

A Thesis Submitted for the Degree of PhD at the University of Warwick

Permanent WRAP URL:

<http://wrap.warwick.ac.uk/80182>

Copyright and reuse:

This thesis is made available online and is protected by original copyright.

Please scroll down to view the document itself.

Please refer to the repository record for this item for information to help you to cite it.

Our policy information is available from the repository home page.

For more information, please contact the WRAP Team at: wrap@warwick.ac.uk

Abstract

The core of my thesis is to present a Marxist interpretation of the process of industrialisation in South Africa. I do so with the view that previous discussions on the process of industrialisation and its effects on the South African political economy have tended to obscure class relations in favour of race relations. The reason that this has occurred is that the dominant tradition in Marxist studies on South Africa has been located within a structuralist framework derived essentially from the French school of Marxism. The methodology of the structuralist Marxists has been such that it has led them to develop analytical tools that have focused on race rather than class as the predominant contradiction within South African society. An inadequate application and interpretation of Marx's labour theory of value has led Wolpe to develop his cheap labour thesis which has proven to be both problematic and inadequate as an aid to understanding the particular form of industrialisation in South Africa. Despite criticisms of this theory it has continued to be reproduced uncritically within South African academia leading to the development of further analytical tools such as racial capitalism and racial fordism that have proven to be inadequate in interpreting industrialisation. These concepts, moving even further away from Marx's labour theory of value, tended to focus on the superficial aspects of racism rather than on class exploitation. The effect has been that an eclecticism has developed within the structuralist Marxist's analysis leading to an interpretation that seemed no different from the neo-classical and liberal schools of thought. A more serious implication of the structuralist Marxist's methodology has been the effect that it has had on the liberation movements and trade unions in South Africa. These theories played an important influential role in the strategic thinking of the liberation organisations leading them to direct working class struggles against a dominant racism rather than against a dominant racism and capitalism. These studies have implied that the post-apartheid state would be a reformist capitalist state rather than a revolutionary socialist state. While emanating from Marxism the structuralist Marxists have in actual fact been promoting a reformist capitalism.

With these criticisms in mind I attempt to develop an interpretation of industrialisation that moves away from the structuralist methodology by anchoring my analysis within Marx's labour theory of value and class struggle. Furthermore, using the methodological approach of Geoffrey Kay I locate South Africa's process of industrialisation within the framework of colonialism and changing forms of imperialism. In order to understand South Africa's industrialisation (and that of many other former colonies) one has to develop an understanding of the changing forms of international capital and the effects that this had on development in various parts of the world. This interpretation essentially locates development and industrialisation within the process of capital accumulation and class struggle but also allows for an understanding of the emergence of racism within this dynamic. The peculiarities of racism are located within this changing form of imperial domination. While racism plays an important part in the dynamics of capital accumulation it is not the dominant contradiction of South African society, which should be located within capitalist accumulation and changing forms of imperialism. Crises which emerge within this context are thus not crises of racism or crises in the economy but crises in the process of accumulation as a direct result of class struggle and affect both state and capital in a very serious way. The outcome of the crises can lead to reform or revolution. The post apartheid state has clearly adopted a reformist approach and for the structuralist Marxists this does not seem to be a problem, with many Marxists now seeing themselves as former Marxists.

Political Economy and Industrialisation in South Africa: A Critique of Structuralist Marxist Analyses of Apartheid and Class Struggle.

Yunus Mohamed

Submitted for the degree of Ph.D.
Department of Sociology
University of Warwick, Coventry
September 1997

Acknowledgments	i
List of Abbreviations	ii
List of Tables	iv
INTRODUCTION	1
CHAPTER 1	10
Apartheid and the Cheap Labour Thesis	10
Periodisation	12
Surplus Value and Wages	14
Wages and Subsistence	17
Class Struggle	19
State Form	20
Theory of Internal Colonialism	21
Conclusion	22
CHAPTER 2	23
Apartheid and Crisis: A Critique of Structuralist Marxist Approaches	23
Introduction	23
Racial Capitalism and the Organic Crisis	24
Critique of Racial Capitalism	27
Discussions on the South African Crisis: An Overview	30
Crisis: The Economism of the Structuralist	33
Regulation Theory and Crisis	36
Regulation Theory and the South African Crisis	38
Critique of Aglietta	41
Racial Fordism and Regulation Theory - A Critique	44
Review of Structuralist Methodology	47
CHAPTER 3	53
The South African Political Economy	53
Introduction	53
Merchant Capital	54
Merchant Capital and the Origins of Racism	59
Merchant Capital and Colonialism	63
Merchant Capital and the Suppression of Industrial Development	69
Industrial Capital and Industrialisation - Early Attempts at Industrialisation	71
Industrialisation	74
Industrial Growth	77
Industrial Capital and Apartheid - 1948 and After	82
From Economic Growth to Crisis 1948 - 1970	88
CHAPTER 4	91
Towards an Understanding of the South African Crisis	91
Introduction	91
Overaccumulation, Crisis and Class Struggle	92
The Crisis in South Africa	97

CHAPTER 5	107
Trade Unions in South Africa: A Theoretical Overview	107
Introduction	107
Marx and the Revolutionary Potential of Trade Unions	109
Lenin and the Economism of Trade Unions	110
Hyman and the Radical Dualism of Trade Union Action	112
Consciousness and Action of the Working Class in Trade Unions	113
Trade Union and Industrialisation in South Africa	117
Forms of Trade Unions in South Africa	120
South African Trade Union and Politics	123
Law and Class Struggle: The Registration Debate	131
CHAPTER 6	138
Early Endeavors into Industrialisation	138
Mining Influence on Industrialisation: 1900 - 1924	138
Industrial Action and Incipient Working Class Consciousness	147
Industrial and Commercial Workers Union (ICU) 1920 -1930	153
CHAPTER 7	156
Inter-War Industrialisation: 1925-1948	156
Industrialisation and Nationalist Sentiments: 1925 - 1933	156
Industrialisation Profiting on Gold: 1934 - 1947	162
Industrialisation and the Second World War	165
Rise of an Industrial Workforce: 1925 - 1948	167
Unity and Division: The Formation of CNETU 1926 - 1945	174
The Formation of the African Mine Workers Union	178
CHAPTER 8	182
Apartheid and Industrialisation: 1948 - 1960	182
Industrialisation and Repression	182
Industrialisation and Balance of Payments Constraints	185
Trade Unions After the War	189
Formation of South African Congress of Trade Unions (SACTU)	191
CHAPTER 9	195
Industrialisation and Economic Decline 1960 - 1990	195
Mediocre Growth	195
Economic Decline and Crisis	197
Development of Trade Unions: the Dormant Years: 1965-73	201
The 1973 Strikes and the Emergence of Black Trade Unions	203
Causes of the Strike	204
State's Responses to the Strikes	206
Effects of the 1973 Strikes on Black Trade Unions	207
Benefit Societies	208
FOSATU	208
CUSA	209
The Community Unions	210

Other Independent Unions	210
Formation of AZACTU	211
Emergence of COSATU and NACTU	211
NACTU	217
Conclusion	217

CONCLUSION 219

SELECT BIBLIOGRAPHY 224

Books	224
Published Articles	227
Statistics	232
Unpublished Papers and Mimeos	232
Unpublished Theses	232
Reports Source Material	233

Acknowledgments

The completion of this thesis has been particularly difficult due to disruptions as a result of prolonged illness. I have been encouraged and assisted by many to complete this thesis and it would be impossible to individually thank all those who have generously assisted. Special thanks must go to Sabera Surtee for her constant encouragement and to Dr. Gardee and his family in Glasgow for their support.

Special thanks must also go to the World University Service for funding my studies, and to my supervisors Tony Elger and Robert Fine for their continued support, encouragement and indispensable comments on my work.

I am particularly indebted to my parents for their unfailing support through troubled times.

Finally, without the support, encouragement, endurance and patience of my wife Nasima this study would not have been completed.

