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# ECONOMY AND SOCIETY IN SOUTH AFRICA

Lawrence Schlemmer

I. Between 1974 and the time of writing, dramatic political events in the Southern African region have tended to shift the ongoing debate on the economy and change in South Africa somewhat into the background. There has been a primacy accorded to the political rather than the economic in discussions of change. However, the events over the period since the Portuguese coup in 1974 until the time of writing will have to be seen in retrospect as having changed the political environment of Southern Africa rather than as having introduced changes of a meaningful kind within South Africa. Not that the South African political climate has been unaffected. Far from it; the very recent (mid-1976) disturbances in Soweto, other Black townships and in Black educational institutions, as well as a minor spate of political trials and detentions may very well attest to a heightened restiveness among South African Blacks partly as a consequence of events in Southern Africa. Yet a lull in the tempo of events seems inevitable with White Rhodesia preparing for a long drawn-out resistance to Black incursions and responses in South West Africa - Namibia dominated by the same major issue of extended, inconclusive guerilla warfare and what are likely to be extensive constitutional debates.

The full policy reactions of the government in South Africa to the internal disturbances are really unknown at the time of writing

but initial indications are that a combination of minor administrative rearrangements and strict security control will bring an uneasy stability to the situation for a while. Aside from this issue the key problem dominating the internal situation in South Africa is the current economic recession with the attendant major issue of rapidly rising Black unemployment, recently estimated at almost two million or one in five in the Black labour force.[1)]

While the recession is to a considerable extent an inevitable consequence of international economic difficulties, its political implications within an internal situation of deep socio-economic divisions and widespread Black discontent ramify its dimensions and significance. Thus the current situation itself may swing attention back to the inter-relationship between the economy and political change in South Africa; at this stage most likely in the negative sense of concern and speculation as to the political effects of unemployment and lack of economic growth. While many of the established issues in the debate will be examined in a different light perhaps, the theoretical interest of the debate seems to me to be heightened by the recent changes in economic climate.

II. In this essay I will deliberately attempt as far as is

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1) *Sunday Tribune*, 25th July 1976, p.19. The article quotes the views of Dr. Johan Cloete, Barclays Bank Economic Advisor, Charles Simkins, a University of Cape Town economist, and a survey of unemployment by the *Financial Mail*, Johannesburg.

possible to avoid containing the arguments within any one theoretical perspective. Other contributions in the volume, particularly those of O'Dowd and Erwin and Webster have very adequately informed us of the widely differing possibilities in broad conceptual approach to the topic. No doubt my own theoretical perspectives on the problem will emerge, but my primary aim is fairly low level and procedural rather than theoretical; i.e., to attempt to pull together and scan the effects of as many of the interacting variables as I can identify. This aim inevitably leads to an analysis which is pitched at the level of middle range process largely within a contemporary setting. Apart from the empirical contributions in the second section, the closest approaches to this level of analysis are those of economists Jill Nattrass and Norman Bromberger. My aim is to expand the contemporary analysis from a sociological perspective, intending not to reject but to complement the theoretical and historiographic propositions of the introductory essay, Michael O'Dowd, Alec Erwin and Louie Webster, all of which I accept, obviously, as being of key significance in the debate. Perhaps my main determination is to draw in as much of the full complexity and range of variables relevant to change in South Africa as I can, because, among the weaknesses in the debate, an important one has been rather too much selectivity in data examined.

At the risk of overly extending a boring introduction, I feel obliged to touch on the problem of evaluation and interpretation in the debate. Part of the reason as to why the various viewpoints remain in more or less complete contradiction of one another seems to lie in the fact that the different positions involve different criteria and standards of evaluation and interpretation. Put rather crudely, when a 'liberal' (the position of so-called conventional wisdom) claims that economic growth creates a pressure for social

change, his notion of relevant change is fundamentally one of reform or evolutionary mutation. A radical, on the other hand, would probably reject such reform as being a deflecting or co-optive strategy aimed at securing a fundamentally unchanged status quo. Obviously the 'liberal' can deceive himself about the significance of many apparent changes, and the great value of the radical position lies precisely in its insistence that mutations or reforms must, directly or indirectly, affect 'root' conditions in the society in order to amount to anything. However, the unguarded radical runs another risk, namely that of cultivating a stance so highly critical that possibly significant events are overlooked. In particular, the tendency in unsophisticated radical thought too often seems to have been to assume that change is a one-step sequence; that new developments have to be 'significant' from their inception. Obviously, however, policy-makers for the status quo can outwit themselves in their strategies in a complex human arena, and the unintended or longer-term consequences of all developments have to be considered.

Related to this, but perhaps more important in the debate, is the need to be as explicit as possible as to what we expect of the outcomes of change; i.e. what type of society would meet our minimum criteria of equity or distributive justice.[1] Bronberger is very blunt and clear on this issue -

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1) I recognise certain practical difficulties for local writers, however.

he expects no more than 'second class' solutions to South Africa's problems in the foreseeable future and, on an analysis of the human costs of attempting to achieve the alternative, is prepared to accept these second class solutions as worthwhile goals.[1] The history of certain western societies (inter alia Sweden, Holland, Denmark etc.) has shown that under conditions of favourable economic growth in post-war years, the cumulative effects of what many would regard as (earlier) strategies of co-optation by the bourgeoisie have been to usher in 'welfare democracies' with mass affluence, advanced social security, relatively adequate participation in decision-making by ordinary voters and workers, and progressive redistributive taxation even though wide income inequality and inequality in specific control over capital resources still exist. The issue for evaluation here is whether or not such inequality is sufficiently unfortunate in itself to warrant a rejection of the goals of 'welfare democrat-liberals', even though basic aspirations[2] of most people in the target society are able to be met. (I am not arguing that any of the liberal reforms called for in South Africa necessarily correspond to or have the time to result in these kinds of goals, but this cannot be ruled out - see later). Erwin and Webster see the liberal position in South Africa as essentially conservative and probably correctly so in the light of the compromised positions into which the liberal has fallen or has been forced but

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1) Apart from the essay in this volume, see also Bromberger's recent paper in *Sash* (1976).

2) I am aware that many of these aspirations may amount to 'false consciousness' or may even be commercially encouraged, but to apply the notion of false consciousness to capitalist society alone to my mind is problematic in the face of bureaucratic sanctioning of everyday culture and aspirations in many long-established socialist societies. I am not, however, denying the possibility of more ideal alternatives.

My point is simply that some liberals, may be 'social democrats' with a more complex stance in the interstices of liberalism and socialism. (Often the criticism is not so much of the liberals' goals but their effectiveness, but then effectiveness is also problematic for others as well).

