

HOW CAPITALISM AND RACISM CONTINUE TO SHAPE THE SOCIO- ECONOMIC STRUCTURE OF SOUTH AFRICA

Sehlare Makgetlaneng

Former Chief Research Specialist and head of Governance and Security
Programme, Africa Institute of South Africa, Human Sciences Research Council,
Pretoria, South Africa
sehlarengaka@gmail.com

ABSTRACT

This work provides a critical analysis of the dialectical and organic relationship between the benefits and misfortunes of capitalism and racism as an integral socio-economic part of the South African history since the inception of capitalism and racism in the country in the 15th century. This task is executed by highlighting the importance of the dialectical and organic relationship between race and class. It maintains that the primacy of class over race in terms of importance has existed since the inception of capitalism and racism. The theoretical and practical recognition of the primacy of class over race in terms of importance in the South African political economy is of strategic importance in the struggle for structural socio-economic change and transformation in the country. This struggle constitutes the efforts to solve the structural problem of the benefits of capitalism and racism enjoyed by the decisive minority of its population and their misfortunes confronted or encountered by the decisive majority in the past and present tenses of its history. It maintains that to best and effectively serve the needs and demands of the struggle for structural social change and transformation, whose aim is to end the benefits and misfortunes of capitalism and racism, it is of strategic and tactical importance to dialectically and organically weave the relationship between race and class without departing from the importance of the racial factor in the South African political economy.

Keywords: capitalism, racism, Marxism, BEEE, South Africa



INTRODUCTION

This work contributes towards the concrete understanding of how the dialectical and organic relationship between capitalism and racism in South Africa has continued shaping its socio-economic structure since 1994. The dialectical and organic relationship between the benefits and misfortunes of capitalism and racism in South Africa has existed since their inception in the country. The interlinkages between these problems in the South African history for their concrete understanding and resolution are captured through the theoretical use of the dialectical and organic relationship between race and class and the theoretical and practical recognition of the primacy of class over race. Capitalism since its inception in South Africa has been constituting the irreconcilable contradiction with the strategic interests of the masses of its exploited people. This work uses the relationship between race and class to explain the relationship between the benefits and misfortunes of capitalism and racism in the South African political economy. This is its theoretical means to contribute towards the concrete understanding of how the dialectical and organic relationship between capitalism and racism in the country has continued shaping its socio-economic structure since 1994.

THE BACKGROUND OF THE RELATIONSHIP BETWEEN CAPITALISM AND RACISM IN SOUTH AFRICA

Thabo Mbeki in his article on the proposed domestic and foreign policies of the post-apartheid South Africa examined the principal characteristic features of the apartheid South Africa. He pointed out that the provision of ‘a penetrating understanding’ of the apartheid South Africa is a task requiring that we look into its past. According to him, to have this understanding of South Africa, we must appreciate the reality that we are dealing with a class society in which ‘the capitalists, the bourgeoisie are the dominant class’. The dominance or ‘supremacy of the bourgeoisie’ was conditioning ‘the state, other forms of social organisation and social ideas’ in the South African society. Providing a socio-historical background of South Africa as a class society, he maintained that:

The landing of the employees of the Dutch East India Company at the Cape of Good Hope in 1652 represented in embryo the emergence of class society in our country. And that class society was bourgeois society in its infancy. The settlers of 1652 were brought to South Africa by the dictates of the brutal period of the birth of the capitalist class which has been characterised as the stage of the primitive accumulation of capital. (Mbeki 1978, 7)

Mbeki excluded Marx’s statement: ‘On their heels treads the commercial war of the European nations, with the globe for a theatre’ which is immediately after he pointed out the characteristic features of the process of the primitive accumulation of capital.

Mbeki quotes Karl Marx in explaining 'the expropriation of the African peasantry' or 'the expropriation of the great mass of the people from the soil, from the means of subsistence and from the means of labour' (Mbeki 1978, 7). This quotation is as follows:

The discovery of gold and silver in America, the extirpation, enslavement and entombment in the mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black skins, signalled the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation (*Capital*, Vol. 1, p. 703). The transformation of the individualised and scattered means of production into socially concentrated ones, of the pigmy property of the many into the huge property of the few, the expropriation of the great mass of the people from the soil, from the means of subsistence and from the means of labour, this fearful and painful expropriation of the means of the people forms the prelude to the history of capital. It comprises a series of forcible methods... The expropriation of the immediate producers was accomplished with merciless vandalism, and under the stimulus of passions the most infamous, the most sordid, the pettiest, the most meanly odious (p. 714) (Marx in Mbeki 1978, 7).

This quotation is important for several key reasons. It enables us to fully understand, firstly, why the labourers of the Dutch East India Company landed at the Cape of Good Hope in 1652. Secondly, that violent methods were used in the 'fearful and painful expropriation' of the masses of the South African people. Thirdly, that they were forcibly separated from the means of production, distribution and exchange. Fourthly, why the first group of slaves were brought to the Cape to serve the interests of the forces of imperialism. Fifthly, why South Africa was thrust directly into wars between Britain and Holland in their intensified competitive expansion on an international scale. The quotation enables us to fully understand that oppression and exploitation of the masses of the colonised and enslaved people by imperialist powers provided the socio-political and economic foundation for the rise, development and dominance of capitalism in its centre. Mbeki's view of South Africa as a capitalist society under the dominance of the bourgeoisie is a vital contribution to our understanding of the reality that it is not an exception to the strategic working class thesis that capitalism constitutes the primary, irreconcilable or antagonistic contradiction with the masses of the oppressed and exploited people. Adam Smith's thesis of the benefits and misfortunes of the discovery or the colonial conquest of America and the passage to the East Indies through the Cape of Good Hope as the greatest and most important developments in the history of the world is of a vital theoretical importance in our work. It provides the socio-historical background of the dialectical and organic relationship between the benefits and misfortunes of capitalism and racism in South Africa. It is useful not only in providing a critical analysis of the dialectical and organic relationship between race and class in South Africa, but also in paving the way for the understanding of the dialectical and organic relationship between the benefits and misfortunes of capitalism and racism