List of Abbreviations

AEU	Amalgamated Engineering Union
AFCW	African Food and Canning Workers Union
AMWU	African Mine Workers Union
ANC	African National Congress
AZACTU	Azanian Congress of Trade Unions
AZAPO	Azanian Peoples Organisation
BAWU	Black Allied Workers Union
BCC	Black Consultative Committee
BMWU	Black Municipal Workers Union
BTI	Board of Trade and Industry
CCAWUSA	Commercial Catering and Allied Workers Union of South Africa
CCOBTU	Consultative Committee of Black Trade Unions
CIWW	Council for the Industrial Workers of the Witwatersrand
CNETU	Council of Non European Trade Unions
COD	Congress of Democrats
COSATU	Congress of South African Trade Unions
CPC	Coloured Peoples Congress
CPSA	Communist Party of South Africa
CSIR	Council for Scientific and Industrial Research
CUSA	Council of Unions of South Africa
ECB	Electricity Supply Board
ESCOM	Electricity Supply Commission
FCWU	Food and Canning Workers Union
FOSATU	Federation of South African Trade Unions
GATT	General Agreement on Tariffs and Trade
GAWU	General Allied Workers Union
GWFBF	General Workers Factory Benefit Fund
GWU	Garment Workers Union
IAS	Industrial Aid Society
IDC	Industrial Development Corporation
IIE	Institute for Industrial Education
IMF	International Monetary Fund
ISCOR	Iron and Steel Corporation of South Africa
ISP	Industrial Strategy Project
MACWUSA	Motor Assemblers and Components Workers Union
MAWU	Metal and Allied Workers Union
MK	Umkhonto we Sizure
MUJE	Mechanics Union Joint Executive
NACTU	National Council of Trade Unions
NUDAW	National Union of Distributive and Allied Workers
NUM	National Union of Mine Workers
NUMARWOSA	National Union of Motor Assembly and Rubber Workers of South Africa
OVGWU	Orange Vaal General Workers Union
PAC	Pan Africanist Congress
Profintern	Red International of Labour Unions
PTU	Progressive Trade Union Group
SAAWU	South African Allied Workers Union
SABS	South African Bureau of Standards
SAFTU	South African Federation of Trade Unions
SAIC	South African Indian Congress
SAIRR	South African Institute of Race Relations
SANAC	South African Natives Affairs Commission
SAR&H	South African Railways and Harbours
SAT&LC	South African Trades and Labour Council
TLC	Trades and Labour Council

TUACC	Trade Union Advisory and Coordination Council
UTP	Urban Training Project
WPWAB	Western Province Workers Advice Bureau
WPGWU	Western Province General Workers Union
WPFLU	Western Province Federation of Labour Unions

List of Tables

Chapter 6

Table 6.1: Value of Manufacturing in Pounds £ for Selected Years: 1904 - 1915/1916	140
Table 6.2: Retail Price Index on the Witwatersrand	142
Table 6.3: GDP at Constant 1958 Prices by Kind of Economic Activity: Percentage Distribution for Selected Industrial Activity	146
Table 6.4: Development of South African Manufacturing Industry 1915-16 - 1924.	147

Chapter 7

Table 7.1: GDP at Constant 1958 Prices, by kind of Economic Activity: Percentage Distribution for Selected Industrial Activity	160
Table 7.2: Development of South African Manufacturing Industry 1925 - 1933	161
Table 7.3: Raw Materials Used and Manufactured Exports For Selected Years	165
Table 7.4: Development of South African Manufacturing Industry 1934 - 1947	166
Table 7.5: GDP at Constant 1958 Prices: Percentage Distribution for Selected Industrial Activity	167

Chapter 8

Table 8.1: Development of South African Manufacturing Industry, 1944/45 - 1954/55	187
Table 8.2: GDP at Factor Incomes at Constant 1975 Prices, by Kind of Economic Activity Percentage Distribution for Selected Industrial Activity	189
Table 8.3: Strikes By Black Workers 1945 - 1964	194

Chapter 9

Table 9.1: GDP at Factor Incomes at Constant 1975 Prices, by kind of Economic Activity Percentage Distribution for Selected Industrial Activity	199
Table 9.2: Size of Manufacturing Sector by Number and Employment 1916 - 1984	200
Table 9.3: Size of Manufacturing Sector by value in Rands 1945 - 1984	201
Table 9.4: Strikes By Black Workers 1945-1964	202
Table 9.5: Employment Growth in Manufacturing Industry 1951 - 1991	205
Table 9.6: Strikes By Black Workers 1973-1981	207

Introduction

With the evolution of capitalist production, spurred on by the industrial revolution, modern day capitalism became characterized by industrialization. Every advancement in capitalism appeared to coincide with the advancement of technology, increasing the productive capacity of capitalism (Mandel, 1980). Level of industrialization soon became the measurement for development.

Britain led the road to industrialization and by the late 1880s was the world's leading industrial nation, producing almost one third of the world's manufacturing output (Dicken, 1986, p.14). The industrialization process soon extended to other European countries, such as America, and Japan. By the 1930s these countries either overtook or provided strong competition to Britain's leading role.

Nevertheless those countries that developed early became the standard to which later developing countries aspired. Development became measured in terms of, amongst others, quality of technology, volume of production, value of gross national product, capital formation, internal consumption, international trade and rate of industrial growth. Using these indices it became possible to differentiate between developed, underdeveloped and undeveloped countries.

During the period of decolonisation, which saw the emergence of new nation-states, the economic disparities between the former colonies and the developed nations became apparent and development became a debated issue. From this debate emerged various theories attempting to explain why some countries excelled in development and others failed dismally.

South African academics have generally not intervened in this debate primarily because South Africa's development path was perceived to be unique. This uniqueness was centred on a perception of the interaction between racism and capitalism. The role of apartheid in South Africa's development path and the process of industrialization became a contentious issue resulting in a vibrant debate with liberal writers and bourgeois economists (M. C. 'O Dowd, 1978, Lipton, 1978) arguing that racism is alien to capitalist development and at cross purposes with the free enterprise system, and Marxists on the other hand emphasizing the reciprocity between the institution of racism and capitalist production during the process of industrialization and development.

Neo-classical analyses (Houghton, 1964; Norval 1962) whose theoretical perspective was drawn from the work of W .W. Rostow¹, saw race as an external force causing disparities in income and distortions in economic development. Marxist analyses of the 1970s (Wolpe, 1972; Legassick, 1974) broke away from this mode of thought, and argued that apartheid was central to industrialization and development in South Africa.

The Marxists sought to locate apartheid within the labour theory of value (and by implication class struggle) by arguing that apartheid guaranteed the production and reproduction of labour power below its value. What subsequently become known as the “cheap labour thesis” was developed and promoted in academic circles by Harold Wolpe. The cheap labour thesis nevertheless had its roots in the theoretical perspective of the South African Communist Party (SACP), of which Wolpe was a member, which developed the theory of “internal colonialism”².

Out of this theory the strategic thinking and party program of the SACP were derived, which effectively saw the struggle in South Africa as having two stages. First the democratic stage which was essentially a struggle against apartheid in order to establish a national democratic state, to be followed by a second stage of establishing a socialist society. The SACP, in other words, officially supported a program that undermined its role and that of the working class in relation to that of the nationalist democratic and petty bourgeois forces in its struggle against the apartheid regime. Herein we find the first contradiction between theory and revolutionary praxis: apartheid was located at the centre of surplus value extraction and yet the struggle against apartheid was not to establish socialism and put working class demands at the forefront, but rather to establish a “national democratic state” or non-racial capitalism.

¹ The neo-classical school, of which W. W. Rostow was the leading light and most often quoted theorist, saw development as a linear progression of economic improvement. For Rostow development took place in five stages with the most basic being traditional society and the most advanced being the age of high mass-consumption. Rostow argues that the economic position of all societies could be identified in terms of his five stage characterization. Development from one stage to the next would occur once the conditions in each stage had been met and this would allow it to go to the next stage of development. Thus with a little help it would be possible to transform all economies, whatever their condition, into modernized societies (Rostow, 1960).

² The theory of “internal colonialism” was developed by Micheal Harmel, who was chairman of the SACP in the early 1950s. This theory became official SACP theory, guiding its analysis of South Africa. (Fine, 1992; Lambert, 1993)

We pay particular attention to the cheap labour thesis and its twin the theory of internal colonialism, which spawned the two stage theory of revolution, due to the crucial implications it had for a theoretical understanding of industrialization in South Africa and for the strategies of the liberation organizations and trade union movement. Although the cheap labour thesis was heavily criticized (Williams, 1975; Bradby, 1976) and its effect on the trade union movement was also criticized (Carrim, 1977; Lambert, 1980; 1993), it nevertheless continued to be reproduced uncritically and remained the dominant mode of analyzing South African political economy and apartheid. These theories were essentially reproduced by those who supported a particular brand of Marxism: structural Marxism, derived primarily from the French Marxists such as Althusser and Balibar (1970), Poulantzas (1973), and Aglietta (1979).

The methodological approach of the structuralist Marxists has led to the theorizing of the South African political economy in terms of cycles of growth punctuated by periods of class struggle. Wolpe (1972), for example, argued that in South Africa the initial period of growth through segregation led to a crisis and this was followed by apartheid that allowed for a new phase of growth to occur. The way apartheid allowed for this growth to proceed was developed in the account of Davies et al (1978) who focused on the “secondary contradictions” of the capitalist relation. Their main theme was to show how the state was able, through apartheid, to secure a supply of labour to all sectors of the economy.

Saul and Gelb (1981) continued with this theme of seeing apartheid in terms of growth and labour supply, but argued that while apartheid had fulfilled its potential for growth it had nevertheless created structures that set in motion a process of crisis. The crisis was described as being “organic” since it was deeply embedded in the structures of apartheid. To understand the crisis Saul and Gelb introduced the concept of “racial capitalism,” where the problem of capitalism was identified with its racist form. This initial theme of crisis was further developed by others (Kaplan, 1983; Gelb and Innes, 1985; Von Holdt, 1986; Cassim, 1988), but these studies tended towards describing the various features of the crisis, rather than offering any new theoretical perspective in understanding the crisis.

