Karl Marx and Frederick Engels is important to highlight,

> "Each step in the development of the bourgeoisie was accompanied by a corresponding political advance of that class ... the bourgeoisie has at last, since the establishment of Modern Industry and of the world market, conquered for itself, in the modern representative State, exclusive political sway. The **executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie**" (Marx & Engels, 1848)

The characterisation of the executive of the state as a committee for managing the common affairs of the bourgeoisie validates the central argument of this thesis, i.e. after realising that the political and social inhuman actions of the executive of the apartheid state caused international isolation and sanctions, the bourgeoisie acknowledged and accepted that the apartheid state cannot efficiently manage its common affairs, and as Sunter (2013) argued, we (bourgeoisie) had to look for something else" (Sunter, 2013).

It is important to highlight this notion because as will be revealed below, the executive of the modern South African state has been a committee for managing the common affairs of the whole bourgeoisie. This does not take away the reality that at all times, the State was contested and always had to accommodate interests of fractions of capital and at times minimally concede to the demands of organised workers. The argument therefore is that whilst an instrument of class rule, the state is contested by various fractions of capital and by the working class to assume different forms of capitalist exploitation. The state is a site of class struggle, but also a site of contestation of various fractions of capital.

A disclaimer should be made at the outset that usage of Marxism-Leninism is not dogmatic, but an application of social scientific tools of analysis cognisant of key developments over the 20th century that have contributed to the understanding of Marxism-Leninism. There have been misapplication, sometimes bookish approaches to what Marxism and Marxism-Leninism are and entail, a calamity that led to the world's condemnation of Marxism-Leninism as evil, insensitive, anti-freedom, anti-development, anti-creativity, anti-technological development**.**The Marxism-Leninism ascribed to in this research paper is therefore one that has been tested against revolutionary practice.

Secondly, the Marxist-Leninist theoretical foundation that is upheld as a tool of this thesis analysis and discussion acknowledges and accepts that the State in a capitalist society sometimes hold relative autonomy in relation to fractions of capital and its content always contested. This is perfectly discussed in Jessop's (2002) analysis of the capitalist state, which is "inspired by Marx's pre-disciplinary critique of political economy but draws, in a post-disciplinary manner, on a wide range of scholarship and research by social scientists" (Jessop, 2002: 1).

Jessop (2002) argues that, "Starting out from the basic features of capitalism as a mode of production and object of regulation, it highlights the inherent improbability of stable capital accumulation based solely on market forces. It then considers the main contributions of the capitalist type of state in conjunction with other non-market forces. It then considers the main contributions of the capitalist type of state in conjunction with other non-market mechanisms in securing crucial preconditions for accumulation" (Jessop, 2002: 1).

Importantly, Jessop (2002) argues that, "the basic features of capitalism as a mode of production and object of regulation assume different patterns in different varieties and stages of capitalism. The state apparatus and state power are critical factors here in shaping the dynamic of accumulation as well as being shaped by that dynamic" (Loc cit). The essence of the Jessop (2002) argument is that the capitalist state, particularly post World War II, essentially serves the reproduction of the circuit of capital as a whole, yet maintains relative autonomy and a site of class struggle (Jessop, 2002).

The Jessop (2002) arguments can best be understood within Poulantzas (1973) analysis and discussion of the state and social classes. Poulantzas (1973) argues,

> "Institutions, considered from the point of view of power, can be related only to *social classes which hold power. As* it is exercised this power of the social classes is organised in specific institutions which are *power centres:* in this context the state is the *centre of the exercise of political power.* But this does not mean that power centres, the various institutions of an economic, political, military, cultural character are mere instruments, organs or appendices of the power of social classes. They possess their autonomy and structural *specificity* which is not as such reducible to an analysis in terms of power (Poulantzas, 1973: 115).

Poulantzas' (1973) argument that the state (power centres, the various institutions of an economic, political, military, etc., character) possess relative autonomy is a significant acknowledgement. It is significant because it acknowledges that while primarily a committee for the management of the common affairs of the bourgeoisie, states do relatively act in autonomous fashion, sometimes with consequences that can negatively afflict certain capitalist interests. The dynamic relationship between apartheid and fractions of capital reveal this phenomenon starkly, with some fractions opposing some legislations

(such as the job colour bar) of apartheid on the basis that such hindered on their potential to grow and absorb large sections of Africans skilled labourers. Other fractions of capital can obviously hold contrary views and perspectives on the same question depending on what is profitable to them.

Poulantzas (1973) acknowledges this reality, and argues that "the contradictions most directly and acutely reflected within the state are those among the dominant classes and fractions and between these and the supporting classes, far more than the contradiction between the power bloc and the working class. The latter contradictions are basically expressed in the bourgeois state "at a distance" (Poulantzas, 1973).

Now, this is an important theoretical tool of analysis, and as will be shown, the capitalist state in South Africa has been and is a site of class struggles and contested by various fractions of capital. The nature and content of the capitalist state in South Africa is like all other capitalist states, in that it serves the reproduction of the circuit of capital as a whole, but contested with aspects of relative autonomy. A notion which would accept the state merely and entirely as an instrument of homogeneous class rule, with the capitalists as puppet masters and the state as puppet is inadequate. It is inadequate because the various class and capitalist fractional interests always contest its direction, policy content, form and outlook.

Importantly, it should be highlighted that these two streams of ideological thought as a theoretical basis are not contradictory, because the thesis will illustrate in the chapters that follow that while the pre-and post-1994 state was and is a committee for the management of the common affairs of the bourgeoisie, it is also contested and underwent a trans placement to safeguard fractions of capital and the capitalist system as a whole.

CONCEPTUAL BASIS:

A thorough understanding of the notion presented here should be based on certain understanding of key concepts which are elementary and definitive of this thesis. Because they constitute the central theme of this research paper, the following concepts are defined:

a. Negotiated transition.
b. Capitalist interests
c. Fractions of capital.
d. Apartheid.
e. Inclusive political system.

f. Reign supreme.

a) Negotiated transition

The negotiated transition refers to the political and economic talks that happened primarily between the apartheid government and the ANC led liberation movement to end the white dominated political system in South Africa **between 1985 and 1994**. This takes note of both the open and secret negotiations that happened between these two broad groupings and individuals within these formations and structures.

While the official talks between the apartheid regime and the liberation movement began in 1990, the negotiated transition as understood here includes the talks before talks between 1985 and 1994, and the political and economic policy deliberations and talks of individuals whose aim was to usher in political reforms, which would end white minority political domination and replace it with an inclusive political system. The documents under analysis will therefore primarily focus on this period, 1985 to 1994.

The reason why the negotiated transition is located within the period 1985 to 1994 is because the first official contact between forces that represented South Africa's capitalist interests or fractions of capital begun in 1985, and ended in 1994 when the elections happened and a Government of National Unity was constituted. Many influences on the entire transition happened before and post this period, yet this is the period where most concessions from all sides of the negotiations happened.

b) Capitalist interests:

To understand capitalist interests, it is important to understand what capitalism is, and for this research paper, Lowes (2002) definition of capitalism will be used. Lowes (2002) explains it as a "social, political and economic system characterised by the private ownership of property and the production and sale of commodities for profit as opposed to use by the producer(s). In other words, the means of producing, distributing and exchanging

commodities are owned privately and operated for the financial gain of their owners" (Lowes, 2002: 28).

In this context, capitalist interests mean the interests that seek to protect the need to continue the protection of the capitalist system. These capitalist interests are within this context, **the interests to continue doing business in a stable environment in order to maximise profits.** For such to happen, an enabling political system is a *sine qua non* [pre-requisite] for business to continue doing business and making profits. In the past, colonial and apartheid domination were enabling political systems for business to do business and maximise profits, and when apartheid was no longer enabling environment for business to continue doing business and maximise profits, sections of capitalists started, planned and guided processes to end apartheid, to create a new enabling environment for business to continue making profits.

c) Fractions of capital.

Factions of capital are accordingly components within a capitalist system, which due to their location in a sector of a capitalist system and as Poulantzas (1973) illustrates "are capable of becoming autonomous" and therefore hold relatively autonomous strategic and tactical interests within the capitalist system, (Poulantzas, 1973: 84). Fractions of capital can be categorised into 'agricultural capitalist fraction', 'mining capitalist fraction', 'industrial or manufacturing capitalist fraction', 'finance capitalist fraction', etc.

Fractions of capital will always hold different political and economic policy aspirations and wishes with the sole aim of guaranteeing their capitalist interests, i.e. **the interests to continue doing business in a stable environment in order to maximise profits.** In this regard, fractions of capital perspectives and aspirations of economic policy issues such as labour laws, trade and industrial policies, monetary policy, and the general political and social practices of the state will vary because in different conjuncture because they all seek a political and economic environment to continue doing business.

Davies (1977) argues that fractions are “defined in concrete class struggle and is recognised, inter alia, by a specific presence as a fraction at the ideological and political levels" (Davies 1977, 28). In any class society, this is inevitable because interests of various fractions of capital have to be protected by the political and ideological content of the state, which as illustrated in the theoretical basis above is a site of contestation.

This definition of fraction of capital is cogently argued by Poulantzas who illustrates that “the distinction between strata and fractions is especially relevant in so far as it concerns their reflections at the political level: fractions, to the extent that they become autonomous, are capable, unlike strata, of constituting themselves as social forces” (Poulantzas, 1973: 85). They are social forces in that they play a role in fighting for their specific interests in any politically contested terrain.

About fractions being social forces, Morris (1975) acknowledges that “the fraction that is economically dominant may very well not be politically dominant. In the case of South Africa this is very clear from Kaplan's work on the earlier period of capitalist development, where he was essentially arguing that while gold mining was economically dominant it was the national bourgeoisie that was politically dominant." (Morris 1975, appendix).

Fractions of capital as will be illustrated exist to safeguard their sectoral interests, sometimes at the expense of other fractions of capital and other sectors of the capitalist economy. Fractions of capital often coalesce on the common programme of safeguarding private property and enterprise, yet differ on aspects of how the state expresses itself. How fractions of capital expressed and represented themselves in the transition from apartheid to an inclusive political system will be dealt with in cogent form below.

d) Apartheid:

Apartheid refers to the political system which commenced with the political victory of the predominantly Afrikaner National Party (NP) in 1948, and which consolidated racialised capitalism in South Africa, by placing the black and African majority at the bottom of economic, social and political participation. Apartheid is understood within this context as

an order, which pushed and advocated for racial segregationist policies and practices so as to secure cheap labour for continued exploitation of labour and resources, and upheld beliefs that Africans are inherently inferior and should be separated into their own areas, while supplying labour to the existing capitalist system.

While an instrument of class rule, apartheid had relative autonomy from various class interests. This notion is taken out of context and inflated in Lipton (1986) who argues that apartheid was against capitalism. Lipton (1986) argues that "the argument that capitalists are opposed to apartheid, but lack the power to get rid of it was propounded by liberals like Horwitz and Hutt, who maintained that apartheid was closely and inconvenient to capitalists but was forced on them by the superior political power of the Afrikaner National Party (NP), backed by white farmers and workers" (Lipton, 1986: 3).

Apartheid was not the beginning of capitalist exploitation of the black majority and the working class as a whole, but was a system that continued with exploitation and oppression and consolidated these into a set of racially oppressive and segregationist laws. This character of apartheid as a political superstructure that continued with and consolidated racialised capitalist exploitation will be addressed in detail in the chapter that discusses the nature and character of South African capitalism below.

e) Inclusive political system.

Inclusive political system in South Africa refers to the post-1994 elections period, where all South Africans, black and white, were allowed active participation in elections as candidates and voters. The post-1994 socio-political and economic system has had many definitions, including democratic breakthrough, miracle, rainbow nation, and for the argument presented here, the post-1994 political system will be safely referred to as the inclusive political system due to the reality that post 1994, all people were allowed to partake in the political life of South Africa.

It should be noted that the research paper is deliberately avoiding the term democracy to refer to the post-1994 inclusive political system because the term democracy is a highly

charged concept with various interpretations, depending on which political, ideological and academic stream of thoughts one uses to analyse the concept.

Despite its emergence from of a class differentiated society that hoisted some level of noble exclusivity, the original meaning of democracy fundamentally entails that the people (*demos*) rule (*kratos*). The people should essentially partake in decision making processes that affect the broader community, as opposed to some pious, despotic and monarchical forms of rule over a populace. With the development of society and intensification of various class interests and prejudices, the concept of democracy has come to entail different things to different people. The meaning of Democracy is thence fragmented and given contextual, ideological and class meanings, which are hitherto associated with different and conflicting ideological spectrums.

It is therefore not advisable for a research paper of this type with this kind of content to refer to the post-1994 inclusive political system as democracy, because many secondary questions of whether the people (demos) rule (kratos) will arise and deflect the real intention of the thesis. The concept 'inclusive political system' is most acceptable because it acknowledges the reality that post 1994 in South Africa, all citizens are guaranteed the political right to elect and be elected into political offices.

f) Reign supreme.

To reign supreme means to dominate more than other, competing or alternative factors, interests and forces. In the political context, there can be other aspects that dominate the content, character and direction of a political process such as negotiations. Reign supreme means that the original interests of fractions or sides that seek to reign supreme are the outcome of a process.

CHAPTER 2: THE NATURE OF SOUTH AFRICAN CAPITALISM.

Analysing the nature of the South African ruling class, the African National Congress acknowledged in a 1985 discussion document that the "South African society is beyond dispute capitalist" and that such implied a certain property relations, a specific mode of producing the social wealth and appropriating it, and definite pattern of distributing the surplus (ANC, 1985). This is a fact, which needs a thorough understanding and location in history, but in context to understand the political dynamics that defined the transition from apartheid to an inclusive political system.

ANC (1985) argued that the capitalist economy in South Africa pre-1994 did not differ essentially, from capitalism in say Britain, France or Japan, and it was governed by the same laws of motion and is characterised by the same basic contradictions, that between wage labour and capital (ANC, 1985). This however did not mean that it was identical to capitalism in those countries. Capitalism, in South Africa, had a number of specific features, setting it apart from others, such as that of racial regulation of labour and settlements, dominance of specific sectors and concentration of ownership in few hands.

For purposes of this thesis, this Chapter will be divided into three subsections to help locate and understand the nature and character of South African capitalism. These are:

a) Apartheid as consolidation of racial capitalism.
b) Minerals-energy complex.
c) Capitalist concentration in few hands.

These subsections will help in the thorough understanding of the primary research question, but also enlighten the secondary question of how capitalism reigned supreme or triumphed over the negotiated political settlement.

a) Apartheid as consolidation and continuation of racial capitalism.

The emergence of capitalism in South Africa predates the introduction of racial segregation and both these predate the emergence of apartheid. Apartheid is a politico-social system of racial and racist exclusion, discrimination, suppression, oppression and exploitation of the black and African majority by a set of rules and brutal actions of the white minorities in South Africa. Apartheid was a means to consolidate and continue the racial capitalism which had been definitive of South Africa since the beginning of capitalism in the country.

Racial discrimination has always been a central feature of South society and Glaser (2001) correctly pointed out that “it is universally accepted that wherever blacks in the region were brought under white settler rule they were allocated economically and politically subordinate roles” (Glaser, 2001: 6). In the early twentieth century, the twin concerns of the

South African state were guaranteeing capital accumulation based on cheap unskilled labour and consolidating the structures of white political domination and privilege (Badat, 1999: 68). It is however important to note that whilst the ideology of racism and racial prejudice were predominant in determining social, economic and political relations in South African society, the various changing historical forms of national oppression and racism in South Africa were as well organically linked with, and have provided the fundamental basis for, the development of a capitalist economy (Davies, R. O'Meara, D. & Dlamini, S, 1984: 2)

The notion of apartheid as a consolidation of racial capitalism in the political territory called South Africa should be understood within the context and reality that the very unity between the four colonies of Transvaal, Orange Free State, Cape and Natal to form the Union of South Africa in 1910 was another major step to consolidate racial capitalism, which had begun with the arrival of settlers in the 15th century. The laws and legislations that were passed by parliaments in this regard were consolidation of the conquest that had been in place since the battles and wars of dispossession were fought and won by the colonial settlers.

Apartheid was in itself not the beginning of racial capitalism, but the most brutal, racist political, social and economic form to consolidate racial capitalism which had been definitive of South Africa since the emergence of the capitalist mode of production. Its racist segregationist laws, legislations and practices affected even sectors which would otherwise be understood as pre-capitalist, mainly for the continued supply of cheap labour to the Mines and Farms.

It is important to highlight the fact that South Africa's capitalism emerged, consolidated and triumphed on the backdrop of racial segregation. It was primarily capitalist interests which gave shape and content to the many racial segregation policies that followed colonial conquest and subjugation of the black majority and Africans in particular to capitalist exploitation. Political systems in place were designed to legitimate the continued exploitation of black labourers, preserve private property and guarantee continued profitability of fractions of capital, mainly centred on the extraction of mineral resources.

Post discovery of minerals resources in South Africa, emerging mining capitalists were the first through the Chamber of Mines to promulgate and advocate for racial segregation. Following the Glen Gray Act which compelled Africans to pay taxes and rents as a way of forcing them into wage-labour particularly in the Mines, the Chamber of Mines was the first South African capitalist entity, representing mining capital to push for legislation which excluded Africans from mainstream economic participation, (Lipton, 1986: 119 – 121).

Lipton (1986) illustrates that

> "The mines, like the white farms, had immense difficulty securing sufficient labour at a price that it was economic for them to pay. Mine owners, like white farmers, therefore tried to find ways of forcing blacks to work for them, and of reducing the competition from higher urban wages. They supported restrictions on black land ownership, as well as taxes to force them to work for cash wages. Cecil Rhodes, leading mine owner and Premier of the Cape Colony, sponsored the 1894 Glen Grey Act... its land tenure and tax provisions would, he said, act as a 'gentle stimulant' to blacks to work and 'to remove them from the life of sloth and laziness... teach them the dignity of labour... and make them give some return for our wise and good government" (Lipton, 1986: 119).

Furthermore, mine owners supported the 1913 Land Act, and as Lipton (1986) illustrates, the President of Chamber of Mines (COM) argued that the 1913 Land Act will ensure that 'the surplus of young men, instead of squatting on the land in idleness ... earn their living by working for a wage' (Lipton, 1986: 199-120). It is therefore these capitalist interests which planted the tree of racial capitalism, which when managed by the apartheid government post 1948 became more politically, socially and economically oppressive brutal and exploitative even to the extent that it drew international condemnation.

In return "the state, both pre-war and under apartheid, supported the COM in its monopsonistic recruitment of labour throughout Southern Africa, by making absconding from mining contracts illegal, and by brutally suppressing African trade unions. Even so, the mining industry consistently railed against the job colour bar which restricted skilled jobs for white workers, thereby driving up skilled wages and reducing the room for wage increases for African workers" (Lipton, 1986: 120).

What the Chamber of Mines declaration entailed was that racial segregation was the most suitable system for aggressive capitalist exploitation and guaranteed continued capitalist interests, and needed huge numbers of cheap labourers. This came to define the nature and character of South Africa's racial capitalism, whose continued profitability and sustenance relied on a supply of cheap labour and reserves that supported this labour structure.

The relationship between the state and mining capitalist interests validates Jessop's (2002) observation that "the basic features of capitalism as a mode of production and object of regulation assume different patterns in different varieties and stages of capitalism. The state apparatus and state power are critical factors here in shaping the dynamic of accumulation as well as being shaped by that dynamic" (Jessop, 2002: 1).

Under South Africa colonial and apartheid domination, race was an instrument for class oppression and separating these two is a basis for wrong conclusions and observations. Saul and Gelb (1986) correctly argue that "under South African conditions, racial oppression and capitalist exploitation have come to feed on and reinforce one another. The key was the diamond and gold mining revolutions of the turn of the century when the political economy of race became, definitively, the political economy of cheap labour supply" (Saul & Gelb, 1986:64).

Saul & Gelb (1986) further reiterate O'Meara's argument that "the cutting edge of Afrikaner nationalism since the late 1920s was precisely the class project ... which intensified after the electoral victory of the Nationalist Party in 1948" (Saul & Gelb, 1986: 65). The supremacist and segregationist aspects of this class project known as apartheid were meant to consolidate and solidify capitalist reproduction and guarantee continued supply of cheap black labour. While these aspects have been abolished by the post-1994 government and legislation, the supply of Africans' labour to predominantly white capital has not been eroded.

Harshe (1991) illustrates that "Institutionalised racism was designed to ensure the preponderance of the white races over all other racial groups in society. Consequently the ruling white classes continued to monopolise all the precious material resources by

conveniently taking advantage of the legally-backed inequality between the races in all walks of life" (Harshe 1991: 439). In pure practical terms, what this meant was that access to economic resources, particularly land and other strategic economic resources such as minerals was predominantly reserved for white people.

Further simplified, this means that the major economic resources, such as land, mines, banks were under the control and ownership of white minorities, and the African majority did not control any substantial components of these. The development of capitalism in South Africa was through a process of capitalist influence over the political aspect, and apartheid is part of consolidation of capitalist rule, yet contested by various fractions of capital.

This notion is verified by various observations, including Leggasick (1972) who argued that "separate development, has meant merely tightening the loopholes, ironing out the informalities, eliminating the evasions, modernizing and rationalizing the inter-war structures of 'segregationist' labour control" (Leggasick 1972: 47). Davies (1977) argues "(South Africa) National capital's own development depended upon the appropriation through taxation, protection, etc, of surplus value produced in the gold mining industry and it had thus itself a direct economic interest in guaranteeing the conditions for surplus value in the industry to be produced and ensuring that the demands of other classes did not seriously interfere with the industry's surplus value producing process" (Davies (1977: 159).

It has been generally and correctly accepted that South Africa's apartheid was a system that safeguarded capitalist interests, and implemented and buttressed by racist legislations and statutes aimed at securing cheap labour for predominant sectors of the South African capitalist economy particularly in agriculture and mining, (Alexander 2002). Alexander (2002) correctly argues that "the whole edifice of repressive laws and bureaucratic structures, ranging from 'native reserves' and Bantustans at the one end to the ludicrous details of 'petty apartheid', such as separate post office queues and cemeteries, is explicable ultimately in terms of a racist logic, the end of which was to guarantee cheap black labour and the continued profitability of 'maize and gold'" (Alexander, 2002: 22).