as an integral socio-economic part of the South African history. It is important to provide Smith with a platform to share with us what he regarded as the greatest and most important developments in the history of the world. 'The discovery of America and that of a passage to the East Indies by the Cape of Good Hope,' he wrote, 'are the two greatest and most important events in the history of mankind' (Smith 2003, 793). He continued, pointing out that:

Their consequences have already been very great: but, in the short period of between two and three centuries which has elapsed since these discoveries were made, it is impossible that the whole extent of their consequences can have been seen. What benefits, or what misfortunes to mankind may hereafter result from those great events, no human wisdom can foresee. (Smith 2003, 793–4)

Smith later recognised that while the benefits of these two developments went to the decisive minority of the world, their misfortunes went to the decisive majority of the people of the world. In other words, he recognised socio-political and economic problems of imperialism and colonialism and their consequences. He wrote:

By uniting, in some measure, the most distant parts of the world, by enabling them to relieve one another's wants, to increase one another's enjoyments, and to encourage one another's industry, their general tendency would seem to be beneficial. To the natives, however, both of the East and West Indies, all the commercial benefits which can have resulted from those events have been sunk and lost in the dreadful misfortunes which they have occasioned. (Smith 2003, 794)

When these 'discoveries' were made, 'Europeans' were enabled by their possession of 'the superiority of force' in committing 'with impunity every sort of injustice in those remote countries' (Smith 2003, 794). This 'savage injustice' of the European forces of imperialism and colonialism was an integral part of the organised brutal, violent measures visited upon 'nations in America' which 'were destroyed almost as soon as discovered' (Smith 2003, 563). These measures were also applied to other colonised countries. According to Smith, they were 'ruinous and destructive to several of those unfortunate countries' (Smith 2003, 563).

Karl Marx and Frederick Engels, who traced the emergence of capitalism to the late fifteenth and early sixteenth centuries, agreed with Smith on the decisive role that the colonial conquest of America and the passage to the East Indies through the Cape of Good Hope played in the development of capitalism. They pointed out that:

The discovery of America, the rounding of the Cape, opened up fresh ground for the rising bourgeoisie. The East-Indian and Chinese markets, the colonisation of America, trade with the colonies, the increase in the means of exchange and in commodities generally, gave to commerce, to navigation, to industry, an impulse never before known, and thereby, to the revolutionary element in the tottering feudal society, a rapid development. (Marx and Engels 1984, 85)

As organic intellectuals of the struggle to establish community as the basis of social existence whose essence is socio-political and economic equality, Marx and Engels were clear that arising from the dialectically and organically linked benefits and misfortunes of capitalism and racism was the creation of the world reflecting the image of the centre of capitalism. The benefits and misfortunes of imperialism and colonialism have dialectically and organically led to the existence of the centre and the periphery of capitalism. The dialectical and organic creation and sustenance of these links of the imperialist chain are critical to the concrete understanding of the mechanisms of exploitation of finance capital in its global operations in the developing countries. Global capitalism depends on the control, domination and exploitation it exercises over human, natural, material and financial resources of these countries, which include South Africa. The fact that relations, institutions and structures upon which international finance capital is sustained could never have been established, maintained and sustained without human, natural, material and financial resources of these countries is of theoretical and practical importance to the understanding of this dependence (Nabudere 1989, 125). The process of colonialism constituted the base of the mechanisms of international finance capital controlled from advanced capitalist countries. The existence of neo-colonialism is the material support of the fact that these relations, institutions and structures of control, domination and exploitation are still in place. Throughout the whole socio-historical phase of capitalist development from mercantilist imperialism, through free trade imperialism and financial imperialism, to the present period of multilateral or corporate imperialism,¹ South Africa, according to Ngugi wa Thiong'o, served as 'a mirror of the emergence of the modern world' (Ngugi 2009, 55). It executed this task by embodying 'more intensively than most the consequence of the benefits' of capitalism and racism 'to a white minority linked to Europe' and 'the misfortunes, to the majority linked to the rest of Africa and Asia, with the minority trying to create a South Africa after its image, which it also saw as representative of what it called Western civilisation' (Ngugi 2009, 56). South Africa 'was also to embody the resistance against the negative consequences' of capitalist 'modernity', and in 'its history we see the clashes and interactions of race, class, gender, ethnicity, religion and the social forces that bedevil the world today (Ngugi 2009, 56). There has been the articulated combination of the struggle against racism and the struggle against capitalism and the struggle for racism and capitalism since their inception in South Africa. This socio-historical development is the consequence of the dialectical and organic relationship between race and class in the country. This reality is articulated by Ngugi as follows:

South Africa as the site of concentration of both domination and resistance was to mirror the worldwide struggles between capital and labour, and between the colonising and the colonised. For Africa, let's face it, South African history, from Vasco da Gama's landing at the Cape in 1498 to its liberation in 1994, frames all modern social struggles, certainly

black struggles. If the struggle, often fought out with swords, between racialised capital and racialised labour was about wealth and power, it was also a battle over image, often fought out with words'. (Ngugi 2009, 56)

The issue of the struggle between 'racialised capital and racialised labour' has been and continues to be of theoretical and practical importance in the understanding of the relationship between the benefits and misfortunes of capitalism and racism in the present South Africa. In other words, the benefits and misfortunes of capitalism in South Africa continue having class and racial factors. It is for this reason that the relationship between race and class should be weaved without departing from the importance of the racial factor is of theoretical and practical importance in the South African political economy.