As the apartheid state approached its twilight stage the theme of crisis was reinforced by regulation theory (Gelb, 1990) as a means, firstly of understanding the emergence and role of crisis in capitalist

society, and secondly as a means of developing a theoretical perspective for understanding the new phase of non-racial economic growth. The concept of “racial fordism” was introduced as a way of describing the crisis, and to show that the new phase of industrialization and manufacturing growth would develop along “post-fordist strategies.”

The central theme of this thesis is to re-examine the history and development of industrialisation from a Marxist perspective, in order to show that the problems affecting the South African economy stem from its history and position in world development. This thesis aims, by presenting an alternative theory on industrialization and development - a theory that is critical of the reformism prevalent in the structuralist Marxist methodology - to inform those concerned with defending the interest of the working class of the necessity of continuing to maintain a class perspective in the post apartheid state. It is also to show that any future plans for reform in industry have to carefully consider the history of its development.

Secondly this dissertation aims at reestablishing the relevance of Marxist analysis of the South African political economy, and to show that riding on the back of apartheid was capitalist exploitation. Furthermore, in order to understand the growth, development, and crisis-ridden nature of the South African political economy and the process of industrialisation, one has to look beyond the oppressive nature of apartheid. This is done firstly by providing an analysis of apartheid which aims to capture the changing dynamic of capital accumulation. It is the contradictory nature of apartheid and the changing form of apartheid that is emphasized. Behind the appearance of apartheid is the dynamic reality of the capital-labour relation. This relationship is essentially governed by class struggle, and the notion of class struggle is fundamental to understanding the changing form and character of apartheid as well as the dynamics of the accumulation process. Secondly class struggle is in turn closely related to crises in capitalism, and any discussion of crisis cannot proceed without an adequate discussion of class struggle. Crisis is seen in terms of barriers placed on the process of accumulation as a result of class struggle.

Thirdly I hope to show that the language and strategy of reform was actually dormant in the analytical tools of early studies: cheap labour thesis, racial capitalism, and racial fordism. By identifying apartheid as the problem these studies obscured class relations, creating the false premise that the

removal of apartheid would lead to the emancipation of the working class. The result was that a body of literature and analysis developed that could not characterize apartheid in a manner consistent with the changing dynamics of capital accumulation. Marxist analysis became static: when capitalism was experiencing a boom it was the result of apartheid, when capitalism was experiencing a decline it was because of apartheid. In this dissertation I try to grapple with the contradictory nature of apartheid: promoting capitalism in some instances, not doing so in other instances, solving some problems while creating others. But this is only revealed if apartheid is linked to the dynamics of the capitalist relation, which places exploitation and class struggle as the primary contradictions in South African industry.

I further argue that while the structuralists have been consistent in their methodology, they have proven to be deceptive in translating their theory into revolutionary practice. Worker struggles and a socialist programme have been undermined in favour of the two stage theory of revolution. The political stance intrinsic to their methodology was not revealed for what it was: reformism. The struggle against apartheid was principally the removal of racism in South African society and the extension of the vote to the black population of the country. This reveals a theoretical deficiency in the way the structuralist Marxists have conceptualized class struggle: ushering it in on the stage of history at moments of crisis in order to explain why and how capitalism proceeds from one period of development to the next. I move away from this periodic intervention of class struggle and theorize it in a way which sees it as being inherent to the capital-labour relation.

Class struggle and the labour theory of value are the central analytical tools for my analysis, and in developing these concepts I hope to move away from the reformism inherent in the works of the structuralist Marxists and reestablish the relevance of a radical Marxist analysis of the South African political economy. In doing so I develop an analysis of apartheid which goes beyond the static model of labour supply that has been developed thus far. Instead, apartheid is seen to be a contradictory policy of state intervention to protect and buffer capitalism in South Africa, given its position in world capitalist development.

Furthermore, a discourse on class struggle in the process of industrialization cannot proceed without a discussion on trade unions. Class struggle is not confined to trade unions; however as organizations

that emerge from the point of production they represent, in an immediate sense, the most important expressions of class struggle in capitalist society. Trade unions represent the interests of the working class at their most basic level, and at the same time are living expressions of the capital-labour relation allowing for working class opposition to be expressed collectively and predominantly at the workplace. Trade unions influence the process of industrialization and are in turn influenced by this process. The changing forms and patterns of this development are carefully considered showing that struggle proceeds in a non-linear fashion, and at times seems to be almost absent, while at other times resulting in explosive uprisings, always reflecting the strengths and weaknesses of the contending parties. The history and development of trade unions is related to the development of the manufacturing sector and is examined against some of the theoretical body of Marxist literature on trade unions. I also attempt to show how the South African experience challenges some of these views while reinforcing others. Apartheid also created different challenges to the trade union movement and the trade unions in turn challenged apartheid in ways which forced state and capital into instituting various reforms which eventually led to the destruction of apartheid.

The first five chapters of the thesis deal mainly with developing a theoretical assessment and approach. In chapter one I examine Wolpe's cheap labour thesis closely, highlighting its shortcomings, and argue that it has failed to provide an adequate way of characterizing South Africa's development path. I further comment on the reformist potential inherent within this theory and its negative influence on working class organisations.

In chapter two I continue with the theme of criticizing the structuralist Marxists and focus in particular on the concepts of organic crisis and racial capitalism as developed by Saul and Gelb and racial fordism as developed by Gelb. I criticize the structuralist framework of this methodology and argue that these concepts fail to provide an adequate understanding of the South African political economy and the nature of the crisis. I then proceed to show how the theorising of the structuralist Marxists has a tendency to gravitate towards the neo-classical and liberal schools of thought. This happens because their theorising moves further away from the labour theory of value and closer towards the neo-classical school and in the process they develop inadequate concepts of class struggle.

In chapter three I present my theoretical perspective on industrialisation which is based within Marx's labour theory of value and Geoffrey Kay's model of development. I argue that industrialisation in South Africa has to be located in terms of the changing forms of international capital and the forms of domination that went with it. I further argue that the particular characteristics of South Africa's industrialisation and the emergence of apartheid and racism are located within its specific history of colonialism and changing forms of imperialist domination. The form of industrialisation that develops is partial and rooted in violence and unemployment. I show how this spirals towards a crisis.

In chapter four I develop a theory of crisis. Crisis I argue is based in the overaccumulation of capital, as the twin effects of competition and class struggle put pressure on accumulation and profitability forcing capitalists towards overaccumulation and crisis. This theory of crisis is essentially drawn from the work of Simon Clarke.

In chapter five I develop a theory of trade unionism which I argue to be the most basic and also the most organised form of class struggle though not the only expression of class struggle. I examine certain key writings on trade unionism such as those of Marx, Lenin, Hyman, and others and look at the concepts of consciousness and action among the working class and the political involvement of trade unions in wider working class struggles. I then proceed to examine these concepts within the context of South African trade unions, and look in particular at the politicization of South African trade unions.

Chapters six to nine consist of the substantive discussion and will span the period 1900 - 1990. Four periods are identified, which roughly coincide with different forms of racial domination, different governments, the changing quality and pattern of industrialization, and finally changing forms of trade unions and expressions of working class struggles on the shop-floor. While the periods identified are chosen so as to make the study manageable, they in no way imply rigid cut off points. Continuity, change and the uneven nature of development are constantly emphasized, while at the same time the salient features of a particular period are identified, in order to capture the dynamic nature of the accumulation process and class struggle.

Chapter six examines the early phase of industrialisation in South Africa and shows how the economy is essentially based on gold mining. I look at the various influences that the mining industry has on

developing an early industrialisation. Within this context we look at the emergence of embryonic forms of working class struggles, as the consciousness and action of the working class slowly evolves away from tribal-based solidarity towards a class-based solidarity.

In chapter seven I look at industrialisation between the two world wars and show how the mining industry continued to influence a developing industrialisation, but we also see the emergence of a strong local petty bourgeoisie who begin to play a role in the process of industrialisation. We also see the beginning of a strong state intervention in the economy through direct investment and also the setting up of support structures to assist the process of industrialisation. As the manufacturing sector expands so does the working class and we see the emergence of trade unions that are shop-floor based. The unions, however, display a weakness that is located both in the small numbers of the industrial workforce, divisions within the unions and also a growing racial division within the working class. After the second world war the state clamps down heavily on trade unions and we see the implementation of apartheid.

In chapter eight I look at industrialisation within the confines of apartheid and show how this also coincides with the dominant influence of industrial capital as the international form of capital. I show how apartheid aims to cope with the specific limitations of South Africa's industrialisation by unleashing repression on the black working class, while offering economic and political privilege to the white working class. As black trade unions struggle to establish themselves the racial division of the working class becomes reflected in the separate trade unions that develop for the black working class and the white working class. Black trade unions become more politically involved and develop a close relationship with the liberation organisations. The state once more clamps down on trade unions as well as on other black political organisations.

In chapter nine I examine the process of industrialisation, which initially proceeds without many problems but is soon heading towards a crisis. Despite increasing state intervention and foreign investment, and the expansion of the manufacturing sector, capital finds that it cannot break successfully into the international market. The economy suffers from a series of balance of payments problems as well as problems of inflation and unemployment. Trade unions develop into a much stronger force and their strength is displayed in their ability to withstand increased state repression.