The notion of apartheid as a consolidation of a racialised capitalist order was assimilated by big business and their representatives who when confronted with the illegitimacy of apartheid, conceded to reforms that would abolish the legalistic and legislated part of apartheid, whilst retaining economic power and wealth. This therefore allowed a space where the relationship between capital and labour would not be fundamentally changed.

A representative of big business, Gavin Relly affirmed this view in 1986 when he said,

> Among ourselves, we have reached agreement that statutory apartheid must go, that the political process be opened up by the release of prisoners of conscience, that political parties, currently banned, must be allowed to operate within the rule of law and that real attempts be made for constructive negotiation between all parties in South Africa (cited in McKinley 1997: 93).

This change of heart by representatives of Mining capital is reminiscent of Cecil Rhodes and the COM, who when it suited capitalist accumulation and expansion, supported all sorts of racist and oppressive laws such as the Glen Grey Act, the 1913 Land Act, the Pass Laws which were drafted introduced in the Transvaal Republic in 1895 by the Chamber of Mines, (Lipton, 1986: 120). As will be seen in the Chapters below, mining capital is largely responsible for the political superstructure that treated Africans as sub-humans, and acted like they were opposed to the actions of the apartheid state when these posed a threat to their business interests. The solution to mining capital was therefore transplacement, not fundamental liquidation of racial capitalism.

Sachs (1952) argues that, “It is abundantly clear to anyone who has the welfare of South Africa at heart that the future of the people and the whole country depends on extensive and intensive industrial development, and that the mining of precious minerals can serve the interests of the country only as a stimulus for the development of other branches of the national economy ... It has always been the policy of the Chamber of Mines to subordinate the entire economic life of the country to the selfish interests of the mine owners” (Sachs 1952: 102). This particular assertion confirms that statutory apartheid was a convenient superstructure for SA’s capitalist accumulation and exploitation of labour.

Importantly, at a certain historical junction, the ANC led liberation movement accepted and embraced the perspective that apartheid was consolidation of racial capitalism, whose devastating impact on the majority black population will not be removed by just removing legislated apartheid, while leaving the capitalist relations intact. The ANC-led National Liberation Movement had accepted that racial domination in South Africa was underpinned by class exploitation, which defined the apartheid economic system. While not steadfast and consistent on its ideological commitments and approach to the South African struggle, the ANC held the perspective that apartheid or racial domination was primarily class or capitalist exploitation, whose deconstruction should necessarily end economic exploitation. This view was generally held in the liberation movement until the 1980s period of transition to an inclusive political system.

The ANC Strategy & Tactics adopted in the Morogoro Conference in 1969 stated inter alia that,

> "In our country - more than in any other part of the oppressed world - it is inconceivable for liberation to have meaning without a return of the wealth of the land to the people as a whole. It is therefore a fundamental feature of our strategy that victory must embrace more than formal political democracy. **To allow the existing economic forces to retain their interests intact** is to feed the root of racial supremacy and does not represent even the shadow of liberation" (ANC 1969).

Slovo (1976) argues that 'for all the overt signs of race as the mechanism of domination, the legal and institutional domination of the white minority over the black majority *has its origins in, and is perpetuated by* ***economic exploitation****' (Slovo, 1976).* Mbeki (1979) assertion that "The charge of traitor might stick if we were to advance a programme of equality between black and white while there remained between these two communities the relations of exploiter and exploited" (Mbeki 1979) confirms the ANC's erstwhile conception of apartheid as primarily a system to consolidate capitalist exploitation with a legal superstructure defined by racial domination.

The essence of this notion is that racialised capitalism in South Africa predates the emergence of what became known as apartheid, and even predates the Union of South Africa. Apartheid was therefore a political system which sought to consolidate and continue racialised capitalism through laws, legislations and regulations which ossified the

exploitation of blacks, subjugation, segregation and oppression through forms which would suppress any emergence of counterforce to overthrow the capitalist system.

This is true because with inferior education, the African working class could not develop adequate political and adequate class consciousness to appreciate that they are being oppressed as a class, which should unite to overthrow the capitalist system. Furthermore, apartheid policies and practice ensured that the working class was deprived the space to develop common class consciousness because they were isolated into tribal and ethnic groupings and mobilised to develop different perceptions about each other, not against the exploitative and oppressive apartheid racialised capitalism. Leroy (1989) argues that "the then emerging ethnicity had a contradictory effect on the development of a working class consciousness. While it divided and weakened the labour involvement as whole, it strengthened segments of the workforce, for without trade unions to represent their interests, workers often sought political and social solidarity in a shared ethnicity" (Leroy, 1989: 102).

b) Minerals-energy complex:

While apartheid was racial capitalism, it is important to highlight another aspect of South Africa's racialised capitalism, such that it is not just understood as racial capitalism with no other unique and specific features. This understanding if derived and informed by Professor Ben Fine's Minerals Energy Complex (MEC). Responding to the question of what is MEC, Fine (2012) says,

> "It is the specifically South African system of accumulation that has been centred on core sectors around, but more wide-ranging than, mining and energy, evolving with a character and dynamic of its own that has shifted over time. Its history and consequences can be traced back to the emergence of mining in the 1870s through to the present day. In the interwar and immediate post-war period, core MEC sectors drove the economy, furnishing a surplus for the protection and growth and, ultimately, incorporation of Afrikaner capital. State corporations in electricity, steel, transport and so on, represented an accommodation across the economic power of the mining conglomerates and the political power of the Afrikaners, an uneasy compromise of evolving fractions of classes and their interests forged through both state and market", (Fine, 2012: 558).

Cogently proving more detail on this question, Bond (2000) illustrates that "the 'minerals-energy complex'-[comprises] the core quarter of the economy since the late 19th century, encompassing gold, coal, petrochemicals, electricity generation, beneficiated metals products, mining machinery and some other, closely-related manufactured outputs--remains South Africa's economic base". This indeed is the base of South Africa's capitalism and any analysis of the character and content of South African capitalism that ignores this illustration is not a correct one.

Fine (2012) then argues that "The MEC is the system of accumulation that was inherited by post-apartheid South Africa, and it has survived more or less intact over the post-apartheid period. This is not to say it has remained unchanged, quite the opposite, just as it has experienced significant change in the past. Unfortunately, those changes have, however, reflected the extent to which South Africa is the exact opposite of a development state and has been driven further away from being so" (Fine 2012).

While this argument reflects the reality of a MEC economy, it reflects the reality that the fractions of capital that constitute the MEC have historically dominated the content and form of capitalism in South Africa, and did so even in the transition from apartheid to an electorally inclusive political system. As will be illustrated in the fractions of capital discussion below, this happened at the expense of other fractions of capital, particularly agricultural fraction of capital which was protected by the apartheid system. Most evidently, the MEC dominated the economic aspirations of the ANC-led National Liberation Movement.

This argument reflects reality because a radical socio-economic redistribution programme in South Africa should necessarily be about deconstructing the MEC, not black economic empowerment which has thus far happened through co-option of few politically-connected individuals into upper echelons of capital as shareholder capitalists who do not add much value to industrialisation and development of productive forces.

Deconstruction of the MEC entails economic diversification through industrial development in other sectors, than in the minerals and energy sectors. This is important to highlight

because if such had happened post 1994 in a thoroughgoing industrial development process which includes state leadership and participation of all South Africans. The very fact that the MEC, as Fine (2012) argues, remains intact means that the economic conditions that prevailed for different races before 1994 are still predominantly present.

The continued dominance of the MEC is important to highlight because the MEC condemns into insignificance other industrial sectors, which could create job opportunities for the millions of South Africans who remain without jobs. It is primarily the MEC dominance that causes high levels of structural joblessness and therefore unemployment. This will be reflected as part of the evidence why certain fractions of capital reigned supreme in the Chapter that deals with this question.

c) Capitalist Concentration in Few hands.

Another important feature of South African capitalism is the reality that ownership is concentrated in few hands, and controlled by relatively few corporations and individuals, which as will be seen later, played a critical role in ushering in reforms which would guard and protect their interests and aspirations.

While existing in various sectors, these business interests were concentrated in very few hands. In June 1983 the *Financial Mail* reported: 'at the end of 1982 the top 100 industrial companies in South Africa had total assets of R41 billion. Of these, the combined assets of the first 20 were worth R25 billion or 61% of the total. Of this R25 billion, 39% was accounted for by companies associated with Old Mutual; 28% by Anglo associated companies, 10% by Sanlam associated companies, and 8% by state firms. The remainder, 10%, represented independent companies in a manner of speaking. For every one of the top 20 industrial companies were connected, by numerous interlocking directorships, not only to each other but with the largest mining house, the two largest life insurance institutions and four of the five major banking groups.' (*Financial Mail*, 24.6.83)

Nattrass and Seekings (2010) illustrated that "Apartheid produced an almost entirely white business elite. This elite was highly concentrated in terms of corporate ownership and

control. In 1994, the giant, mining-based Anglo American controlled 44% of the entire capitalisation of the Johannesburg Stock Exchange, whilst the top five corporate groups together controlled 84%" (Nattrass & Seekings, 2010: 6).

The concentration of capital in few hands meant that when these owners of the key means of production realised that the apartheid will endanger their businesses, continued profitability and thwart their aspirations to expand to other parts of the world, they had to change it. Amongst these few hands, the most dominant is the Anglo American Corporation, and the Oppenheimer family, which (as illustrated below) wielded tremendous economic power, and also capacity to mobilise other economic interests behind the view of changing aspects of apartheid which caused sanctions, mass revolts, international isolation, etc.

The remark by Sunter (2013) sourced for the purpose of this thesis confirms the observation that AAC held tremendous power and influence, and played an active role in influencing the political content of what would later end apartheid, but retain capitalist interests. Sunter (2013) says, "Harry Oppenheimer who was our Chairman. He always realised that apartheid was a no go. It was not sustainable. So from his point of view, if Anglo wanted to have a future in SA, we had to look at something else" (Sunter, 2013). This remark is profound and somewhat acknowledges that the apartheid state was contested by certain fractions of capital in South Africa, and importantly reflects the reality that it took a very small component of South African society to engage in practical programmes to 'look for something else' as said by Sunter (2013).

Overall, the nature of South African capitalism can basically be characterised as a form of racial capitalism, which has adjusted to different political system in its historical development, and because of the dominance of the minerals-energy sector, this racialised capitalism is best described as minerals-energy complex. An important feature of this racialised minerals-energy complex is the reality that it is concentrated in few hands, and the citations here on the content of ownership and control of strategic and key sectors are adequate evidence.

As will be illustrated and argued below these dominance features of South African capitalism have not been changed in the transition from apartheid to an inclusive political system. Capitalists continue to be white, and as Fine (2012) argues, the minerals-energy complex remains intact and concentrated in few hands. The superficial, but politically significant changes that have occurred since the transition to an inclusive political system are the inclusion of a black politically connected elite into the MEC, in most instances with the assistance of the dominant fractions of capital and within the few hands that control and own capital in South Africa.

CHAPTER 3: WHAT WERE THE ECONOMIC POLICY INTERESTS OF THE ANC LED NATIONAL LIBERATION MOVEMENT IN RELATION TO NEGOTIATIONS?

A thorough understanding of the ANC's economic policy interests is vital because it helps locate the influence fractions of capital on the ANC to change from these perspectives, and

embrace what would safeguard the interests on these fractions of capital and the capitalist system as a whole. Without a thorough and detailed comprehension of the ANC economic policy interests and aspirations during the transition, there can be a wrong conclusion that the ANC's adoption of the economic policies it embraced in the political inclusive system was a natural progression of what it always held and hoisted as its economic policies upon seizure of political power. It is these economic policy aspirations which the capitalist interests under discussion in this thesis reigned supreme over.

In the 2007 economic transformation discussion document, the ANC made a claim that "in overall terms the ANC's economic policy stances are both comprehensive and correct, and these perspectives have remained consistent throughout the era of liberation. At the same time, our tactical approach has evolved in response to changing and dynamic economic conditions", (ANC; 2007: paragraph 7). The assertion that ANC's economic policy has remained consistent does not reflect reality, and will be understood more clearly in this Chapter.

The economic policy positions of the ANC-led liberation movement should be understood within the context that, while many other political formations were invited onto the negotiation table, the negotiations primarily involved representatives of apartheid South African ruling and governing class, and the African National Congress. The negotiations were indeed an elite process between the ANC leadership and in the first instance, the bourgeoisie and subsequently with the committee that manages the common affairs of the bourgeoisie, the apartheid government. The first known real contact between fractions of capital who sought transition for their own profit making purposes in a stable environment happened in 1985 in Zambia between representatives of Anglo-American plus 'leading opinion makers' and the ANC in exile.

The African National Congress Memorandum issued in September 1985 after a meeting between representatives of Big Business and Opinion-Makers in South Africa and the ANC said,

> "With regard to certain specific questions ANC policy was outlined around certain specific problems that they had raised. The included: That our perspectives at the

> economic level were based on the Freedom Charter which requires the nationalisation of monopoly industries, banks and the mines and required a re-distribution of the wealth of our country in contrast to the present economic order which is characterised by extremes of wealth co-existing with gross mass poverty" (Gerhart & Glaser, 2013: 576).

The statement further says,

> "The precise ways in which such a policy will be implemented will depend on the democratic processes. Our conception recognises that there is a role in the transformations which we seek for various levels of private enterprise. At the same time, it was important that the new state will need to be able to command the economy and control its resources in order to carry out our commitment to attend to the wellbeing of our people" (Gerhart & Glaser, 2013: 576).

Writing about the Freedom Charter in the article published in the Journal *Liberation* titled *In Our Lifetime*, and even before the ANC adopted the document as official policy in 1956, Mandela said,

> "It is true that in demanding the nationalisation of the banks, the gold mines and the land the Charter strikes a fatal blow at the financial and gold-mining monopolies and farming interests that have for centuries plundered the country and condemned its people to servitude. But such a step is absolutely imperative and necessary because the realisation of the Charter is inconceivable, in fact impossible, unless and until these monopolies are first smashed up and the national wealth of the country turned over to the people" (Mandela, 1956).

When asked about ANC economic policy in the talks before talks with representatives of the apartheid regime, Mandela re-affirmed that the views he held in 1956 still maintain and constitute what is ANC economic policy. Writing about the 1988 working group meeting which began to discuss the details of South Africa's transition, Mandela says,

> "they were also concerned about the idea of nationalisation, insisting that the ANC and the Freedom Charter supported the wholesale nationalisation of the South African economy. I explained that we were for a more even distribution of the rewards of certain industries, industries that were already monopolies, and that nationalisation might occur in some of those areas. But I said the Freedom Charter was not a blueprint for socialism but for African-style capitalism. I told them I have not changed my mind since then" (Mandela, 1994: 642).

Perhaps the most cogent summary of the ANC's economic policy is perfectly summarised in the original draft of Mandela's biography, published by the Nelson Mandela Centre of Memory in 2011. In it, Mandela says,

> "I have read Marxist literature and I am impressed by the idea of a classless society. I am firmly convinced that only socialism can do away with the poverty, disease and illiteracy that are prevalent amongst my people, and that maximum industrial development is the result of central planning and the nationalisation of the key industries of the country. But I am not a Marxist" (Mandela, 1967).

These statements sum up the essence of what the ANC's attitude to economic transformation and policy was in the early stages of the transition (1985 to 1990), and largely consistent with affirmations of the pre-exile ANC and Freedom Charter, and what the Political Prisoners were saying is ANC economic policy. It is not true that the ANC never had economic policy aspirations, because the Freedom Charter assertions on nationalisation of mines, banks and monopoly industries are economic policies, which needed to be expanded into detailed policy and given practical meaning for the ANC as government. It is also not true that the ANC was never revolutionary, because located within a radical Marxist-Leninist national democratic transition; these commitments are revolutionary because they sought to change property relations in a substantial way.

When he came out of prison, Nelson Mandela stood firm on the principle of nationalisation of mines and banks (representing an ideological stream in the ANC that upheld the freedom charter from the mid-1950s) and said in his first address that "nationalisation of the mines, banks and monopoly industries is ANC policy, and any change to this policy is inconceivable" (Mandela, 1990). There are co-ordinated attempts to hide the fact that he made these remarks because most books, journals and television clips that speak about this speech, omit the reality that Mandela did say that nationalisation is policy that will not be changed. It is only in the recently published *Nelson Mandela: Conversations with Myself* that this remark is acknowledged by Mandela himself, who says,

> "there was already furious reaction to the statement I made from prison where I said nationalisation was still our policy; we had not changed ... Of course there was a reaction from the business community, and that reaction ... set one thinking because one thing that is important is ... (to) have the support from business" (Mandela, 2010: 380-81).

While the ANC was vacillating between social democracy and socialist control of the commanding heights of the economy, its key economic policy tenets were on strategic state control and ownership of the key means of production, particularly mines, banks and

monopoly industries as called for in the Freedom Charter. The ANC's conception of the state relationship to the economy was that it should be command, encapsulated in the emphasis after the meeting with representatives of big business that "it was important that the new state will need to be able to command the economy and control its resources in order to carry out our commitment to attend to the wellbeing of our people" (Gerhart & Glaser, 2013: 576).

This should be understood within proper context, particularly in noting the reality that the ANC as a banned organisation sought and largely depended not only on military and resource support from the Soviet Union, but also political and ideological guidance. The view of the commandist economy was also influenced by the Soviet Union's control and ownership of strategic sectors of the economy. When this begun to experience challenges, most ANC leaders begun to see and understand the world differently, and capitulated to what was then a growing influence of neo-liberal capitalism.

Mboweni (2013) says, "And Most of us have been trained in the Soviet central command economic system. But we can see it crumbling before our eyes. Perestroika, glasnost, we could see the thing crumbling. So all what we used to think was the best way to manage an economy is crumbling. Their own people, their theoreticians are getting out of it. The propagandists are getting out of it. The managers of state corporations are saying this thing does not work. So state ownership crumbled before our eyes" (Mboweni, 2013). Emphasising the same point, Mboweni (2013) further says, "so you cannot understand the ANC's move from state ownership without understanding that context. People who were witnesses saw it crumbling before their eyes. And the people who were running this system for years, publishing books are running away from it. That's the overall global context of it", (Mboweni, 2013).

In May 2004, Mandela said, "In our economic policies … there is not a single reference to things like nationalisation, and this is not accidental. There is not a single slogan that will connect us with and Marxist ideology" (Marais, 2004: 122). This quote reflects the level of contradictions and uncertainty that characterised the ANC at the brink of and during democracy negotiations, and the latter comment emphatically spelt out the ideological

outlook ANC economic policy would **not** assume as a government. Although nationalisation as hoisted by Mandela upon release from prison is not inherently socialist, it could have laid a foundation for socialisation of production means as envisaged by Marxist ideology, which Mandela said was never connected anyhow to the ANC. And indeed, the quote about 'Marxist ideology' is simply not a reflection of reality, yet assists within the context Mandela said it, to understand ideological battles within the ANC.

Notwithstanding the observation made about uncertainty of ANC economic policy on the brink of its ascendancy to office/governance, demands for redistribution and equitable sharing can be found in virtually all ANC documents dating back to the 1940s, mainly in the Freedom Charter, historically embraced by the ANC (Melunsky, 1989: 22). Even in 1990, the perspective on nationalisation and redistribution occupied centre stage in economic discussions within the ANC. The central argument in the early 1990s was centred on the supposition that nationalisation was a means of obtaining capital for redistribution. As Mandela would argue in the early 1990s interviews, "nationalisation is a demand which is reasonable from our point of view. Where do we get the capital and resources to tackle the national issues facing us?" (cited in Nattrass, 1994, 345).

In the Mass Democratic Movement (MDM) and ANC's dominant perspective, nationalisation had somewhat become synonymous with the idea of redistributing wealth from those who benefited under apartheid to those who had been exploited and oppressed under colonialism with distinct features or colonialism of a special type (CST), as initially conceptualised by the South African Communist Party (SACP). The rival call for privatisation was therefore dismissed with the indignation of an heir apparent watching the family fortune being auctioned on the eve of his inheritance (Nattrass, 1994, 345). Indeed, the mechanical and sometimes ideological arguments about the relative benefits and efficacy of private versus public ownership of productive forces were submerged under the moral demand for compensation through nationalisation.

Nevertheless, much of the economic debates within the ANC were captured in the *Discussion Document on Economic Policy* (DDEP), which was a product of discussions between the fledging ANC Department of Economic Policy and the Congress of South

African Trade Unions (COSATU) (ANC, 1990). The DDEP did not give an equivocal plan on how the ANC in government was going to manage the South African economy, yet mulled over such issues as redistribution, restructuring and state intervention. Despite its imprecision on important aspects as the extent of state intervention and the role of markets, the DDEP made a commitment to a 'mixed economy' (ANC, 1990: 6).

The DDEP did not abandon the long held ANC position on nationalisation, and further recommended re-nationalisation on public utilities and nationalisation in cases where "the balance of evidence suggests that it would be advantageous" (ANC, 1990: 15). Another important observation made in the DDEP was that "capital market does not sufficiently direct savings into productive activity, nor into critical areas of infrastructural development, instead paper chases paper in a short term scramble for short-term speculative profit" (ANC, 1990: 12).

Overall, ANC economic perspectives prior to taking over as government were not overtly hell-bent on the neo-liberal economic models of privatisation, liberalisation, deregulation and privatisation of State Owned Enterprises (SOEs), service delivery and provision. There was instead much emphasis on nationalisation and greater state intervention in guiding and managing the economy, particularly on such important aspects as industrial policy, redistribution, growth and investments. Concretely there was a firm commitment to "growth through redistribution" in which redistribution acts a spur to growth and in which the fruits of growth are redistributed to meet basic needs (ANC, 1990: 5).

A recurrent argument in the ANC and the MDM, particularly the SACP was that apartheid, national and gender inequality, and capitalism were integrally related and hence an emphasis that post apartheid, a strong intervention was needed to create a more redistributive and equitable economic system. Although redistribution was an unmistakable theme within the ANC, it was subjected to an otherwise complex political process, which required the political leadership to concede on some of the ideological perspectives they held as gospel truth for more than half a century.

In ANC discussions, the Freedom Charter was continuously referred to as the most essential guideline in organisation and management of the South African political economy. Although the Freedom Charter had an arguably strong emphasis on working class demands, its vagueness helped reconcile business as well as working class interests and aspirations. This situation provided a foundation for political economic ideological shift in the ANC (from a left to neo-liberal orthodoxy), since leaders could maintain that their recently found knowledge on economic management was within the confines of the Freedom Charter.