The existence of the benefits and misfortunes of capitalism and racism and the relationship between the struggle against capitalism and the struggle against racism in South Africa have been such that the South African revolutionary and progressive forces should dialectically weave the relationship between race and class and never depart from the importance of the racial factor in the South African politics of the revolutionary change even before 1994.² This reality was supported by the African National Congress in its view of the South African national liberation struggle in 1970 that in South Africa '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' and that it is 'therefore a fundamental feature of our strategy that victory must embrace more than formal political democracy' (African National Congress 1980, 155). The point is that 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'. It is for this reason that it maintained that the struggle for 'national emancipation' is interlinked with 'economic emancipation' (African National Congress 1980, 155–6). Pointing out that the masses of the oppressed South Africans have 'suffered more than just national humiliation' and that the 'correction' of these 'centuries-old economic injustices' such as their being 'deprived of their due in the country's wealth', suppression of their 'skills' and their 'poverty and starvation' which have been their 'life experience' lies at the very core of their 'national aspirations', it concluded that 'the enormity of the problems of meeting economic needs of the mass of the oppressed people' cannot be 'effectively tackled unless the basic wealth and the basic resources are at the disposal of the people as a whole and are not manipulated by sections or individuals be they White or Black'. (African National Congress 1980, 156)

Joe Slovo articulated this reality when he maintained that the 'elimination of national inequality, if it is to be more than a mere gesture, involves a complete change of the way in which the country's wealth is appropriated' (Slovo 1976, 141). He anticipated the issue of capitalism buttressing racism in the post-apartheid South Africa by pointing out: 'If every racist statute were to be repealed tomorrow, leaving

the economic status quo undisturbed, “white domination” in its most essential aspects would remain’ (Slovo 1976, 141).

This articulation of the relationship between the struggle against racism and the struggle against capitalism and of the relationship between race and class by the ANC and Slovo in the service of the structural socio-economic change was of the most strategic importance in the task to solve the problem of the benefits and misfortunes of capitalism and racism. It pointed to the possibility of capitalism structurally buttressing racism in the post-apartheid South Africa if determined efforts were not made to achieve the structural socio-economic change upon the end of the apartheid rule.

BLACK ECONOMIC EMPOWERMENT AND THE PERPETUATION OF THE BENEFITS AND MISFORTUNES OF CAPITALISM AND RACISM

The post-apartheid state has been confronting problems relating to the relationship between racism and capitalism as an integral part of its strategy and tactics to solve the national question or to achieve the objectives of ‘the deracialisation of the economy and society’ (Mbeki in Ankomah 2012, 11). Central to these problems has been the question as to how best and effectively to solve the problem of the benefits and misfortunes of capitalism and racism. The state decided to create the black bourgeoisie as an integral part of its strategy and tactics to solve the national question. The problem of the benefits and misfortunes of capitalism and racism is in essence the problem of the national question in the country. It was concluded that the creation of the black bourgeoisie would contribute towards the resolution of racism and the ‘deracialisation’ of the society and the economy. Thabo Mbeki played a leading role in the formulation and implementation of the national economic policy to create a black bourgeoisie since 1994. As the president of South Africa, he declared that the struggle ‘against racism in our country must include the objective of creating a black bourgeoisie’ (Mbeki 1999). He called upon blacks to support the creation and consolidation of the black bourgeoisie in the continued struggle to end racism. The national task to ‘create and strengthen a black capitalist class’ was an integral part of the ‘goal of deracialisation within the context of the property relations characteristic of a capitalist economy’ (Mbeki in Ankomah 2012, 11).

What was Mbeki’s understanding of the ‘goal of deracialisation’ of the South African economy and society ‘within the context of the property relations characteristic of a capitalist economy’ he was referring to? This question is politically, economically and ideologically important given the fact that:

The negotiations to end apartheid were in the event premised upon the achievement of political equality whilst leaving the structure and functioning of the economy intact. Yet, of course, if white capital was to be untouched how was capitalism in South Africa to be

de-racialized, never mind decent living standards achieved for the majority? The transitional compromise removed questions of wealth redistribution from the agenda and confined the settlement to narrowly political and constitutional issues, the establishment of bourgeois order, democratic rights and liberal democratic structures'. (Ashman, Fine and Newman 2011, 182)

The policy measure whose aim is the advancement of the strategic interests of the few over the promotion of the popular socio-economic empowerment structurally serves the strategic interests of the bourgeoisie of advanced capitalist countries in South Africa. It structurally helps to forge and sustain class alliance between the bourgeoisie of South Africa and of the centre of capitalism and imperialism in the country. This reality was articulated by Sehlare Makgetlaneng in 2000 as follows:

The task of increasing the camp of African, Asian and Coloured bourgeoisie through 'black economic empowerment' programmes will make the South African bourgeoisie more 'multi-racial' in composition. It will not be the solution to our economic domination and exploitation by imperialism. It will not even constitute a crucial threat to the dominant position occupied by imperialism in the South African economy. It will help to cement ties between the South African bourgeoisie and the imperialist bourgeoisie. The point is that the advancement of African, Asian and Coloured bourgeoisie is in line with the strategic interests of the South African European bourgeoisie and of imperialism. The advancement of African, Asian and Coloured bourgeoisie will be the advancement of imperialism in its domination and exploitation of the South African economy. (Makgetlaneng 2000, 40)