More broadly, however, my point is that almost all participants in the debate, while analysing the situation, have been implicitly arguing the need for a particular kind of political economy for South Africa in the long run, and their mutual criticisms of one another, while couched in methodological or factual terms, have implicitly been ideologically informed. This ambivalence in communication has led to unprofitable debate with no prospect of resolution of differences (which, on the other hand, is, perhaps not necessarily required in academic debate). The point is that if participants had (or could have) been more open about value assumptions in their analyses, particularly where extrapolation into the future is hazarded, the costs and benefits, merits and demerits of different politico-economic systems as applicable to Africa and South Africa would have had to be posited, with perhaps more varied and creative results for a region where adaptations of European models are essential.[1]

I will allow the impieties of my lament to carry me just one point

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1) Perhaps I should add that if academics want honest open debate, it is up to the more "establishment" scholars to be much more insistent in protests to the authorities in South Africa about the need for academics to be protected against ideological witch hunts. I have not mentioned many names so far because I am aware of the danger of facilitating a tendency towards ideological labelling.

further to protest that by now any reasonably informed participant in the debate should have considered some fairly oft-repeated criticisms of each other by the various schools and have moved beyond the following kinds of oversimple assumptions: the economy generates a set of norms and values independent of those of the polity and can exist in complete contradiction, of political ideology. By now we need perhaps no longer be reminded of Blumer's (1965) point that the business enterprise adapts to the socio-political framework within which it operates, but neither should we need to be reminded that political forms not only adapt to but are shaped by economic forces, if not by economic pressure groups, and that both institutions must emerge with new forms and new needs for adaptation. On the other hand we surely must accept that classical class models have to be adapted to the fact of the extent of embeddedness in the South African social structure that racial and ethnic divisions have acquired over centuries. Leftwich's (1974) attempt at a reconciliation of the concepts of class and corporate group (category) is highly suggestive and can be related to empirical arguments about class consciousness among black workers in this volume (Fisher and Webster's papers in part II). There is need for more attempts along these lines. While I would agree with Ensin and Webster that one should not take the actor's (racial) definition of the situation as a guide to the aetiology of the system, intense politico-ethnic identification which is superimposed on class or structural differentiation is surely an essential focus for contemporary analysis and praxis. Luckily, authors quoted in this volume have avoided notions of 'class as bounded group' and have analysed class as process, which to a large extent avoids the difficulty mentioned.

However, another methodological problem has not been avoided, and that is the failure to distinguish between situations where capitalist interests simply take advantage of political opportunities for interest aggregation, and situations where such interests create (or collude in the creation of) such opportunities. Simply as one example we may think of Legassick's (1974a 1974b) assertions about the relationship between capitalist interests and ethnic divisions in the working class, or between these interests and Separate Development. If one asserts that capitalist interests have had the effect of creating or exacerbating ethnic cleavages in what could have been a unitary working class (which is possible) it raises a host of very fascinating and problematic questions about the kind of processes that would allow this to occur. So far, my curiosity has gone unrewarded. I have been adequately warned about placing reliance on the beneficial effects of the 'hidden hand' of free market forces, and similarly I find it methodologically evasive to posit, by implication, the 'hidden hand' of capitalist interests, or of any interests for that matter.[1]

The discussion hitherto probably has clarified my own value position in regard to the goals of changes but in view of the earlier plea for a more open statement of assumptions and goals in the debate I should perhaps make

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1) I am aware that capitalist control of the mass media can imply a great deal, and also that knowledge and ethnic stereotypes and identities are socially produced. I am not asserting that these relationships do not exist; rather that the theory behind the arguments I am criticising deserves much more operationalising and at least specific exemplification when applied to a situation where conflicting theories also lay claim to validity.

that position explicit. Self-classification is always hazardous, but for what it is worth I would say that my ideological persuasion is essentially that of a 'social democrat', open to more progressive alternatives but, as will become clearer presently, worried about the social costs of their implementation. This stance implies, then, that my minimum expectations regarding change are not revolutionary, and that my minimum conviction is that private enterprise should be controlled but not necessarily eliminated.

III. Turning to more substantive issues a useful point of departure seems to be to assess the processes whereby economic growth, hypothetically, could lead to social and political change. Adherents of the 'conventional' view (see Introduction) perceive South Africa as a system characterised by highly normative and/or traditional prescriptions on race and ethnic relations. It is argued that the economy, as a generator of 'rational' norms of social interaction, would erode these traditional views as its institutional values become more and more dominant with as growth proceeds.

What are the probable bases of norms regarding inter-group relations in South Africa? This is an enormously complex area of analysis and the discussion in this essay will have to be telegraphic. As I have attempted to show elsewhere (Schlemmer, 1976) race attitudes in South Africa may be seen to have originated from key elements in the interactionof the historical groups, based on perceptions of differential racial <u>status</u> derived from certain core cultural and religious values of the colonising groups; on norms generated by slavery; on perceptions of group-linked <u>material</u> interests (competition for land resources, job competition particularly as it affected Afrikaans whites during the collapse of the Afrikaner rural economy and the

subsequent depression, and a variety of interests in cheap labour); on powerful concepts of exclusiveness of identity and nationalism held by Afrikaans cultural leaders (shaped or exacerbated by the identity threats posed by British cultural imperialism, economic privation, vulnerability to exploitation and rapid urbanisation) and on hostilities resulting from warfare and territorial conflict between white and black. The initial impetus for racism originating from each of these pressures evidently was reinforced by and in turn reinforced each of the other factors. Furthermore, the consequences of institutional racism have had a self-reinforcing effect by virtue of the fact that they have widened or augmented differences in attainments between the races (only one example is the following: a common 'racist' view is that blacks are technologically and educationally inferior to whites; i.e., have an inferior "civilisation", which, as far as it is true, is largely the consequence of an age-old inequality in allocation of resources for education and of race segregation).

Racism is a complex amalgam. It is by no means only "traditional" or irrational. It is also not fundamentally a reflection of modal personality characteristics among whites (Orpen, 1975; Pettigrew, 1958). Hence the positing of a simple relationship between economic growth and the erosion of traditional or irrational values addresses itself at most to only part of the problem. Racism in South Africa is partly, and particularly in its more crucial implications, a consequence of perceptions traceable back to material antagonisms and interests (Schlemmer, 1973). In this regard, however, the conventional view could be reintroduced in a form that asserts that since it is in the 'material' interests of a dominant institution in the society (business and industry) to de-emphasize race, a change in popular

subsequent depression, and a variety of interests in cheap labour); on powerful concepts of exclusiveness of identity and nationalism held by Afrikaans cultural leaders (shaped or exacerbated by the identity threats posed by British cultural imperialism, economic privation, vulnerability to exploitation and rapid urbanisation) and on hostilities resulting from warfare and territorial conflict between White and Black. The initial impetus for racism originating from each of these pressures evidently was reinforced by and in turn reinforced each of the other factors. Furthermore, the consequences of institutional racism have had a self-reinforcing effect by virtue of the fact that they have widened or augmented differences in attainments between the races (only one example is the following: a common 'racist' view is that Blacks are technologically and educationally inferior to Whites; i.e., have an inferior "civilisation", which, as far as it is true, is largely the consequence of an age-old inequality in allocation of resources for education and of race segregation).

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norms among Whites must follow. This view has to be carefully considered. The interests of capital (rural and urban) have encouraged race discrimination in specific ways; i.e., in that they have encouraged land appropriation from Blacks, or produced pressures which have forced Blacks off the land and into labour, or resulted in rigid controls over black labour organisation (of which low wage rates are partly a consequence). Therefore, if economic growth and particularly the emergence of a dominantly 'consumer exploiting industrialism' and a 'skills exploiting industrialism' phasing out a 'labour-exploiting industrialism' could change attitudes and redress past wrongs we might very well have to recognise an important dynamic of change in the society. It all depends, however, on whether the norms of the economy can prevail over the norms of the polity.

