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PROSPECTS OF THE NATIONAL DEMOCRATIC REVOLUTION IN SOUTH AFRICA

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“ALTERNATIVES TO GLOBALISATION: EMERGING POWERS
AND THE NEW PATHS TO MODERNITY”

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ABSTRACT

The African National Congress of South Africa was known internationally in the 1980's as a militant anti-imperialist movement engaged in armed struggle with the apartheid regime. The ANC came to power in 1994 as a result of a negotiated compromise which nevertheless established majority rule. The subsequent 11 years of democratic rule has posed a major challenge to the ruling party to deliver a better life for the masses within the constraints of inherited colonial capitalism and hegemonic global capitalism. There have been major shifts of class forces as the ANC has used state power to create a black business class from sections of the historically disadvantaged people. This paper discusses whether this process will reinforce or diminish the historical role of the ANC as a progressive movement within South Africa and internationally.

1 INTRODUCTION

1.1 Apartheid was a system of internal colonialism, characterised by the domination and exploitation of black people by white capital and the state, and serving the interests of white capital and whites generally. The allegiance of the white working class was obtained by means of special privileges of income and status.

1.2 In 1912, the ANC emerged as a national liberation movement of the African people against white domination. Subsequently the ANC created the Congress Alliance which organisations of coloureds and indians and democratic whites. The Alliance adopted the Freedom Charter in 1955 which embraced legal, social and economic goals. The ANC subsequently became a non-racial movement. However, an analysis of the role of the ANC must be based on political economy, which embraces race and class concepts, and not simply on the system of race discrimination and oppression.

1.3 The primary motive forces of this movement were the black working class, black middle strata and some democratic whites. (The term “black is used here as referring to all people of colour in South Africa, but principally to Africans)

1.4 After many years of political, diplomatic and armed struggle, a stalemate arose between the apartheid regime and the ANC with neither being able to emerge victorious. Negotiations led to the ANC coming to power in 1994 but not in conditions of its own choosing. The collapse of its main

support base in the socialist block was a major blow, but there was also a change in the world balance of forces in favour of imperialism. The internal negotiations of CODESA also entailed compromises way beyond what had been expected in the previous period. The main positive aspect of these compromises was that the ANC was able to create conditions for an election based on universal franchise, enabling it to take political power. The main negative aspect is that it left the economy in the control of the white minority.

1.5 The establishment of the democratic state in which the ANC became the ruling party, led to a total restructuring of political structures, including the steady increase of the presence and power of progressive forces in the diverse institutions of the state, as well as substantial shifts within the social order. Due to the opening of economic space, many blacks swelled the ranks of the middle strata and some rose into the ranks of the bourgeoisie proper.

1.6 A prospect has emerged of some unity in action of black and white workers on class issues as in the miners strike in August 2005 where black and white unions struck jointly against the combined power of the gold mines. But the poor generally remain a major component of the motive forces for change. The black middle strata also continue to be an important component of the national movement, as well as some elements of black business.

1.7 The small number of blacks who managed to enter the ranks of the bourgeoisie proper can be divided into businesspeople, top corporate managers and public sector corporate managers. Their ascent has the effect of beginning to deracialise the exercise of economic power.

1.8 There is clearly an effort by white capital to provide some space for black capital. A process which is facilitated by a new policy of affirmative action and Black Economic Empowerment (BEE) whereby the state provides substantial support to black business through tenders and procurement as well as the allocation of share capital in state owned enterprises. Southall defines BEE as “the increase of black ownership, control and management of state, parastatal and private economic activity in the formal sector.” (Southall 2005 p 457)

1.9 A major question arises as to whether this new black bourgeoisie and in particular its business components will advance the interests of the masses, or whether some components will become junior partners of white capital which has become increasingly integrated into global capital. Alternatively, as it gains in strength, will black business develop its own identity as the core of a national bourgeoisie promoting progressive policies domestically and internationally?

1.10 The experience of decolonisation in most post independence African countries is that colonial capital managed to create a comprador neocolonial class which abandoned the social and economic objectives of the national liberation movement. Will the same happen in South Africa? Or will the power of the ANC as a national movement continue to embrace all, or most black people, irrespective of class location in the cause of overcoming white domination and establishing a non-racial democratic order which reduces the inherited inequalities and provides a decent life for all?