This position helps us to understand why the dominant fraction of South African capital with well-entrenched structural interlocking network of interests, interlinkages, exchanges and ties and common patterns of cooperation with international finance capital initiated Black Economic Empowerment (BEE) policy deals for its strategic and tactical interests. According to Kgalema Motlanthe, as the deputy president of South Africa, the BEE policy through which the state has been creating and consolidating the black bourgeoisie was:

the brainchild of the mining industry, which deliberately went out to select blacks who could serve as insurance against possible nationalisation. They basically went out in search of blacks who were 'connected' and therefore could guarantee some kind of protection. And that is why they had a small pool of people that they could rope into the first BEE deals. And they were debt-funded – the deals were structured such that payment for those shares would have to come off the profit. (Motlanthe 2014, 18)

Motlanthe points out further that the 'major beneficiaries' of the BEE deals were 'the financial institutions' (Motlanthe 2014, 18).

Central to the reality articulated by Motlanthe was the tactical means used by the leaders of the South African mining industry in enriching blacks they selected from 'a small pool of people' in advancing their strategic interests. It entailed 'opportunities and massive enrichment for a relative handful of well-placed individuals' of 'debt-

funded wealth' and their 'advisers' who became 'enormously wealthy' (Crotty 2014). Ann Crotty maintains that this process was not 'merely the greed of well-placed black individuals' but also 'the greed of an army of white 'financial advisers who realised that BEE deals offered huge opportunities to generate enormous transaction fees'. Given the strategic investment in the management of the relationship between race and class and in the provision by the state in the economic, financial and trade direction of the South African society since 1994 in favour of finance capital, one of the crucial issues to achieve this structural objective was 'how to provide finance on reasonable terms to the targeted beneficiaries, who generally had limited access to funding'. This programme of action was 'huge opportunities' seized by 'a team of financial advisers scouring the economic landscape for deals to be done and transaction fees to be earned, largely for their own pockets'. Crotty explained how 'a relative handful of well-placed individuals' or 'the high-rollers made their millions' within a short period of time. This reality is supported by Cyril Ramaphosa in his view of the first major empowerment deal as a big disappointment as follows:

All it really turned out to be was an opportunity to sit at the table and to vote and you never really owned the equity. The banks were empowered, the advisers were empowered, the merchant bankers, the lawyers and the accountants were all empowered and the very people who were meant to be empowered were not empowered and they ended up walking away with zero. (Ramaphosa in Hartley 2014, 145)

Ramaphosa and his colleagues made serious efforts to end their big disappointment and have empowerment deals serving their interests by redesigning BEE. Their efforts were rewarded when he was appointed a chairperson of the state's Black Economic Empowerment Commission. The commission reported to the Portfolio Committee on Trade and Industry on 13 September 2000 that it would seek 'an accelerated National Black Economic Empowerment Strategy' by recommending to the state a new approach. In its final report in 2001, the commission deliberately provided a view of BEE as a process advancing the strategic interests of South Africa's majority. This was a tactical means of using the case of the majority of black South Africans in advancing the strategic interests a few black capitalists and aspirant capitalists. According to the commission in its report, BEE

is an integrated and coherent socioeconomic process. It is located within the context of the country's national transformation programme, namely the RDP (Reconstruction and Development Programme). It is aimed at redressing the imbalances of the past by seeking to substantially and equitably transfer and confer the ownership, management and control of South Africa's financial and economic resources to the majority of the citizens. It seeks to ensure broader and meaningful participation in the economy by black people to achieve sustainable development and prosperity. (Black Economic Empowerment Report in Hartley 2014, 145–6)

As a result of the report, changes in the way BEE deals were made were effected. For tactical and legitimacy purposes, BEE became Broad-Based Black Economic Empowerment. With the encouragement of BEE, the state began to play a central role in providing the direction of BEE as a policy measure. With the Broad-Based Black Economic Empowerment Act becoming law in 2004, the state established structures responsible for overseeing the procurement, financing of BEE and for monitoring the implementation.

Ramaphosa's big disappointment with BEE came to an end; he became satisfied with the progress of BEE. According to him, it was good and effective, given the fact that some black individuals occupied top corporate management positions and became members of boards of directors. According to him: 'As we learned the ropes, as we deepened our knowledge and experience on how we could begin to run these companies through MTN, through TML, black people were then given an opportunity – a real opportunity to get into the key management positions'. He continued pointing out that the phase of BEE he and his colleagues helped to design 'spawned quite a lot of really outstanding executives because now they could be appointed by a board of directors, which consisted mainly of black people' (Ramaphosa in Hartley 2014, 148). It was during this phase of BEE that Phuthuma Nhleko became Chief Executive Officer of Mobile Telephone Networks (MTN) and led its expansion into Africa and the Middle East. For Ramaphosa, this was a real, qualitative empowerment and achievement by those who were given opportunity:

We saw key managers getting into top positions, which, in a way, vindicated our entry into business, and it proved that if black people were given an opportunity – as good an opportunity as their white counterparts – they can actually demonstrate that they have the capability. That to me was the real achievement (Ramaphosa in Hartley 2014, 148).