This is where very simple radical notions of the 'state as executive committee of the bourgeoisie' are misleading. However much they may want to South Africa's white politicians have for decades been prevented from responding optimally to the needs of capital by powerful pressures emanating from the white lower-middle and working classes. Since the early days of the mining industry rational job advancement has been opposed by white labour, and a government was toppled in the turmoil which followed one famous major incident, the Rand rebellion in 1922. Even very recently, organised white labour has been able to delay the proposed introduction by the government of relatively marginal improvements to an inadequate system of labour relations

for Africans even though the effect on White workers would have been very indirect.[1]

A recognition that very important aspects of institutional racism in South Africa, as it serves the interests of White voters, are propagated mainly by or on behalf of the White working class in ideological opposition to capitalism makes it seem plausible to argue that if the whole spectrum of interests of businessmen were to prevail over those of White labour in decision-making at the centre, an important watershed in political change would have been reached. Much hope has been pinned on the influence of the burgeoning Afrikaans business sector. The 'conventional' viewpoint might, then, be restated to assert that economic growth, if it outstrips the growth of White blue-collar skills, will reduce the relative size of the White worker segment, reduce its bargaining power and also elevate increasing numbers of White workers into positions where they could afford to relinquish their insistence on racial protection (the famous "Job Reservation" clauses in South Africa's Industrial Conciliation Act were introduced during a

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1) For a balanced discussion of the influence of White worker racialism on the mines and elsewhere, see Denoon (1972, Ch.14). Today the most influential conservative White worker lobby on the government is the South African Confederation of Labour, which opposed certain aspects of the marginal amendments to the Bantu Labour Relations Regulation Act. The government is in my view more consistent in its determination to protect White worker interests than in any other field (except, of course, on the broader issue of Separate Development and the general maintenance of White control). The Member of Parliament, Mr. Louis Nel of Pretoria recently emphasised this again when, at the end of a comprehensive list of suggested reforms in race policy, he added the proviso that the poorer Whites would have to be protected from the effect of any reforms. He asked for "equal opportunity for all while continuing the protection of poorly qualified Whites". (Daily News, 5th August, 1976, 23).

period of economic slump when a relatively large white worker class had a heightened need for protection). It can be argued that rapid economic growth in the late sixties and early seventies was partly responsible for increasing the political marginality of the hyper-conservative sections of the Afrikaans labour movement (the 'Blanke Bouwerkers Vereniging', the Mine Workers' Union etc.) which ultimately resulted in them defecting to the extreme right-wing Herstigte Nasionale Party away from the government, and as a consequence losing direct influence at the centre (although of course this type of action as symbolic of white worker protest must powerfully constrain the government). There is validity to this argument, in my view, and it represents one way in which the 'conventional' viewpoint might hold.

Two qualifications must be made however. Firstly, the direct socio-political implications of this type of development would be limited to an increased possibility of 'egocentric' or atomistic occupational mobility for some blacks (i.e., insistence on both formal and informal 'job reservation' would become minimal). It would amount to a form of deracialisation limited to the economic sphere and its socio-political significance would have to be seen in this light. This significance is likely to be indirect and longer-term in its effects. (The paper in this volume by Schlemmer and Boulanger shows that Indians in Durban have experienced rapid occupational mobility over past years without anything like a corresponding improvement in socio-political status).

Some might argue that changes in one sphere must ultimately become

generalised to produce changes in other areas. .... If Blacks are allowed into higher-status occupations in the common area, sooner or later White perceptions of the status appropriate to the group will change, and a more general social integration will follow. This view, however, ignores one aspect of White interests which is often overlooked in discussions of South Africa. The material interests of Whites are not only expressed in the sphere of employment but in other social settings as well. Perhaps one need only think of the implications for Whites of deracialisation as it would affect their residential interests, for one. In the cities, for example, Whites, by virtue of the Group Areas Act, have exclusive access not only to much more land than Blacks relative to population size, [1] but also to the land nearest the city centres and more often than not to land of the best quality (Kuper, Watts and Davies, 1958). A breakdown of legal ethnic barriers would transform the residential privileges which Whites enjoy. Other examples would relate to recreational, educational and other public facilities. Whites enjoy access to cinemas, beaches, sportsfields, parks, camp sites, hospitals, schools, colleges, etc. etc., which, by virtue of Apartheid, are relatively uncrowded, unaffected by use by large numbers of poorer people, and they are hence able to maintain a certain tone and style of participation very inexpensively. The point I am trying to make

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1) A recent estimate for Durban would have it that by 1995, all land in all Coloured and Indian Group Areas will be developed, whereas White land will only be developed to the extent of some 78%. Speech by Mr. D.I.S. Sharrock of the Town and Regional Planning Commission of the Natal Provincial Administration, Pinetown, Natal, 26th July, 1976.

is that Apartheid enables Whites to enjoy a lifestyle which, in a non-racial society, would cost them a great deal more money than it does at present; money which would have to be spent on private amenities, protected by price rather than by law. Apartheid guarantees virtually all Whites status privileges and a lifestyle roughly comparable in certain aspects to that of the upper-middle status groups in Western countries, but without them having to protect the privileges with price barriers.

Hence, there is a large sphere of public life in which Whites in South Africa enjoy privileged access to amenities by virtue of ethnic status, and it is something of which White voters are fully aware. This is one of the reasons why White opposition parties advocating limited integration tend to be supported largely by the upper-middle classes - i.e., by people who could afford the costs of private amenities. These are material interests, to be sure, but they are not the material interests most often referred to in the typical class analyses of South African society; the latter tend to emphasize cheap labour, opportunities for capital accumulation, the repression of labour organisation among Blacks, etc. While I would be the last person to deny the importance of the interests of capital in any analysis of the origins of racism or of change in South Africa, I would suggest that the 'popular material interests' of rank and file Whites deserve at least equal attention.

This feature of South African society is one which discourages any facile notion that changes in social relations in industry will generalise easily to become acceptable in the wider society; there would be considerably

greater resistance by Whites to integration in everyday living than to equal status work on the factory floor or in the office. What is more, White managers and directors obviously share in the privileges consequent upon exclusive use of public amenities. In this sense they would be no different from ordinary Whites, unless they felt completely willing to buy all their social privileges, which is unlikely. My conclusion in this regard is that there is a sphere of institutionalised racism in public life which is to a large degree immune to the immediate influence of the rational colour-blind norms of modern industry.

IV. The arguments advanced above have been very specific and selective, and perhaps a thorough assessment of the possible influence of the economy on political change requires a more comprehensive approach.

Michael O'Dowd's arguments, as he indicates, relate to the assumption that economic growth facilitates the emergence of preconditions necessary for the development of liberty and democracy in a society. He refers to van den Bogaerde (1966) who in turn was greatly influenced by the work of Karl de Schweinitz entitled "Industrialization and Democracy" (1964). The thesis that industrialization facilitates the emergence of democracy has never been fully expounded in the debate, however, and although I am limited by space, perhaps some attempt is required.