The sudden upsurge in economic discussions and plans in the ANC in early 1990s largely resulted from the reality that in exile and as a banned movement, the ANC paid little attention to economic policy, despite broad and sometimes contradictory statements and rhetoric on redistribution and ensuring that wealth is owned by "people as a whole". During the 1990-3 negotiations, the ANC rushed to cover ground, yet relied on weak advice. The ANC's neglect of economic policy left it prone to the counsel of business and mainstream foreign experts that set about schooling ANC leaders in the 'realities of the world' (Marais, 2004: 123).

It is vital to make reference to the Macro Economic Research Group (MERG) set up by the ANC in 1991 to develop a new macroeconomic model for South Africa, (MERG, 1991). Marais (1998) said of MERG "whatever the shortcomings of MERG's left-Keynesian framework, it was the most coherent progressive scenario available" (Marais, 1998: 137). Marais' observation is not farfetched because the MERG report, titled *Making Democracy Work: A Framework for Macroeconomic Policy in South Africa* released in late 1993 recommended *inter alia* that the state should play a key role in the South African economy, whilst retaining the principle of growth through redistribution, (MERG, 1993). MERG (1993) saw state investments in social and physical infrastructure (housing, school education, health services, electrification and road development) in the first phase accounting for more than half of growth (MERG, 1993). Moreover, MERG's view on maintenance of sound fiscal balance was that it should not be constraining, but enabling and facilitating of substantive developmental programmes and projects (MERG 1993, 47).

Despite efforts to bring to coherence the political economic standpoint of the ANC, what ultimately became practical ANC's bias towards neo-liberal economic policy crept into the ANC quite early and was expressed by Nelson Mandela (1991) to an audience of business people in Pittsburgh, USA: "the private sector must and will play the central and decisive role in the struggle to achieve many of that transformation objectives … let me assure you that the ANC is not an enemy of private enterprise … we are aware that the investor will not invest unless he or she is assured of security of their investment … The rates of economic growth we seek cannot be achieved without important inflows of foreign capital. We are determined to create the necessary climate which the foreign investor will find attractive" (Mandela, 1991).

In the policy guidelines adopted at the 1991 National Conference of the African National Congress entitled "Ready to Govern", published in 1992, the ANC said: "legislation on economic matters shall be guided by the principle of encouraging collaboration between the public, private, co-operative, communal and small-scale family sectors with a view to reducing inequality, promoting growth and providing goods and services for the whole population" (ANC, 1992: 4). A resolution of this particular National Conference stated that, "we are convinced that neither a commandist central planning system nor an unfettered free market system can provide adequate solutions to the problems facing us" (ANC, 1992: 3).

The apparent shift towards emphasis on economic growth, fiscal stability and embracing of the market and somewhat neo-liberal economic thinking within the ANC, which is largely associated with 1996, actually started earlier, and was consolidated mainly in the period 1985 to 1993. This new thinking actually thrived parallel to the redistribution rhetoric, since there was no concrete economic policy of the ANC, such that economic documents and perspectives would be distributed and circulated within the ANC with vast underlying ideological and practical differences concerning the type of economic system the ANC should adopt post-apartheid. The rank and file of the ANC could equally not thoroughly engage leadership on its new knowledge and understanding of the economy, largely due to the political tradition of patronage and respect for leadership honed during earlier and exile

years of the ANC. In 1991 for instance, a workshop package was circulated to ANC branches warning of the costs and inefficiencies of nationalisation (Kentridge, 1993, 4).

The period 1990 to 1994 witnessed an evolution of ANC economic policy statements from an initial support for "growth through redistribution" to more orthodox sounding positions that eschewed nationalisation and committed government not to embark on any inflationary and debt-driven expansion of demand (Nattrass, 1994: 351). This policy shift stance from what appeared to be a form of socialism to more market-friendly strategies has been attributed by some analysts to the power of big business and the international financial institutions to impose their ideology on the prospective government (Bond 2000, Marais 1998, Terreblanche 2002).

Marais (1998) argues that during democracy negotiations, neo-liberal economic policy proposals flooded the ANC from mostly business and financial institutions, nationally and internationally. The first was Nedcor/Old Mutual's *Prospects for a Successful Transition,* and it was followed by the insurance conglomerate Sanlam's *Platform for Investment* scenario and the social-democratic *Mont Fleur Scenarios.* The South African Chamber of Business (SACOB) proposed a strategy called *Economic Options for South Africa* and the World Bank proposed *Reducing Poverty* strategy, (Marais, 1998: 127). The International Monetary Fund (IMF) proposed *Key Issues in* the South African Economy, apartheid regime proposed a *Normative Economic Model* (NEM), and the South African Foundation (SAF is a federation of South African businesses) made profound reflections and proposals in that regard (Marais, 1998: 127). All these proposals had common features—privatisation, trade-liberalisation, fiscal discipline, deregulation, and all the neo-liberal values.

Perhaps one of the defining moments – and one that has not received sufficient attention in the academic literature – of the political economic perspectives in the ANC, was in November 1993 when the Transitional Executive Committee (TEC) accepted an $850 million loan from the International Monetary Fund, in secret (Leggasick, 2006: 393). This ostensible information also indicates that "as a condition of its acceptance, big business, the National Party government, and leaders of the ANC signed a secret protocol on economic policy" (Leggasick, 2006: 393). The protocol said, *inter alia*, that 'an easing of [the strict] monetary

policy would have risked a further undermining of [international] confidence and a resurgence of inflation … There is widespread understanding that increases in the government deficit would jeopardize the economic future of the country… [and that] given the importance of maintaining a competitive tax structure … [fiscal policy] will emphasise expenditure containment rather than rising taxes … Trade and industrial liberalization will be an important part of the restructuring of the economy" (cited in Terreblanche, 2002: 96).

Whether the business influences changed economic planning thinking in ANC or whether it was a function of genuine intellectual conversion or pragmatic adjustment to the realpolitik of post Soviet Union world remains uncertain. The predominant ideological and political outlook in ANC still maintains that it was purely pragmatic. Currently, Joel Netshitendzhe and Thabo Mbeki (the most influential ideologues in the ANC) maintain that imperialism is invincible at the current conjecture and hence a calculated and caution over socialist rhetoric and action, as advanced by the SACP and COSATU (Netshitendzhe, 2006: 26). At the end, all these confirm the view expressed in 1987 by Anglo American's Clem Sunter: "Negotiation works. Rhetoric is dropped, reality prevails and in the end the companies concerned go on producing the minerals, goods and services", (Sunter, 1987).

Although the Reconstruction and Development Programme is largely perceived and viewed as progressive within the left political circles, it actually was not indifferent to neo-liberal and market economics. The fault of viewing and accepting RDP as progressive is largely influenced by the fact that many confuse the RDP Base document (which was largely a product of the ANC led alliance discussions) with the RDP White Paper (which was a government blueprint on redistribution and growth).

While the RDP base document has more progressive sounding rhetoric, the RDP White paper (1994) committed government to fiscal stability and reduction of budget deficit and this was not in the base document. This reality somewhat explains the assertions by government that both GEAR and ASGISA are premised on the RDP. The RDP White Paper for instance stated verbatim that "the Government of National Unity draws on the following basic strategy to achieve its objectives: financial and monetary discipline in order to finance

the RDP; reprioritisation public sector activity; and facilitation of industrial restructuring" (RDP White Paper, 1994).

An article by the Minister of Finance, Trevor Manuel (2006) argues very emphatically that contrary to popular belief, "there are no contradictions between GEAR and RDP". In the same article, Manuel (2006) cited the ANC 50th National Congress resolution, which says that "Conference reaffirms that our macroeconomic framework policies must be directed to advancing the RDP [Reconstruction and Development Programme]. We are not pursuing macro balances for their own sake, but to create the conditions for sustainable growth, development and reconstruction. The strategy for Growth, Employment and Redistribution (GEAR) is aimed at giving effect to the realisation of the RDP through the maintenance of macro balances and elaborates a set of mutually reinforcing policy instruments" (Manuel, 2006).

When the RDP was adopted, a firm foundation of safeguarding capitalism was already laid in the political negotiation which resulted in a settlement with a Constitution which basically left the property relations that existed under apartheid unchanged. The neo-liberal seed had already been planted when the transition happened, and there was completely no way that the ANC was going to continue with what was generally perceived as a Left redistributionist policy framework called the RDP.

The RDP's adoption had some levels of progressive redistributionist commitments, mainly proposed by the Trade Union Federation, COSATU. It was however not fully welcomed by sections of the business community. This is reflected in *Business Day*'s Greta Steyn who said, "The ANC wants to create an almost utopian society, described in the RDP. But it has to build that society while keeping its promises to the IMF and its own commitment to 'macroeconomic balance'... The *RDP* and the TEC statement of policies to the IMF are arguably the two most important clues on future economic policy ... The IMF has subsequently argued a drop in real wages will go some way towards solving SA's unemployment problem. This view is absent from the *RDP*, which 'makes a decisive break with the exploitative cheap labour policies of apartheid" (cited in Bond, 2000).

Mboweni (2014) argues that the move from the RDP was to avoid a bigger loan from the IMF with conditions because continuation of the RDP would have entailed a bigger deficit and debt of the State, which practically could not afford to pay the many debts that came. Mboweni then argues that the ANC then did what it did when it assembled academics who came up with the Macro Economic Research Group (MERG) report now to draft GEAR, which was a self-imposed programme to avoid the IMF imposing a programme on South Africa.

Mboweni (2014) illustrates two important aspects about the South African economic policy influences, which he argues was an intra-ANC realisation and discovery that commandist economies with nationalised entities failed in other parts of the world. He argues that even before the official collapse of the Berlin wall, ANC had begun to appreciate as early as 1985 that commandist economies are bound to fail.

Both Padayachee and Fine (2013) attribute the rejection of the MERG report to the ANC's capitulation to pursuit of capitalist economic interests, mainly influenced by big business and the IMF. Mboweni (2014) disputes this and argues cogently that the group of academics who were appointed by the ANC to develop a possible economic strategy for the post 1994 government defined themselves outside the ANC, and hoped to come back with a complete product and "spoon feed" politicians.

Mboweni argues that MERG could have been an integral part had the academics appreciated the relationship between politics and policy, arguing that policy is an extension of politics and for the MERG team to define themselves outside the ANC Department of Economic Policy rendered them irrelevant. Well, whilst ignoring the reality that fundamental to the rejection of MERG was the fact that the ANC had embraced an IMF programme with commitments on policy statements, his insistence that the very fact that the academics defined themselves outside the ANC political process could have been a valid ground and basis to reject MERG.

About the MERG process, Mboweni (2014) says that the people assigned with coming up with a comprehensive economic policy,

> "did not understand that we were at the core of any policy making. That there will be no ANC policy made without us. Instead of them spending time talking to us, they spent time talking to other people.... to the democratic movement, broadly defined. I don't even know whom they were talking to.
>
> They got too big for their shoes, they went on their own, they did not understand politics and policy formation. They missed the point that policy is politics in action. They missed that" (Mboweni, 2014).

The second most important aspect illustrated by Mboweni (2014) is that while there was external pressure on the ANC to abandon the key demands of nationalisation of mines and banks, there was an intra-ANC stream of influences, which sought to abandon these demands. Mboweni argues that the seeds of this stream of thinking came from the 1985 Policy Guidelines, where the word "mixed economy" was first used in official ANC documents and memoranda.

Mboweni (2014) argues this was a result of a common and dominant observation amongst ANC activists that the command and socialist economies had crumbled, and an inclusive political system in South Africa should not fall into the same trap. He says "we saw the Soviet Union crumbling, and I lived in Zambia and the conditions there were just not desirable". This, he argues is the reason why most ANC activists abandoned the commandist, central planning economic system. About this, Fine (2014) says, "politically, there is everything in order to make your way politically, you may be correct in disassociating yourself from communism of that sort, but there is huge difference between a crude notion of reconstructing the Soviet Union in SA and perhaps you must look at the MERG report" (Fine, 2013). Fine (2013) further says, "whether genuine or not, the rationale of using the Soviet Union as a trump card for leaping from communism into neo-liberalism is convenient, but is not correct" (Fine, 2013).

Mboweni (2014) illustrates that ANC President Nelson Mandela was initially very consistent on the call for nationalisation of mines, and refused to retreat on this policy position even when domestic business interests were not comfortable. Mboweni says "Madiba was very firm on Nationalisation of Mines and could not be persuaded otherwise". This is perfectly corroborated by the statement of Mandela in a 1991 interview with the SABC, where he

says, “the apartheid government thrived on the backdrop of nationalisation and when we are about to take over government, they say we must privatise, we cannot allow that” (Mandela, 1991b).

The straw that broke the camel’s back came in the World Economic Forum (WEF) meeting in Davos in 1991. Mandela was supposed to address the WEF Meeting there and held various meetings with leaders of progressive formations across the world. The two separate meetings that got Mandela to change his mind on nationalisation were meetings with the Prime Ministers of China and Vietnam. Mboweni (2014) says “the way these Prime Ministers put their case to Mandela, it was as if they compared notes and agreed on what they will tell him when they meet with him” (Mboweni, 2014).

Mboweni recounts that “the Prime Minster of Vietnam said to Madiba that I am a General Secretary of a Communist Party in Vietnam and Vietnam has had very cordial relations with the ANC, and you are a leader of a liberation movement, why do you want to nationalise?” (Loc cit) This was in relation to the insistence then by ANC President Nelson Mandela that while sections of the SA economy will be run by the private sector, certain sectors such as mines and banks should be nationalised. The General Secretary of the Communist Party of Vietnam then argued that nationalisation is not the way to go, as nationalised economies in that conjuncture were not successful and would repel potential investors. After these meetings, Mboweni (2014) says “at the Hotel, Madiba said Chaps, it looks like this nationalisation thing will not work, you guys must prepare a report which we will present to the NWC and NEC on what happened” (Mboweni, 2014).

Post WEF, the delegation prepared a report for the Officials, and then for the NEC of the ANC, which accepted with no single objection that nationalisation of mines, banks and monopoly industries cannot and should not be ANC policy and should not be repeated in public engagements (Mboweni, 2014). This is how the debate about nationalisation of mines and banks was ultimately removed from mainstream ANC politics and deliberations. Notable about this though is that Joe Slovo, Chris Hani and other prominent members of the Communist Party were part of this meeting. Sometimes the view that there was a formidable intra-ANC leadership resistance to neo-liberal capitulation is exaggerated. There

was indeed mass expectation of what an ANC government would do post 1994, but the entirety of its leadership sought political freedom first, believing that the rest will follow.

It was post WEF that the policies on nationalisation of mines, banks and other strategic sectors of the economy were officially dropped in ANC economic policy pronunciations. Ben Turok, who was part of the ANC economic policy discussions during the transition period recounts the discussions in the Economic Transformation Commission in an ANC Conference that happened between the 28th and 31st of May 1992 in Johannesburg. Turok (2003) says,

> "We then examined the document [The Growth Path for a New South Africa] paragraph by paragraph until we came to the section that referred to privatisation and nationalisation. Alec Erwin immediately got up and stated that COSATU objected to privatisation and would oppose its insertion vigorously. After some discussions Mandela rose to say he had recently attended the World Economic Forum in Davos where he had said: 'taking some key enterprises into public ownership will itself be a major step towards overcoming the huge inequality in the ownership of our country's wealth'. These remarks were unfavourably received (in the WEF) while those of De Klerk and Buthelezi – who had also spoken and advocated free enterprise – received a much better reception. He warned our commission that an overt call for nationalisation would meet with much opposition in the West and the conference should pay heed" (Turok, 2003: 261 – 262).

This account by Turok (2003) is correct and confirmed by Mboweni (2014) who says that Mandela was persuaded in the WEF and said at the hotel there that the delegation should write a report to the NEC, which should move towards removing Nationalisation from key ANC economic policy document. The agreement from there forth was that the ANC's approach to nationalisation will be on a case-by-case basis in a mixed economy, and not within the earlier understating of nationalisation of Mines, banks and monopoly industries called for in the Freedom Charter. Capitalist interests reigned supreme on this question, and the policy positions adopted post 1994 are evidence that this objective was submerged under the sea of neo-liberal discourse which was overwhelming the world since the collapse of the Soviet Union.

In the interview conducted for this thesis, Professor Padayachee's (2013) account of how MERG was rejected illustrates the following:

> "As you know MERG was a creation of the ANC alliance. Let me say that the ANC had never been involved, nor were any of us ANC aligned academics, been involved in

> anything as complex as the MERG process before, so is understandable to some extent that things were not always easy to manage through a 2-3 year process. But MERG was fully embraced by the ANC leadership following Mandela's visit to Canada (I think around mid-1991), and it was funded amongst others by the Canadians, US, Germany and a number of Scandinavian governments. Initially it was taken seriously within the ANC and its senior leadership who pinned much hope on it. I believe that at some point around July-Sept 1992, something changed" (Padayachee, 2013).

Indeed something changed, and this was due to streams of influences exerted on the ANC leadership. This change paved a way for the IMF to commit the TEC to reforms that are hallmarks of the post 1994 economic policy and this is dealt with in the Chapter that deals with the role of the IMF below. The overall perspective is that with the influence of fractions of capital, global triumphalism of capitalism, and the new found knowledge of ANC activists, particularly on economic policies, the transition to the reign of capitalist interests over the ANC commandist economic policy was rather a smooth process.

Overall, a metaphorical illustration of what happened to ANC' economic policy can also be described by a true story recited in the authorised biography of the first post-1994 Minister of Trade and Industry Trevor who was largely at the forefront of trade liberalisation and ultimate adoption of the neo-liberal macroeconomic policy, GEAR. In the biography, Green (2008) says, "Anglo-American, who owned the nearby wine estate Vergelegen, offered it to the ANC for its first legal meeting on South African soil. Trevor Manuel did not tell the police. He put everyone in cars, Nelson Mandela last, and when he saw that they were ready, he passed word down the convoy: ***Vergelegen. Let's go!***" (Green, 2008: 328).

If the narrative that Anglo-American Corporation (as representative of mining capital in SA) is amongst the pioneers of the transition from apartheid to an inclusive political system, which was a replacement of apartheid political office bearers with post 1994 political office bearers, then it is safe to figuratively observe that since the first visit to Vergelegen, the ANC did not come back and continues to acquire ideological and political guidance there. The political actions of the ANC, and its internal economic policy positions and capitulation to the dominance of fractions of capital continue to be significant 20 years post first inclusive elections. This happens even when these economic policies fail to systematically and

systemically cure the crises of unemployment, poverty, inequalities and under-employment which were hallmarks of racialised capitalism in SA.

CHAPTER 4: THE NEGOTIATED TRANSITION AND FACTORS THAT INFLUENCED IT AND HOW THESE FACTORS RELATE TO CAPITALIST INTERESTS:

South Africa's transition from apartheid domination to a politically inclusive system was characterized by many factors, which reflected the extent and level of class contradictions in South Africa's capitalist system. Virtually all stakeholders, including those who were neither on the negotiation table for South Africa's political transition from white minority apartheid rule to a politically inclusive system, nor engaged in the struggle for political liberation had a variety of class, political, regional, ethnic, or gender interests on the outcome of the transition. This in itself made the transition to be amongst the most complex of political transitions in the history of political transitions and independence in the African continent, and possibly the world.

The complexity of SA transition is reflected on the fact that in 2014, 20 years post formal political transition, there is still no agreement, nor overwhelming consensus on what really led to and was the content of this transition. To some, the transition was a major democratic breakthrough and victory of the African National Congress led liberation movement, whilst to some it was a capitulation of the democratic and liberation forces to the whims and demands of capital in South Africa, which had acknowledged and accepted that it could not continue to maximize profits under the apartheid system. Some view the negotiated settlement as a beginning of a transition, which should in times to come or in its 2nd phase, achieve an equitable, united, non-racial, democratic society, whilst to some it represents the first stage in the struggle for socialism.

Considerate of these irreconcilable perspectives and views on South African political transition, this Chapter outlines the factors that influenced the negotiated transition in South Africa. The Chapter cogently argues that due to a variety of internal and external political, military, and economic factors, negotiation was the only route left for South Africa (both the liberation forces, the regime and the capitalist class) to realize political transition.

Various sections of capital realised all these interests and began to put pressure for political reforms which would safeguard their economic interests.

Despite this, there was space for the democratic forces to opt for a different economic policy framework than the adoption of what was largely viewed and accepted as apartheid capitalist interests, despite the pressure exerted on the liberation forces to go that route. Interests of big business always responded to various political developments and found ways of safeguarding their interests, the interest to continue doing big business.

The political context of negotiated settlement:

Without delving into historicism, it is important to mention that the political negotiations in South Africa that resulted in the first inclusive elections in 1994 were a consequence of many decades of political and class contestation between the predominantly white political oppressors and predominantly black politically oppressed people. The negotiations were also a result of decades of the development of capitalism and resultant class contradictions and contestation between Capital and the working class in South Africa. This relationship was consequent of the 15th, 16th, 17th and 18th centuries colonial conquest of what is now called the Republic of South Africa.

In the book *South Africa's Struggle for Human Rights*, Saul Dubow deals with this question adequately when he says, "in the period of post-war reconstruction (1902 to 1910), and, even more, in the post Union (1910 to 1948) era, Afrikaners (of Dutch origin) and English-speakers found common cause on the 'colour' question" (Dubow, 2012: 45). He further correctly says, "the creation of a new South Africa as a white man's country entailed that blacks be subjected to unprecedented political and ideological scrutiny" (Dubow, 2012: 45). Now this defines a component of the relationship that would define the interests of those who partook in formal transitional politics that brought forth an inclusive political system.

The class character of this relationship cannot be underestimated, because it underpinned the character and nature of resistance to capitalist racial oppression of the black majority and the regime's attitude to negotiation. With no class and political prejudices of being

Head of State, Thabo Mbeki in a document titled "*the Historical Injustice*" argued in 1979 that the landing of the employees of the Dutch East India Company at the Cape of Good Hope 326 years ago, in 1652, represented in embryo the emergence of class society in South Africa, (Mbeki, 1979). He further mentioned specifically that such class society was bourgeois society in its infancy, (Mbeki, 1979). Mbeki argues that "the settlers of 1652 were brought to South Africa by the dictates of that brutal period of the birth of the capitalist class which has been characterised as the stage of the primitive accumulation of capital" (Mbeki, 1979). The relationship between racialism and class exploitation was therefore definitive of the character and nature of South Africa's politics, particularly the relationship between class power and politics.