1.11 In other words will the ANC be able to sustain its character as a “disciplined force of the Left” with the primary motive force “the working class and the poor generally”? (Resolution of the ANC National General Council 30 June 2005) Can this position be sustained within a capitalist economy? especially one which is integrated into the world capitalist economy and subject to the same polarisation effects?

1.12 Much depends on the conduct of the ANC itself. President Mbeki made a strong statement on this subject at the National General Council on the 3 July 2005.

1.13 “Our historic victory has put our movement into a position of political power. Since 1994, the 82nd year of the existence of our movement, our people have mandated us to assume the position of a ruling party. To be a ruling party means that we have access to state resources. It means that those who want to do business with the state have to interact with those who control state power. The members of our movement who serve in government.

1.14 “It means that those of us who serve in the organs of state have the possibility to dispense patronage. It therefore means that we have the possibility to purchase adherents, with no regard to the principles that are fundamental to the very nature of the African National Congress.

1.15 “All this makes control of state power a valuable asset. It makes membership of the ANC an easy route of access to state power. It makes membership of the ANC an attractive commercial proposition. It makes financial support for the ANC an investment for some of those who want to generate profits for themselves by doing business with government. “(ANC National General Council, Pretoria 3 July 2005)

1.16 But whatever the prospects of potential distortion within the state system, there are other important dynamics in the socioeconomic system as a whole. The disturbing feature of the present scenario is that income inequalities remain the same as under apartheid with a Gini coefficient of over 0.6 in 1993 which means that a similar pattern of economic exploitation of the masses remains in place. (Turok 2005a)

1.17 Over the past ten years director’s fees have increased at an average rate of 29 per cent, non-executive directors (where many blacks are now appointed) by 49 per cent, while workers increased their incomes by 6.5 per cent. (Labour Research Service annual report 2004) Also, the conspicuous consumption of the black bourgeoisie indicates a strong propinquity to enjoy the same fruits as their white counterparts. There has been an “increase in black affluence- 41 % of the affluent are now Africans” (Burger) while 60% of the middle class is now black (Hirsch). (Rigorous data is not available)

1.18 Blacks are clearly joining the white elite which is one of the wealthiest in the world. South Africa had 690 “ultra-high-gross-worth individuals in 2002 with assets totaling \$30 million each. There are 25,000 dollar millionaires living in South Africa with \$300 billion in private wealth. Interestingly, the super-rich – people worth more than R200 million has grown fourfold since 1994. (World Wealth Report 2003 and VIP Forum quoted in the Sunday Times May 9 2004)

2 A PROGRESSIVE BLACK BUSINESS CLASS?

2.1 The case for encouraging the emergence of a black business class is compelling. Under apartheid blacks were denied any scope for capital accumulation by a maze of restrictive legislation, a lack of skills and education, access to loans and job reservation. SA remains a capitalist country with a strong concentration and centralisation of economic power by white Capitalists. It is therefore logical that a national liberation movement should insist that space be created for black capitalists in the interests of deracialising the economy. Also, many of the leading personalities in black business were leading figures in the ANC and retain those links. The problem is that they come empty handed onto the field, they are “capitalists without capital.” After 8 years of effort black business had only captured between 1 and 4 per cent of the shares on the Johannesburg Stock Exchange. (Southall 2005, p 461)

2.2 Nevertheless, this data hardly accords with the indications that a group of businesspeople have amassed very substantial assets through a vigorous drive to acquire shareholdings in large

companies. If they were to realise these assets they would have substantial funds in their bank accounts.