Ramaphosa did 'score substantially' from BEE deals after the Molohe Group was 'rescued by Rebhold' when he was 'given substantial mining-related assets, which were used to build up Shanduka'. The Anglo American Corporation unbundled its Johnnic Industrial Corporation (JCI) when it sold its controlling shares in the JCI to the National Empowerment Consortium in 1996. This development was a massive opportunity for the BEE programme and its selected beneficiaries. The point is that JCI's assets included significant shares in the South African Breweries, Premier Foods and Times Media Limited. They also included indirectly significant shares in MTN. The coming-to-an end of the Johnnic conglomerate led to the consolidation of MTN. Patrice Motsepe, who was excluded from the 1996 Black Economic Consortium, made a BEE deal with 'the enormously wealthy Sacco family, which controlled iron-ore company Assore' (Crotty 2014). His shares in Assore were central to the development of the African Rainbow Minerals.

A genuine, constructive criticism of the BEE policy should not depart from the importance of race. Some aspects of criticism of the BEE policy that depart

from the importance of race are in favour of the white bourgeoisie. Christine Quanta highlighted this issue when she maintained that the BEE policy is viewed by some whites as ‘a short-term means of controlling even more of the economy and empowering certain well-connected’ black ‘individuals to act as buffers against fundamental change’ (Quanta 2011). The ‘unspoken agreement’ between some members of the white bourgeoisie and their organic intellectuals and these blacks is that ‘we will make you rich overnight and you will not rock the boat by changing the staff and our method of doing business’ (Quanta 2011). One of the key reasons why we should not depart from the importance of race in our criticism of the BEE policy is because of the fact that ‘White businesses continue to make enormous profits, often at the expense of their BEE partners’ and that while ‘there is much focus in the media on “tenderpreneurs” and fronting, very rarely are white companies called out for their fraud and dishonesty’ (Quanta 2011).

The reality that some aspects of criticism of the BEE policy that depart from the importance of race are in favour of the white bourgeoisie and petty-bourgeoisie is supported by Pallo Jordan in his analysis of the socio-political and economic changes brought into existence following the end of the apartheid rule. This socio-historical development has substantially opened the doors of opportunity to blacks. One of its consequences is the rapid growth of the African petty-bourgeoisie and bourgeoisie. He maintains that the profile of this relatively wealthy African social forces hides the reality, in that, firstly, the end of the apartheid rule has ‘benefited the white minority disproportionately – 87% of whites’ who ‘are now in the upper-income brackets’. The second reality is ‘the growing disparity between the incomes of the wealthy and the poor, who are overwhelmingly black’ (Jordan 2013).

The direction of the BEE policy has been such that some of those who play a leading role in its formulation and implementation have had to criticise some of its consequences. The black bourgeoisie created on the basis of the BEE policy has, firstly, not contributed towards the support base of the state in its internal and external affairs. Secondly, rather than contributing towards the ‘deracialisation’ of South African capitalism by demonstrating their commitment to have a financial, industrial and mining base within the national economy, BEE beneficiaries have been preoccupied with the accumulation of wealth rather than with the development and progress of the country. It was for these reasons, among others, that Mbeki, in 2006, criticised one of the profound consequences of the policy he played a leading role in its formulation, adoption and implementation. In his words:

The capitalist market destroys relations of kinship, neighbourhood, profession, and creed [and makes people] atomistic and individualistic. Thus, every day, and during every hour of our time beyond sleep, the demons embedded in our society, that stalk us at every minute, seem always to beckon each one of us towards a realisable dream and nightmare. With every passing second, they advise, with rhythmic and hypnotic regularity – get rich! get rich! get rich!

And thus it has come about that many of us accept that our common natural instinct to escape from poverty is but the other side of the same coin on whose side are written the words – at all costs, get rich in these circumstances, personal wealth, and the public communication of the message that we are people of wealth, becomes, at the same time, the means by which we communicate the message the message that we are worthy citizens of our community, the very exemplars of what defines the product of a liberated South Africa

This peculiar striving produces the particular result that manifestations of wealth, defined in specific ways, determine the individuality of each one of us who seeks to achieve happiness and self-fulfilment, given the liberty that the revolution of 1994 brought to all of us. In these circumstances, the meaning of freedom has come to be defined not by the seemingly ethereal and therefore intangible gift of liberty, but by the designer labels on the clothes we wear, the cars we drive, the spaciousness of our houses and our yards, the geographic location, the company we keep, and what we do as part of that company. (Mbeki in Ankomah 2012, 11)

This raises the question as to whether Mbeki was not aware that the BEE policy which he played a leading role in its formulation, adoption and implementation was going to lead to the existence of what he criticised as the former president of the country. The answer to this question is that he was fully aware of the consequences of what he was doing as the Deputy President and the President of South Africa. The point is that the BEE policy implemented under his leadership ‘was a deliberate policy’ (Turok in Motlanthe 2014, 18). Mbeki harshly criticised black capitalists in 1978. In his paper, ‘The Historical Injustice’,³ presented at a seminar in Ottawa, Canada in 1978 and published in *Sechaba* in March 1979, he pointed out that ‘black capitalism instead of being an antithesis is rather a confirmation of parasitism with no redeeming features whatsoever, without any extenuating circumstances to excuse its existence’ (Mbeki in Ndletyana 2013, 64). In criticising this deliberate policy, Winnie Madikizela-Mandela maintained in 2010 that it was ‘a joke’. In her words:

Black economic empowerment is a joke. It was a white confidence measure made up by local white capitalists. They took malleable blacks and made them partners. But those who had struggled and had given blood were left with nothing. They are still in shacks: no electricity, no sanitation and no sign of an education. (Madikizela-Mandela in Nyamnjoh 2013, 310)

Mathews Phosa, former ANC Treasurer General and premier of Mpumalanga, agreed by maintaining that it has failed except by empowering the few amidst ‘endemic unemployment,’ ‘rampant poverty and hopelessness’ (Phosa 2016, 3).