The growing crisis forces the state to institute a process of reforms, but this does not subdue working class struggles nor does it ease the crisis.

The last chapter is the conclusion. I argue that intensified working class struggle led to the collapse of the apartheid state, but what emerged from the crisis was not revolutionary socialism but reformism.

The triumph of reformism needs to be located within the dominant force of international capital.

However, I argue that the structuralist Marxists, instead of being critical of reform and pushing further with working class struggles, celebrate reform and have used their influence within the trade unions to promote a politics of reformism. The challenge of the new state will be to deal with the specific problems of development within the framework of reform and without resorting to violence.

Chapter 1

Apartheid and the Cheap Labour Thesis

A critical analysis of the cheap labour thesis, as presented by Wolpe, is significant for three reasons. Firstly, it proved to be inadequate in explaining development and industrialization in South Africa. Secondly, it set the agenda for the development of reformism in Marxist analysis of the South African political economy. Thirdly, this analysis gave birth to a revolutionary strategy, adopted by the black trade unions and the liberation organization in their struggle against the apartheid state, which proved in the long term to be detrimental to the interests of the working class. Although all of the above are intrinsically inter-linked, my primary concern is to develop an alternative analysis of South African industrialization, and to offer a critique of the structuralist methodology. I will nevertheless deal with the development of reformism and its translation into revolutionary strategy as a consequence of the theoretical perspectives of the structuralist Marxists.

At the heart of the apartheid regime has been the concept of racial and ethnic separation, embodied in the creation of African homelands (Southall, 1982) by the white South African government. These homelands, created in terms of the 1913 Land Act and organized on a tribal basis, consisted of approximately 13 percent of the land mass of the country, to which the various African populations of South Africa were confined. Over the years the South African government changed the status of these homelands, reflecting, as I will show, the different levels of capitalist development and also the changing form of racism and repression. At first the homelands were called "Reserves", for they were areas reserved for the African population, but still under the control of the South African government. Later, after 1948, these areas were given semi-autonomous status. This was a preliminary stage to the third: independence. Outside of the homelands most Africans had no political, economic, legal, or residential rights. The homelands also offered very few employment opportunities and most had to leave the homelands in order to gain employment in "white" South Africa. The South African state had in essence created a migratory labour force within its own borders. While a few Africans had managed to obtain legal residential rights within "white" South Africa, the majority of the African

population were confined to these so-called homelands and were dependent on employment outside of these homelands.

According to Wolpe's model, the creation of the homelands, the core of apartheid, was essentially for the purpose of reproducing cheap labour for South African industry. The form of labour migration that developed through the creation of the homelands is at the centre of Wolpe's hypothesis on how cheap labour is produced. Wolpe has argued that:

"The peculiar feature of this labour force is that it is migrant and temporary, returning to the reserves in between periods of work, and retains means of production in the African economy or has claims to such means. The exploitation of migrant labour-power of this kind enables the capitalist sector to secure the increased rate of surplus value." (Wolpe, 1972, p. 433)

The methodological framework of the cheap labour thesis is derived from the French structuralist Marxists and relies heavily on the concept of the articulation of modes of production, which in essence promotes the notion of the existence of a dual economy. (Wolpe, 1980, p. 6) Wolpe's argument is thus dependent on the co-existence of two modes of production i.e. capitalist and non-capitalist. In order for capitalists to obtain high profits they created conditions which would allow for the continuation of pre-capitalist production in the African areas, enabling the capitalist to pay workers below their subsistence level because part of their subsistence was met by rural production. The mechanisms which made this possible were, firstly, the recognition of African customs, laws and tribal hierarchies; secondly, prevention of Africans from becoming a land-less class by preserving specific areas for their continued ownership i.e. the homelands; and thirdly, by allowing these areas to maintain a production level which would supplement worker's wages but not challenge the wage relation.

In his model Wolpe distinguishes between the period of segregation, pre 1948, and apartheid proper, post 1948, in that the policy of segregation was to

"maintain the productive capacity of the pre-capitalist economies and the social system of the African societies" (Wolpe, 1972, p. 439)

Thus apartheid was a mechanism for high exploitation:

“through a system which guarantees a cheap and controlled labour force, under circumstances in which the conditions of reproduction (the redistributive African economy in the Reserves) of that labour force is rapidly disintegrating.” (Wolpe, 1972, p. 433)

In other words, given the rapid deterioration of the pre-capitalist mode of production, apartheid became a way of securing the extraction of surplus value.

The transition from segregation to apartheid occurred, for Wolpe, roughly around 1948. Apartheid then, in Wolpe’s view, is the result of the inability of the state and capital to maintain the pre-capitalist economies of the African reserves and paralleling this the growing force of a racial ideology.

In Wolpe’s words:

“here we arrive at the critical point of articulation between ideology, racial political practice and the economic system” (Wolpe, 1972, p. 432)

There are a number of interrelated problems associated with Wolpe’s arguments, and I will attempt to address them systematically. It is important to bring out the flaws in Wolpe’s arguments, for although it received some criticism (Williams, 1975; Bradby, 1976) it nevertheless continued to be reproduced uncritically. (Magubane, 1979; Saul and Gelb, 1981)

Periodisation

The first set of problems in Wolpe’s arguments relate to his periodisation i.e. segregation and apartheid. As mentioned above, Wolpe argued that production in the reserves supplemented low wages, thus allowing capitalists to extract increased amounts of surplus value, hence cheap labour. However this logic is not pursued during the period of apartheid. Instead he argues that cheap labour is maintained through repression. His argument is as follows: the deterioration of the pre-capitalist mode of production generated and intensified class struggle, and the state responded by intensifying repression:

“Thus the policy of Apartheid developed as a response to this urban and rural challenge to the system which emerged inexorably from the changed basis of cheap labour power.... Within its framework Apartheid combined both institutionalizing and legitimating mechanisms and, overwhelming, coercive measures.” (Wolpe, 1972, p. 446)

In other words what we see is a shift from a material basis to a political basis in the reproduction of cheap labour (Williams, 1975; Morris, 1978). The pre-capitalist mode of production can no longer sustain the reproduction of cheap labour and the state has to intervene in the form of repression: apartheid. This forced Africans to remain in the homelands and maintain the pre-capitalist form of commodity production against their wishes so that South African capitalists can have a supply of cheap labour. What we see is a separation of politics from economics in that the period of segregation is not associated with repression, yet for the state to have carried out its task of forcing African people into homelands repressive mechanisms would have been necessary. Nevertheless the mere fact that people resisted the process proves that repression was used. Also the period of apartheid did not rely entirely on repression to reduce the value of labour power, if this was the case mass starvation would have occurred. Wolpe has under estimated the productive capacity of the homelands to continue producing basic food to fit with his periodisation argument. While the welfare of the population of the homelands certainly deteriorated over the years there was not a sudden change around 1948. This separation of the political from the economic leads to the conclusion that the form of the apartheid state is based on only one criterion: the need to reproduce cheap labour power. As will be shown later, apartheid as a means of control went beyond the reproduction of cheap labour. Furthermore, while the homelands did play a vital role in reducing the value of labour power, it was not necessarily done through the existence of a pre-capitalist mode of production but rather through the expansion of commodity production and also through state repression.

Related to the above are problems with Wolpe's empirical evidence. Wolpe has argued that the decline of rural production occurred during the 1930s. Hindson, however has very convincingly pointed to the flaws in Wolpe's empirical material. Instead, he has argued that the decline in the productivity of the reserves occurred not in the 1930s but rather in the late 1950s (Hindson, 1987, p. 9). According to Hindson the production of food in the Reserves continued at reasonable levels for a long period after the 1930s: this then brings into question Wolpe's view of the rationale behind the state's tightening of control.

Wolpe's distinction between the periods of segregation and apartheid is a theoretical construct derived from his structuralist methodology. Segregation as a basis for reproducing cheap labour and the accumulation of capital is no longer viable, thus apartheid "developed as a response to this urban and

rural challenge” as the new basis for reproducing cheap labour power and by implication accumulation. Instead of linking the changing form of racism and repression to the changing forms of accumulation and level of industrialization and the incorporation of the population within the folds of the capitalist accumulation process, Wolpe divides the two periods purely on the basis of the reproduction of cheap labour power, with class struggle as the mediating force between the different periods. The effect of periodisation on the mode of analysis will be revealed as I proceed with a critique of the structuralist methodology. Later in this section and other parts of this dissertation I will confront the intermittent manner in which class struggle is used to show how accumulation proceeds from one phase to the next.

Surplus Value and Wages

The essence of Wolpe’s argument pivots on the notion of subsistence production in the rural areas subsidizing urban wages and then the atrophy of that form of production. There are, however, two interrelated problems associated with this argument. The first relates to the way Wolpe has characterized pre-capitalist production. The second is the relationship between the capitalist and pre-capitalist economies that he has developed in his model. In his discussion Wolpe has attempted to move away from a dual economy thesis (Wolpe, 1972, p. 432). Yet the way he theorizes the relationship between the pre-capitalist and the capitalist societies brings us to question the extent to which he has realized his intention.