Drawing broadly from de Schweinitz one may present this thesis, very broadly, along the following lines for evaluation in a South African context. Certain very basic characteristics in society are necessary (although not sufficient) preconditions for the emergence and survival of what we understand by 'democracy'. We may accept that a democracy usually takes the form of a two-party or multi-party electoral system with universal direct participation in the political process and an established code for the protection of civil rights and individual freedoms. (The political system, one supposes, need not necessarily be unitary; it could contain federal or other decentralised subsystems; and it need not, presumably, be capitalist in structure either). Most importantly, the concept is understood to involve the voter's constitutional right to choose between policy alternatives of a fundamental nature. This is a theoretical assumption, though, for as the thesis itself suggests, democracy also implies the unlikelihood of choices in fundamental conflict with the existing social structure (see presently). In a formal sense, however, this constitutional right distinguishes a democracy from most one-party systems.

Basic to the thesis is the argument that the preconditions for a democracy tend to be associated with relatively advanced industrial development. The following points are apposite. Democracy assumes relatively autonomous choices by <u>individuals</u> between alternatives and this characteristic of public behaviour is facilitated by an advanced market economy, which assumes rational, utilitarian choices by individuals, as opposed to choices based on group norms and expectations. Participation in an advanced market economy also encourages an orientation of co-operation with other groups and

the notion of interdependence between individuals and segments in the society; both of which are assumed to be favourable for the maintenance of democracy. Furthermore, a highly developed market, as a means of allowing individuals to maximise utility with their share of income, tends to be perceived as an impersonal system. Hence discontent which would otherwise be expressed in hostility tends to be defused since it seems pointless to direct animus at an impersonal pricing system; at an 'impersonal machine'.

High levels of education in a society are assumed to be favourable for the maintenance of democracy. Education is assumed to encourage non-traditional, non-normative orientations and hence facilitate the sort of rational approach which a democracy requires. It is expected to encourage the belief among populations that they have control over their destiny and that policy, not other forces, produces welfare and progress. Education also produces high levels of readership and facility in communication and in comprehension of policy issues. Since education requires high state spending, economic growth and the existence of a substantial tax base are related to the benefits produced by education.

Before proceeding with the exposition of this thesis, it is perhaps necessary to say that the arguments relating a market economy and education to democracy are both highly problematic and of dubious relevance to the question at hand; i.e., why democracy has not been allowed to emerge in South Africa. There are many societies, including South Africa, in which majorities of those excluded from political participation are substantially involved in consumer behaviour in the context of a market economy. The

specific argument relating to the market may have some relevance (perhaps marginal) to the question of democracy in very much less developed societies with a majority of their populations engaged in non-consumer oriented subsistence activity, but, on the other hand, subsistence farmers are not necessarily innocent of the norms of an urban market, especially if they are migrants. On education, all that need be said, perhaps, is that some forms of education tend to reinforce traditionalism in some respects; notable examples are to be found in South Africa. We should perhaps grant that some knowledge of geography, economics, etc., etc., will improve the quality of participation in a democracy, but with radio and television, literacy is rarely essential for participation. Also, one cannot assume that education will always reduce the value placed on parochial, 'unscientific' or 'irrational' goals in society, whatever these may mean.

There is an argument in the thesis on the relationship between industrialisation and democracy which deserves closer scrutiny, however, and this concerns the preconditions for and consequences of non-antagonistic rather than antagonistic conflict in society. It can be argued that high or rising levels of welfare reduce the urgency of wants. This is probably generally true although, in a situation of high inequality, even high income by absolute standards may be accompanied by relative deprivation. Perhaps more importantly, consistently <u>rising</u> levels of income reduce discontent and create the possibility of a non-antagonistic orientation towards competing interest groups. Absolutely high levels of welfare among even poorer groups will also reduce interest in alternative systems, hence reinforcing a very basic consensus about the way the society is organised.

If industrialisation produces such levels of welfare and consistently rising incomes, then the outcomes just mentioned are able to be achieved. More specific consequences can also be noted as possibilities. In a situation of rising incomes negotiation between interest groups may concern the distribution of productivity gains and not imply gain for one and loss for another. This helps the emergence of a non-antagonistic trade union movement possible, for example. A high-income economy is also likely to be more complex, increasing the number of dimensions for bargaining. There is thus greater likelihood of satisfactory compromises between interest groups; negotiation can be related to a variety of issues like prices, hours of work, vacations, fringe benefits and services, etc., etc.

Once a process of negotiation and settlement or compromise occurs, it can become self-reinforcing. Negotiation itself trains key individuals into more conciliatory orientations, and successful negotiation has a demonstration effect, encouraging attitudes of optimistic expectation (provided the trend is not reversed). These types of processes can steadily build the preconditions for a democracy; i.e., a situation where conflict is over the marginal distribution of goods and services but is not concerned with the nature of the system itself. Then again, this underlying consensus is in itself constraining on politicians, since it will be perceived as desirable and hence tend to be protected.

The emergence of a basically non-antagonistic system of conflicts will open up possibilities for the development of democracy; its converse, basic dissensus, raises the spectre of conflicts potentially so debilitating to the established order that elites and those associated with them cannot

tolerate its expression through democratic processes - they feel justifiably threatened by it. Repression, exclusion of the poor from participation in the polity, and/or legitimation of hierarchical non-democratic political arrangements through the maintenance of traditional elite sustaining values and ideologies must result (or continue). The way in which economic prosperity, if it is reasonably available to all people in the society, can facilitate the emergence of democratic forms is not a complex issue. In the situation of basic consensus, political parties can attempt to extend their appeal across various groups and classes with reasonable hope of some success. Policies become adapted to appeal to the greatest number of people, and platforms appealing only to certain sections of the community are avoided. Hence the emergence of a mass-oriented political system can reinforce the sense of overall unity; the institutions themselves are demonstrably supportive of the values of a common society and can erode sectional perceptions and interests. The system also appears to the average voter as 'legitimate' and this very perception can lower the intensity of his participation as a political actor. The possibilities of disruptive conflict are reduced by the relative apathy engendered by the democratic process.

Then again, economic growth and industrialisation can lead to the emergence of new financial elites or status groups who may belong to politically excluded groups. The new influence and bargaining power which they enjoy may enable them to successfully challenge the basis of their exclusion, hence opening opportunities for the acquisition of rights and privileges for a wider circle within the society. Finally, the emergence of shared interests

between groups previously mutually perceived to be antagonistic can erode popular social stereotypes of differences in culture and characteristics, opening the way for a popular patriotism.

I have given these arguments very briefly (and oversimply) not in order to suggest that they are necessarily valid for South Africa, but in order to illustrate the social processes whereby economic growth may achieve or encourage political liberalisation in a society. The arguments, I would argue, have a very broad face validity. They certainly do not hold (or, historically, have not held) under all circumstances - the arguments are ideal-typological. The thesis just outlined indicates certain possibilities which arise as a consequence of economic growth and industrialisation, provided the growth is such as to produce diffused material progress in the society. The arguments, as I have already indicated, suggest that economic growth of this type is one of a range of necessary preconditions for the emergence of democratig forms; the unique circumstances of any specific society or the particular characteristics of any specific instance of industrialisation must produce (or withhold) the sufficient conditions.