The ANC through its political administration of the South African society since 1994 has not been able to seriously change the national socio-economic direction in the interests of the majority of the people. The end of the apartheid rule has helped to substantially increase South Africa’s integration into global capitalism. Characterised, among others, by a small minority of blacks being bourgeoisie and petty-bourgeoisie, it has led, firstly, to a limited reduction of the socio-economic division between blacks and whites and, secondly, to an increase in the division between the rich and poor. One of the consequences of these forms of division has

been the structural failure to achieve a substantial progress towards a meaningful socio-economic empowerment or to move decisively against the foundation of the structure and the operational framework of the political economy of the benefits and misfortunes of capitalism and racism in the country. John S. Saul regards this socio-historical development as ‘the recolonisation’ of South Africa by finance capital (Saul 2012, 212).

Saul’s position points to the structural definition of the post-apartheid South Africa being a neo-colonial social formation in its relation to international financial capital. There are some scholars who maintain that the domination of the South African economy by finance capital has increased following the end of the apartheid rule and that this is reflected in the direction of its economic policy. Ashman, Fine and Newman (2011, 175) maintain that ‘financial interests have influenced policy and affected class formation’ and that ‘many commodity markets have become increasingly financialized, with speculation affecting their volatility (not least food and energy)’. The domination of the South African economy by the white bourgeoisie is relative in relation to that exercised by the financial oligarchy of the advanced capitalist countries. Directly related to this reality is the fact that the domination of South Africa by imperialism has survived the end of the apartheid rule.

The reality that the structure and operational framework of the South Africa economy has remained essentially the same since 1994 is articulated by Njabulo Ndebele when he points out that:

It seems that instead of setting out to create a new reality, we worked merely to inherit an old one... Redistribution was given priority over creation and invention. We reaffirmed the structures of inequality by seeking to work within the inherent logic (and) the promise of human revolution once dreamed of was conceptually subverted (Ndebele in Boyte and Vale 2013, 11).

Analysing old apartheid social power relations as they meet the post-apartheid South Africa, Gunnett Kaaf maintains that ‘in many respects old power relations formed under apartheid, in the economic production systems’ have ‘remained almost the same’ (Kaaf 2014, 32). His conclusion is that the ‘big monopolies in the mining, energy and finance industries’ have ‘remained in charge, continuing to wield social power’ and that they have ‘co-opted, as junior partners, the black business class and the black political elites to lend legitimacy’ (Kaaf 2014, 32–3). The assumption and exercise of political power by some blacks has not seriously and negatively affected the economic power and authority exercised by some whites. Kaaf’s view of social power relations challenges the position that the 1994 political dispensation has led to a separation between political power and economic power. According to him:

Because of the centrality of wealth and economic power in capitalist societies, those who have wealth and economic power wield political power, even if they are not in political life – and they wield even more social power. (Kaaf 2014, 33)

Through BEE initiatives, South African capitalists dominant in the mining, energy and finance sectors of the economy ensured that they are structurally represented within the state for its economic policy to advance their strategic interests. According to Moeletsi Mbeki, the objective of these empowerment initiatives was to ‘wean the ANC from radical economic ambitions, such as nationalising the major elements of the South African economy’ and to provide themselves with ‘a seat at the high table of the ANC government’s economic policy formulation system’ (Mbeki 2009, 68).

WEAKNESSES OF THE BLACK CAPITALISTS IN THE SOUTH AFRICAN POLITICAL ECONOMY

The advancement of the few black capitalists is limited by its being a beneficiary of the reallocation of rights, particularly in the mining sector of the South African economy. Black capital has not yet articulated a clear, coherent and strong ideological commitment to capitalism. It is not active in the strategic manufacturing and agricultural sectors of the South African economy. Despite the strategic importance of the land reform in the South African political economy and unequal control, ownership and distribution along racial lines and the consequent structural need for their transformation, the new black capitalists are not practically active in terms of engagement in land. They are also not theoretically active in terms of being vocal in demanding the transformation of control, ownership and distribution of land. They are also not vocal in ensuring that the South African state political power and authority and public capital are used in directing South Africa’s external economic and trade interests in conjunction with foreign policy in their interests. Their ownership of companies controlling South African leading newspapers has no impact on their content, particularly regarding how black South Africans, South Africa’s role in Africa and beyond and South Africa’s relationship with Africa, the South, the North and the rest of the world are viewed. Briefly, they are not active in the productive activities of the South African political economy and social life, including on matters relating to black South Africans. Their call for change and transformation is essentially their demand that they should be more and more included in the process of widening the boundaries of privileges. The transformation process incorrectly viewed as the process to widen the boundaries of privilege has so far helped to protect and entrench the benefits and misfortunes of capitalism and racism in the country.