We need to begin by examining the way Wolpe characterizes pre-capitalist societies. The form of production which Wolpe describes as characteristic of the pre-capitalist African societies is clearly subsistence production not involving any form of exchange. As Wolpe puts it:

“land is held communally....and worked by social units (the enlarged or extended family) and the product of the labour is distributed, not by exchange, but directly by means of an allocation through the kinship units in accordance with the rules of distribution.” (Wolpe, 1972, p. 432) (My emphasis)

Contrary to Wolpe’s view, however, African agricultural production was involved in exchange from the early part of the nineteenth century, and it was production not merely for subsistence but for

exchange as well. Although subsistence was the more important for the survival of the community, this did not preclude production for exchange. Innes has argued that

“..the African communities had continued to provide for most of their subsistence through working the land that remained to them, even on occasion producing substantial surpluses. This was particularly true of the Basotho who, in the period 1830-1865, had produced large surpluses for trade with other African communities and with the colonialists.” (Innes, 1984, p. 25)

Furthermore Kimble (1982, p. 124) has argued that white farmers found it difficult to compete with the Basotho agricultural producers. It is important at this stage to point out that even though different modes of production co-existed they operated within a single economy, dominated by a capitalist means of exchange, i.e. money. Already by the late nineteenth century African societies, through employment and trade, became part of a single South African economy. It is important to establish this for, as we will see, Wolpe’s argument implies a dual economy.

Wolpe has argued:

“In the early period of capitalism (approximately 1870 to 1930) the rate of surplus value and hence the rate of capital accumulation depended above all upon the maintenance of the pre-capitalist relations.” This is because pre-capitalist production “provided a portion of the means of reproduction of the migrant labour force.” (Wolpe, 1972, p. 432)

Surplus value within Marxist analysis is:

“The difference in value in what living labour produce and the necessary consumption of the workers.” (Wolpe, 1972, p. 432)

Wolpe’s point is that part of the consumption is met by the production of the Reserves and therefore it

“becomes possible to fix wages at the level of subsistence of the individual worker.” (Wolpe, 1972, p. 434)

This brings us to the second problem of Wolpe’s model which relates to the relationship between the capitalist and pre-capitalist economies. Wolpe’s overriding concern with showing how the subsistence cost of the worker is met forces him to accept the existence of a “dual economy.” His model reduces

the relation between the pre-capitalist and the capitalist economy to the supply of labour. No relationship exists except that Africans from the pre-capitalist economy find employment in the capitalist economy.

“The relations between the two sectors, were indeed, ‘...reduced to the provision by the backward sector’ of a supply of labour-power to the capitalist sector” (Wolpe, 1972, p. 433 - Author’s emphasis)

Thus for Wolpe the two economies are separate except for the supply of labour from the pre-capitalist to the capitalist economy. However part of the consumption of these workers is met by the pre-capitalist economy, so the relationship between the two economies is obviously, for Wolpe, an exploitative one.

As we know, when Marx defined the value of a commodity it meant the amount of labour socially necessary for its reproduction, in other words the labour of the entire society and not just that of an individual. Labour power, like all commodities, possesses value, since it requires labour to produce it. As Marx stated it:

“The value of labour-power is determined, as in the case of every other commodity, by the labour-time necessary for the production, and consequently the reproduction, of this special article. In so far as it has value, it represents no more than a definite quantity of the average labour of society objectified in it. ...For his maintenance he requires a certain quantity of the means of subsistence. Therefore the labour time necessary for the production of labour-power is the same as that necessary for the production of the means of subsistence; in other words, the value of the labour power is the value of the means of subsistence necessary for the maintenance of its owner” (Marx, Capital, vol. 1, chp. 6, p. 274)

One of the ways of reducing the value of labour power, as is evident from the quote above, is to decrease the costs of consumption goods necessary for the reproduction of labour power. The reserves contributed to the value of the labour power by providing for the sustenance of the individual worker. However to argue, as Wolpe does, on a separation of the two economies based on how the products of the two modes of production are produced and distributed, forces him to see the value of labour power as divorced from the concept of “social labour”. The value of labour power, the way Wolpe argues, is

separated between goods consumed in the capitalist mode of production and goods consumed in the pre-capitalist mode of production.

As shown earlier, the economies of the Reserves or the homelands were very much part of a single economy even though different modes of production co-existed. This was a society in transition, and therefore involved the cohabitation of different modes of production. We have shown that the pre-capitalist economy was producing for consumption as well as surplus. Furthermore the wages earned by workers were not necessarily consumed outside of the pre-capitalist societies, and neither were the product of the Reserves necessarily consumed within the Reserves alone. Food production in the Reserves was providing the same function that the consumer goods industries provide in more advanced capitalist economies in lowering the value of labour power. As the productivity of the pre-capitalist economies declined, capitalist agriculture and industrial production filled its place. The economy operated not as two separate parts but as a single whole. The “average labour of society” involved the labour in both the capitalist as well as that of the pre-capitalist economies.

Moreover, the production and exchange of commodities between the various communities were facilitated through the increasing use of money: a capitalist means of exchange. Wages, for example, were paid in money and not in the forms of pre-capitalist means of exchange. The whole process was geared towards destroying the pre-capitalist mode of production and increasing the political and economic domination of the capitalist economy. The various hut and tax laws imposed on the African communities at that time attest to this. Contrary to Wolpe’s argument it was the process of proletarianisation and not the preservation of pre-capitalist production that dominated this early period¹.

Wages and Subsistence

In Wolpe’s model the subsistence economy supplemented wage labour, thus allowing capitalists in South Africa to benefit from this subsidized labour. What his model does not account for are those people in the urban areas who no longer have links with people in the rural areas. This would mean

¹ On p. 345 Wolpe argues: “...the Reserves depend upon the conservation, albeit in a restructured form, of the reciprocal obligations of the family.” On p. 349 he argues: “The crucial function thus performed by the policy of segregation was to maintain the productive capacity of the pre-capitalist

that their wages are not subsidized by rural production. It has been shown that a permanent urban African population grew considerably from the early 1920s onwards (Hindson, 1987; Stadler, 1983). Therefore it is wrong to assume that all capitalists gained from subsidized labour. Alternatively one could conclude that the black urban working class were living below subsistence level.

Moreover with the deterioration of rural production, what probably happened, in some cases, was that workers in the urban areas were assisting their kin in the rural areas with their wages². Wolpe's model cannot account for the survival of the rural population, who after 1913 were by law confined to the homelands. The reason for this is that Wolpe's argument does not consider the complex way in which the pre-capitalist production evolved involving, for example, share cropping (Keegan, 1982) where Africans farmed white owned land, and shared between half and one third of the surplus with the white farmer. This later transformed itself into a system of labour tenancy whereby Africans rented a piece of land from the white farmer and farmed both the rented as well as the farmer's land, as a means of payment. Wolpe's model is static and over simplistic and does not account for intermediary developments as the process of proletarianisation got underway.

Furthermore given the constraints imposed by the South African government on the black rural population, that is limited access to land and the various tax laws, it was not possible for them to survive by appropriating the produce of the land only. Clothing, for example, could not be produced directly from the land without the necessary technological and labour requirements. Also a decline in the productivity of the Reserves would tend to push people out of the Reserves, but with the South African government preventing people from leaving the Reserves, this meant that the unemployed were contained within the reserves.

The question, then, is how did people survive in the Reserves? Barbara Bradby argues that,

economies and the social system of the African societies in order to ensure that these societies provided [a] portion of the means of reproduction of the migrant working class."

² See for example C. Van Onselen, (1982, p.173) who, in describing the life of an African man who left home during the 1880s to find employment on the gold mines of the Witwatersrand, writes "...and throughout this period he continued to fulfill his familial obligations by sending cash remittances to his mother via the many migrant friends who were making the journey back to Natal". Also Williams (1972) argues that as early as 1914, "the reserves were utterly dependent on the earnings remitted home by migrant miners"

“This might happen in one of two ways, by successful working class pressure, or by women and other dependents moving out to work, most likely domestic work or street selling.”

(Bradby, 1976, p. 11)

Domestic work has long been, and continues to be, a means of survival (Van Onselen, 1982; Cock, 1980). Other forms of survival included migrant labour, share cropping, and traditional production. Although more difficult to assess, survival also occurred through illegal employment: working in white areas without the necessary permission; street selling, especially produce from the land such as fruit and vegetables; small shops; and criminal activity.

Class Struggle

Wolpe's perception of class struggle leads us to question his Marxist framework of analysis. Wolpe argues that

“increasing rural impoverishment.... also intensifies urban poverty”, this then “generates conflict, not only about wages, but all aspects of urban and rural life.” (Wolpe, 1972, p. 444)

Class struggle, then, is not conceptualized in terms of capital accumulation and the process of proletarianisation but rather in terms of increasing poverty, and we see the economism inherent in Wolpe's argument surfacing: class struggle only results after workers (and rural peasants) experience increased impoverishment, and not as a result of their subjugation to the capitalist mode of production.