This relationship was characterized by many major events including the wars of resistance, discovery of precious minerals like diamonds and gold in 1871 and 1886 respectively; the battering down of Africans' subsistence economy and life; forced taxation; formation of the all whites Union of SA in 1910; formation of the ANC in 1912; passing of the Land act in 1913; victory of the socialist forces in Russia in 1917;beginning of apartheid in 1948; ANC radicalisation and breakaway in the late 1940s; adoption of the freedom charter in 1955; banning of the SACP and ANC in 1950 and 1960 respectively; commencement of the armed struggle in 1961; imprisonment of freedom fighters in 1964; student uprisings in the 1970s; imposition of sanctions in the mid-1980s; the battles of Cuito Cunavale in the late 1980s; collapse of the Soviet Union in 1989; and the unbanning of political parties and release of all political prisoners in early 1990s (Terreblanche, 2002; Saul, 1993; Alexander, 2002; Barrel, 1990; Leroy, 1989; Turok, 1999) .

Negotiated political settlement:

All these major political developments had a massive impact and influence on the nature and character of South Africa's transition. Importantly, the discussion here focuses on the period towards the transitional period to understand thoroughly why negotiation was the only option left to then liberation forces and the apartheid regime. This focus will not be limited to objective realities that characterized various political developments during

transition, but also the perceived or genuine subjective realities that defined those at the forefront of the transitional period.

For purposes of this discussion, the factors that made negotiation inevitable and the only practical way out for both the apartheid regime and the forces of liberation as embodied by the ANC would be limited to seven primary factors. These factors might not be exhaustive, yet adequately and cogently illustrate why there was no practical alternative to negotiation. These factors are a) South Africa's international isolation and sanctions; b) Capitalist pressure on the apartheid regime and liberation forces; c) Military and organisational weaknesses of the liberation forces; d) The battle of Cuito Cunavale; e) subjective factors around political prisoners; f) Collapse of the Soviet Union (no military supply to the ANC and no hollow anti-Communist justification by the regime); and g) the masses.

Whilst there could be other factors that made negotiations unavoidable, these constitute the primary reasons why it became the sole option towards South Africa's political transition. This is true particularly when viewed in light of a possibility that an alternative to negotiation could have been a mass insurrection or military overthrow of the apartheid regime. All these seven factors are important and dynamically interrelated such that claiming one factor as more important than the rest amounts to over-simplification of an otherwise complex phenomenon.

a) International Isolation and sanctions.

South Africa's isolation because of its apartheid policies had an impact on the regime's decision to negotiate. The regime was a pariah State declared crime against humanity by the United Nations (UN resolution 202 A (XXI) of 16 December 1966). The anti-apartheid movement made significant impact globally. Addressing this political phenomenon in the book *Transition to Democracy: Policy Perspectives in 1991* Rudolf Gouws says, "the rejection by the rest of the world of the political system in this country contributed to South Africa's inability to attract foreign direct investment from the early 1970s onward, eventually leading to the exclusion of South Africa from the world financial markets in 1985" (Lee & Schlemmer (eds), 1991: 43).

Summing up the character, nature and role of the Anti Apartheid Movement assumed throughout the world, Zukas says in the *Encyclopaedia of Activism and Social Justice* that

> "during a meeting of South African exiles and their supporters in London in 1959, Chief Albert Luthuli suggested the formation of an AAM in Britain. The organization organized boycotts, published the newspaper Boycott News, organized public meetings in support of the ANC and PAC, and worked diligently to enlist the active involvement of the United Nations, the British Commonwealth, the Non-Aligned Movement, the Organization of African Unity, and many other international organizations in their struggle", (Zukas, 1990: 4)

Zukas further notes, "the AAM began by promoting the establishment of antiapartheid groups in other West European countries, lobbying the Commonwealth in 1960–1961 and the International Olympic Committee in 1962, launching the World Campaign for the Release of South African Political Prisoners in 1963, and organizing the International Conference on Sanctions against South Africa in 1964. Its campaigns for people's boycotts, government sanctions, and the arms embargo soon spread far beyond the borders of Britain. AAM was responsible for a broad range of actions from public boycotts to U.N. sanctions, from the provision of humanitarian assistance to refugees to military and non-military assistance to the liberation movement" (Zukas, 1990: 5)

In the recently published book, *Lost in Transformation: South Africa's Search for a new future since 1986*, Professor Sampie Terreblanche, who was part of the group of academics that came into contact with the leadership of the ANC in 1987 attributes the ANC and apartheid regime's negotiation route to the 1986 summit in Reykjavik between then US President Ronald Reagan and USSR leader Mikhail Gorbachev, (Terreblanche, 2012: 12). He argues that after Reykjavik, "the Soviet Union put pressure on the ANC in exile to seek a negotiated settlement in South Africa, and after the enactment of the Comprehensive Anti-Apartheid Act of 1986 the US and other Western Countries strongly increased their pressure on the apartheid regime to, similarly, negotiate a solution to the apartheid problem" (Loc cit, 14).

Vladimir Shubin validates the view of the USSR pressure on the ANC by noting the remarks of the Communist Party of the Soviet Union (CPSU) General Secretary Mikhail Gorbachev

(between 1985 and 1991), who spoke at a dinner in honour of Angolan President Jose Eduardo do Santos, in the presence of ANC leaders Alfred Nzo and Joe Modise and SACP leaders Joe Slovo and Eric Mtshali who had gone to the USSR to attend the 26th Congress of the CPSU in 1986. Gorbachev said,

> "There exists a reasonable and realistic alternative to bloodshed, tension and confrontation in Southern Africa. It presupposes an end to aggression against Angola and other liberated States, the speedy granting to Namibia of independence – but of genuine independence, not fictitious independence, as the USA and RSA would like – and finally, the liquidation of the inhuman apartheid system" (Shubin, 2008: 1038).

Due to this enormous pressure, talks before talks begun to take place between representatives of the apartheid regime and the ANC in exile. Terreblanche notes that after the pressure from Moscow and Washington on the ANC and apartheid regime, respectively, 'several South African groups became involved with the ANC in discussions about a possible negotiated solution" (Terreblanche, 2012: 14). Terreblanche specifically notes that "in July 1987, a South African delegation under the leadership of Dr. Frederick Van Zyl Slabbert and Dr. Alex Boraine held discussions with the ANC in Dakar, Senegal ... and from October 1987 to February 1990, a group of Afrikaner Academics were involved in seven clandestine meetings with ANC leaders" (Terreblanche, 2012: 14).

This had a massive impact on the apartheid regime, which with the declaration of apartheid as crime against humanity by the United Nations earned South Africa the status of a pariah state. Linked to international isolation were economic sanctions, which largely impacted on South Africa's export-orientated economy, isolation from sporting and cultural activities, etc. In hindsight, it can correctly be said that the reality of sanctions on capital had influence over the regime because they could not maximise profits whilst denied trade internationally and could not earn foreign currency for capital expansion. In his 2nd February 1990 Speech which announced the unbanning of liberation movements and release of political prisoners, F.W. De Klerk made this acknowledgement, and said, "Without contact and co-operation with the rest of the world we cannot promote the well-being and security of our citizens" (De Klerk, 1990).

Overall, Giliomee (1990) provides a correct argument on the extent at which sanctions impacted on the transition from apartheid to an inclusive political system. Giliomee (1990) illustrates that "the government's decision to negotiate was also influenced by economic pressures among which foreign sanctions played a definite, if complex, role ... in arguing for a yes vote in 1992 white referendum on negotiations, senior party spokespeople acknowledged the contributing role of sanctions in the government's decision to negotiate, adding that the economy had been bled white", (Giliomee, 1990: 88).

b) Capitalist pressure.

From the 1970s onwards, the South African capitalist economy could no longer handle the illegitimacy and isolation and was forced to the table. Making this acknowledgment, the *Nedcor/Old Mutual Scenarios* which was the clearest expression of South Africa's big capital interests on South Africa's political transition said, "the South African economy was unusual in that it had been stagnant since 1975, with sharply declining average incomes since 1982" (Tucker, 1992: 39). Confronted with the reality that the apartheid capitalist economy was not making huge profits under the regime and due to international isolation, Anglo American's Clem Sunter said in 1987 that he hopes that "Negotiation works. Rhetoric is dropped, reality prevails and in the end the companies concerned go on producing the minerals, goods and services" (cited in Bond, 2000: 178).

Blumfeld (2011) deals with this question in more substantive way, and says,

> "During the apartheid era, and especially during the 1980s, South Africa was subject to widening international trade and financial sanctions. Whatever the political imperatives behind the sanctions campaign, and whatever its perceived political consequences, it has not always been adequately recognised that sanctions engendered significant – and sometimes unexpected and unintended – economic consequences, both in the short and the longer term" (Blumfeld, 2011: 36).

Blumenfeld (2011) accurately says that these problems included, but not limited to,

> "a) The trade embargoes distorted and curtailed exports, with sales to the rest of Africa – South Africa's main market for manufactured goods – most strongly affected; and they raised the costs of imports, especially of 'strategic' commodities such as oil and armaments; b) The financial sanctions led to significant foreign disinvestments from the domestic capital markets and the disposal by many foreign

> corporations of their South African subsidiaries; and c)the escalating sanctions reinforced the long-standing 'fortress' mentality towards the international economy just at the time that the necessity for and the benefits of a more outward-looking approach were beginning to percolate through to key policymakers" (Blumenfeld, 2011: 37)

Due to the reality that the apartheid regime could not guarantee continued profitability of capital in South Africa and linked to the international pressure and isolation aspect mentioned above, a variety of negotiations and talks begun with the leadership of the ANC, those who were in prison and those in exile. The most prominent amongst these was a high level delegation of South African business, academics and others who met the leadership of the ANC in exile to discuss possibilities of a negotiated political transition as mentioned above, (Terreblanche, 2012: 14). The general observation of the politics of talks before talks is well captured by Dr. Frederick Van Zyl Slabbert in the book *Transition to Democracy: policy perspectives in 1991*, that, "the obvious point is that there is nothing inevitable about the transition in South Africa—it came about, or was precipitated by deliberate political choice" (Lee & Schlemmer, 1991: 1).

Van Zyl Slabbert further says, "Increasingly, it became apparent that the South African economy could not carry the ideological costs that apartheid/separate development demanded. In addition, the imperatives of economic growth (capitalist expansion) demanded the undermining of political goals set by the regime" (Lee & Schlemmer, 1991: 2). He goes on to explicitly say that "the private sector (capital) has always followed the political approach of 'business' to keep both ears to the ground, tuck in behind power, and economically exploit stability for as long as it (capital) endures" (Lee & Schlemmer, 1991: 2). This sums up the factors that resulted in the pressure South Africa's capitalist class exerted on the apartheid regime to usher in political transition, and the regime had to capitulate because without capital's support, the regime was never going to be sustainable.

Faced with possibilities of extinction, this capitalist pressure was now exerted on the political elite both on the side of the apartheid regime and liberation forces to find each other on a political settlement that would guarantee continued exploitation of labour and resources. The liberation forces had no other option but to make assurances that capital will

continue to exploit, because there was no any other way to realise political transition than negotiation. The apartheid regime also had few options because its backbone was these private corporations, which were now saying they cannot sustain themselves if apartheid remains as is. This aspect will be enunciated below when dealing with the question of the subsequent embracing of the neoliberal GEAR.

This notion is dealt in great detail below and illustrated within the context of fractions that dominated the transition from apartheid to an inclusive political system not because they hated apartheid, but because apartheid was no longer a necessary political condition to continue doing big business and making profit.

c) Military and organisational weaknesses of the liberation forces.

From 1960, the ANC was in exile, weak, faced with internal revolt, no formidable military capacity to lead any meaningful onslaught against the regime like it had happened in other countries that gained independence through military offensive. In the book *Inside Quarto: Uncovering the Exile History of the ANC and SWAPO*, Paul Trewhela (2010) illustrates adequately that the ANC Military wing, Umkhonto WeSizwe (MK) was never a formidable army that could face and sustain military confrontation against the apartheid regime, but was involved in 'sniffing out' real or perceived informers of the regime in a very brutal and violent manner (Trewhela, 2010). Despite slogans and songs that agitated MK soldiers to shoot and kill the apartheid regime and its representatives, MK was never ready to take up arms and sustain a continued offensive against the regime until the liberation forces' seizure of political power.

MK was particularly riddled with internal conflicts and squabbles, which diverted its attention from the strategic enemy, and rather focused on perceived internal informers and spies. Describing this phenomenon, Paul Trewhela says, "MK began to crack into two armies, the latent army of rebels which kept seething beneath the apparent calm and obedience, and the army of the leadership, their loyal forces" (Trewhela, 2010). The ANC military wing was at war with itself with poor intelligence gathering and kangaroo internal tribunal system which led to the execution of many soldiers in the name of suppression

insurrection and counter revolution. It is possible that MK tribunals could have executed, actually killed many '*impipis*' amongst its own than it could have killed representatives of the enemy in its 30 years of existence as a liberation army.

The underground structures of the ANC were also not efficient and credible tools for any foreseeable mass insurrection or coup d'état which would overthrow the apartheid regime. Major political events happened in South Africa without these underground formations' input and strategic leadership as could have been expected from underground formations of an exiled political mass movement. The South African Students' Organisation (SASO) and the Black Consciousness Movement occupied the political vacuum created by the absence of the liberation movement and became prominent voice of the oppressed people of South Africa, (Badat, 1999). The students' uprising happened on June 16 1976 in Soweto and spread to other parts of South Africa without the liberation forces' hand and influence on their nature and character of these potentially revolutionary uprisings, (Badat, 1999). There was no strategic leadership to elevate all these developments into a People's war to overthrow the apartheid regime.

It is important to argue now that the liberation forces' turn to military strategy was not originally meant to overthrow the apartheid government militarily; it was always seen as a way of forcing the apartheid regime to the negotiation table. Despite the many slogans and commitments in official policy documents and perspectives of the liberation forces to militarily overthrow apartheid, the actual and real military practice, methods and strategies of MK did not whatsoever suggest that the intention was to militarily overthrow the apartheid regime. The military strategy of MK was targeted on sabotage of key economic activities of the regime with the view of weakening its economic base, causing an outcry domestically and internationally, and thus forcing the regime to negotiate, not hand over power because power stations and SASOL have been bombed by MK soldiers.

d) The battle of Cuito Cunavale

The battle of Cuito Cunavale refers to the military confrontation between South African Defence Force (SADF) and the Cuban Military Forces in the village of Cuito Cunavale in

Angola in 1987/88, (Adam, Heribert, and Kogila Moodley, 1993). While less spoken about in South Africa's transitional politics, this battle played a major role in pushing the apartheid regime to the negotiation table because the battle made them realise that the apartheid military is not indomitable. Addressing the 20th Anniversary to commemorate this battle, Ronnie Kasrils says, "Whilst the generals and pundits of the former South African Defence Force (SADF) are at pains to claim victory the acid test is to consider the outcome. The SADF which had carried out continuous invasions and incursions into Angola since that country's hard-won independence in 1975 (which was the reason for the Cuban military presence in the first place) had been forced to totally withdraw; the independence of Namibia was soon to be agreed; the prospect for South African freedom had never been more promising" (Kasrils, 1998).

Discussing factors that precipitated negotiated transition, Van Zyl Slabbert acknowledges the role of the battle of Cuito Cunavale, which he generally refers to as the 'war in Angola'. About this, he says "the South African regime engaged in this war (the war in Angola) with arrogant myopic vision and lack of insight. More than anything else it epitomised that which was part of the total strategy, name, the waste of lives, time, energy, and resources. The escalating costs of the war, the unanticipated resistance of the Cubans, as well as the increasing unpopularity of the war at home speeded up its end" (Lee & Schlemmer, 1991: 4). The Cubans formidable military confrontation and offensive against the South African regime resulted on the independence of Namibia, (Gleijeses, 2007).

It is important to note though that despite the intentions of the Cubans to sustain the military offensive until the liberation of South Africa, the ANC and its military wing, Umkhonto WeSizwe were not necessarily involved in the real battle. This is noted because if the ANC and MK were in pursuit of an alternative route to South Africa's liberation, the route of intensified military offensive aided by a formidable army and armaments from Cuba could have been buttressed by intensified mass protests in South Africa until the total capitulation of the apartheid regime. Attempts to find the ANC or MK's involvement in the planning, intensification of Cuito Cunavale at high level command return with nothing because they were not involved.

What can be discerned from these observations is that faced with growing unpopularity amongst the white South Africans and faced with formidable military challenge in the form of the Cubans, the apartheid regime realised in more practical terms that negotiation was the only way out of the political conundrum. Due to these factors without prioritizing one over the other, negotiation was inevitable, because that was also the original view of the liberation forces. Commandante Jorge Risquet who was the Commander of the Cuban African Missions in Cuito Cunavale attributes the concessions by the apartheid regime and granting of Namibian independence to the post Cuito Cunavale battle Quadripartite talks between Angola, Cuba, apartheid South Africa and the United States (Hedelberto Lopez Blanch, 2008: 78. He says these talks guaranteed the independence of Namibia and commitment by the apartheid regime to talk to the ANC for a negotiated settlement, (Hedelberto Lopez Blanch, 2008: 78).

It is quite evident from these developments that the ANC-led liberation forces were not in pursuit of an alternate solution to political transition, because even with formidable military aid and commitment from the Cubans, the liberation forces did not escalate this to a people's war to seize political power. Military seizure of political power was going to have its own consequences, yet was not attempted as a way to take political power in South Africa, because the liberation forces needed a negotiated settlement.

There was obviously going to be tremendous difference between a transition that could have happened due to the military strength of the liberation movement, and a transition that happened though negotiations because the contending forces could not defeat each other. The ANC's pursuit of negotiations even when there was possibility of military onslaught aided by the Cubans, led to the many capitulations that defined the negotiations process.

e) Subjective factors around the political prisoners.

Despite a widely held notion that the political prisoners were willing to die in prison for freedom's sake, there was growing subjective wishes to at some stage reach a political settlement and this is reflected by the nuances that define the political prisoners' ideological

commitments during imprisonment and on the eve of release from prison. As political prisoners standing trial, these leaders were willing to die and were never prepared to sell out the freedom charter, which even by the regime's admission was going to discontinue private ownership of the key means of production. But when it is more than 20 years later, the rhetoric changed and was willing to accommodate any form of political transition. It did not take Nelson Mandela many years after his release to retreat on the commitments he had made all his life on the Freedom Charter and that the change on this policy is inconceivable because times were hard.

Notably, Walter Sisulu and Govan Mbeki were released from prison earlier due to old age and such did not have much impact on the country's political developments. The regime also noted that the political prisoners were themselves in the state of exhaustion and needed political settlement which will secure their interests, whilst altering political power with the hope that the political power will not be used in the future to upset the interests of capitalist minorities.

It should however be stated categorically that the subjective actions and interests of the imprisoned political leadership was justifiable in the face of no clarity of action from the exiled leadership on what is to be done. Despite proclaiming that prisoners cannot negotiate, political prisoners, in particular Nelson Mandela was engaged in a variety of high level political engagements and interaction with the South African regime. In a statement issued by then Minister of Justice Koebie Cotzee on the 12th of July 1989 after Nelson Mandela's meeting with PW Botha, Nelson Mandela said "**Only free men can negotiate, prisoners cannot enter into contracts**" (Mandela, 1989). This was part of the prisoners' negotiating their own release because there was no clarity on what the liberation forces were going to do to end apartheid. Various other meetings and engagements happened between political prisoners and the regime because prisoners themselves could not wait any longer for liberation to be brought by forces outside of prison, (Mandela, 1994).

This subjective element is not insignificant because the subjective views and capitulation of Nelson Mandela on the radical economic policy positions of the ANC (Freedom Charter in particular) few months after his release had a decisive influence and impact on the nature of

compromises the liberation movement made on the negotiation table. Faced with the exhaustion of age and prolonged stay in prison, political settlement was the only goal and focus on the political prisoners.

Alexander (2002) acknowledges the point of the subjective elements and the role of individuals in the transition and says,

> "the role of certain individuals was, and is, extremely important in the South African transition. The specifically South African style which characterised the negotiation process, the oscillation between genteel and brutal interventions, the transparency and the secrecy of the transition, was to a large extent the result of projections of the personalities of the main players" (Alexander, 2002: 52).

Mandela (1994) validates this observation when he says in his autobiography that

> "I chose to tell no one what I was about to do. Not my colleagues upstairs nor those in Lusaka. The ANC is a collective, but the government had made this collectivity impossible. I did not have the security or the time to discuss these issues with my organisation. I knew that my colleagues upstairs would condemn my proposal, and that would kill my initiative even before it was born. There are times when a leader must move out ahead of the flock, go off in a new direction, confident that he is leading his people the right way, (Mandela, 1994: 627).

While there is autobiographical and biographical reflections of what caused certain political actions and developments in history, there seem to be ignorance, particularly within the Marxist political doctrine to the role played by individuals. This is a mistake because the role individuals play in any political struggle and most importantly in transitions is very important and should, of course, be understood within a broader political and class relations context.

f) Collapse of the Soviet Union.

The collapse of the Soviet Union, which is often misinterpreted as the collapse of communism had a huge impact on the unavoidability of negotiated political transition in South Africa, for both the liberation forces and the apartheid regime. The liberation forces no longer had access to continued military and financial support from the Soviet Union and the regime could no longer justify its repressive policies on the basis of a suppression of communism fallacy.

In the speech he delivered on the 2nd of February 1990 announcing the release of Nelson Mandela and other political prisoners and the unbanning of political parties, F.W De Klerk acknowledged this aspect when he said, "the year 1989 will go down in history as the year in which Stalinist Communism expired. These developments will entail unpredictable consequences for Europe, but they will also be of decisive importance to Africa. The indications are that that the countries of Eastern and Central Europe will receive greater attention, while it will decline in the case of Africa" (De Klerk, 1990). This clearly was amongst the many factors De Klerk mentioned as a basis for pursuing the negotiation route as a means to political transition.

The apartheid regime was also aware that the collapse of the Soviet Union impinges the capacity of the liberation forces to fight any meaningful military battle against the regime. In his 2nd February 1990 address to Parliament, De Klerk acknowledges this reality and notes the following as aspects that made the government to release political prisoners and unban political parties:

> "1) the events in the Soviet Union and Eastern Europe, to which I have referred already, weaken the capability of organisations which were previously supported strongly from these quarters, and 2) The activities of the organisations from which the prohibitions are now being lifted, no longer entail the same degree of threat to internal security which initially necessitated the imposition of the prohibitions" (De Klerk, 1990).