Motlanthe articulates some of the profound weaknesses characterising members of the black capitalists created and sustained on the basis of the BEE policy. His position is that:

they don’t have an impact among the blacks, as it were. Their impact is minimal. It’s why they channel their support, to curry favour directly from the ANC. In a sense, if we are brutally frank, they’re rent-seekers who extend that role to the ANC as an organisation

and therefore are very central in corrupting the ANC, as it were. And so, for them to be described as part of the motive forces can only mean that they will vote for the ANC. That's all. But they are not a factor, as I said. You can't rely on them to play a meaningful role, for example, in discussion on transformation of the economy. They have no ideas. They have no brainpower, are not engaged in research. They are not a factor, as I see them. Instead, I think, they have been included in an already existing business class, which determines the voice of that business class and the views of that business class are determined by a different set of people. (Motlanthe 2014, 19)

Some scholars articulate some profound weaknesses of the black capitalists. On the creation and integration of the black bourgeoisie or 'the formation or incorporation of a small black elite,' Sam Ashman, Ben Fine and Susan Newman (2011, 187) maintain that this social class among blacks is 'both highly financialized and often highly dependent upon the state' and that its 'enrichment is notable for involving neither land (other than reallocated mineral rights as opposed to agriculture) nor, in general, productive activity'. Black companies encounter profound problems in entering some sectors of the economy except through acquisition. The significant exceptions are sectors such as mobile telecommunications, media, information technology and healthcare (Ashman et al. 2011, 187–8). BEE as an integral part of the economic policy is limited, among others, given the fact that many of its beneficiaries are whites. Its privatisation component as a means of creating and consolidating the black bourgeoisie is limited. Significant BEE deals have links with international finance capital. Its profound limitation is the fact that it 'does not create a productive class within South Africa' (Ashman et al. 2011, 188). Ashman et al. point to the crucial decline in the qualitative movement towards the structural change. This can best be understood if we come to grips with the reality that one of the key characteristic features of the relationship between race and class in the post-apartheid South Africa is the 'incorporation of erstwhile progressives through enrichment once in power'. The formation of 'a black elite' or bourgeoisie and petty-bourgeoisie, 'often out of trade union leaders and political activists, has been a decisive part of this process. It has entailed significant intellectual and political retreats and is sickeningly depressing' (Ashman et al. 2011, 191). This development is 'sickeningly depressing' because:

It has been matched by an equally significant expansion of black employment, opportunities and advancement for at most a minority, primarily through the state, with a corresponding and understandable shifting balance of trade union activity to further material interests as opposed to more fundamental transformative goals, as decline is experienced across the more traditional sources of militancy and organization across mining and large-scale industry.

In the case of South Africa, the intensive globalization and financialization of the economy has involved the corporate restructuring that has enabled incorporation of black elite. Here the form of enrichment is notable for its lack of productive activity. The black elite's incentives to engage in and promote policies for economic and social investments are reduced to the

minimalist imperatives of social, political and ideological containment. (Ashman et al. 2011, 191)

The benefits and misfortunes of capitalism and racism in South Africa are in the form of mass poverty for the majority of its people and wealth and privileges for its decisive minority, which includes few blacks. One of the profound contradictions of the post-apartheid South Africa is that the wealth and privileges of the beneficiaries of apartheid have been protected through the end of the apartheid rule. The fact that the end of the apartheid rule has so far been structurally protecting the wealth and privileges of the beneficiaries of the apartheid rule raises the fundamental question as to how the post-apartheid state can effectively 'deracialise' capitalism and make qualitative improvements in the material conditions of the majority of the South African people without at the same time embarking upon a programme of action which negatively affects those who have been benefiting more than the decisive majority of the population from its economic policy. The BEE policy through which boundaries of privilege have been widened has helped to protect and entrench the benefits and misfortunes of capitalism and racism in the country.

A BRIEF VIEW OF IMPERIALISM

The struggle to end the apartheid rule depended on the black working class for its victory. This socio-historical process is in essence incomplete decolonisation serving the class needs, interests and demands of the minority members of the South African society of all races. The execution of the task to complete the decolonisation agenda is best served, ideologically, by the provision of a brief view of imperialism. This is necessitated by South Africa's structural definition of its relationship with advanced capitalist countries as a neo-colonial social formation dominated by imperialism. Its struggle against imperialism is a process dialectically and organically linked with well-organised efforts against its allies and institutions facilitating its defence internally. The end of the benefits of capitalism and racism enjoyed by its minority and their misfortunes faced by its majority requires the achievement of its economic independence. This is impossible as long as it remains a capitalist country dominated by imperialism. Imperialism is a structural mechanism used by the minority global forces or financial oligarchy of the centre of capitalism in counteracting the tendency of the rate of profit to fall, containing crises of capitalism and prolonging the life of capitalism on a global scale, particularly within their countries. The primary means available to them is the issue of obtaining its relative cheap raw materials. This process structurally has created and maintains antagonistic contradiction in the development of its national economy. It is the antagonistic contradiction in that the domination of its economy by imperialist countries, firstly, rules out antagonistically the possibility of the emergence of its independent phase of capitalism. This contradiction makes it impossible for the dependent capitalist South Africa to achieve economic

independence on the basis of capitalism. As long as it is a capitalist country, it will remain being economically controlled and dominated by the financial oligarchy of imperialist countries. Secondly, as an antagonistic process, it is a contradiction that could only be solved by eliminating the system of exploitation. This contradiction is the fundamental or primary problem that cannot be solved simply by changing its form. Its solution is through the elimination of its form and content for the strategic, class interests of the masses of the South African people to be achieved.