2.3 On the other hand, white capital has always held a dominant position in the economy- in the 1980's six corporations controlled 70 per cent of the total assets of non-state corporations and this has changed little. Except that these same corporations now have an external reach which was not possible under apartheid. Five major corporations, Billiton, South Africa Breweries, Anglo American, Old Mutual and Dimension Data have moved their primary listings from Johannesburg to the London Stock Exchange. This has rendered their domestic assets as now wholly or partly-owned subsidiaries of foreign companies. (Southall 2005, p 460)

2.4 The case against the emergence of a strong black business class within the present system is that the economic legacy of colonial capitalism, rooted internally, remains in place. This system enabled white capital to gain enormous wealth and power through the extra-economic super-exploitation of forced cheap labour. Unfortunately it is extremely difficult to transform this system and the economic and social dualism of the past remains structurally intact. Black business is operating within these structures and clearly benefit from the inherited capital-labour distortions.

2.5 One of the most damaging is the tendency for black managers to insist on the same financial rewards as their white counterparts, thereby expanding the size of the highly privileged bourgeoisie considerably. They are clearly part of the bourgeoisie by virtue of their location in the system of ownership and control of the means of production and by their incomes and lifestyle. They are therefore indirect beneficiaries of the economic dimensions of the apartheid legacy. We have used the term class with some reservations. Classes are large groups of people distinguished by their location in a system of social production, and by their relation to the means of production. The evidence suggests that black business is still too small a group to be a class-in-itself or a class-for-itself, despite vigorous aspirations. President Mbeki has actually criticised them for having become nothing more than rentier capitalists. (Southall 2003 p 12)

2.6 On the face of it the present is intrinsic to capitalism. On the other hand it may be possible to continue with deracialising the economy achieved without the creation of an affluent black business class distinguished by conspicuous consumption and wealth accumulation through non-productive means? Some measures suggested are prevention of the abuse of state procurement, control of offloading shares in state enterprises, limits on funding by the National Empowerment Fund, and a requirement of commitments to social investment.

2.7 Black business has three options.

1. It can continue its strong linkages with the ANC and identify with its social and economic programme which has a strong distribution dimension
2. It can strive to establish itself as a relatively independent force within the capitalist economy, resonant with traditional Marxist views of a progressive national bourgeoisie
3. It can become a junior partner of white capital, including its international dimensions.

2.8 Much depends on how black business sees its own role. Many articulate an entitlement ideology demanding the same opportunities as white capital. If the whites can do it so can blacks. But this totally ignores the fact that white capital was based on super-exploitation and national oppression, and mimicking their status deprives the black bourgeoisie of any scope for a progressive role.

2.9 Although the private sector is large in South Africa, seemingly offering ample scope for entry by a dynamic group of black entrepreneurs, the leap to capitalist status is not easy. Most start by deal making to get a foot on the ladder of wealth accumulation. They are assisted by the openings offered by white business and by the Black Economic Empowerment policies of the state. The latter is becoming an increasingly powerful weapon as many large firms fear that those who do not make the necessary transition to empowerment may endanger their own sustainability. They fear that will they not get their customary share of government procurement, but that even the private banks may decline lending. “Banks and other institutions will need to consider the risk of non-repayment when borrowers are not empowered.” (Business Day Survey, May 2005)

2.10 A special report of Time called The New Rand Lords – Capitalists or cronies? states that there are now 100,000 whites earning \$60,000 annually, but only 5,000 blacks. (Time June 6 2005). However in the past three years 300,000 blacks became middle-income earners (between \$13,000 and \$23,000 annually). This is because blacks have been promoted vigorously in state institutions and because private companies must be seen to comply with training blacks and appointing them to management positions if they wish to benefit from government contracts. According to Time magazine “the biggest companies offered to sell or grant equity stakes on favourable terms, often financed by the companies themselves, in return for connections, expertise and links to the black marketplace.” However some of the new black businesspeople assert that “none of the new black elite control any independent capital.” Cyril Ramaphosa, an outstanding personality and former Secretary General of the ANC and now a successful businessman, argues that for black business to get its hands on capital they must first become a financial investor in order to accumulate capital, then acquire the necessary skills, and only then acquire control of companies and begin to be an operator, running a proper business.