Furthermore, Wolpe shifts the emphasis towards the contradictions between the existence of two modes of production, a relationship which he has defined as exploitative.

“This results in important changes in the nature of exploitation and transfers the major contradiction from the relationship between different modes of production to the relations of production within capitalism.” (Wolpe, 1972, p. 432) (Authors emphasis)

For Wolpe then, the progress of the capitalist mode of production leads to the destruction of the pre-capitalist mode of production, inevitably resulting in poverty which in turn generates conflict. Instead of locating class struggle within the context of capital-labour relations and conditions of accumulation, Wolpe situates it initially in the conflict between modes of production. Class struggle as

a relationship between people is lost and instead, for Wolpe, class struggle is the result of the relation between abstract concepts, i.e. modes of production.

Wolpe, then, does not explain class struggle prior to the 1940s except as a contradiction between modes of production, and explains it rather inadequately after the 1940s. By addressing class struggle in non-Marxist terms, Wolpe fails to address the ways in which class struggle is the result of increased militancy in relation to the development of capitalist industries, development of a settled urban population, labour shortages created by war conditions, and the development of working class consciousness through political organizations and trade unions.

State Form

The treatment of the form of the state in Wolpe's argument flows from the above discussion on class struggle. The period of intensified struggle, Wolpe argues, left the state with two options: institute reform in favour of the African working class or intensify repression. Wolpe posed the problem as a choice between reforms in favour of a white working class as opposed to reforms in favour of the black working class:

"...the solution, both to the problem of the level of profit and to the threat of their political control implicit in growing African militancy was to somewhat alter the structure of Segregation in favour of Africans...reforms which would have resulted in higher real wages and improved economic conditions for Africans...provided they were brought at the cost of the white working class...the alternative for the Afrikaner working class...was to assert control over the African and other Non-white people by whatever means necessary." (Wolpe, 1972, p. 447-8)

According to Wolpe the United Party stood for reform in favour of the African working class while the Nationalist Party were in favour of increased repression. The fact that the latter won the 1948 election was a victory for repression (Wolpe, 1972, p. 445). Obviously if the electorate was only White they would tend to vote for their own economic and political benefits. It is wrong to pose the choice of reform or repression purely in terms of which way the vote of the White electorate went. Wolpe's argument prevents him from showing that repression is not simply the result of party policy but rather

a consequence of the nature of state and capital within the context of international domination. Given the prevailing conditions and the specific pattern of South Africa's economic and political development there was no guarantee that the United Party would have avoided the path of repression.

Class struggle is introduced by Wolpe, following the structuralist methodology, to explain the shift from segregation to apartheid. The deterioration of the Reserves meant the basis for cheap labour no longer existed and this intensified class struggle, bringing in a new basis for reproducing cheap labour: apartheid. Class struggle thus features intermittently to explain the shift in the basis of accumulation during the different periods and in relation to different state forms. My argument is, however, that class struggle, instead, should be located in the process of proletarianisation, the destruction of pre-capitalist mode of production, industrialization of the economy, and the development of capitalist agriculture.

Theory of Internal Colonialism

As mentioned before, the cheap labour thesis and the theory of internal colonialism are intimately related and form part of the same basic idea. The cheap labour thesis attempts to explain the basis for industrialization and the form of the apartheid state, while the theory of internal colonialism extended the cheap labour approach to explain the relationship between the South African state and the Reserves in terms of a colonial relation. It is from the theory of internal colonialism that a strategy for liberation organizations and trade unions were developed. The white South African state was seen as a colonial power and the Reserves were seen as the colonies. Thus it was argued that liberation should proceed in two stages, with the first stage to destroy racist colonialism and set up a democratic state and the second stage to establish a socialist state. In real terms this meant that apartheid was identified as the main contradiction in South African society and thus had to be destroyed in favour of any quest for a socialist state. Working class interests thus took secondary preference in the fight against apartheid (even though apartheid was identified as the basis of cheap labour). The way the theory of internal colonialism affected working class struggles will be considered in a later section of this dissertation, and in the concluding section I will show how the present day reforms and the reformist thinking in structuralist Marxism has its roots in the cheap labour thesis and the theory of internal colonialism.

Conclusion

Having critically evaluated Wolpe's work we find that the concept of cheap labour does not help us understand the process of industrialization, for Wolpe has not convincingly established the basis for cheap labour. Also at the level of empirical evidence - wages, subsistence, rural production - as well as that of theory - labour theory of value - Wolpe has failed to demonstrate that industrialization in South Africa proceeded in terms of cheap labour. The cheap labour thesis also fails to adequately explain the form of the South African state - reducing it to a basis for cheap labour supply, leaving us unconvinced as to why apartheid was established. Moreover, class struggle is discussed inadequately: as a process explaining the transition between two periods of capital accumulation to guarantee the reproduction of cheap labour, and as a contradiction between modes of production. Finally the cheap labour thesis and the theory of internal colonialism has been the foundation for reformism prevalent in present day Marxist thought.

Chapter 2

Apartheid and Crisis: A Critique of Structuralist Marxist Approaches

Introduction

In this section I examine various discussions on the relation of apartheid to crisis. The general economic decline which began with the 1970s gave rise to the theme of crisis within the writings of political economists. Rising unemployment, an escalating rate of inflation, increasing foreign debt, increases in the balance of payments deficit, decreases in the growth of the economy, and a drop in the international value of the South African currency were all symptoms of an economy in crisis. From stressing the functionality of apartheid the discussions now focused on the crisis-ridden nature of apartheid.

For the structuralist Marxists Wolpe created the essential link between apartheid and capitalism by showing how the state could guarantee the reproduction of cheap labour for the capitalist economy. However, with economic decline and political unrest becoming a regular feature in South Africa a new theme of crisis emerged. In order to explain the crisis the analysis shifted towards the effects of apartheid: in particular the racialisation of the South African political economy. Having accepted that growth and development in South Africa proceeded on the basis of cheap labour, the structuralists now sought to investigate the quality of that growth which was seen to be problematic, for it was allied with a host of problems which have been identified as being at the heart of the crisis. Apartheid was now associated with crisis and its role in cheap labour was no longer emphasized: instead its role in the racialisation of capital and labour were now identified as being the major problems.

In this section I discuss and offer a critique of some of the analytical tools developed by the structuralist Marxists, such as “racial capitalism”, “racial fordism” and “regulation theory”. Further, I criticize their methodological approach of periodisation, and I also attempt to demonstrate how their approach tends to emphasize race over class, thus leading to an obscuring of class relations. I also attempt to show how their notion of crisis is inadequate in explaining the dynamics of the South African political economy. Moreover, some of the discussions on the crisis are devoid of any

theoretical perspective and tend to be empirical in nature merely describing rather than explaining the crisis. Finally, I conclude that the analyses of the structuralist Marxists have a close resemblance to the perspectives of the classical and neo-classical political economists, despite their attempts to distance themselves from these analyses, and this allows for the emergence of reformist thinking in their analyses, creating the necessary space to engage in policy matters in the post-apartheid era.

Racial Capitalism and the Organic Crisis

The work of Saul and Gelb (1981) is one of the earlier studies dealing with the topic of crisis. The themes developed in their pioneering work have continued to appear within the writings of latter-day political economists primarily because they identified the key features of the South African crisis in their work. Synthesizing the works of various other academics, Saul and Gelb provided new concepts in an attempt to develop a more useful perception of the South African crisis. Firstly, they formulated the term “organic crisis”, which originates from the works of Antonio Gramsci and Stuart Hall, in order to show that crisis in South Africa was “deep and unavoidable” as well as both economic and political in nature. Secondly, in order to explain the origins of the “organic” nature of the crisis, Saul and Gelb use the term “racial capitalism”, essentially to describe the form of capitalism that emerged in South Africa after 1948. Using the concepts of organic crisis and racial capitalism the crisis was seen to be deep and unavoidable, structural as well as cyclical in nature. We now look more closely at how this understanding of the crisis was developed.

Saul and Gelb begin their discussion on the crisis by reinforcing the view that apartheid was functional to capitalist development in South Africa. Following Marxist writers of the 1970s (Legassick, 1974; Wolpe, 1972; Johnstone 1977; and Greenberg, 1980) they argue that:

“racial oppression and capitalist exploitation have come to feed on and reinforce one another.” (Saul and Gelb, 1981, p. 10)

Furthermore they strengthen Wolpe’s view on apartheid by uncritically accepting the cheap labour thesis, arguing that:

“the political economy of race became, definitely, the political economy of a cheap labour supply” (Saul and Gelb, 1981, p. 10)

In identifying the specificities of the crisis Saul and Gelb point to both political and economic issues, which, they explain, contributed to long-term structural problems of the country. The origins of these structural problems are traced to the 1940s, the period during which the overcrowding and increasing poverty in the homelands and the increasing unionization and worker militancy, as a result of the rapid development of manufacturing, led to the implementation of apartheid.