The apartheid regime could also no longer justify the suppression of the liberation movement as suppression of communism because what was perceived as the threat of communism in the world had disintegrated symbolised by the collapse of the Soviet Union in 1989. This predicament also posed a serious challenge to the liberation movement whose source of material and military support came from forces that were globally perceived as communist. The USSR had, as illustrated above, already agreed to the negotiated settlement route.

g) Mass mobilisation.

The ANC's relationship to the masses has always been a complex and contentious phenomenon due to the fact that it was not necessarily a mass movement at formation and

arguably for the first 27 years of its existence. Even when masses were brought into the equation of liberation struggles, their relationship to the dominant leadership in every conjecture has been very complex, and often a tap relationship where the leadership will unleash the masses whenever suitable and not follow what they say and do. In actual fact, the major turning point mass activities that defined South Africa's politics such as the Sharpeville anti-pass law protests in 21 March 1961, the Durban workers' strike in 1973, June 16 1976 students' uprisings happened without the involvement of the ANC.

Spontaneously and in the manner which the liberation forces used to their advantage, the actions of the people on the ground beginning with the mass actions that resulted in the Sharpeville massacre in 1961, the Durban workers' strike in 1973, the 1976 Soweto students' uprisings, the formation of the United Democratic Front (UDF) in 1983 and the many protest action the mid and late 1980s, the formation of the Congress of South Africa's Trade Unions (COSATU) in 1985 had tremendous pressure on the apartheid regime to find a solution. Professor Terreblanche notes all these developments and argues that despite apartheid securocrats' attempts to violently quell these developments, they "increasing lost control of the black townships ... by 1989, the security situation in South Africa had become extremely precarious, and by 1990 the apartheid regime had no choice – under mounting internal and external pressure – but to negotiate the terms of the new dispensation with the ANC" (Terreblanche, 2012: 10-11).

The manner in which mass struggles of the ANC were managed and handled historically was naturally designed to culminate in negotiation, not mass insurrection or people's war as declared by the ANC and South African Communist Party (SACP) perspective titled *Planning for People's War*, which said, "every political action, whether armed or not, should be regarded as part of the build-up towards a nationwide people's armed struggle leading to conquest of power", (Barrel, 1987: Chapter 7). This was never pursued in practical terms, even in instances where the masses rendered the Apartheid State ungovernable and the machinery unworkable, because the ultimate goal was to negotiate a political transition.

In summary, the negotiation route to the ANC was the original route to political accommodation because since its formation, the ANC had been negotiating for rights of

civilised black men by sending petitions and deputations to the Queen in Britain. The argument here is that even if the apartheid regime had shown signs of weaknesses, the ANC was going to negotiate transition. Whilst the masses exerted the necessary pressure on the apartheid regime, the ANC did not interpret this as an opportunity for mass insurrection or people's war; it saw this as a way of pressuring the regime to negotiate a political settlement. Throughout negotiation, the rolling mass action pronounced by the ANC, particularly after Boipatong massacre, was not directed at people's war, but on gaining further political concessions on the negotiation table.

Importantly, the mass protests, particularly the 1976 students' uprisings in Soweto, placed tremendous pressure on sections of business, which began official processes to discuss possibilities of political reform in light of the reality that the situation was not good for business. Alexander (2002) correctly validates this point in arguing that "the decade and a half from the mid-1970s until the end of the 1980s was, as is well known, a period of ever-intensifying mass struggle, one which began under the banner of the BCM (Black Consciousness Movement) and ended under the flag of the ANC and its allies" (Alexander, 2002: 47).

CHAPTER FIVE: FRACTIONS OF CAPITAL IN SOUTH AFRICA, WHICH OF THESE REIGNED SUPREME?

Sometimes with overlapping interests and footprints, South African capitalism and capitalist interests can be safely classified into various categories of capitalist interests or fractions of capital, and here we categorise them in relation to their interests on the negotiations towards an inclusive political system. This categorisation excludes other capitalist interests, notably the petty bourgeois capitalist interests and retail industry capitalist interests, who were often tagged along into supporting what broader and more dominant sections of business said should be the way forward.

As illustrated in the conceptual basis above, fractions of capital will always hold different political and economic policy aspirations and wishes with the sole aim of guaranteeing their capitalist interests, i.e. **the interests to continue doing business in a stable environment in order to maximise profits.** In this regard, fractions of capital perspectives and aspirations of economic policy issues such as labour laws, trade and industrial policies, monetary policy, and the general political and social practices of the state will vary because in different conjuncture because they all seek a political and economic environment to continue doing business.

Saul (1990) acknowledges the existence of fractions of capital in the South African situation and says,

> "Racism and much of the concrete structure of racial oppression in South Africa stem from the global expansion of Western capitalism, and from the fact of colonial

> conquest that historically privileged the white population. Moreover, quite specific class forces and class alliances within the white population—fractions of capital (some more than others), many members of the white working-class, bureaucratic strata—have developed vested and eminently material interests in their privileged positions within the racial hierarchy *per se*" (Saul, 1990).

Importantly, Saul (1990) notes that "Historically, for example, important fractions of capital have found policies like the job colour bar to be a fetter on their manipulation of labour, and in recent years there has been an even more broadly based unease within the camp of capital about the costs of apartheid" (Saul, 1990). This is an important recognition that while dominant perspectives view and understand capitalism as a homogenous oppressive system, it within itself contains fractions which in its historical developments harbour and uphold different political interests, which are fundamentally about safeguarding its continued existence and expansion" (Saul, 1990).

In the development of capitalism, there are indeed various fractions that become more dominant and sometimes submerge the entire capitalist system of a political territory (country or nation) to its wishes and needs. In most resource rich countries, the dominance of the resources fractions of capital often undermine these countries' potential to develop agriculture and industrial development. In South Africa, for instance, "the consensus of state policies, with respect to local industrialisation, with those of the Mines and Commerce, provide a firm indication of which fractions of capital were hegemonic under the Botha-Smuts government." (Kaplan 1976, 76).

Perhaps the most cogent characterisation of fractions of capital is best captured is the one mentioned in the introduction of this thesis by Davies et al (1978) who argue that

> "Within capitalist social formations, classes are not reproduced as a unity, but are fractured and divided. Several dominant classes co-exist (dependent on the articulation with other modes) and, more critically, the dominant capitalist class is itself divided into several fractions (resting on their differing roles in the expanded reproduction of capital). The dominant classes and fractions share a common interest in the maintenance of the relations of exploitation in general, but simultaneously have contradictory interests corresponding to their particular place in the relations of exploitation" (Davies et al, 1978: 5).

Fine (1978) also acknowledges the existence of fractions of capital in his analysis of 'the origins of capitalist development', and says,

> "Increasingly, multi-national corporations organize production so that it straddles national boundaries, including those dividing metropolis and periphery. Typically, the periphery can act as a point of assembly for parts manufactured in the metropolis. Does this generate a tendency for breaking with the continued development of underdevelopment, considered in terms of 'the interest of capital itself'? The answer must be in the affirmative (but the same is true of peripheral industrial capital, independent of foreign capital in the production process, whether foreign-controlled or not). In contrast, internationalizing merchant and financial capital need only depend upon the exchange of products with the periphery. But such a consideration of the interests of one fraction of capital is illegitimate. For competition within the fraction may paralyse progressive development (as for nineteenth-century British textiles). Moreover, internationalizing productive capital must be seen in terms of its interaction with other fractions of capital and forms of property" (Fine, 1978).

In the interview conducted for this thesis, Bobby Godsell, who played various roles in Anglo American and was the business secretary of the Brenthurst Group, whose patrons were Nelson Mandela and Harry Oppeheimer illustrates that there were various interests within the business group on what should constitute the economic policies of the transition (Godsell, 2014). Godsell however agrees that a predominant section of mining capitalist interests was unanimous that apartheid should go, because it was not good for business.

This view is not dissimilar from Marais (2013) that "corporate moguls themselves disagreed on the policies that were likely to restore profit-making to the levels last savoured in the early 1970s and produced desiderata that contained a mix of neo-liberal and crypto-Keynesian features. But their central concerns were transparent and aggressively promoted: the need for a market economy, for social and political stability, for broad continuity in state institutions and for restraint from radical redistributive programmes" (Marais, 2013: 70). This illustrates the reality that fractions of capital were not homogenous, and held different interests on the content of the transition from apartheid to an inclusive political system.

An interesting aspect about all these observations of fractions of capital is in Morris (1975), "the fraction that is economically dominant may very well not be politically dominant. In the case of South Africa this is very clear from Kaplan's work on the earlier period of capitalist development, where he was essentially arguing that while gold mining was economically

dominant it was the national bourgeoisie that was politically dominant." (Morris 1975, appendix).

In South Africa's transition from apartheid to an inclusive political system, these various fractions of capital acknowledged that they could not independently pursue economic policy interests in the transition and had to be positing a united posture to pursue their interests. The Consultative Business Movement (CBM), the National Economic Forum (NEF) and most importantly the Brenthurst Group constituted themselves into a conglomeration of business interests that pursued an economic policy framework which would guarantee continued profit making and business expansion.

While largely united on the need to overthrow sections of apartheid that brought about condemnation by the world and sanctions, these interests were not homogenous, and they constituted various interest groups and fractions sometimes defined along ethnic and sectoral lines. Broadly the following fractions can be isolated in SA's capitalism:

i. Agricultural capitalist interests.
ii. Mining capitalist interests.
iii. Manufacturing and Industrial capitalists interests.
iv. State capitalists interests.
v. Domestic Finance capitalist interests.
vi. Aspirant and emerging black capitalist interests.

i. Agricultural capitalist interests.

Agricultural capitalism is the most basic form of capitalism and in South Africa it was mainly dominated by the Afrikaner community. Racial segregation policies and deliberate protection of agriculture and agri-business by the State harnessed and protected this section of capitalism. The 1913 Land Act, which consolidated the reality that the black majority had been banished into a smaller proportion (13%) of South Africa's land, whilst allocating the vast tracts of the remaining land (87%) in white hands is a critical political reality which safeguarded agricultural capitalist interests.

The disproportionate allocation of land, which was a consequence of colonial conquest and codified in the 1913 Land Act was mainly a mechanism to force black people into wage labourers in the Mines and Farms, which were labour absorptive sectors requiring massive labour from a substantial component of black labourers. Large scale and commercial agriculture and farming became almost exclusively the preserve of white Afrikaners. Labourers that could not be absorbed into mining were forced into agricultural wage labour in order for them to generate wages to pay the taxes forced upon the black majority by the racial segregation laws.

Historically, agricultural capital benefitted substantially from apartheid because it guaranteed this section of capital access to cheap, almost free labour from the dejected and excluded black masses. Under apartheid, agricultural capital enjoyed a variety of benefits including subsidisation and protection from competition by other agricultural practitioners in the world.

A significant section of Boers, which interchangeably refers to the Afrikaner population and more specifically farmers, resisted the political reforms, because they believed such will threaten their immediate economic interests. These interests were not officially consolidated into a voice which could partake in official and unofficial negotiations for the transition and, in any way, their method of operation and disregard of African labourers constituted a factor which was condemned in almost all sections of society.

While not consolidated into a single voice, the political expression and voice of agricultural capital are sections of right wing formations, which resisted all forms of inclusivity and black participation in the political and economic life of South Africa. The right wing rejection of political reforms was due to the reality that they acknowledged that this will deprive them of access to cheap, almost free labour of African masses.

Agricultural capital did not take the official and overt stand on both the covert and overt negotiating table for a post-apartheid inclusive political system, and instead chose confrontation. Their interests could therefore not be guaranteed and safeguarded in the

same manner other capitalist interest were safeguarded. Afrikaner Farmers' opposition to political reforms whose economic content they would not dictate somewhat led to the passing of the neo-liberal IMF Policy prescriptions, which had massive economic consequences for agriculture and food production in South Africa, because agriculture was exposed to heavy competition from outside interests and would lose the protection and subsidisation it enjoyed under apartheid.

What farmers benefitted on however was the inclusion of the Property Clause in the Constitution, which safeguarded the land, but not the agricultural or food economic activities they would engage in post-apartheid. By virtue of the political representatives and voice of farmers being narrowly oppositional and rejectionist of a new political order, its interests were relegated and no commitment could be made to safeguard their interests through continuation of the subsidies and protection they enjoyed under apartheid.

Mboweni (2014) argues that the removal of protection and subsidies for Boers was a deliberate ANC strategy to weaken Afrikaner capital, which was largely viewed as arrogant and not accommodating of the new political order. The prompt removal of subsidies on agriculture was also with a view that alternative forms of participation in the economy would be enacted in the space of the previously protected agricultural capital.

ii. Mining Capitalist interests

As illustrated in the Chapter that dealt with the nature and character of South African capitalism above, mining capital in South Africa is the source of racial segregation legislation, which from 1948 was called apartheid. Mining capital has played a dominant role in the extension and consolidation of capitalism and has been dominant and determining of political developments and processes**.** The first racial segregation legislation in South Africa was informed by the Chamber of Mines, and it influenced policies that guaranteed supply of cheap labour.

Within mining capital, it is important to isolate the Oppeheimer Family and the Anglo American Corporation (AAC), which played a significant role in pushing for political reforms,

not due to their disapproval of the system, but due to their capitalist interests, **the interests to continue doing business in a stable environment in order to maximise profits.** While there were divergent mining capitalist interests, the AAC was the major political spokesperson for mining capital in South Africa, and a very good one at that. Perhaps, before we delve deeper into the role played by the Oppenheimer family and the AAC, we should highlight why the AAC was a force to be reckoned with in SA's political developments and why it deserves isolation.

Butler (2007) illustrates that Anglo American was a dominant force in [the mining] industry. It was directly responsible for 40% of all gold mining – and for perhaps 70% if all Anglo-controlled and administered companies are included. Anglo was also responsible for more than 70% of uranium mining, and through its sister company De Beers it was the leading player in the international diamond business ... by the mid-1980s, Anglo employed more than a quarter (250 000) of a million people in gold mines, 25 000 in the diamonds industry, and perhaps 100 000 others in other mining sectors such as platinum and coal" (Butler, 2007: 116-7).

Furthermore,

> "by the mid-1980s, Anglo had 1350 subsidiaries and associated companies with a variety of relationships to the present. It employed 140 000 workers in the food, beverage and retail industries and around 50 000 others in assorted enterprises within South Africa. The consequence of the emergence of this giant was an economy with a curious structure. The broader Anglo empire was responsible for as much as a quarter of South African economic activity. It was therefore of almost equal economic stature to the state itself – to the sum of government departments, provincial administration, state arms manufacturers, railways, the iron and steel industry, chemicals giant Sasol, the post office, and the energy parastatals Eskom" (Butler 2007: 117).

With such substantial control and ownership of capital, whose base was mining, the AAC and other mining interests played a critical role in ending legislated apartheid, whilst safeguarding the key capitalist interests. This will be illustrated in great detail in the Chapter before conclusion, and will highlight the following aspects:

1. Harry Oppenheimer's role in the Urban Foundation alongside the Rupert Empire.

2. Harry Oppenheimer and the AAC's role in funding the Progressive Party, which mutated into Democratic Party, and now called the Democratic Alliance.
3. AAC negotiations with the ANC from 1985.
4. Harry Oppenheimer's convening of top executives to meet with Nelson Mandela to talk negotiations in what became the Brenthurst Group.
5. The role played by the Consolidated Group in what became known as the Consgold Project.

Overall, mining capitalist interests correctly finds expression in a broad category defined as the Minerals-Energy Complex (MEC). Terreblanche (2012) argues that the MEC played a significant role in the ultimate ideological somersault of the ANC (Terreblanche, 2012: 64). Indeed, the MEC played a role in persuading the ANC to pursue a business-friendly and capitalist-orientated economic policy agenda.

iii. Manufacturing and Industrial Capitalist interests.

In South Africa, there has been substantial linkages between mining and industrial capital, such that most industries were connected and linked to the MEC. The dominance of the MEC however did not allow for thorough development of other industries, particularly in the manufacturing sector. This is perfectly illustrated in Rodrik's (2006) comparison of South Africa and Malaysia from the 1970s onwards.

Rodrik (2006) argues that

> "The point [of South Africa's de-industrialisation] is perhaps best made by comparing South Africa to a high-growth economy such as Malaysia, a country with which South Africa shared many common features in the 1980s. As I will show in the next section, the main difference between these two countries is that Malaysia was able to pull an increasing share of its workforce into manufacturing—the sector with the highest labour productivity in the economy—while in South Africa manufacturing lost ground to the tertiary sector" (Rodrik, 2006: 3).

Rodrik (2006) further empirically argues that

> "The reason that this pattern of structural change is also a key driver of unemployment is that in South Africa non-mineral tradables (including manufacturing) are intensive in low skilled labour compared to services... Malaysia was undergoing a process of industrialization, while South Africa had begun to *de-*

> industrialize. As of the mid-1980s, South Africa still had a larger manufacturing base: Roughly 12 percent of its total labour force was employed in manufacturing, compared to less than 8 percent in Malaysia. But since then, Malaysia has industrialized by leaps and bounds, with this number reaching 16 percent a decade later. In South Africa, by contrast, the proportion of the workforce employed in manufacturing has come steadily down, to below 7 percent by 2000" (Rodrik, 2006: 4)

The de-industrialisation of South Africa should be understood within South Africa's rush to adopt neo-liberal economic policies prescribed by the IMF. This, in essence, means that global finance capitalist interests overcame possible industrial development of South Africa, therefore undermining what could be domestic industrial and manufacturing interests. In the interview conducted for this research paper, Mboweni (2014) acknowledges this reality and say that maybe the democratic government moved so fast to liberalise trade, therefore leading to the closure of many industries which could have been developed.

It is also important to highlight that under apartheid, industrial policy was rooted in the apartheid government's adoption and implementation of a dual currency for political and economic reasons. The political reason was mainly to rise above the sanctions which would later confront South Africa and economically, this was meant to promote export led industries without weakening the currency, which was vital for importation of capital goods.

iv. State Capitalist interests

State capitalist interest emerged and gained supremacy during Afrikaner dominance against sanctions. This section of capitalist interest is important to give attention because the State capitalist interests were an instrument and tool through which the National Party gained legitimacy amongst the white electorate and a tool for continued suppression.

The State capitalist interests found expression through creation of state-owned enterprises, particularly SASOL, ISCOR, ESKOM, TELKOM, DENEL, TRANSET and others. These were used to give jobs to the white minority and during the sanctions period were an insulation from economic devastation which could have been caused by lack of access to key economic resources and activities, had parastatals not been created.

Nattrass and Seekings (2010) also illustrate that "the apartheid state shaped the business environment directly through parastatals in (especially) rail and air transport, iron and steel, electricity, and telecommunications, and continues to do so today, albeit on a smaller scale. Similarly, the apartheid state used its considerable powers of regulation to promote Afrikaner capital, to protect the living standards of white voters, and to promote domestic industry" (Nattrass & Seekings, 2010: 6).

Strategic control and ownership of key sectors of the economy by the state also insulated political office bearers from influences by private capitalist interests, who will acknowledge and realise the state capacity to do business and provide key logistical, energy, telecommunications, transport and logistics support.

Realising that political power might shift to a black majority government, the apartheid state begun to wind up and privatise the parastatals, effectively weakening the potential government's capacity to exert economic and social hegemony in society. The first was ISCOR. The Policy prescriptions of the IMF also demanded that the post-apartheid government should privatise, and the context of this research, this means that the state capitalist interests did not reign supreme and was instead a casualty of the negotiated settlement and transition from apartheid to a politically inclusive system.

This development weakened the ANC's 1985 determination and commitment that "it was important that the new state will need to be able to command the economy and control its resources in order to carry out our commitment to attend to the wellbeing of our people" (Gerhart & Glaser, 2013: 576). State capitalist interests were gradually relegated into insignificance, particularly through the neo-liberal dogma that the state cannot do business and should stay away from business activities.

The parastatals that remained in state control and ownership were corporatised, and operated in a similar way as private enterprises do. They operated in a manner that was primarily profit chasing, not meant for developmental objectives, such as job creation and provision of services, such as electricity in the case of ESKOM.

v. Finance Capitalist interests:

Under apartheid, finance capital was predominated by foreign banks, which left South Africa as a result of sanctions. The disinvestment of major international banks like Barclays had a huge impact in the South African economy and unsettled other fractions of capital, particularly in mining and mineral resources. Bond (2000) illustrates that

> "In past periods, such as the mid-1980s financial panic or the late 1980s disinvestment wave when Standard Chartered and Barclays left, they were bailed out by larger investors: Old Mutual bought Nedbank, the Sanlam-Rembrandt empires supported Volkskas and Bankorp, Liberty Life bought Standard, and Anglo American bought Barclays (renaming it First National Bank)" (Bond 2000).

What this illustrates is that when sanctions befell South Africa, fractions of capital, particularly in mining, who could not easily disinvest, moved into the financial sector and became active role players in the sector in order to safeguard their economic interests. The financial sector was therefore subjected to the interests of the dominant mining capitalist interests.

Finance capitalist interests acknowledge the negative consequences of apartheid for their profitability, and begun to engage in activities that denounced apartheid ideology of segregation and underdevelopment of the African majority. An economic response to sanctions "gave rise both to conglomeration across the economy and the expansion of a sophisticated financial system as cause and consequence of the internationally confined, but domestically spread, reach of South African conglomerates with Anglo-American in the lead" (Bond, 2008: 2).

Importantly, the internal crisis of finance capitalist interests meant that their survival was dependent of expansion to markets and clientele apartheid policies would otherwise forbid them to expand to. This is cogently illustrated in Bond (2001), "unable to roll over the vast loans contracted by private sector borrowers, especially the large banks, Pretoria was ultimately forced to call a 'debt standstill' in 1985 and refused to make repayments on more

than $13 billion in foreign debt, out of the total of $20 billion then outstanding" (Bond, 2001: 269).

Bond (2001) then correctly argues that "this in turn compelled Pretoria to follow 'loose-money' policies locally that included encouraging the allocation of credit into geographical areas it had not penetrated in the recent past, namely black townships..... Housing finance grew especially rapidly during the last half of the 1980s, as banks, and building societies invested R10 billion in townships bonds. Politically, this addressed an often articulated need to identify a new outlet for surplus funds, i.e. black townships" (Bond, 2001: 269).