2.11 However, notwithstanding the obstacles to capital accumulation, the mindset of enrichment and profit-making is growing. Even in the parastatal system profit is sometimes primary. Telkom CEO Sizwe Nxasana was perhaps more brazen than most when he said, “We are not apologetic about our profits, I’m in the business of making money; after all, we live in a capitalist society... It used to be acceptable that the white population made money. Are you now suggesting that black companies should be socialist while the rest of the world is capitalist ?” (Mail and Guardian June 10 2005)

2.12 In the present mood that making money is a good thing, many political personalities with impeccable political credentials have moved into the private sector, followed by top public servants. They naturally retain their former political and family connections and clearly benefit from these associations in their new business roles. (For details see Southall 2005 p 475) Southall comments, “ The point about these connections is not, that they indicate corruption. However, what they do suggest is the fluidity, overlapping and intimacy of South Africa’s black elite, which is still relatively small, amongst whom linkages across political, state and business boundaries provide a constant flow of exchanges and illuminate a sense of community.” (Ibid, P 476)

2.13 Whether this constitutes a basis for the emergence of ‘crony capitalism’ is still a subject for speculation. (See Southall 2005 p 471) Certainly there are many instances of the use of opportunities provided by the state for accumulation in the private sector. A recent example may not be the norm but it is illustrative. The former Director General of the Department of Trade and Industry who also chaired the National Empowerment Fund (NEF), left the Department in April 2005 after ten years dedicated public service. In May he set up Ehlobo Holdings with a former colleague. Ruiters described Ehlobo Foods as “two individuals with a track record and extensive networks in both the public and private sector” but without manufacturing facilities of its own. It would merely facilitate manufacturing contracts between other parties and a company called ALL

Joy. In January, the NEF made an investment of R5 million in All Joy. In August 2005, Ruiters sold Ehlobo Foods to All Joy for a cool R6.1 million. (Business Report August 4, 2005)

2.14 The more important issue is whether the emergent business class is capable of becoming a dynamic productive capitalist class or whether it will be more akin to the state-dependent and kleptocratic class of post Independence Africa driven more by conspicuous consumption than by a culture of hard work and productive effort. President Mbeki recently warned that , “ independent Africa has provided some of the worst global examples of the gross abuse of state power to enrich elites that control the levers of state power.” (Speech in Parliament, xxxxx 2005.)

2.15 The ANC’s liberation strategy was based on an intersection of race and class forces which meant a combination of nationalist and class forces. It was argued that the working class was the most organised and determined with the most to gain and was therefore the leading force.

2 16 However the economy has remained capitalist with some of the main features of the past, namely the dual economy, and huge inherited inequalities. Many sections of the employed have improved their conditions and the social wage has increased substantially, but class contradictions and exploitation continue despite the removal of repressive labour legislation.

2 17 One of the most serious issues is the existence of a dual economy structure typical of colonial and post colonial societies. In the “second economy” we find the poorest of the poor and marginalised people of such societies. Some of the workers in the formal economy are also among the poor. All this is confirmed by the fact that the inequality index has remained the same a decade after the arrival of democracy.

3. THE MOTIVE FORCES FOR TRANSFORMATION

3.1 Compared to the tasks facing the ANC during the struggle years it now has multiple responsibilities:

1. It has to govern a very diverse society, sustain a growing economy and maintain social stability and cohesion.
2. It has to advance the interests of its primary constituency the historically oppressed, especially the black masses and Africans in particular, and ensure the empowerment of women.
3. It has to ensure the advancement of the interests of the working class as well as the marginalised people on the periphery of the formal economy.
4. It has a long commitment to support Africa’s renaissance, to oppose imperialist hegemony and advance the cause of progressive forces worldwide. A recent document states that “the ANC should aim to contribute to the restructuring of international relations in the interests of the poor” (Preface to Strategy and tactics p25)

3.2 The complexity of these tasks has led to a debate about the nature of the motive forces in the present period. This debate must be seen in the context of how the ANC sees the character of the National Democratic Revolution (NDR). “The strategic objective of the NDR is the creation of a united, non-racial, non-sexist and democratic society. This, in essence, means the liberation of Africans in particular and black people in general from political and economic bondage.” (Strategy and Tactics Dec 2002, p30) It also refers to the “elimination of apartheid property relations”, “the deracialisation of ownership and control of wealth, including land” and “ the elimination of the

legacy of apartheid super-exploitation and inequality, and the redistribution of wealth and income to benefit society as a whole, especially the poor.” (p 24)