The way this thesis has been presented has not adequately emphasised a certain irony in liberal-democratic political forms. If these forms require proximate consensus on basic interests as a precondition of their emergence or survival, and this consensus requires diffused wealth, then the immediate relevance of democratic norms for most regions of the world is tenuous indeed. Gellner (1970: 275) observes that democracy "... suffers from an analagous weakness. It makes sense as the ultimate arbiter of marginal decisions, but becomes circular when basic issues are

at stake". It cannot normally reconcile basic antagonisms since their neutralisation is a precondition for its success. Furthermore, this neutralisation is all too often secured in part at least by the creation and satisfaction of unnecessary consumer wants among bored, complacent Western populations. This neutralisation or conflict can hide the evidence of the over-riding power of elites who enjoy a one-sided freedom because criticism is blocked by the taken-for-granted assumptions of democracy.

Because of this, many students of development are prepared to accept and even defend the merits of whatever opportunities for political participation "progressive" one-party state systems in the Third World can offer. One might even argue that a consideration of South Africa's development should be concerned not with 'liberty and democracy' but primarily with redistribution of material resources or simply with a shift of control away from the White minority.

I accept the fundamental importance of these considerations, but equally I am reluctant to pursue the analysis without reference to the ideals of a democratic society. Whatever its ironies, the democratic ideal is difficult to lose sight of even in the murk of the Third World's problems. The constant apology to these ideals in political nomenclature is compelling - 'People's Democracies', 'Guided Democracies', 'One-Party Democracies' and the like are all evidence of the world's discomfort in the face of these ideals.

In South Africa the ideal is more compelling. The restricted

democracy enjoyed by the White population,- a complete emulation of the Westminster model - however circumscribed its boundaries may be, has provided the society with a certain kind of vision of the possible. A relatively free press, an elaborate market economy, an abundant range of consumer goods, sophisticated lifestyles and tastes among the privileged hardly distinguishable from those of middle-class Europe and North America, etc., are hitherto unattainable values which the non-voters, however militant or radical, are not likely to relinquish. Socialist idealism is not absent, but I cannot help but suspect its depth. Democracy in any real sense is highly problematic in South Africa, but I suspect strongly that adaptation to bureaucratic regimentation and material restraint in the interests of redistribution would be equally problematic. The extent of material differentiation even w within the Black groups is such that socialist egalitarianism would seem impossible without coercion, possibly similar in extent to that which presently exists in the name of race and privilege. Massive ideological mobilisation is, of course, theoretically possible, but the thrusts of Black opposition to the system are primarily for liberation and for Black or African political self-expression. My impression is that socialist content in the counter-ideologies is of a very token nature or restricted to certain sections of the intelligentsia[1] who cannot be

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1) This point is made on the basis of my own observation. It undoubtedly requires substantiation, yet this is very difficult in the absence of any documented analysis of the ideologies of Black liberation. For some evidence see Heribert Adam (1973). A recent and very important conference by a group of key Black intellectuals, organised by the Institute of Black Studies (Wilgespruit, July, 1976) did not appear to devote much attention to the requirements of an egalitarian society in South Africa; the dominant theme was that of Black identity and consciousness.

guaranteed to emerge in positions of leadership in a changing situation.

These considerations move me to pursue the questions about the chances of a liberal democracy which have been raised in the thesis above. I must admit that I am also somewhat constrained by the possible social costs of a rapid short-term shift from a private enterprise (potentially liberal) system to a nationalised (potentially socialist) system. An issue of dramatic concern in Southern Africa is whether or not economic development can keep abreast of population growth. A failure to achieve this will have dire material consequences for a substantial proportion of Blacks. South Africa has a shortage of skilled personnel (due in large measure to educational inequality) which is kept to a minimum by the importationoof skills from Europe, attracted by high wage levels and relative privilege. I cannot see how a rapid shift away from a private enterprise system will avoid a critical drop in available levels of skill (via emigration and a reduction of recruitment abroad) and hence a phase of lowered economic growth and efficiency. Furthermore, such a shift will curtail the inflow of investment capital, on which the economy would still be dependent for a substantial proportion of its growth needs. It would be a supreme achievement for a nationalised economy to overcome the efficiency lag and make up the leeway in order to reduce accumulated unemployment within, say, a generation or more, despite a possible concentration on labour-intensive development (not always the most efficient development however). A generation or more of deepened absolute deprivation of a large segment of the population could result, and this social and human cost

constrains me to consider compromise or gradualist alternatives as desirable and realistic outcomes;[1] alternatives which do not make a consideration of the relationship between economic growth and 'liberal democratic' development at all irrelevant.

V. What are likely to be the socio-political consequences of continued economic growth in South Africa? Before looking at the implications of some of the 'sociological' arguments in the thesis presented in the previous section, it is useful to consider the theoretical models of alternative growth paths presented by Jill Nattrass in this volume. Nattrass concludes a discussion on the possible growth paths likely to be followed by the South African economy with a warning that no predictions of the effects of growth on political change are possible without knowing whether or not surplus Black labour in the economy will be absorbed. Only when labour is absorbed will the bargaining power of labour increase and will capitalists be likely to make the crucial choice between encouraging change and responding to the demands of labour or using political means of maintaining repressive controls, at the risk of longer run economic stagnation. She pleads for more empirical

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1) A revolutionary change would, of course, negate this assumption. This, however, is outside the scope of the present theme, and furthermore appears unlikely because of the automatic loyalty of the dominantly White army and police force, the high degree of military preparedness, the lack of scope for appropriate mobilisation among Blacks and a range of other factors. I do not, however, exclude militant pressures on the system as likely factors relevant to change.

investigation of trends relevant to labour supply in the future and to the likely responses of management. Needless to say, this empirical data is not available and this precludes anything approaching rigorous debate on likely future developments.

Present trends are not very helpful either since the economy is currently in the trough of a recession. The government Economic Development Plan for 1974 to 1979 raised the target growth rate to 6,4%, partly in order to keep pace with estimates of new recruits to the labour market. Yet, current growth rates are dramatically lower than this (just over 2% for 1975, and expected to fall in 1976) and Black unemployment is rising swiftly.[1]

Under very favourable conditions the South African economy seems capable of absorbing the annual increments to Black labour, but what the actual trends will be is difficult to say. The study conducted by Boulanger and myself in Durban in 1972 (see description in Part II of this volume) produced results (not reported) suggesting that prior to the recession, there was a shortage of semi-skilled and unskilled African

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1) Estimates by economists have put the likely African unemployment figure at the end of this year at roughly 20%. (*Sunday Express*, 16/7/76, 10; *Sunday Tribune*, 25/7/76, 19). The Managing Director of Central Acceptances Ltd., has claimed that currently there are twice as many new African entrants to the labour market as there are jobs available (*Natal Mercury, Business Mercury*, 6/8/76, 28).

labour in Greater Durban. The mining industry, is normally unable to meet its labour needs from within South Africa and agriculture faces similar difficulties. In the absence of reliable statistics, it does not appear to be known whether the pre-recession labour shortages in urban areas, agriculture and mining were due mainly to influx control, or to a form of choice being exercised by potential African employees in spite of underemployment, or to an absolute shortage of labour. Francis Wilson, in an address to the Workshop on Economic Growth and Political Change[1] drew attention to the paradox of the simultaneous phenomena of labour shortages and considerable unemployment and underemployment in 'Homeland' areas; a paradox which can only be explained with reference to a combination of impediments to the free flow of labour and a reluctance of Africans to work in certain categories of heavy manual and dangerous work. I am not qualified to predict what the future trend will be. If one assumes a ready availability of investment capital, rural development in the 'Homelands' at least counteracting the effects of increasing land shortages for subsistence farming and a reduced access to foreign African labour supplies (perhaps likely in the light of political changes in Southern Africa) then one might argue that the paradox will persist and that capitalists in those sectors where unattractive unskilled work is offered will be faced with restrictions on the supply of African labour.