Banks begun to play a role in pushing for the end of apartheid because they realised that it was not in their immediate capitalist interests to continue with the system of racial segregation, which deprived it of opportunity to expand and make more profits. Chris Ball, the managing director of First National Bank, authorised the funding of a newspaper advert in 1987 calling for the unbanning of the ANC – resulting in a major row with government, (Handley, 2008: 54, cited in Bond, 2000). This was in recognition that with sanctions and international isolation, apartheid political system was not appropriate for business, and had to be replaced with a system which would guarantee continued profit maximisation.

vi. Aspirant Black Capitalist interests

The role and interests of aspirant capitalist should be understood within the context of Leninist approach to the national question. Various analyses of political transitions illustrate that in most pot-colonial or post-independence settings, there will always emerge tenets of Capitalist class formation, which will thwart any possibility to realise thoroughgoing socio-economic redistribution because a section of society that joins the capitalist class, and politically influential will use their political capital to undermine any radical developments that will upset capital. Lenin (1920) adequately dealt with this question and said,

> "A certain understanding has emerged between the bourgeoisie of the exploiting countries and that of the colonies, so that very often, even perhaps in most cases, the bourgeoisie of the oppressed countries, although they also support national movements, nevertheless fight against all revolutionary movements and

> revolutionary classes with a certain degree of understanding and agreement with the imperialist bourgeoisie, that is to say together with it" (Lenin, 1920).

In the presentation made by Cyril Ramaphosa to the ANC Youth League National Executive Committee, he said that what transpired during negotiation were parallel negotiations, not just for economic policy contents and direction, but for specific business deals, including the deal with Vodacom, which intended to invest in South Africa.

The national bourgeoisie, which some argued could result from Black Economic Empowerment as a form of new capitalist class formation cannot be imposed with a developmental agenda as was the case in South Korea. This is largely due to the reality that the national bourgeoisie that has developed since 1994 is closely tied to existing transnational capital within the MEC.

All of South Africa's richest black people post 1994, inclusive of Patrice Motsepe, Tokyo Sexwale and Cyril Ramaphosa are in Mining and related corporations. About these kind of developments, Fanon (1961) says,

> "The national middle class which takes over power at the end of the colonial regime is an under-developed middle class. It has practically no economic power, and in any case it is in no way commensurate (or equal) with the bourgeoisie (or capitalists) of the mother country which it hopes replace. In its woeful narcissism (or selfishness) the national middle class is easily convinced that it can adventurously replace the middle class of the mother country. But that same independence which literally drives it into a corner will give rise within its ranks to catastrophic reactions, and will oblige it send out frenzied (or hyperactive) appeals for help to the former mother countries" (Fanon, 1961).

Black aspirant capitalists were very few and could not exert any tremendous pressure on the big-businesses, except through waiting under the Masters' table to pick up crumbs which would be offered in the name of Black Economic Empowerment (BEE). A major beneficiary was Thato Montlana, who alongside Cyril Ramaphosa and others were members of the Urban Foundation, started by the Oppenheimer and Rupert families to champion modest political reforms in order to grow the black middle class.

The political expression of these interests is members of the ANC who benefitted from empowerment deals, yet retained their leadership responsibilities in the National Executive Committee of the ANC. The most senior amongst these is Cyril Ramaphosa, who in a discussion with the author of this research paper said he was a turkey that could not vote for Christmas.

Important to note is that virtually all black empowerment deals were tied to the existing mining capital, and never ventured into real productive capitalism, which could have brought about industrial development and transformation to diversify the South African economy.

The political representatives of this section are therefore those who benefitted from the capitalist nature of the transition from apartheid, and they gain legitimacy within ANC structures because they provide funding for its elections and day to day running. In one of the ANC National Executive Committee Meeting, Tokyo Sexwale, one of the beneficiaries of the BEE, and a benefactor of the ANC responded to those who said those with money buy ANC structures by saying he has donated R30 million for the National General Council which happened in Durban in 2010, and funds the SACP and COSATU. Ironically, this is the NGC, which resolved that there was greater consensus on nationalisation of mines and other strategic sectors of the economy, a resolution which was thwarted and suppressed by this section of the black bourgeoisie through isolation and banishment of those who championed the nationalisation of mines and other strategic sectors of the economy.

Now, this section of capitalist interests reigned supreme and continues to benefit from the existing political order. Nattrass and Seekings (2010) correctly argue this point in asserting that “ANC leaders and senior bureaucrats alike know that they can acquire great wealth through BEE deals, and move in the same social world as their predecessors who have already done so. The result is an unabashed ideology that holds that the promotion of a black business elite is both just and good for South Africa. The ANC has become, in part, the party of black business” (Nattrass & Seekings, 2010: 9).

This is true and confirmed by the observation of Van Wyk (2009) who observes that "Many members of the new super-rich black elite are ANC insiders. These include: Tokyo Sexwale, who was premier of Gauteng Province; Cyril Ramaphosa (Mbeki's main rival to succeed Mandela); Patrice Motsepe who has never been active in the ANC, but is linked by marriage to ANC leaders; Mathews Phosa was premier of Mpumalanga Province; Popo Molefe was premier of North-West Province; Saki Macozoma was a prominent ANC spokesperson; Moss Ngoasheng was Mbeki's economic adviser; Wendy Luhabe is the wife of the current ANC premier of Gauteng; Zwelakhe Sisulu (son of Walter Sisulu) and so on" (Van Wyk, 2009: 34-5).

While often justified as a means to deracialise apartheid capitalism, BEE and black inclusion into existing, particularly mining capitalist interests has had negative impact even on the post-1994 government's aspirations and objectives. For instance, the failure to reach the Mining Charter's objectives on transformation were politically made insignificant because in the mining board are black people with very strong political connections and massive influence over the ANC and its government.

Analysis:

These fractions of capital always have influence on the content and character of politics pursued by the incumbent government. This notion is perfectly illustrated in Ho-Fung's (2011) analysis of China, where he argues,

> "The political competition between China's private, export oriented capital and its state-owned, domestic-oriented capital, therefore, is far from settled. The former's changing triangular relation with oligarchic state capital and global capital will continue to influence the debate over the People's Republic of China's development path in the years to come. All these fractions of capital, as well as their ideological representatives such as the nationalist left and the liberals, purport to act in the interests of the people. Whether, when and how China's working classes will become a key political force and assert their own independent voices in actual political struggles remains to be seen" (Ho-Fung, 2011).

While this analysis is located within the context of China, this scenario applies perfectly to the South African situation where various fractions contest on the political content, particularly concerning the economic policies, and even the details of fiscal and monetary

policy the South African government pursues. The interests of mining fraction of capital far overweighed all other interests.

Zach de Beer, who was part of the Anglo American delegation to visit the ANC in Lusaka for discussions about possibilities of a transition from apartheid said, "'we all understand how years of apartheid have caused many blacks to reject the economic as well as the political system. But we must simply get the facts across. We dare not allow the baby of free enterprise to be thrown out with the bath-water of apartheid" (cited in Saul, 2011). This is an acknowledgement that fractions of capital realised and admitted that apartheid was a threat to their economic interests and had to be replaced with a political system which would safeguard interests of fractions of capital.

An important observation to make about the fractions is that they coalesced into what appeared as a united voice in their condemnation of apartheid, whilst interested in the retention of the racial capitalist system dominated by the MEC. The coalition of the dominant fractions of capital was best captured in the International Monetary Fund's (IMF) sourced statement of policy which was signed between the IMF and the Transitional Executive Council (TEC) in December 1993.

CHAPTER SIX: THE ROLE OF THE INTERNATIONAL MONETARY FUND IN SOUTH AFRICA'S ECONOMIC POLICY DURING TRANSITION.

In 1962, the United Nations General Assembly adopted resolution 1802, which amongst other things said "the rights of peoples and nations to permanent sovereignty over their wealth and resources must be exercised in the interest of their national development and of the well-being of the people of the state concerned" (UN, 1962). This was further re-affirmed in 1974 in the UN Declaration on the Establishment of a New Economic Order and the Rights and Duties of States, in saying that "every State has the sovereign and inalienable right to choose its economic system as well as it political, social and cultural systems in accordance with the will of its people, without outside interference, coercion or threat in any form whatsoever" (UN, 1974).

Willingly or unwillingly, the reality is that South Africa's sovereign and inalienable right to choose its economic system as well as its political, social and cultural systems in accordance with the will of its people, without outside interference, coercion or threat in any form whatsoever was undermined by the IMF. The country's sovereignty was usurped, and this amounts to an economic policy *coup d'état* and victory of fractions of capital that needed to

continue to do business profitably without an apartheid system which invited international condemnation and sanctions.

The role played by the International Monetary Fund (IMF) in consolidating the dominant fractions of capital in South Africa deserve isolation and specific chapter because it is this role that gave shape, character and content of what became the ultimate economic policy direction of South Africa post transition. The notion that capitalist triumph and dominance only happened in 1996 when GEAR was adopted is false, because the key tenets of GEAR propositions and content were codified in the IMF and Transitional Executive Council's agreed Policy Statement in 1993.

Whilst there have been various global finance capitalists interests in South Africa, the International Monetary Fund (IMF) and its role during the transition deserve specific mention and focus because the IMF's interests reigned supreme. Amidst a tumultuous political and economic negotiation process, the IMF moved in and declared what was effectively an economic policy *coup d'état*, therefore consolidating the capitalist reign over South Africa of Capitalists interests that ultimately reigned supreme, at the expense of agricultural and industrial capitalist interests.

The IMF's summoned statement of policy that committed the incoming government to trade-liberalisation, privatisation and reduction of labour costs effectively took away the government's power to decide on key economic policy initiatives. A fair assumption of governments is that they enact and implement policies after they have been elected into office. In the case of the transition in South Africa, economic policy was set, agreed and signed in 1993 with the IMF, and worse through the signing of the GATT few day before elections. This means that the new post April 27 1994 government had no power to decide on economic policy because such had been done by an IMF influenced process in what is effectively an economic policy *coup d'état*.

Kahn (2000) illustrates that "after the changes announced by the de Klerk government in the early 1990s, the IMF, along with the World Bank, began to increase its visibility in South Africa, with increasing numbers of, and more broad-based visits, including contacts with

academics, labour movement and NGOs. It was clear at this stage that the IMF was concerned with the economic policies that would be followed by the new government" (Kahn, 2000:2).

As will be seen below, the signing of the *Request for a Purchase under the Compensatory and Contingency Financial Facility* by the Transitional Executive Council and the IMF in December 1993 represented an economic *coup d'état*, which effectively deprived the government of the inclusive political system little space to determine and decide independent economic policies. South Africa post 1994 did not enjoy "the sovereign and inalienable right to choose its economic system as well as it political, social and cultural systems in accordance with the will of its people, without outside interference, coercion or threat in any form whatsoever" UN (1974). The IMF requested the TEC to agree on economic policy statements before the transition was concluded and that is what exactly happened.

For this research paper, an interview was conducted with the Chief Representative of the IMF in South Africa Axel Schimmelpfennig, who provided useful information on the IMF's role and history with South Africa by James M. Boughton (2012) *titled Looking to the Future: The IMF in Africa—South Africa*. This document, Boughton (2012) is the IMF's official recollection of its relationship with South Africa from the day the IMF was launched to the transition period.

The additional document from this exercise is a document declassified in December 2013, which basically spelled out policy statements to be adhered to by the post-apartheid or in the inclusive political system. The document is a Staff Report titled *South Africa - Staff Report for the 1993 Article IV Consultation, and Request for a Purchase Under the Compensatory and Contingency Financial Facility* (IMF, 1993).

The Broughton (2012) information about South Africa's relations with the IMF is so important that virtually all what is said there deserves to be rephrased and given cogent relevance for the purpose of this research paper. The Boughton (2012) narrative is

important to recount because it is the official IMF's account of its relationship with South Africa.

Boughton (2012) illustrates that "South Africa, one of the four African countries that participated in the Bretton Woods conference, joined the IMF as an original member in 1945. As a major gold producer and exporter, the country had little need for official financial assistance, and for a few years in the late 1960s it was a creditor country in the IMF" (Boughton, 2012: 690). The relationship between South Africa started when the IMF was launched in 1945, and with the intensification of apartheid laws, South Africa was isolated from many international institutions, including the IMF.

Nonetheless, "throughout this transition, the ANC, many of whose leaders—including the future president, Nelson Mandela—had been languishing in South Africa's prisons when the Fund last lent to the country a decade earlier, regarded the IMF with suspicion. Nonetheless, they did not object in 1991 when de Klerk invited Camdessus to discuss steps toward re-establishing normal relations. That diplomatic opening led to a resumption of lending two years later" (Boughton, 2012: 690). This squarely falls within the context of a South African government and a liberation movement, the ANC, which disagreed on political principles, but subsequently upheld common perspectives and visions on integration of South Africa into the neo-liberal world and operate within its value system.

Boughton (2012) further illustrates that

> "the economy was in a prolonged and deepening recession, most foreign investors were put off by the political uncertainty and were unwilling to gamble on a successful turnaround, and the central bank's reserves were dangerously low and falling. Major creditor countries recognized the global political importance of aiding the transition to democracy, but they also knew they had to have some assurance that committing money to the country would help and would not be wasted. The IMF, with its technical expertise and its regular dialogue with the authorities, was the natural conduit for determining when and how the international community could safely resume lending to South Africa" (Boughton, 2012: 691).

The core of Boughton's (2012) narration of the relationship between the IMF and South African during the transition period is best explained in the following paragraphs:

> "The formal requirement was merely that the country be cooperating with the Fund to find a solution to its balance of payments difficulties, and the Executive Board had explicitly rejected proposals to define that standard more rigidly (Boughton, 2001, p. 729). In this instance, the staff and management agreed that the substantial uncertainty about the future course of economic policies in South Africa called for a tight interpretation. Accordingly, the Fund required the authorities to agree to a memorandum of understanding on policies to be followed in 1994. Moreover, the cover letter—in effect, a Letter of Intent— would have to be signed both by the finance minister on behalf of the government and by representatives of the TEC.
>
> A second breakthrough came shortly after the September mission, when Mandela passed through Washington on his way to address the UN General Assembly in New York. At the IMF, he had breakfast with Camdessus, during which they agreed that the pending loan from the Fund should be quickly approved. Afterward, Camdessus issued a press release stating that he was "full of admiration for the courageous steps that are being taken by South African statesmen to build a new South Africa." After further encouraging talks with the authorities in the margins of the Annual Meetings in Washington, Lipschitz again went to South Africa to conclude the negotiations and finish drafting the memorandum of understanding on policies. The day after he arrived, the UN lifted its sanctions, removing the penultimate barrier to a resumption of lending.
>
> The final breakthrough came only in early December, when the TEC at last became operational. When the group held its initial meeting on December 7, 1993, its first agenda item was to approve the statement of policies contained in the memorandum of understanding that had been drafted during the October mission. That cleared the way for all of the leading participants to sign the cover letter: the finance minister, Derek Keys, on behalf of the transitional government; Dawie de Villiers, co-chair of the TEC for de Klerk's National Party; and Pravin Gordhan, co-chair of the TEC for the Natal Indian Congress.
>
> With all of these hurdles overcome, the Executive Board met on December 22 to approve a loan of $850 million (SDR 614.4 million) to South Africa. Although only 45 percent of South Africa's quota, it would be one of the largest loans of the decade to any African country. The Board enthusiastically and unanimously approved the request, and the discussion focused principally on the challenges that South Africa would face once a new government was in place" (Boughton, 2012: 692-695).

An important aspect to note out of these narration is the illustration by Boughton (2012) that, "the formal requirement was merely that the country be cooperating with the Fund to find a solution to its balance of payments difficulties, and the Executive Board had explicitly rejected proposals to define that standard more rigidly (Boughton, 2001: 729). **In this instance, the staff and management agreed that the substantial uncertainty about the future course of economic policies in South Africa called for a tight interpretation.**

Accordingly, the Fund required the authorities to agree to a memorandum of understanding on policies to be followed in 1994" (Boughton, 2012: 692-694).

The agreements which the IMF Board 'enthusiastically and unanimously approved' is the *South Africa - Staff Report for the 1993 Article IV Consultation, and Request for a Purchase Under the Compensatory and Contingency Financial Facility*, (IMF, 1993). A letter to the IMF signed by Derek Keys and Pravin Gordhan in December 1993 reads as follows:

> December 1993
> Dear Mr Camdessus,
>
> As you know, the Government and the principal nongovernmental groups that make up the Transitional Executive Council (TEC) have been engaged in discussions with the staff of the IMF on economic policies aimed at alleviating South Africa's balance of payments difficulties. The recent strains in the balance of payments are attributable chiefly to lower prices for commodity exports and a drought that necessitated large imports of maize. The Government intends soon to request a purchase under the Compensatory and Contingency Financing Facility (CCFF) with respect to the shortfall in export earnings and the excess in cereal import costs during the year ended June 1993.
>
> The attached Statement of Policies outlines the economic program during the period ahead. We believe that the successful conclusion of the present Article IV consultation together with the understandings reflected in the attached Statement of Policies demonstrate South Africa's willingness to cooperate with the Fund to find appropriate solutions to the country's balance of payments difficulties and fulfil the test of cooperation set forth in paragraphs 12 and 31 of the Executive Board Decision on the CCFF.
>
> Yours sincerely,
> **Derek Keys—Minister of Finance and of Trade and Industry and Pravin Gordhan, Chairman, Transitional Executive Council.** (IMF, 1993).

The IMF (1993) document was approved by signed by Derek Keys and Pravin Gordhan, and part of what it committed the politically inclusive South Africa to do are the following:

a) The thrust of South Africa's monetary policy during the past year will be maintained during 1994. While inflation has been lowered significantly, it is essential that the conduct of monetary policy be such as to safeguard this achievement. Accordingly, money growth guidelines will be set so as to accommodate real growth, projected at 1% percent and a further slight drop in the inflation rate. (In implementing these guidelines monetary policy will remain under review during the year: stronger than

projected economic activity and an easing of the external constraint--as evidenced by a build-up in reserves and a strengthening of the rand--would warrant a more accommodating stance).

b) For the immediate future, the Government and the social partners are already embarked on a discussion of policies designed to couple wage restraint and training in order to foster investment and promote employment. The role of Government will depend chiefly on moral suasion and on leadership in setting civil service wages that are sensitive to the magnitude of unemployment.

c) "Trade and industrial liberalization will be an important part of the **restructuring** of the South African economy. The objective is a shift from an inward-looking economy (isolated by sanctions) to an export oriented economy with world demand providing an engine for growth. Correspondingly, regulatory **intervention will have to give way to greater reliance on market forces**. Specifically, the protection system will be simplified and rationalized. Import licensing and non-tariff barriers will continue to be phased out. The revised industrial tariff structure offered to GATT in the context of the Uruguay Round would reduce the number of industrial tariff lines by two thirds" (IMF, 1993: 55).

These are the hallmarks of South Africa's inclusive political system's economic policy, which in essence solidified the various capitalist interests. As indicated above, the agreement loan to South Africa was premised on a binding letter of commitment signed by Minister of Finance Derek Keys and Pravin Gordhan, and that it was binding is reflected in the Boughton (2012) assertion that "the staff and management agreed that the substantial uncertainty about the future course of economic policies in South Africa called for a tight interpretation. Accordingly, the Fund required the authorities to agree to a memorandum of understanding on policies to be followed in 1994. Moreover, the cover letter—in effect, a Letter of Intent—would have to be signed both by the finance minister on behalf of the government and by representatives of the TEC" (Boughton, 2012: 693).

As seen on the Boughton (2012) account of the IMF's relationship and history with South Africa, the IMF had profound influence on the transition's economic policies. This is cogently reflected in Gumede's (2005) account of Nelson Mandela, who said, "I have not taken an extended visit abroad without coming back and telling business what I have been doing. What I have done ... is to see heads of state, heads of governments, the World Bank, the IMF, Commercial Banks and industrial organisations to say we are building a new country, we want your assistance with resources" (cited in Gumede, 2005: 79).

Asked about IMF's view of the inclusive political system in South Africa post 1994, the current Chief Representative of the IMF in South Africa says that since the 1993 agreement, the IMF is generally satisfied, only concerned that the State has not moved aggressively to address the cost of labour issue, which to his belied hinders foreign direct investment, because the cost of labour in countries such as China and Vietnam is very low, (Schimmelpfennig,2013**)**.

That the IMF triumphed in influencing and determining economic policies in South Africa to safeguard capitalist interests that reigned supreme (as argued in the Chapter above) is quite evident. Kahn (2000) notes that "in a report prepared for the UNDP, the National Institute of Economic Policy, a left-wing think-tank argued that the GEAR strategy closely resembled an IMF structural adjustment programme which prioritised budget cuts, liberalisation, deregulation, privatisation and tight monetary policy" (Kahn, 2000: 4).

Perhaps the confirmation that the IMF's economic policy was a *coup d'état*is best confirmed by the reality that South Africa signed the General Agreement on Trade and Tariffs (GATT) a few days before elections. Evidently, this was meant to consolidate the TEC's agreement to the IMF that tariffs will be lowered to allow follow of goods and services from other parts of the world, therefore crippling emerging South African industries.

Trevor Manuel's authorised biography by Green (2008) says, "a few days before democratic election, South Africa re-entered the fold of international trade. It signed the Marrakech Agreement in 24 April 1994. Kadar Asmal went to Morocco with Derek Keys to sign the agreement which concluded the Uruguay Round of GATT" (Green, 2008: 405). Green further states that sending Asmal, who was then not a representative of government with Derek Keys, "was a sign of the maturity of the ANC economic policy at the time. It was a signal to the world that the ANC was committed to reshaping the economy as a competitive and fair one" (Green, 2008: 405).

While Green (2008) argues that the signing of the GATT by a representative of the ANC and National Party Government's Finance Minister Derek Keys "was a sign of maturity of the ANC economic policy at the time", it actually was a total capitulation of the ANC to the

dominant capitalist interests and assurance to global capitalism that the ANC will not retreat on its commitment to neo-liberal economic policy.

Importantly, both the IMF and GATT agreements are a reflection of de facto economic policy *coup d'état*because with such agreements and economic policy prescriptions, the post-1994 inclusive political system had surrendered its sovereignty and independence in deciding economic policies. Perhaps the adoption of the 'non-negotiable' GEAR which basically recommitted the ANC to the IMF and GATT agreements was a fulfilment of a mission that was already decided upon through these agreements.

CHAPTER SEVEN: HOW WERE THESE CAPITALIST INTERESTS SECURED AND CAME TO REIGN SUPREME?