Like Wolpe they argue that the state at the time had two options available in relation to dealing with these issues: liberal or hard-line¹. When the Nationalist Party won the 1948 elections the latter option prevailed and this signaled the beginning of the long-term crisis, for instead of dealing with the problems, the Nationalist Party was,

“merely sweeping under the rug ... the structural problems of the urban Africans and the declining reserves” (Saul and Gelb, 1981, p. 16)

For this meant:

“the rapid escalation of black resistance to the exploitative racial capitalist system” (Saul and Gelb, 1981, p. 13)

Thus they argue that, while the strategy of the Nationalist Party led to short term gains, it also led to the entrenchment of long term problems. While suppression of the black working class, in the form of apartheid, created conditions for economic growth it was also the beginning of these long term problems. These are outlined as

“limits on the size of the consumer market, a high rate of black unemployment, and, paradoxically a shortage of skilled labour” (Saul and Gelb, 1981, p.17)

Added to the above problems were other politically motivated economic problems. The state they argue was bent on promoting “Afrikaans speaking capital” through the expansion of investment into various industrial concerns. “The Nationalist project” was, for Saul and Gelb, the use of state funds by the Nationalist party to promote a nascent Afrikaner capital:

¹ Lipton (1985, p. 249) similarly poses the question in terms of options available to the state although for a later period: “By the late 1960s...the oligarchy was then forced to choose between limiting growth or eroding apartheid.”

“with the economic clout to direct the path of accumulation in their own interests, as distinct from the interests of foreign and local English capital” (Saul and Gelb, 1981, p. 18)²

One of the methods used to make this possible was massive state investment in secondary industry³. Large parastatals, in the steel, electricity, and armaments industry were planned. These parastatals were managed by Afrikaners and furthermore a growing number of lucrative state contracts were given to Afrikaners (Saul and Gelb, 1981, p. 19). However, Saul and Gelb argue that these initiatives of the state were made possible only through inflationary policies, such as increasing the money supply and high government borrowing at low interest rates. Furthermore, they argue that the import-dependent nature of the South African economy meant that the continuously rising prices of imported goods made “inflation... a structural feature in South Africa” (Saul and Gelb, 1981, p. 19). Other factors which contributed to the “organic crisis” included the high importation of technology, which worked towards restricting the export of commodities by reducing international competitiveness of South African industry.

Central to their characterization of the crisis facing South Africa is that the features of the crisis:

“were not mere functions of the capitalist business cycle, but permanent structural phenomena with an adverse impact upon accumulation” (Saul and Gelb, 1981, p. 17).

They nevertheless have differentiated between those aspects of the crisis which they saw as specific to racial capitalism, or apartheid, and those which followed typical third world patterns. High inflation and importation of technology were reflections of the latter. Unemployment, skill shortages and limits on the consumer market, are accredited to the former. They are, in other words, features of the structural crisis and have their roots in racial capitalism.

As will be shown later, this differentiation is artificial, for the features they identify as being specific to apartheid are symptomatic of most developing countries and therefore should not be identified solely with apartheid. Apartheid may have racialised these features to the extent that black people are the ones that are most affected, but it has not necessarily been the sole cause of these features. While

² One wonders why Saul and Gelb do not identify Anglo American as Jewish capital, given the Oppenheimer family's control over Anglo American.

³ This included Iscor, Escom, IDC, Armscor, Sasol, Foskor, and Sappi.

apartheid certainly added to the problems of development, it should be seen as a way capitalists have attempted to cope with the problems of development, albeit unsuccessfully. Rather than create these problems, apartheid was a political strategy designed to manage these problems. Apartheid should therefore be seen as *part* of the problems of development and whose effects were often contradictory. Apartheid was a way of dealing with the specific limitations imposed on the process of industrialization given South Africa's position in the world economy. It should be remembered that the removal of apartheid would not necessarily mean economic and political benefits for the working class, nor would it remove the problems of unemployment, skill shortages and limits on the consumer market. We need to explore the concept of racial capitalism a bit more in order to identify the weaknesses of Saul and Gelb's argument.

Critique of Racial Capitalism

In analyzing the development of the South African state after 1948, Saul and Gelb have emphasized the importance of the "National Party Project". This essentially meant:

"the freezing of segregation into institutions of apartheid rather than its liberalization - to racial capitalism's crisis." (Saul and Gelb, 1981)

An implication of this argument is that a non-racial capitalism would be free of crisis. However the features of South Africa's crisis have been identified in many other developing countries. Thus by implication one could argue that a non-racial capitalist state would probably have faced the same crisis but with a non-racial character.

Nevertheless in their analysis Saul and Gelb describe the racial character of the state and how it protected the white worker by perpetuating the

"racist hierarchical social division of labour." (Saul and Gelb, 1981, p. 18)

However for them a more important development which the state influenced was the "reshaping" of the capitalist class. Within this context the growth and development of "Afrikaans speaking capital" became an important phenomenon. Saul and Gelb emphasize:

“The advantageous conditions provided for all capital by apartheid, as well as the additional benefits of favourable considerations for Afrikaners in the award of the growing number of state contracts.” (Saul and Gelb, 1981, p. 19)

They continue with this logic to argue that:

“state activity... allow[ed] Afrikaner capital... to move into, and build up significant stakes in, industry, mining, and commerce.” (Saul and Gelb, 1981, p. 19)

This analysis is problematic because of the use of unscientific and undefined terms like “Afrikaans speaking capital” and “English speaking capital”⁴. An implications of their argument is that “Afrikaans speaking capital” operates on a basis which is different from “English speaking capital” or “Portuguese speaking capital”. What Saul and Gelb have done is to confuse the objective nature of capital, for example finance capital, merchant capital, industrial capital, with the ethnic (subjective) owners of capital. The terms finance capital, manufacturing capital, mining capital tells us in which area the capital is employed in. Terms such as industrial capital and merchant capital tells us how the capital operates: industrial capital operates primarily in the area of production, whereas merchant capital is primarily involved in the area of exchange of commodities for money. Afrikaans speaking capital or English speaking capital tells us about the ethnic group or language of the owners of capital, but tells us nothing about the way these capitals operate, or the area where they are employed. Irrespective of who the owners of the capital are, it still operates on the basis of exploitation. Apartheid certainly racialised the owners of capital, making it easier for Afrikaners to gain access to capital and investment opportunities. Black capitalists, in contrast, faced many restrictions such as the geographical areas which they could invest in, availability of capital and loans, ownership of property, access to government institutions and government contracts. Afrikaner capitalists were particularly advantaged by apartheid and black capitalists were particularly disadvantaged by apartheid, but this in the end did not alter the way capital operated.

Singling out “Afrikaans speaking capital” as the major beneficiary of state policy, suggests that “Afrikaans speaking capital” operates on a basis which is different from say “English speaking capital” or “Zulu speaking capital”, otherwise why should it benefit over the other capitals. Afrikaners

⁴ See S. Clarke (1978) for a critique of this form of argument.

as an ethnic group certainly experienced many advantages in terms of gaining access to lucrative government contracts or soft loans, but in the end they still operated in the same way as all other capitalists do. The language of the owners of capital has no bearing on the law of value or the class nature of the capitalist relation. Neither does it change the way state and capital relate. In any event, with the advancement of capital and the creation of large corporates and conglomerates it becomes extremely difficult to classify capital on the basis of language.

Similarly the racialisation of the working class does not affect the way surplus value extraction occurs or the nature of exploitation. Within the South African context racism created a privileged section of the working class. White workers earned higher wages, experienced better working conditions, and had recourse to specific dispute resolution mechanism, none of which were available to the black working class. However, this does not in any way change the nature of exploitation or the way surplus value is extracted, but merely creates privileged groups within the community of the working class. Racism, then, does not affect the objective nature of the capital-labour relation, but can allow for certain non-class groupings within this relation to be more privileged than others.

The developing of a manufacturing sector on the one hand and a petty bourgeois managerial sector to cater for the developing economy on the other, were important factors for the development of the national economy irrespective of which language or colour group benefited. The white population was able to fulfill this role, reflecting the process and tradition of racism that had been entrenched during the colonial period. At the same time the white working class organized very explicitly on a racist basis. Given the racist nature of the state, racism became a powerful weapon which the white working class used to further their economic and political gains, and the capitalists used to increase their economic and political control over the working class.

To emphasise the ethnic or racial nature of the relationship between state, capital and labour is to reduce the class relations to its racial or ethnic form. This style of argument, implicit in Saul and Gelb, detracts from the class relations in capitalist society and makes a fetish of race relations, leading to conclusions which can confuse race and class on the one hand, and on the other hand make race the primary contradiction in society. Race becomes the root of all evil and once eliminated the crisis will be averted. It is the superficial aspects of the relationship that are emphasized and an

understanding of the fundamental relationship that is undermined. Such an analysis has the danger of negating the concept of class as a relationship of exploitation and can have the effect of retarding any advancement made on the basis of a Marxist analysis.

Discussions on the South African Crisis: An Overview

Following the work of Saul and Gelb the theme of crisis appeared in the writings of leading South African academics. Rising unemployment, an escalating rate of inflation, increasing foreign debt, increases in the balance of payments deficit, decreases in the growth of the economy, and a drop in the international value of the South African Rand, were all identified as symptoms of an economy in crisis. From stressing the functionality of apartheid Marxist discussions turned towards the crisis ridden nature of apartheid.