3.3 To advance these objectives, the ANC has identified the motive forces as follows: “the black masses, those classes and strata that objectively and systematically stand to gain from the victory and consolidation of the NDR. It identifies the working class and the poor-in both rural and urban areas- as the core of these forces... These motive forces include the black, emergent capitalist class whose interests are served not only by the formal democracy, but also by the programme to change apartheid property relations.... At the same time, the ANC needs to win over.....all other sections of South African society, including the white workers, the middle strata and the bourgeoisie.” (Ibid p 25)

3.4 At the same time it is acknowledged that these measures “will not eliminate the basic contradiction between capital and labour.... Nor eradicate the disparate and sometimes contradictory interests that some of the motive forces of the NDR pursue. These secondary contradictions... must be properly managed..” (p31)

3.5 Finally, there is a stark warning about the new social forces. “the rising black bourgeoisie and middle strata are objectively important motive forces of transformation whose interests coincide with at least the immediate interests of the majority. But some ”are dictated to by foreign or local big capital on whom they rely for their advancement... without vigilance, elements of these new capitalist classes can become witting or unwitting tools of monopoly interests, or parasites who thrive on corruption in public office. ... Examples abound in many former colonies of massive disparities in the distribution of wealth and income between the new elite and the mass of the people.... In South Africa this potential danger.... With a coterie of mainly black men co-opted into the courtyard of privilege.” (p33)

3.6 This implies that we must distinguish between the primary motive forces, their social base, the expected allies, the neutralised forces and the enemy forces.

3.7 The motive forces therefore consist of

- * The black masses, especially the Africans
- * The working class and the marginalised.
- * Progressive whites and other forces who identify with the ANC and accept the Freedom Charter
- * The black middle strata
- * Black officials in state institutions
- * Black corporate managers in parastatals who identify with the Freedom Charter
- * Elements of the emergent black capitalist class who identify with the ANC and the Freedom Charter despite their location in the institutions of exploitation.

3.8 Black personnel are now predominant throughout the top levels of the state system. This is most pronounced in government departments, with black women now also moving into top posts. But it is also highly visible in the parastatal system which are now mostly in black control. Six of the nine directors on the development finance Industrial Development Corporation (IDC), 12 of 23 directors of defence industry Denel, 11 out of 15 directors of Eskom Holdings, 9 out of 12 of electricity Eskom Enterprises are black. The same goes for Transnet, Telkom and SA Airways. These 15 state owned enterprises deployed assets of R 291 billion in 2003. If we add the Public Investment Commission R 370 billion, this constitutes a massive presence in the economy. Interestingly, many of these directors have positions on the boards of private companies, creating an intricate web of cross influence. (Southall 2005 p462)

3.9 The historical role of the ANC is to unite the progressive forces and lead the nation around a vision of non racial, non sexist democracy. What role will black business play in this scenario ? Southall suggests that the ANC is deliberately promoting a “patriotic” capitalist bourgeoisie which will work hand in hand with a developmentally oriented state. He asks whether this same bourgeoisie will not merely challenge white economic domination but actually work to raise the productive forces of the economy thereby providing for redistribution of wealth to the black working class and the poor. (Southall 2003 p 15)

4. The International Dimension

4.1 The international environment is improving with the emergence of China and India as powerful forces and the weakening of the economies of the US and EU. In addition progressive leftist governments have taken office in many South American countries. The African Union has united the continent as never before. The G20 plus is also a more significant economic force in the global economy, and the India-Brazil-South Africa (IBSA) initiative has promise of a new level of South-South coordination and cooperation.

4.2 South Africa has been extremely proactive in all these initiatives and is a relatively important player on the world stage, punching considerably above its weight. In addition the ANC has taken steps to identify progressive political forces across the African continent and elsewhere. There is obviously much political will to engage with progressive forces, though considerable discretion is being exercised.

4.3 It is vital that elements within black emerging business who are dependent on monopoly capital within the country and outside it, should not seek to diminish these efforts which might conflict with their immediate loyalties and connections.

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