There are various forms of capitalist dominance that defined the transition period under review, and these reflect the level and extent of the contest between interests of various fractions of capital and intra-ANC dynamics. There is no doubt that capitalists played a role in influencing the content of post 1994 government, and this was largely assisted by intra-ANC political perspectives, most of which had believed that neo-liberal triumphalism that defined the world was invincible and the only practical way to manage economies. Nonetheless, business interests played a role in influencing ANC policy to capitulate to neo-liberal economic doctrines of trade liberalisation, privatisation, an independent central bank, and deregulation.

a) Capitalists took actual initiatives and practical programmes to end legislated apartheid to safeguard their interests:

Despite the political postures of agricultural capitalist interests, represented by farmers through right-wingpolitical activities, business was in consensus that apartheid should go. While there were various capitalist interests in relation to the negotiated settlement, the overall and dominant perspective amongst these was that apartheid must go. Through collective and individual actions, various Capitalist interests began official contact with the leadership collective of the ANC to negotiate the transition.

Perhaps the root of Capitalist interests' joint action to end apartheid was the launch of the Urban Foundation after the 1976 uprisings in Soweto. Esterhuyse (2011) mentions that

> "The Urban Foundation, a brainchild of the business sector following the 1976 uprising in black communities, was formed with the inspiration of Harry Oppenheimer and Anton Rupert and Jan van der Horst from the Anglo American, Rembrandt and Old Mutual stables respectively. During this time, it was an important chisel that took on the granite rock of apartheid. The living conditions of urban black people, security of tenure and numerous other restrictive measures were on the agenda. The strategy was incremental reform, in other words, a focused reform of the cardinal aspects of the apartheid system; the intention was not to reform the 'system', but to replace it with another system over time by way of evolutionary process without jeopardising stability" (Esterhuyse, 2011).

An interesting aspect about the Urban Foundation's launch is what is largely quoted as the closing remark of Anton Rupert, who

> "warned of the alarming deterioration in the overall trajectory of Western civilisation, before lamenting the corrupting force of money in a West seduced by wealth. He then peered sagaciously into the future, condemned burying one's head into the sand, and castigated those who hoped to hide from gathering storm clouds that were both around the corner and over the horizon ... [he then said] '**This is how Rome fell to the Barbarians**'" (Butler, 2007: 100-101).

Notably, the UF had representatives of the black majority, amongst who were Thato Montlana and Cyril Ramaphosa, coincidently the first Chairperson and Deputy Chairperson, respectively, of a black-owned corporation to receive BEE stakes from a deal started by the Anglo American Corporation post-apartheid. An important component of the Urban Foundation was also Clive Menell, who was the chairman of Anglo Transvaal Mines

Consolidated, and was Chairperson of the Urban Foundation regional board. On the 25th of September 1978, Menell welcomed a new member of the UF Transvaal regional board, Cyril Ramaphosa (Butler, 2007: 90-91).

Clive Menell's role in trying to attract black leaders into what would be a future South Africa is not insignificant, because he constituted and convened a group called the '*Synthesis*' which was a platform for white business leaders, and black community leaders to discuss the possibilities of a future South Africa. Butler (2007) indicates that "Synthesis met on Saturday mornings. It was hosted by Clive [Menell] at his Parktown house or sometimes on the family farm in Constantia...each session involved 30 people, selected perhaps by Menell, and they would discuss a theme relevant to the 'problems of the day'" (Butler, 2007: 97).

Important to note about the activities of *Synthesis*, is the calibre of the people who were recurrent in the discussions. Butler (2007) says "most of those attending regularly would be whites from Menell's business and social circles, for example powerful Afrikaans and English businessmen such as Rudolf Gouws, Anton Rupert and Derek Keys... and the likes of Anglo American's Zach de Beer, Booby Godsell, Gavin Relly, and Julian Ogilvie Thompson and representatives of the Afrikaner liberal intellectuals such as Frederick van Zyl Slabbert, Andre Du Toit and Willie Esterhuyse" (Butler, 2007: 98).

Amongst the black leaders who were invited were Chief Mangosuthu Buthelezi, Desmond Tutu, Nthato Montlana, Ellen Khuzwayo, Fikile Bam and Cyril Ramaphosa, and as Butler (2007) indicates, "the Menells played a major role in the creation and operation of the Urban Foundation, a body that was to have an important influence on the lives of Cyril and Hope [Ramaphosa, his wife who was later employed by the Urban Foundation]" (Butler, 2007: 99).

The fact that Cyril Ramaphosa's membership of the ANC, an organisation that was banned and called terrorist, communist and violent by the apartheid regime happened very late in the 1980s or was revealed then is not a mistake. Ramaphosa comfortably dwelled in different circles, which gave him constant advice and counsel on key political questions. As will be seen in the paragraphs that follow, the Menells played a critical role in

accommodating Nelson Mandela after his separation from Winnie Mandela and formation of a group of business executives called the Brenthurst Group.

In 1985, the first delegation of businessmen visited the ANC in Lusaka, and as Macmillan (2013) illustrates, "there had been a more significant visit to Zambia to meet the ANC by a group of South African businessmen and journalists led by Gavin Relly, chairman of Anglo American, in September 1985... Apart from Relly, the group included Zach De Beer; Tony Bloom, chief executive of Premier Milling an Anglo subsidiary; Peter Sorour, director of the South African Foundation (SAF); Hugh Murray; and two journalists. Tertius Myburgh. Editor of the Sunday Times, also an Anglo subsidiary, and Harald Pakendorf, editor of *Die Vaderland*" (Macmillan, 2013: 200).

For this meeting, the ANC sent a high level delegation which included ANC President Oliver Tambo, Chris Hani representing Umkhonto WeSizwe (MK), Thabo Mbeki, Mac Maharaj, Pallo Jordan and James Stuart (Macmillan, 2013: 200-1). This shows the seriousness with which the ANC took these talks, and possible commitments to talks despite the Kabwe Conference having said that the ANC will not negotiate.

On economic policy, the leadership of the ANC made assurances to these representatives of big-business and as Macmillan (2013) illustrates, "Tambo suggested nationalisation along Zambian lines with the state taking a 51% share of 'monopolies', while Pallo Jordan advocated for a Swedish model of growth with economic justice" (Macmillan, 2013: 202).

What this reveals is that in the first high level discussion with representatives of South African big business, the ANC leadership made commitments that its ideals and aims were not total extinction of private property and capitalist interests. While dressed in other militant rhetoric, the ANC Statement post this meeting, recommitted the ANC to the role of the private sector in a future South Africa.

Macmillan (2013) recounts Tony Bloom's impression of the meeting, and says that "he was impressed by what by what he saw as the 'overwhelming nostalgia' of the exiles for South Africa, as well as their intelligence and articulacy, comparing them favourably with the

internal black leadership. He was impressed by the absence of 'traditional Marxist-Leninist jargon and dogma', and found it curious that they seemed to take Sweden as an ideal rather than the Soviet Union or the Eastern Bloc States, (Macmillan, 2013: 203). Macmillan further quotes Tony Bloom as having said, "It was difficult to view the group as hard-line Marxists, blood thirsty terrorists who were interested in reducing South Africa to anarchy and seizing power, with the hatred of whites" (ibid).

This observation is consistent with what Gavin Relly affirmed this view in 1986 when he said,

> Among ourselves, we have reached agreement that statutory apartheid must go, that the political process be opened up by the release of prisoners of conscience, that political parties, currently banned, must be allowed to operate within the rule of law and that real attempts be made for constructive negotiation between all parties in South Africa (cited in McKinley 1997: 93).

The view is also consistent with what Sunter (2013) said about the impressions of Zach De Beer and Gavin Relly when they returned from Lusaka. Sunter says, they were particularly impressed with Thabo Mbeki, and acknowledged that these are people they could do business with. Asked if he knows about the delegation to Lusaka, Sunter says "yes", and goes further to illustrate how the delegation explained that the ANC leaders are people they could do business with.

Outside of the Anglo American inspired engagement, the other group that took practical steps to talk to the ANC, particularly on prospects of a negotiated settlement which will safeguard Capitalist interests was through what became known as the Consolidated Goldfields project. About this, Willie Esterhuyse recounts the 1986 remarks of Fleur de Villiers, who was a consultant for various international companies, including De Beers and Consolidated Goldfields (Consgold)" (Esterhuyse, 2011: 21).

In a telephone conversation with Willie Esterhuyse, who would later participate in the secret talks with the ANC, Fleur de Villiers says,

> "I am involved in talks with the management of Consolidated Goldfields here in London. We're very worried about the political impasse in which PW Botha and his government have landed South Africa. The conflict will intensify. There is an urgent need to talk about the possibility of negotiations. I've spoken to Humphrey Woods of Consgold and he and the chairman, Rudolf Agnew, agree that an informal and confidential dialogue

between Afrikaner opinion leaders with close ties to the government and ANC leaders in exile might help. Could you assist with a list of possible participants? What about Pieter de Lange and Johan Heyns? What do you say? Would you like to talk to ANC leaders outside the country on a confidential basis?" (Esterhuyse, 2011: 22).

The Consgold project did bear some fruits and as Esterhuyse (2011) illustrates, "the British mining house Consgold, with a long history and profitable gold interests in South Africa , had participated in several meetings between ANC leaders and British businesspeople, including a fairly decisive gathering in London on 24 June 1987, where 23 prominent British and other business leaders held talks with ANC leaders such as Oliver Tambo, Thabo Mbeki, Mac Maharaj, Aziz Pahad, and Jacob Zuma" (ibid).

From the business side, there was Standard Bank Chairman Lord Barber, Rio Tinto's Sir Alistair Frame, George Soros of the Soros Fund, Evelyn de Rothschild, and Michael Young, the public relations director of Consgold who would later play a key role in the unofficial ANC-Afrikaner contact group called the Consgold project (ibid). This reflects the seriousness with which business intended to influence the content of a negotiated settlement, which would obviously safeguard their capitalist interests.

Contact between ANC leaders and various representatives of the Afrikaner, government and business community continued in the 1980s and included the visits to Senegal by a group of academics led by Frederick van Zyl Slabbert. There are many negotiations and deliberations that happened in exile and in prison and the recurrent pressure from business were on the following issues:

a) The ANC's relationship with the SACP, particularly the worry that the Communist Party controlled the ANC.
b) The issue of Nationalisation of Mines as called for in the Freedom Charter.
c) The issue of violence, because there was an understanding that such has potential of undermining business activities.

Another important role player in this regard was the Consultative Business Movement (CBM). As Nattrass and Seekings (2010) illustrate, "the progressive face of business was the Consultative Business Forum (CBM), formed in 1988 for business leaders to work with pro-

democratic popular organisations inside the country (and the ANC in exile). The CBM helped to broker a peace accord between the National Party government and the ANC opposition. At the same time, business and labour sought to institutionalise corporatist arrangements for the negotiation of industrial relations. The 1990 'Laboria Minute' between capital and labour led to the formation in 1992 of a National Economic Forum (NEF), bringing state, business and labour together" (Nattrass & Seekings, 2010: 6-7).

All these developments led to the Clem Sunter's affirmation in 1987, which he says during the interview he authored with the assistance of Bobby Godsell, that in the end, negotiation works, rhetoric is dropped and business continues as usual (Sunter 1987 & 2013).

Whilst Mandela re-affirmed that mines nationalisation will not change, he was in wrong hands, and he says that the WEF meeting, Mandela could not persuade captain of industry that nationalisation is the way to go, and immediately retreated.

Back home, after his separation from Winnie Mandela, Mandela was hosted by the Menells, who had earlier played a critical role in the *Synthesis* group mentioned above. The beginning of economic policy discussions between Mandela and Group of Business executives started from this, in what became known as the Brenthurst Group. The Brenthurst Group had the most decisive influence on the economic policy content of the transition and did everything in their power to ensure that their interests are secured.

When a question for this thesis was posed to Padayachee (2013) on whether he agrees with Professor Sampie Terreblanche on whether there were secret talks on economic policy, he said,

> "Sampie T believes that this was when a "parallel process" tool place in secret (at the DBSA etc). I feel intuitively that there is something to be said for his claim, but sadly he provides no evidence. He is a friend of mine and we have discussed this matter at some length in Stellenbosch, where I have an academic affiliation, but I have yet to receive any convincing answers (see attached my review of his book published in England last month). I have no doubt that the IMF view as expressed in the letter of intent, over-rid all other ideas from inside the movement, from sympathetic academics etc. The summary and brutal rejection of the MERG report and the signing of the IMF agreement took place within a few days of one another in early December 1993 (almost 20 years ago to the day!)" (Padayachee, 2013).

The question came as a result of Terreblanche (2012) argument that

> "From 1990 Nelson Mandela and Harry Oppenheimer met regularly for lunch or dinner and from early in the 1990s the MEC [Minerals Energy Complex] met regularly with a leadership core of the ANC at Little Brenthurst, Oppenheimer's Estate" (Terreblanche, 2012: 63). Terreblanche further argues that the climax of these secret negotiations was the signing of the IMF agreement with the Transitional Executive Council in December 1993 (Terreblanche, 2012: 63).

This thesis can confirm amidst the uncertainty expressed by Padayachee (2013) and Mboweni (2013b) that there was indeed a Brenthurst Group, which discussed economic policy of the ANC, and this is due to the following reasons:

a) First it is Mandela's quote which is recounted in Gumede (2005), where Nelson Mandela says, "I was present when we had a discussion with Harry Oppenheimer and other top businessmen ... and we discussed the plan very openly, very frankly, and we took on the criticism, and accommodated them. We are now planning a second meeting with them because we are concerned that we should put before a country a plan that addresses their concern and the fears of all the population groups, especially business" (Gumede, 2005:79).
b) Secondly, it is a confession by Rick Menell, the son of Clive Menell, who as illustrated above played a critical role in synthesising perspectives of big-business leaders and the black community on what should be future economic policy. In a quote attributed to Rick Menell, just after the passing away of Nelson Mandela, he said "My dad got involved in many substantial discussions with him, and one of them led to the formation of the Brenthurst Group where Mandela could bring his economic policy people to meet business leaders" (Seccombe, Business Day, 09 December 2013)
c) Thirdly, it is Michael Spicer's interview with Moneyweb, published on the 13th of December 2013, immediately after the passing away of former President Nelson Mandela. In the interview, Spicer (2013) says, "I got to know him best in those transitional years of 1990 to 1994, when he was newly unbanned. I met him for the first time with Gavin Relly, when we was the first business people to see him literally a few days after he came out of prison. And then we met on many occasions with the Brenthurst Group, which was his founding board of senior business people held

at Harry Oppenheimer's Brenthurst Estate. And then many time thereafter. The late apartheid years, where we were really in desperate economic trouble" (Spicer, 2013, Moneyweb, 13 December 2013).

d) Fourthly, ANC Leaders Ronnie Kasrils, Pallo Jordan, and Ben Turok acknowledge that there were secret negotiations, which although they cannot say where, are the ones that happened in Brenthurst Estate.

e) Fifthly, Fine (2012) interview sourced for the purpose of this research paper indicates that in their presentation of MERG, there was just rejection of the contents, sometimes with no justification of the reasons why such rejection was being meted out. He argues that Trevor Manuel came and said that the issue of Reserve Bank Nationalisation as proposed by COSATU, which was recommended that it should not be independent by the MERG Report, should not be included into the MERG report, and should not be discussed. Also, the manner in which the ANC began to talk economic policy changed dramatically, and its structures were no longer involved and consulted on what is to be done.

f) Sixthly, Nattrass and Seekings (2010) confirm this and say, "Nelson Mandela, both before and after his election as president in 1994, cultivated close relationships with top local businessmen, and met regularly with leading businessmen in the 'Brenthurst Group' (named after Harry Oppenheimer's house where meetings were held), (Nattrass & Seekings, 2010).

g) Seventhly, Godsell (2014) confirms that the Brenthurst Group existed, and that he was a Business Secretary of the group and it constituted of largely white corporate executives and largely discussed the economic and social policy options of a future South Africa. Godsell (2014) acknowledges that it was not in this platform where Mandela changed his view on particularly nationalisation of Mines, but there was agreement on a variety of other critical economic policy positions to be pursued post 1994. The Brenthurst Group process nevertheless had a lasting impression in Nelson Mandela who acknowledged that the business community was not impressed with his stance on nationalisation of Mines, (Mandela, 2010).

It is apparent from these central observations that capitalist interests reigned supreme, first by isolating the leadership from the broader collective, and persuading them that the neo-

liberal path was the only route towards an inclusive political system. Because negotiation was a very complex process which involved many actors overtly and covertly, there was also a process which involved apartheid politicians who acknowledged that under sanctions and international isolation, the policy of apartheid was no longer sustainable.

b) Apartheid politicians also realised that they had to reform, but retain and safeguard economic power for various capitalist interests.

On the other hand, the politicians continued constant contact with Nelson Mandela, a contact which started with a hospital visit by Koebie Coetsee after he met with Winnie Mandela who advised him to start talking to Nelson Mandela. These talks culminated in Nelson Mandela's meeting with PW Botha on the 5th of July 1989 in Cape Town, (Mandela 1994, Esterhuyse 2011).

The essence of what was being discussed in prison was basically about economic policy direction and renunciation of violence, and in clarifying this Mandela recurrently said the stance of the ANC is not wholesale nationalisation. When released, the apartheid politicians were convinced that Mandela was in a weaker stage, and the collapse of the Soviet Union provided an opportune moment to corner the ANC into free-market reforms. Also the assurances the apartheid government received from secret negotiators that ANC leaders were people who could be persuaded into a new path.

A vivid and major illustration of this notion is illustrated by F.W. De Klerk's speech. Negotiations had the following as prime objective: that agree to political reforms, but safeguard capitalist interests. Whilst major focus is paid to the announcement of the release of Mandela and unbanning of political parties, the following key aspects were part of the speech on the 2nd of February 1990:

a) "The year of 1989 will go down in history as the year in which Stalinist Communism expired. These developments will entail unpredictable consequences for Europe, but they will also be of decisive importance to Africa. The indications are that the countries of Eastern and Central Europe will receive greater attention, while it will decline in the case of Africa. The collapse, particularly of the economic system in Eastern Europe, also serves as a warning to those who insist on persisting with it in

Africa. Those who seek to force this failure of a system on South Africa, should engage in a total revision of their point of view. It should be clear to all that is not the answer here either. The new situation in Eastern Europe also shows that foreign intervention is no recipe for domestic change. It never succeeds, regardless of its ideological motivation. The upheaval in Eastern Europe took place without the involvement of the Big Powers or of the United Nations.

b) The Government's basic point of departure is to reduce the role of the public sector in the economy and to give the private sector maximum opportunity for optimal performance. In this process, preference has to be given to allowing the marker forces and a sound competitive structure to bring about the necessary adjustments.
c) Among other things, those aims [of negotiations] include a new, democratic constitution; universal franchise; no domination; equality before an independent judiciary; the protection of minorities as well as of individual rights; freedom of religion' a sound economy based on proven economic principles and private enterprise; dynamic programmes directed at better education, health services and social conditions for all" (De Klerk, 1990).

Three observations can be drawn from these remarks:

a) That government was saying stay away from Communism because the Soviet Union has collapsed, reflected in the assertion that "the collapse, particularly of the economic system in Eastern Europe, also serves as a warning to those who insist on persisting with it in Africa. Those who seek to force this failure of a system on South Africa, should engage in a total revision of their point of view" (De Klerk, 1990).
b) We will privatise some State owned enterprises just before a new government inherits them reflected in the assertion that "Government's basic point of departure is to reduce the role of the public sector in the economy and to give the private sector maximum opportunity for optimal performance" (De Klerk, 1990)
c) Negotiation should safeguard capitalist interests reflected in the assertion that the inclusive political system should have "a sound economy based on proven economic principles and private enterprise" (De Klerk, 1990).

In subsequent interviews, F.W. De Klerk makes this point more cogently, and says, "I could not miss the opportunity presented by the collapse of the Soviet Union". About economic policy and political negotiations, Gumede (2005) argues that "with hindsight, it is clear that the National Party was masterfully trounced by the ANC in the political poker game around the negotiating table in the early 1990s. However, many of those involved have since readily

acknowledged that the ANC was outfoxed when it came to the economy" (Gumede, 2005: 67).

Now, this does not just amount to under analysis, but is also false. It was the political process that gave rise to the following key principles, which somewhat ossify capitalist values into South African society:

a) Constitutionalisation of the Independence of the Reserve Bank, as an entity that should take critical decisions on economic policies under whichever government.
b) Constitutionalisation of Property Rights, which requires two-thirds majority to amend.
c) Agreement on Sunset clauses, which meant that the National Party was part of the Government of National Unity, not as fellow travellers, but occupying the key positions of Executive Deputy President (F.W. De Klerk), Finance (Derek Keys) and Minerals & Energy (Pik Botha), and Agriculture & Land (Kraai van Niekerk) departments.

Even if the ANC was agreeing to these principles as a tactical retreat, it could not be possible in the inclusive political system to regain ground, because apartheid capitalism's bodyguards were safely guarding the Presidency, Finance, Agriculture & Land, and Minerals & Energy. Once they were satisfied that the ANC has embraced neo-liberalism as a strategic policy direction and content, the GNU collapsed because it had fulfilled its mission. The collapse of the GNU in 1996 immediately after the adoption of the Constitution which guaranteed capitalist interests and when GEAR was on the verge of adoption is quite a notable coincidence.

The appointment of Cabinet by Mandela also reflected the need to safeguard key capitalist interests because there could be no legislation tabled in the National Assembly about mines nationalisation, land expropriation and other key economic decisions because they were guarded. Even when Derek Keys resigned as Minister of Finance in July 1994, his immediate replacement was Chris Liebenberg, a private bank Chief Executive Officer, who was part of the Brenthurst Group.

CHAPTER EIGHT: WHAT IS THE EVIDENCE THAT CERTAIN CAPITALIST INTERESTS REIGNED SUPREME?

The constitutional, political, and ideological basis of post-1994 South Africa, whose foundation was laid in the transition from apartheid to an inclusive political system, is confirmation that certain fractions of capital reigned supreme. The first is the Constitution that preserved and protected private property rights, and proclaimed the Independence of the Reserve Bank. The Constitution protects private enterprise, and making it almost impossible to change the capitalist foundation of the Constitution due to the two-thirds provision required to do so.