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1) Institute for Social Research, University of Natal, 30/8/74 to 1/9/74.

The obvious point can be made here that Apartheid actually aggravates such restrictions by preventing (through Influx Control laws) the free flow of labour and by legally enforcing cumbersome recruitment procedures.

In the absence of greater certainty, I will proceed on the basis of this assumption. Will employers respond positively to the increasing bargaining power of labour? (Consider the February-March 1973 strikes in Natal which virtually brought industry to a halt for almost two weeks (Institute for Industrial Education, 1974)). Are they likely to respond to shortages of labour by raising wages and use their influence in attempting to reduce the ethnic status inequality in the economy? Here virtually all I can do sufficiently succinctly for this broad analysis is to convey my own experience with management gained in the course of conducting a fair amount of research for industry. It would seem to me that substantial proportions of management in the manufacturing sector are becoming concerned about satisfaction and morale in their African labour forces, and are adopting up to date overseas approaches to training, selection and personnel policy. This seems to be borne out by the trends in the work of the country's largest management consultant firm.[1] I have been able to observe a striking change in the approach of

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1) Messrs. P.E. Consultants state that the proportion of their generally growing consulting activity which is concerned with 'human relations in industry' has grown dramatically in past years, in contrast to a relative fall in the amount of consultation in the fields of investment and production systems (*Sunday Times, Business Times*, 16/6/74, 7).

the Natal Employers' Association over the past ten years: in 1966 it reacted with some hostility to concepts such as the Poverty Datum Line as a yardstick for African wages and even with scepticism to the use of the committee system in management-worker relations, whereas today it fully accepts the former and has pleaded for more power and autonomy for African worker representatives on Works and Liaison Committees (*Sunday Times, Business Times*, 19/1/1975, 5). The most convincing evidence of a positive response by management emerges out of wage trends. Between 1970 and 1975, Black wages and incomes in industry and Black urban household incomes have risen faster than White wages and incomes and faster than the cost of living.[1] The study by Boulanger and myself among larger employers in Durban reported in this volume (Part II) suggests that wage improvements, not unexpectedly, have a lower priority than other aspects of 'progressive' employment policy, so the wage improvements noted above should reflect more general 'progress' in management thinking regarding the utilisation of Black workers. No doubt the wage trends and other aspects of the improvement are due in part to pressures from African workers themselves (here one thinks of the 1973 Durban strikes) but the trend was in evidence before the rise in African labour unrest during 1973.

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1) See for example Merle Lipton (1976) and the results of the Market Research Africa All Media Products survey (*Financial Mail*, 6/2/1976).

With these comments I simply want to suggest that there is currently a general tendency among White management to respond positively to pressures and forces in the labour market (see earlier comments on labour supply). Management does not appear to have used its influence on the government in order to attempt to maintain a rigid low-wage and coercive employment policy situation. There can be no doubt that management has opposed the development and formal recognition of trade unions for Africans, but I can find no evidence of a concerted move by management to prevail on the government to actually ban or curb the development of the existing (informal) African Unions.[1] My view is that the orientations of management say, from the early seventies onward, and probably before that as well, have been such as to suggest that the system is adaptive and capable of a gradual mutation in a liberal direction. I am not suggesting that 'typical' management is necessarily an active agent in change - the empirical study by Boulanger and myself (Part II) should disabuse the reader of this view - but neither does management appear to be a retarding force. As Blumer (1965) has suggested, management seems to adapt to the market forces and political situation at any given moment in time.

One can assume that management will act strongly to preserve

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1) The only evidence along these lines which I have been able to find are the representations by Natal employers and by the Federated Chamber of Industries to the government to circumscribe the influence of KwaZulu politicians in the African labour movement in Natal. (*Sunday Tribune*. 2/12/73).

stability and its own security in the future, but it would not appear to be so oriented as to attempt to preserve a situation of maximum exploitation and repression of the Black labour force given a favourable growth situation, one may expect steady improvements in urban Black material welfare, Black job advancement and even increased Black bargaining rights within the constraints of a committee system and within a situation where Black Trade Unions are either unrecognised or subject to inhibiting controls and surveillance (the nature of the basic material and political conflict in South African society would make full Black Trade Unions unlikely for some time unfortunately). Therefore, as I see it, from the economic perspective, the probability exists that gradual improvements in the economic and occupational situation of Blacks in urban, industrial, commercial and service employment will slowly erode the valence of basic material conflict, and bring about a steady trend towards congruence of lifestyles between Black and White, increasing the numbers of Blacks with lower-middle to middle status pattern of life and views (embourgeoisement). These trends will probably have the longer term effect of as it were 'co-opting' increasing proportions of Blacks into socio-economic positions in which their orientation will be one of acceptance of the system and compliance with its basic expectations.

This broad forecast may not hold for rural Blacks; depending on the rate of growth, the nature of growth (capital vs. labour intensive) and Black population trends, one may very well see an increasing material and social polarisation between Blacks in urban areas and in close

proximity to growth points and those Blacks forced to make their way in increasingly overcrowded rural African areas. I would suspect that Black 'insider' and 'outsider' classes will emerge.

This view would suggest the broad possibility of a process of widening 'co-optation' of segments or strata of the subordinate Black population into a form of partnership with Whites tending eventually to integration. This would be congruent with the expectation of a gradual deracialising of the society - note that this unfortunately cannot be equated with a trend towards equality; the suggestion is simply that of a shift in socio-economic boundaries so that race and class boundaries become less and less superimposed.[1] In the long run one could expect a reduction of race conflict, a reduction of the scope of basic material conflict between ethnic groups, increased socio-economic and status differentiation of the Black groups, the emergence of stronger Black elites, basically accepting of the system but capable of exerting influence to secure race reforms, more and more cross-cutting interests between Black and White, and an expanding area of consensus within the society. In the long run the preconditions will emerge for an extension of citizenship and democracy to certain segments of the Black group (see earlier thesis).

Erwin and Webster in this volume make a distinction between co-optive and reform strategies. From my argument it should be clear that I do not see the two as essentially dissimilar. Effective co-optation must involve elements of reform (and vice-versa).