CONCLUSION

This article, politically, economically and ideologically serving the struggle against racism in South Africa, has provided a critical analysis of the relationship between the benefits and misfortunes of capitalism and racism as an integral socio-economic part of its history. This task was executed by highlighting the importance of the relationship between race and class in South Africa before and since 1994. It provided a critical analysis of the relationship between the Black Economic Empowerment policy and the perpetuation of the benefits and misfortunes of capitalism and racism. It recommends that the relationship between race and class should be dialectically and organically weaved without departing from the importance of the racial factor in the South African politics of the structural social change. Its theoretical and practical importance is that the resolution of the benefits and misfortunes of capitalism and racism is in essence the resolution of the South African national question. The black capitalists created and sustained on the basis of the BEE policy are politically, economically and ideologically weak to be of the material value in the struggle to end the benefits and misfortunes of capitalism and racism. As capitalism structurally buttresses racism in South Africa and as the black capitalists are comrades of white capitalists and the struggle in South Africa is fundamentally between labour and capital, the struggle against the benefits and misfortunes of capitalism and racism is structurally against the black bourgeoisie as an integral part of the South African capital.

NOTES

1. For a detailed, comprehensive analysis of the socio-historical phase of capitalist development from mercantilist imperialism, through free trade imperialism and financial imperialism, to the present period of multilateral or corporate imperialism, see Nabudere (1983).
2. For the strategic importance of the view of primacy of class over race, the dialectical and organic relationship between race and class and the weaving of the relationship between race and class without departing from the importance of the racial factor in the colonised social formation, see Martin's 1972 work on CLR James as the authority or expert on these issues.

3. This paper, 'The historical injustice', is the same paper as 'Domestic and foreign policies of a new South Africa' by Thabo Mbeki (1978), published in the *Review of African Political Economy* 5(11) (January-April): 6–16.

REFERENCES

- African National Congress. 1980. Strategy and tactics of the African National Congress. In *Revolutionary thought in the 20th century*, ed. B. Turok, 145–57. London: Zed Press.
- Ankomah, B. The meaning of freedom. *New African* 520 (August–September): 10–11.
- Ashman, S., B. Fine, and S. Newman. 2010. The crisis in South Africa: Neoliberalism, financialization and uneven and combined development. *Socialist Register* 47: 174–195.
- Boyte, H., and P. Vale. 2013. Lessons from 1955 on how to reimagine the nation. *Business Day*, 20 September.
- Crotty, A. 2014. BEE deals with a skimmer's dream come true. *Sunday Times*, 27 April.
- Hartley, R. 2014. *Ragged glory: The Rainbow Nation in black and white*. Jonathan Ball Publishers, Johannesburg and Cape Town.
- Jordan, Z.P. 2013. Historic ironies litter our 20 years of freedom. *Business Day*, 28 November.
- Kaaf, G. 2014. Marikana: Old apartheid social power relations meet democratic South Africa. *Amandla! South Africa's New Progressive Magazine Standing for Social Justice* 35 (August–September): 32–33.
- Makgetlaneng, S. 2000. Key issues in the South African economic transformation process. *Politeia: Journal of the Department of Political Sciences and Public Administration* 19(2): 30–47.
- Martin, T. 1972. C.L.R. James and the race/class question. *Race* 14(2): 183–93.
- Marx, K., and F. Engels. 1984. Manifesto of the Communist Party. In *On historical materialism*, ed. T Borodulina, 84–102. Moscow: Progress Publishers.
- Mbeki, M. 2009. *Architects of poverty: Why African capitalism needs changing*. Johannesburg: Picador.
- Mbeki, T. 1978. Domestic and foreign policies of a new South Africa. *Review of African Political Economy* 5(11) (January–April): 6–16.
- Mbeki, T. 1999. Challenge of the formation of a black capitalist class: Speech at the Annual Conference of the Black Management Forum, Kempton Park, Gauteng, November 20, 1999. <http://www.anc.org.za/ancdocstoday/2001/history/mbeki/1999/tm1120.html> (accessed June 25, 2015)
- Motlanthe, K. 2014. The role of emerging black business: An interview with Kgalema Motlanthe by Ben Turok. *New Agenda: South African Journal of Social and Economic Policy* 53: 16–20.
- Nabudere, D.W. 1983. *The political economy of imperialism: Its theoretical and polemical treatment from mercantilist to multilateral imperialism*. London: Zed Press.
- Nabudere, D.W. 1989. *The crash of international finance capital and its implications for the Third World*. Harare: SAPES Trust.

- Ndletyana, M. 2013. Policy incoherence: A function of ideological contestations? In *State of the nation South Africa 2012–2013: Addressing inequality and poverty*, ed. U. Pillay, G. Hagg, G., and F. Nyamnjoh, 51–71. Cape Town: HRSC Press.
- Ngugi, W.T. 2009. Recovering our memory: South Africa in the black imagination. In *The Steve Biko Memorial Lectures, 2000-2008*, ed. the Steve Biko Foundation, 51–72. Johannesburg: Steve Biko Foundation and Pan Macmillan South Africa.
- Nyamnjoh, F. 2013. Freedom Day on SAfm: Introducing the South African society. In *State of the nation South Africa 2012–2013: Addressing inequality and poverty*, ed. U. Pillay, G. Hagg, G., and F. Nyamnjoh, 305–332. Cape Town: HRSC Press.
- Phosa, M. 2016. How can we save South Africa? *City Press*, 14 February.
- Quanta, C. 2011. BEE will end only when black Africans control the economy. *Pretoria News*, 26 April.
- Saul, J.S. 2012. On taming a revolution: The South African case. *Socialist Register* 49: 212–240.
- Slovo, J. 1976. South Africa – no middle road. In *Southern Africa: The new politics of revolution*, ed. B. Davidson, D. Wilkinson, and J. Slovo, 170–193.. Harmondsworth: Penguin.
- Smith, A. 2003. *An inquiry into the nature and causes of the wealth of nations*. New York: Bantam Dell.