It is true that the Constitutionalisation of private property rights in South Africa primarily preserved the unequal property relations that defined the racial capitalism, and therefore

bequeathed to the post 1994 system, almost the same challenges of inequalities, poverty and unemployment of the majority that defined South Africa under apartheid. The economic policies adopted by the post 1994 government are a reflection of the ideological conquest and reign of fractions of capital that defined the transition period. The social and economic conditions that characterise the post 1994 South Africa are also a consequence of the transition.

The adoption of GEAR represented the ultimate triumph of capitalist interests over political management. Evidently taking note on the IMF agreement, the GEAR was adopted as government policy with, inter alia, the following key pillars:

a) "The gradual **relaxation of exchange controls**.
b) A consolidation of trade and industrial policy reforms, incorporating a further **lowering of tariffs** to compensate for the real depreciation, the introduction of tax incentives for a fixed period to stimulate investment.
c) The implementation of the public sector asset restructuring programme, including guidelines for the governance, regulation and financing of public corporations, and leading off with **the sale of non-strategic assets** and the creation of public-private partnerships in transport and telecommunications.
d) A structured **flexibility within the collective bargaining system** to support a competitive and more labour-intensive growth path" (GEAR, 1996: 4).

In the 2006 Harold Wolpe Memorial Trust Eastern Cape Lecture, a Zambian academic, Dr. Neo Simutanyi characterises the South African post Apartheid State perfectly,

> "The post-apartheid South African state which was constructed as an elite pact between the departing racist government and the representatives of the national liberation movements was more a continuation of maintenance of the capitalist system with its entrenched privileges. The initial commitment to a more social democratic project was abandoned only two years into government for fear that there would be capital flight and disinvestment. Thus Reconstruction and Development Programme (RDP) was replaced by the Growth, Employment and Redistribution (GEAR) programme in 1996. While indicating promotion of redistribution GEAR was a fully-fledged market-oriented programme that emphasised privatisation deregulation and trade liberalisation and a host of measures that tend to be found in standard structural adjustment programmes" (Simutanyi, 2006).

Highlighting this aspect is further important because joblessness for particularly Africans, whom some argue no longer face racial discrimination, is consequence of the colonial-cum-apartheid capitalist system. About this, Turok (2011) correctly argues that "the structural

factors behind joblessness in South Africa were shaped under apartheid regime. Africans were systematically marginalised, both spatially – by forcing them to live far from economic centres – and institutionally, by depriving them of resources, formal qualifications and access to financial and other market institutions" (Turok, 2011: 4).

When the elections happened in 1994, the ANC-led liberation movement had capitulated to the interests of capitalism and most importantly to the dominant fractions of capital. This is reflected convincingly in the Mandela remark, cited in Gumede (2005) that

> "if there is anything I am conscious about, it is not to frighten the minorities, especially the white minority. In our economic policies – the reconstruction and development programme – there is not a single reference to nationalisation, and this is not accidental. There is not a single slogan that will connect us with any Marxist ideology" (Gumede, 2005: 80).

Kasrils' (2013) observation about the consequences and evidence of this triumph of capitalist interests is quite correct. Kasrils (2013) says,

> "The fact that the Gini coefficient (an international formula expressing income variables) increased from 0.66 in 1992 to 0.70 in 2008 indicates that the gulf between rich and poor in South Africa is widening and the country had reached the top position in the world. Income has become much more unequally distributed since the end of apartheid. This contradiction between extreme wealth and abject poverty is an irreconcilable contradiction that cannot last forever - whether globally or in South Africa - without serious repercussions
>
> The statistics conceal unmitigated human suffering and helplessness for the 'poorest of the poor' - fifty per cent of our South African population. Little wonder that the country has seen such an enormous rise in civil protest and discontent" (Kasrils, 2013).

Bond (2000) says,

> "By 1998, transfers of headquarters to London were announced by Anglo American Corporation, Liberty Life, SA Breweries (SAB) and Old Mutual--this in the immediate wake of colossal local victories for the latter two firms, namely trade and industry minister Alec Erwin's 1998 denuding of both the Liquor Act and the Competition Act so as to allow SAB's beer monopoly (98 per cent market share and anti-competitive production-wholesale ties) to continue, and permission by finance minister Trevor Manuel for Mutual to end its status as a mutually-owned company and become a shareholder-owned entity" (Bond, 2000).

This is as a result of loosening exchange control, which the Chief Representative of the IMF in South Africa, Axel Schimmelpfennig argues is essential amongst the policies the IMF promotes. Schimmelpfennig's emphasis is that it was essential for South Africa to loosen exchange control because 'if you want to bring money into an economy through investment, you must have the guarantee that you can take it out whenever you want to" (Schimmelpfennig, 2013).

a) Empirical data:

There is absolutely no question over the reality that the 1913 Land Act, which banished Africans into 13% of South Africa's land, left the entire 87% in the hands and control of whites. The recently released Surveyor General's audit of land ownership in South Africa confirms that only 8% of the land was redistributed since 1994. Despite the refusal of the Department of Land Affairs to disclose the racial category of landowners, the reality is that whites still control and own more than 70% of South Africa's land, which by all means structures economic disadvantage and disadvantage, (DLA, 2013: 9).

Employment and broadly economic advantage is another measure of factors that structure economic advantage/disadvantage. The recently released Labour Force Survey illustrates the reality that Africans proportionally constitute a bigger number of the unemployed in South Africa. Recurrent Labour Force Surveys since 1994 or even earlier reflect persistent racial inequalities in terms of the proportions of the unemployed and employed population in South Africa.

The unemployment (in the narrow definition of unemployment) of white South Africans has ranges between 3% and 7%, whilst the unemployment of black African population is between 20% and 30% with no significant changes. Virtually all Statistics South Africa reports on the levels of unemployment reflect similar trends, and to argue against this solid data that race does no longer structures economic advantage or disadvantage is wrong (Stats SA).

A more cogent reflection of what reflects a racially-balanced economic advantage of disadvantage could be the poverty data, and in the year, Statistics South Africa released a report on the poverty data. As illustrated on Table 1 below, illustrates that the same socio-economic conditions that defined apartheid South Africa still maintain, because as opposed 54% of blacks living under poverty, only 0.4% of whites were categorised as poor.

Poverty rate, population share and poverty share by population group:

Group	**Poverty of individuals (%)**	**% of Population**	**% of poor individuals.**
Blacks	54.8	80.1	93.3
Coloureds	34.2	8.7	6.3
Indians	7.1	2.5	0.4
Whites	0.4	8.6	0.1
All	47.1	100.0	100.0

Source: Statistics South Africa—2008

In a recent interview, Professor Sampie Terreblanche (2013) simplified the whole race and class equation in South Africa. Asked "What about then, the power of the people, and particularly, the power of more empowered groups in South Africa, for example, South Africa's middle class?", Terreblanche (2013) responded,

> "South Africa's middle class, you see … let me put it this way that 20% of the population is the rich elite, then there (is) 30% that's neither here nor there. They are what one can call a petite bourgeoisie and there is the 50% that is very much impoverished.
>
> That top 20% - 10 million people - receive 75% of total income, 3,7 million of them are white and 6,3 million are black, but the whites are the richer part of that group. The lower 50% of the population (receive) only 8% - less than 8% - of total income. Now it is a shocking situation.
>
> We had a political transformation. Apartheid has been abolished, but the political economic system that was put in its place is an ANC dominated political system and an economic system that (has become) internationalised, that became Americanised, *so from the point of view of the lower 50%, nothing of worth (has) happened.*
>
> Yes, I must say, there is the social grants for elderly people and the social grants for children. That's the only positive thing that happened. But it is not good enough. The

> living conditions of that lower 50%, 25 million people, of which 24 million (are) Africans, (is) rather shocking" (Terreblanche, 2013).

The emphasis that from the point of view of the lower 50%, nothing of worth (has) happened is true, and almost all members of the 50% are black. The structural basis which explain these conditions has not fundamentally been changed, hence the persistence of the socio-economic dynamics that defined apartheid.

All available data from reputable research institutions in South Africa and the world confirm the empirical data provided here on the racialised nature of South Africa's access to economic opportunities, access to land, and employment. There is therefore no sound basis to argue that race no structures economic disadvantage and advantage because it simply does.

All the socio-economic data about South Africa reflect the reality that the structural inequalities and unemployment levels and poverty that defined the country under apartheid have not been substantially altered. This is due to the reality that fractions of capital that were dominant under apartheid are still dominant today, and have replaced political office bearers to guarantee their profitability. Like in all instances, the post 1994 political office bearers and the state they manage are contested, but continue to serve the interests of the bourgeoisie.

That the South African economy has not fundamentally shifted from the dominance of mineral resources is perfectly illustrated by the table below which summarises its relationship to its biggest trading partner, China. Currently, China is South Africa's biggest trading partner and these are the goods and services the two countries exchange.

	SA exports to China	**Form**		**SA imports from China**	**Form**
1	Iron Ore	*Raw*	1	Cell phones and phone	*Finished*
2	Ferro-Alloys	*Raw*	2	Computers	*Finished*
3	Chromium Ores	*semi-processed*	3	Printing machines	*Finished*
4	Manganese Ore	*Raw*	4	Plastic and rubber boots	*Finished*
5	Platinum	*Raw*	5	Televisions and monitors	*Finished*

6	Flat-rolled steel	*semi-processed*	6	Kettles, microwave ovens and toasters	*Finished*
7	Wool	*Raw*	7	Dresses and women jackets	*Finished*
8	Copper waste and scrap	*semi-processed*	8	Suitcases and bags	*Finished*
9	Zirconium and vanadium ore	*Raw*	9	Sports shoes	*Finished*
10	Nickel plates, sheets and foil	*semi-processed*	10	Computer and register parts and accessories	*Finished*

Top ten SA exports to and imports from China as of 2011

This table sourced from South Africa's department of trade and industry tells of a South Africa that is still predominantly a minerals and natural resources exporting country and importer of finished goods and services, and this confirms the argument made above that mining capitalist interests reigned supreme over industrial and agricultural capitalist interests. If this was not the case, the trade relationship would include agricultural and industrial exports to China. The economic structural continuity of the South African economy even when politics changed in the transition from apartheid to a politically inclusive system is largely responsible for the many socio-economic crises confronting the country in 2014.

CONCLUSION

South Africa has been through a lot of phases in its political and economic development, and since colonial conquest and subjugation of the African majority; various political

systems have sought to primarily protect the racial capitalism and continued exploitation of the colonially conquered people.

Because the transition from apartheid to an inclusive political system is one of the most celebrated, most analysed, and most spoken about political process in the 20th century, sometimes signified through the person of Nelson Mandela, it is always necessary to do a thorough academic analysis of what happened. An academic analysis of what happened is provided in the Chapters above to help future generations comprehend the vicissitudes, dynamics, and developments that characterised the transition.

In performing such a task, the thesis isolated the specific capitalist interests that reigned supreme during the transition from apartheid to an inclusive political system and illustrated through document study, interviews and observation that certain fractions of capital and capitalist interests reigned supreme in the transition from apartheid to an inclusive political system.

The theoretical basis of the analysis acknowledge that while an instrument of capitalist rule in a capitalist society, the state is contested by not only the class that is irreconcilably antagonistic to its interests, but by various fractions of capital, which recurrently contest the content and character of political transitions and offices in order to safeguard their capitalist interests.

While happening in an extremely complex global environment, i.e. the weakening and ultimate collapse of the Soviet Union and neo-liberal triumphalism across the world, what genuinely can describe South Africa's transition from apartheid to an inclusive political system is best captured by Sunter (1987): "Negotiation works. Rhetoric is dropped, reality prevails and in the end the companies concerned go on producing the minerals, goods and services" (Sunter, 1987: 93).

Fractions of capital dominated and ensured that certain capitalist interests reigned supreme because if their interests were not threatened by, and instead anchored by the continuation of apartheid, the transition was less likely to happen, particularly if the other factors noted

were individually or collectively going to be the basis for the transition. The principle of factions of capitalist interests was that "let us not throw out the baby with the bathwater", meaning that capitalism in South Africa did not have to suffer the same fate as apartheid laws and practices that led to isolation and sanctions.

The fact that fractions of capital always contest political power and its content is beyond dispute, and whilst not dealt with cogently as a separate subject as in this thesis, it is always acknowledged by various scholars. For instance, in his discussion of the political and economic dynamics that characterised the development of China in the post Mao Tse Tung period, Ho-Fung (2011) illustrates that,

> "The political competition between China's private, export oriented capital and its state-owned, domestic-oriented capital, therefore, is far from settled. The former's changing triangular relation with oligarchic state capital and global capital will continue to influence the debate over the People's Republic of China's development path in the years to come. All these fractions of capital, as well as their ideological representatives such as the nationalist left and the liberals, purport to act in the interests of the people" (Ho-Fung, 2011).

Failure to comprehend which fractions of capital reigned supreme is a huge problem because it will lead to a failure of a correct understanding on why South Africa experiences the structural challenges that defined apartheid 20 years post the first inclusive elections. The continued dominance of mining capitalist interests at the expense of industrial and agricultural capitalist interests, for instance, has massive implications on the structural ability of the South Africa economy to absorb the entirety of its workforce, thus causing the structural unemployment that define South Africa 20 years post transition.

Important observations and arguments to make around and from this entire thesis are the following:

a) The theoretical framework that defines the state as an instrument of class rule, a committee for the management of the common affairs of the bourgeoisie has been fully proven in the actions of fractions of capital in South Africa and how their interests reigned supreme. This was in acknowledgement that the state is a site of class struggle and intra dominant class contestation. This was illustrated in Chapter 1.

b) South African capitalism has since its emergence been racialised capitalism, largely excluding the indigenous population, Africans in particular from ownership and control. Successive governments have always sought to protect the capitalist system in South Africa, although under constant contestation from various fractions of capital, which always resulted in the continued dominance of the minerals-energy complex concentrated in few hands. This is illustrated and argued in Chapter 2.

c) With economic aspirations that included nationalisation of mines, banks and strategic sectors of the economy in a commandist economic system, the ANC's economic policy framework mutated to assume an openly neo-liberal economic policy framework, largely due to influence of fractions of capital in South Africa and the influence of the global capitalist interests represented by the IMF. There was also a very influential internal stream of economic policy influences that persuaded the ANC to adopt neo-liberal economic policies within the pretext that such was the only option left due to the collapse of the Soviet Union, whose relationship to the ANC was paternalistic ideological and political guidance. This is argued in Chapter 3.

d) Although there were many other factors that influenced the transition from apartheid to an inclusive political system, what became a dominant factor were capitalist interests and the reality that the original intention of the ANC-led liberation movement was negotiations which would include sections of the black population into an existing system. This is argued in Chapter 4. Anglo American Chairperson Gavin Relly's observations after the first business meeting with the ANC in exile, cited in Macmillan (2013) that ANC leaders were "patriotic sheep in Marxist wolves" clothing" confirms this notion (Macmillan, 2013: 203).

e) With largely common interests and aspirations to save the capitalist system, various fractions of capital contended over the nature, character and content of the transition from apartheid to an inclusive political system and the fractions that became the most dominant were mining, finance and aspirant black capitalist interests at the expense of agricultural, industrial, and state capitalist interests. These dominant fractions reigned supreme over other fractions, and importantly over ANC economic policy aspirations of a commandist economic system with strategic sectors under the ownership and control of the state. This is largely

reflected on what these fractions' interests were and what the outcome of the negotiated transition is. This argument is presented in Chapter 5.

f) Amidst uncertainty of what will be economic policy post negotiations, the IMF took advantage of a loan it was to grant to the South African government in response to fiscal crisis to commit the Transitional Executive Council to a set of neo-liberal economic policy framework which guaranteed and solidified the triumph of specific fractions of capital. The thesis argues that this was an economic policy *coup d'état* because it deprived the post negotiations government of its sovereign right o determine the content of economic policies it would pursue once elected into office. This argument is found in Chapter 6.

g) Fractions of capital played a role in influencing economic policy, particularly over the ANC-led liberation movement and this happened in conjunction with the apartheid government. This was the case because they all acknowledged that apartheid was no longer good for business. The specifics of how business and apartheid politicians played a role is argued and illustrated in Chapter 7.

h) The economic policies adopted by the post 1994 government are a replica of the interests of the dominant fractions, and most importantly of the IMF's stamped statements of policy. This reality reproduced almost similar socio-economic challenges that defined the pre-1994 apartheid system. This evidence and consequences are presented in Chapter 8.

Overall, mining, finance and aspirant black capitalist interests reigned supreme over the transition from apartheid to an inclusive political system and notably reigned supreme over the ANC-led liberation movement's economic aspirations. This is reflected in the structural socio-economic problems of inequalities, unemployment, under-employment and therefore poverty which preceded and succeed the 'end of apartheid'.

Failure to comprehend this phenomenon will be disastrous for future economic policy making, because from all ideological and political streams, there should be a recognition in South African political economy that massive labour absorptive industrial development and expansion of local agricultural production are the most viable options to create sustainable jobs, and therefore reduce high levels of poverty and inequalities. Continued ideological and

political dominance of mining capital is in the South African context a curse, because such impacts on the many vital policy positions the state should pursue, particularly its macro-economic policies.

The thesis is a contribution to the many studies on the transition from apartheid to an inclusive political system, and will serve to educate, inform, persuade and guide future academic, political and ideological work that will be done in this regard. The discussion of a complex transition can never be exhausted in one thesis, but this is certainly a necessary contribution.

REFERENCES:

Former Reserve Bank Governor and Deputy Chairperson of the ANC Department of Economic Transformation during the transition, Mr. Tito Mboweni:

11) Email interaction with Mr. Tito Mboweni between the 31st of October 2013 and 12 November 2013, where he referred me to various documents on the transition, and an ultimate meeting on the 6th of January 2014 in 10 2nd Avenue, Lower Houghton Estate, Johannesburg. This interview appears as Mboweni (2013). The interaction with Tito Mboweni is due to his participation in the processes of negotiations. The following document was shared by Tito Mboweni:
    a. International Monetary Fund. (1993). South Africa - Staff Report for the 1993 Article IV Consultation, and Request for a Purchase under the Compensatory and Contingency Financial Facility. IMF, Washington D.C.

Professor Ben Fine:

12) Meeting with Professor Ben Fine in October 2013 at the Wits University Sociology of Work Colloquium on Marikana, which led to email interaction between 31st October and November 7th 2013, which led to accessing of an interview he did on the same topic with Fumani Mthembi, who interviewed him on the same topic. It should be noted that the interview of Professor Ben Fine has largely covered areas the research paper aimed to dwell on and all the verbatim quotes by him were clarified through a subsequent email interaction. This interview appears as Fine (2013). From Professor Ben Fine, I received the following document:
    a. Fine (2008), Engaging the MEC: Or a Lot of My Views on a Lot of Things; Paper for Workshop at University of KwaZulu-Natal, June, 2008.

Professor Sampie Terreblanche:

13) Email interaction with Professor Sampie Terreblanche on the 12th of September 2013, where he sent the document on his reflections of what transpired on the negotiation from apartheid to post apartheid. The following documents were shared by Professor Sampie Terreblanche:
    a. Presentation by Professor S. Terreblanche, September 2013, Cape Town.

Professor Vishnu Padayachee:

14) Email interaction with Professor Vishnu Padayachee on the 4th of December 2013, where he responded to the specific questions asked and provided additional readings to help me understand the issues around the Macro Economic Research Group (MERG). This interview appears as Padayachee (2013). The following documents were shared by Professor Padayachee:
    a. Padayachee, V. A.B Xuma Memorial Lecture at Rhodes University titled **Ideas and power: academic economists and the making of economic policy:** The South African experience in comparative perspective.
    b. Vishnu Padayachee (2013) Lost and found: the South African transition through a Stellenbosch lens. Willie Esterhuyse, Endgame: secret talks and the end of apartheid. Sampie Terreblanche, Lost in transformation, International Review of Applied Economics, 27:6, 834-841, DOI: 10.1080/02692171.2013.839500
    c. Padayachee, Vishnu (undated). Progressive Academic Economists and the Challenge of Development in South Africa's Decade of Liberation, CSDS, University of Natal, Durban

d. Bill Freund, Swimming Against the Tide: The Macro Economic Research Group in the South African Transition: 1991 to 1994. Subsequently published in RoAPE!

Professor Patrick Bond:

15) Email interaction with Professor Patrick Bond between the 4th and 10th of December 2013 which provided substantial responses to the questions posed for this research essay. Professor Bond provided the following documents in this regard:
    a. Bond, P. ***Elite Transition: from apartheid to neoliberalism in South Africa***(Pietermaritzburg: UKZNpress, 2000)

Clem Sunter:

16) Research interview meeting with Mr. Clem Sunter on the 6th of December 2013 at the Nunos Restaurant in Rosebank Mall, Johannesburg which provided substantial analysis of the transition and referred me to additional readings for the research purpose. This was followed by recurrent email interactions for clarity. This interview appears as Sunter (2013)

Axel Schimmelpfennig:

17) Research interview meeting with Mr. Axel Schimmelpfennig, the IMF Chief Representative in South Africa on the 6th of December 2013 in the IMF South Africa offices in Brooklyn, Pretoria where he gave substantial responses and emailed me additional documents on the 12th of December 2013. The interview is cited as Schimmelpfennig (2013). The following documents were shared by Axel Schimmelpfennig:
    a. International Monetary Fund. (1993). South Africa - Staff Report for the 1993 Article IV Consultation, and Request for a Purchase under the Compensatory and Contingency Financial Facility. IMF, Washington D.C. This appears as IMF (1993)
    b. History of the IMF in South Africa by Boughton (2012).

Bobby Godsell:

18) The interview with Bobby Godsell happened on the 21st of January 2014 at the Johannesburg Country Club after email interaction which began on the 7th of January 2014. This interview appears as Godsell (2014).

Joel Netshitendzhe:

19) Email interaction with Mr. Joel Netshitendzhe, which begun on the 4th of December 2013 and ended with reference to historical ANC Economic Policy Documents, which dealt with the transition economic policies.

Cyril Ramaphosa:

20) The presentation by Cyril Ramaphosa to the ANC Youth League National Executive Committee meeting on the 30th of July 2011, where he spoke in great detail about the process of the Negotiations between apartheid government and the ANC. This was followed by discussion with the author on the politics of the ANC, and transition from apartheid to an inclusive political system. The information he provided has been processed and verified through other sources, notably his biography and other documents that reflect on his participation in the negotiation process. Because most of the remarks he made cannot be confirmed by a 2nd source except the author, references to what he said is corroborated by his Biographer, Butler (2007).

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