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1) This argument does not necessarily presuppose a narrowing of the absolute income differential between Black and White, but simply an increasing overlap between White and Black distributions, which is already occurring.

However, I prefaced these last comments with the words 'from the economic perspective'. Economic forces are 'rational', and left to the influences of economic forces alone, the probability of deracialisation would be strong in the medium to longer term future. This position must be qualified immediately with two questions: is thinking in the medium to long-term realistic in South Africa, and are political forces not likely to prevail over economic forces in shaping the future of South African society?

Taking the latter question and leaving the former to the conclusion, we have to be mindful of several factors. The first is the popular material interests of Whites in land, property, favourable Group Areas and amenities referred to earlier. These interests have been secured by political means and although related to the economic system, the rewards do not derive directly from the system of production. Given the increasingly secure employment position of whites because of technical and academic skills, the major material threats to Whites are not in the economic sphere but rather in the sphere of access to property, good education and public amenities. There has been no indication in immediately past years of any willingness among Whites to forego Group Area advantages, for example, and one may expect this aspect of basic Apartheid and others like it to be defended strenuously.[1] The most salient everyday interests of Whites are

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1) Recently Professor Marshall Murphree of the University of Rhodesia recounted seeing a reference in a Rhodesian newspaper to a White neighbourhood association in Salisbury objecting strenuously to Asian 'penetration' of their area. If this can occur with regard to a marginal ethnic group in a country where a White minority is immediately threatened with invasion by an 'army of liberation' unless the society deracialises, it is not unlikely to occur in South Africa.

still racially bounded.

Secondly, because of the escalation in conflict in Southern Africa over past years, whites are increasingly less likely to define their ethnic interests in dominantly material terms. In view of the nature of public Black demands, whites are not incorrect in perceiving the goals of Black leadership to be that of majority rule. Black majority rule is associated, however incorrectly, with at least lowered efficiency in the society, and reduced access to public facilities, but usually also with disorder and physical threats to white survival. The political conflict has escalated so as to make production-linked material interests among rank and file whites less and less salient compared with what are perceived to be larger political dangers. If white managers respond conservatively it might be due as much to their perceived interests as white citizens as to their position in production. The development towards consensus generated by industry may fail as a consequence of these broader political perceptions.

A rejoinder to this point might be that the 'broader political factors' are social formations deriving from the mode of production and that the distinction have made is false. This may be so, but I have yet to encounter a convincing analysis which provides an adequate range of specific examples of the processes in terms of which social formations in South African can be shown to derive centrally from the relations of production. (I concede important historical relationships, but the sphere of race relations and politics subsequently appears to have acquired a dynamic of its own).

Another very important factor in the political sphere is the fact that Afrikaner politics is very much a form of corporate group organisation. Over 82% of Afrikaners support the National Party [1] and in view of its emergence out of the Afrikaner Nationalist movement and its Afrikaans 'captive' support, it is hardly surprising that a fundamental guiding principle in its policy is that of securing the group interests of Afrikaners *qua* Afrikaners. The operation of group interests in any multi-ethnic situation, (unless the group concerned is a powerless minority) is bound to produce an emphasis on group autonomy, devolution of political power on a group basis and a lesser or greater degree of social segregation. While the corporate group organisation of Afrikaner politics holds sway, there will be little likelihood of a piecemeal integration and co-optation in the full sense of the word of segments of the Black population.

The emphasis on rigid segregation in South Africa, particularly under Afrikaner Nationalist rule has encouraged a counter reaction among Blacks; they too increasingly perceive their political strategy and future prospects in terms of either an encompassing Black group identity and unity of interests or the older African Nationalism. Hence Blacks would not necessarily be available for the class co-optation and fragmentation implied in the evolutionary notion of change. The strong

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1) See Opinion Poll conducted by Market and Opinion Surveys (Pty) Ltd. (*Rapport*, 16/3/1975).

emphasis on group identities in the conflict situation in South Africa also means that new elites emerging among Blacks find it difficult to develop a status identity with Whites, and hence they cannot perform the role of simultaneously encouraging acceptance of the system among the subordinate groups (Blacks) and reform of the system among the superordinate groups (Whites).

The ethnic group orientation in National Party policies, as it is imposed on black groups, also inhibits co-optive strategies in other ways. The basic policy of guiding development for blacks along separate ethnic (tribal) lines has prevented the government from extending recognition and privileges to urban Blacks as a group (among whom the bulk of the black 'middle-class' exists), this being the group which would have been likely to respond to such strategies because of the degree of competition for urban jobs and conflicts of interest between themselves, rural blacks and migrant workers. Another example concerns labour relations; one of the government's problems in the formal recognition of African Trade Unions is that they are essentially inter-ethnic. From the point of view of stabilising labour relations, African Trade Unions, operating within close legal constraints, probably would be an effective means of fragmenting and institutionalising management-black worker conflict, yet government policy is one factor preventing the adoption of a rational strategy along these lines (rational from the far-sighted capitalist point of view). Yet another example concerns urban African

businessmen - potentially powerful allies of the superordinate group in a class-fragmented society. Government policy has placed severe constraints on business development and entrepreneurship in African townships in the (White) areas, and while African businessmen are conservative, they are nonetheless made to feel alienated and find it difficult to identify with White counterparts. Perhaps the most obvious way in which a potentially non-antagonistic Black middle-class has been discouraged is in the refusal of the government to grant freehold residential rights in urban areas.[1]

My impressions, therefore, are that the potential for an evolutionary change in a liberal direction via a fragmentation of group antagonisms and a process of widening 'co-optation' and incorporation of segments of the Black group into the socio-political sphere of the dominant group has been severely constrained by the formal aspects of an Apartheid which is powerfully conditioned by white working-class interests and the highly articulated interests of a self-conscious Afrikaner corporate group.[2] This, in a sense, is a restatement, in part, of the conventional view.

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1) Recent concessions in this regard have been made but these have been for long leasehold linked with 'Homeland' citizenship. (At the time of writing the requirement of Homeland citizenship was dropped, in the wake of the Soweto disturbances).

2) I am not, however, willing to risk the opinion that popular English White interests would, theoretically, produce a significantly different outcome. Not only Afrikaners but the White group as a whole is essentially a self-conscious corporate group.

This view may be countered with the argument that Separate Development serves capitalist interests in as much as it is a means of securing an enduringly compliant ethnically fragmented labour force, peripheral to the dominant political system but likely to remain dependent on the central economy because of the distorting effects that the centre-periphery relationship has on the economic development of the peripheral 'Homeland' areas. This argument seems to have a number of weaknesses. It would assume that migrant labour forces are more docile than resident groups, a notion which is dispelled by the analysis of Fisher in Part II of this volume. There is nothing in official government policy nor in its background document, the Tomlinson Commission Report, nor in the official attempts at development of the Homelands to suggest that the intention is to keep them economically dependent (the fact that the development attempts may fall short of their stated targets due to the inherent difficulties of encouraging development in peripheral areas cannot be taken as proof of policy intentions). Furthermore, a requirement of the policy of Separate Development has been that of decentralised industrial development guided by the Physical Planning Act. Many aspects of this policy have been strongly opposed by organised industry on the grounds that job creation is more expensive in the decentralised border areas than in existing complexes and generally because it slows down economic expansion. The fact that lower wages are paid to Africans in decentralised areas does not mean that the costs of labour at a given level of productivity are lower than in existing complexes. The policy of Separate Development seems to be primarily politically inspired and it is in many ways fortuitous if it serves the interests of

White capitalism in any way other than by extending the life-span of White political control.

I would concede that the government Apartheid policy, with its coercive and punitive provisions aimed at controlling Black political development, is probably congruent with the capitalist goal of securing a docile labour force ( it is a labour-repressive system), but in this case the interests of capitalism are served by virtue of the operations of a broader political strategy and capitalism becomes one of many White controlled institutions protected by a policy which is aimed at defending White corporate interests.

The policy of Separate Development is often seen as a 'co-optive' strategy itself, in the sense that it encourages the emergence of a leadership and a middle-class in the 'Homelands' which finds or will find it to be advantageous to co-operate with official policy in order to make Separate Development work in the interests of these 'Homeland' classes. Theoretically this view is worthy of serious consideration, although in some significant cases the leadership has proved to be distinctly less than compliant (Schlemmer, 1975). However, if this is a co-optive strategy it is inefficient compared with the hypothetical alternative of accommodating the interests of an emergent Black middle-class within the common area. Firstly Separate Development is too offensive a policy to Blacks to be attractive to any more than a narrow circle of 'Homeland' entrepreneurs and bureaucrats. Secondly, it cannot

serve the interests of the capitalist who, logically, would find it to be in his interests if the political system did not positively alienate the mass of his labour force (both in terms of political identification and basic urban amenities); a labour force with which he would like to enter into relations of co-operation, albeit on unequal terms, and which he would like to see identifying with and accepting the legitimacy of the system of which his enterprise is a part.

VI. The thrust of my argument then, has been to suggest that one can find theoretical justification for the view that economic and industrial growth may promote an evolutionary development along a liberal-democratic trajectory. I have also argued that the interests and development of capitalism in South Africa is such as to promote changes favourable to a gradual deracialising and 'modernising' of South Africa's political economy, albeit within a framework of a persisting degree of class inequality. I have, however, attempted to isolate material interests and political factors among whites not related to modern capitalist interests which severely inhibit this process. (See also John Kane-Berman's remarks on political constraints in this volume.) I have also concluded that the argument that current capitalist interests are alternatively served by certain features of the political policy of Separate Development is difficult to sustain. Theoretically or intrinsically, capitalism in present-day South Africa is probably not essentially different (or worse) in its effects on inequality, labour freedom and the political expression of the subordinate groups than it is anywhere else. It benefits from some aspects of the political process and suffers as a result of other

aspects. Just as British companies in South Africa appear to be reluctant to adopt 'progressive' or modern European employment practices in a situation where both market forces and political policy sustain a different norm (Stones, 1976) so South African capitalism generally appears to adapt to the opportunities and constraints in a wider political system which has a dynamic substantially independent of capitalism.

Having made this assessment my position, broadly, would be that of Blumer (1965); i.e., that capitalism in a racial order like South Africa tends to adopt to the norms and expectations generated by the society's particular pattern of race relations. There may be aspects of the political order which capitalism finds highly compatible, in particular coercive constraints on subordinate groups which facilitate the use of repressive controls over the labour forces drawn from the subordinate groups. However, I do not see the socio-political structure as simply an elaborated extension, direct or otherwise, of the mode of production, since the evidence available for any current analysis does not point to this and nor have the major analyses in terms of the Neo-Marxist revisionist position on South Africa given sufficiently specific operational definition of the posited interaction between mode of production and socio-political structure for the theory to be adequately assessed or tested.

Class analyses of South Africa may produce unwarranted optimism among those whose expectation is for gradual shifts toward a liberal democracy, and for those whose ideals are much more egalitarian and urgent, a class analysis may lead to the view that no change in terms of their

criteria as possible under a capitalist mode of production.

My conclusions on the other hand, suggest to me that it is unlikely that industrial-development *per se* will lead to a liberalisation of South African society, but nor will it contain any intrinsic feature which is likely to reinforce the status quo or retard change of an evolutionary kind. Change or lack of it is likely to derive from political factors and pressures. However, all major social institutions, including that of the economy, obviously interact with one another in conditioning or being affected by political developments, and hence I most certainly would not exclude the economy from any analysis of change. It is simply the notion of economic determinism, however sophisticated it may be, which is difficult to sustain in the light of current evidence in South Africa.

Finally, however, I would like to introduce one qualification applicable to South Africa at the present time, which brings me back to the points in my opening comments. Changes in Southern Africa in recent times have been such as to focus world opinion even more intensely than before on South Africa, and they have also undoubtedly raised expectations and morale among subordinate local groups. Added to this, the current economic recession has deepened discontent among Blacks. In the light of the current unrest in Black townships and the probability of more to come, white control in South Africa appears to people both here and abroad to be less entrenched than it has seemed previously, and business confidence in South Africa in those countries which are normally the source of growth

capital appears to be depressed.[1] The emphasis contained in most of the reports suggesting this is that investors are waiting to see whether the South African Government takes positive steps to improve race relations and introduce meaningful reforms. A systematic survey carried out for the *Sunday Times Business Times* (30/5/75, 16) suggested that some 25% of businessmen in South Africa were cautious about expansion in the light of political events, and the proportion may have increased subsequently as a consequence of the township riots throughout the country. As in 1961, after the famous Sharpeville riot, South Africa may be in a situation where political events adversely affect economic growth, but in the current instance the effect could be of longer duration because of the lingering political uncertainty surrounding Rhodesia and South West Africa/Namibia.

At a time like this, when not only the interests of businessmen but the future material welfare and material security of privileged groups in South Africa and perhaps others as well seems to be in question, one would hope that businessmen, as a collectivity of people who by virtue of

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1) There have been numerous references to the effects of the political climate on willingness of United States and United Kingdom investors to risk investment capital in recent times. See *inter alia*, *Sunday Times Business Times* (29/2/76, 2), Professor Meyer Feldberg quoted in *Sunday Times Business Times* (16/11/75, 6), Advocate C. Schabort in *Rapport* (25/4/76, 19), *Sunday Times Business Times* (18/7/76, 1-7), Mr. Harry Schwarz, Member of Parliament, in *Natal Mercury*, (26/7/76, 17).

their institutional role are rationally and strategically oriented, will take a stronger stand that hitherto on the need for internal reform. In particular, Afrikaans businessmen could exercise a crucial influence. To any rational observer, it must seem abundantly clear that a political policy of maintaining white group identity, social exclusiveness and autonomy simultaneously with white privilege and prosperity is unworkable in the emerging political climate of Southern Africa. I have concluded that peaceful change in the first instance depends on a mutation within white, primarily Afrikaner corporate group politics. Afrikaans and other businessmen have a key role in this political corporation, and if they can act forcefully in terms of the rational premises of their occupation, then economic actors could have a vital role in change. If capitalism has adapted to political reality in the past, hopefully it will adapt timeously to the new emergent social and political reality of our time.

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