For Kaplan (1983) the trade dependent nature of the South African economy meant that its economy fluctuated with the changes of the world economy. Recessions in the advanced countries have meant a drop in the demand for raw materials. This has meant that the price of raw materials has dropped. This has had dire effects on the South African economy whose exports are mainly raw materials.

Kaplan has painted a bleak picture of the South African economy, an economy caught up in a vicious circle: in order that the South African economy expand it has to increase its manufactured exports, but to do this it needs to purchase foreign technology, a difficult task given that the drop in the gold price (post 1981) has reduced its foreign currency earnings.

Borrowing on the international market to finance local investment has not met with much success, for South Africa's manufactured goods have been unable to compete internationally and this has merely increased its foreign debt. Furthermore the capital goods sector has not been growing and itself is dependent on foreign technology. Importation of foreign technology has continued to exceed local production (Kaplan, 1983, p. 159-60).

Gelb and Innes (1985) in their discussion of the crisis, differentiate between a long term structural crisis, lasting for about 25 years, and short term recessions which are cyclical. They argue that the South African economy of the 1980s is experiencing both. However, both in the short term and long term it is the downswing that remains dominant. They describe the recession of the 1980s in terms of

“stagflation”, i.e. a cyclical downswing associated with high inflation. In their discussion they identify both local and international causes.

They argue that during 1981 and 1983 the U.S. economy went into a recession, having serious effects on the world economy. The high U.S. interest rates raised the international value of the dollar, and for South Africa this meant a drop in the price of the rand and also a drop in the price of gold. In other words South Africa's foreign earnings dropped. The U.S. engineered recession led to a drop in production in most of the advanced capitalist countries. Consequently South Africa's exports to these countries dropped, further reducing its foreign earnings. Thus to finance its imports South Africa had to rely on foreign loans⁵.

However Gelb and Innes argue that when the U.S. economy began its upward movement South Africa was not in a position to take advantage of this since it had shifted its export market to Europe. Gelb and Innes see no way out for South Africa's economy. Firstly, given the low rand, the importation of foreign technology will make manufactured exports expensive, and secondly, if productivity remains lower than inflation the economy will remain in a recession.

At a local level they identify the causes of the recession in terms of the high “level of borrowing” in South Africa and the state's responses of putting interest rates up. The borrowers are identified as consumers, companies, and the state. The white population and a section of the black middle class do not save, and borrow to finance consumption. Secondly large corporations borrow to finance working capital and expansion, and thirdly state expenditure can be summarized as financing apartheid. State expenditure includes high defence spending, high spending on black education which is equivalent to the defence budget, high salaries for white civil servants in order to maintain its political constituency, and subsidizing of white farmers, again a politically motivated decision.

Similarly Karl van Holdt (1986) also sees the crisis as both cyclical and structural. For him it is the result of stagnating industry, balance of payments problems, South Africa's weak economic position at an international level, and the large expenditure required for the maintenance of apartheid. His argument seems no different from that of Gelb and Innes but he centres it around the manufacturing

⁵ It should be noted that Gelb and Innes provide very little empirical evidence to back their arguments.

sector's search for a market, both locally and internationally. Manufactured products, he argues, are not internationally competitive due to the small production runs and expensive foreign technology. Within South Africa low wages mean that the demand for commodities is also low. His argument is very similar to Saul and Gelb's (1981, p. 18) argument regarding patterns of consumption, in that both regard falling consumption patterns to be a problem for the economy. Gelb and Innes (1985) also see falling consumption patterns as an element of the crisis, but argue that the state, by raising interest rates, was largely responsible for falling consumer spending, while van Holdt and Saul and Gelb sees low wages as being responsible for low consumer demand⁶.

Fuad Cassim (1988) in his discussion on the crisis in South Africa outlines four "interacting forces": the general world recession, low productivity and growth, specific policies of the government, and general political crisis. Cassim's presentation is again very similar to the above mentioned in that the crisis is structural, and he similarly differentiates between short term recessions and long term crisis.

The structural nature of the crisis, for Cassim, centres around the relationship between capitalism and apartheid. His argument is no different from Saul and Gelb's, in that he argues that apartheid has generated contradictions which have placed constraints on both economic growth and the role of the state. Like the previous commentators Cassim sees manufacturing industry as being at the centre of the economic crisis. Manufacturing industry has ceased to grow: a result of low productivity, a saturated domestic market, and the lack of a capital goods sector forcing it to import expensive technology.

Summarizing the works of the above mentioned commentators, the crisis in South Africa can be seen as having both internal and external causes. Internal causes focus on inflation, a stagnant manufacturing industry, high state expenditure in order to maintain apartheid, and general apartheid policies. External causes centre around its inability to raise or earn foreign exchange and its poor performance in the export of manufactured goods. The South African economy is dependent on the export of primary goods the prices of which fluctuate with the vicissitudes of world economy. With a

⁶ The argument about restricted purchasing power of the working class is essentially similar to that of "Underconsumptionist" theorists such as Malthus. The above authors make no attempt to include underconsumption theories in their argument, thus leaving their analysis at the level of empirical observation. See Howard and King, (1985, p. 216) for a discussion on underconsumption and crisis.

weak manufacturing sector wholly dependent on foreign technology, the economy becomes even more at risk of fluctuations in the international economy, seriously affecting the balance of payments. These arguments have tended to be largely descriptive in nature and a more critical evaluation will now be offered.

Crisis: The Economism of the Structuralists

The above studies on crisis are flawed in the methodological approach used and the form of analysis adopted. This relates in particular to the way causes and effects of the crisis are distinguished and this is largely due to the empirical or descriptive nature of these studies. Karl von Holdt, for example, typifies the level of analysis, which tends to be largely economic in form:

“The crisis springs from several factors. South African industry is stagnating - and consequently profits are falling - for lack of sufficient markets. Closely related to this is the balance of payments (BoP) problem. World demand and world prices for South Africa's traditional exports are declining, ...while economic growth stimulates massive import increases. The result is a BoP deficit...and increasing foreign debt. A further cause of the crisis is the large portion of national wealth required to maintain the apartheid state.” (von Holdt, 1986, p. 304)

We now examine the various problems that arise due to the descriptive nature of these studies and the way in which they tend to confuse the relationship between cause and effect⁷. Gelb and Innes (1985) and von Holdt (1986) in particular have identified high state expenditure in order to maintain the apartheid state, as one of the causes of the crisis. They point to state expenditure in relation to the army, various branches of the police and intelligence agencies, high salaries for white civil servants, and welfare benefits for the white population. However, state expenditure is not a cause but an effect of the crisis. Class struggle forces the state to maintain a highly repressive and well-armed army and police, not to mention a host of special branches and special forces. The state is also forced to maintain the white working class through high wages of civil servants, until recently (the 1980s)

See further, M. Bleaney (1976), for a general discussion on underconsumption theories on the crisis in capitalism.

protecting the exclusive access white workers have to skilled employment and the continuous proliferation of welfare benefits to the white population. This has been important both for maintaining the apartheid state, and for the reproduction of the capitalist relation.

There also exists a misunderstanding on the relationship between industrial stagnation and balance of payments deficit. The above studies generally link balance of payment problems to a stagnant manufacturing sector. While there does exist a link between the two problems, they should be viewed as effects of a more serious crisis phenomenon: the disproportionality between the departments of production. South Africa's ability to purchase technology, through its earnings from the sale of gold, leads to excess productive capacity without the equivalent consumption power, or the ability to compete on the international market resulting in an imbalance between the departments of production due to problems of overaccumulation. This is evidenced in the increasing bankruptcies, mergers and takeovers, and the disinvestment of foreign capital, during the 1980s.

A further problem is that the relation between class struggle and crisis is not theorized in an adequate way. In fact a theory is completely lacking, leading to conclusions which focus on appearances rather than on the underlying relationships. Instead of placing class struggle at the centre of crisis, an argument is produced that merely examines the effects of the crisis on the working class, an argument which is inevitably economic in orientation:

“As the crisis bites deeper, struggles over the distribution of the nation's wealth are becoming more acute” (von Holdt, 1986, p. 304)

A big failing of the studies of the crisis in South Africa discussed thus far, has been the inability of the authors to move beyond the economism and quantitative aspects of the crisis in their works. Crisis is seen purely in economic terms: affecting profitability and growth. Gelb and Innes, for example, characterize the crisis in terms of stagflation, increasing inflation combined with industrial decline, and while they make rhetorical observations regarding class struggle they remain essentially economistic in their approach. At an international level they blame Reagan and Thatcher's monetarist policies and at a national level they blame rising interest rates for causing the recession and exacerbating the long term crisis. The long term crisis is also seen as being part of general cycles of

⁷ These studies, typical of the structuralist Marxists, locate crisis in capitalism within the concept of

growth affecting the world economy to which the South African economy is vulnerable. The root of the problem in these discussions on the crisis is the lack of a theoretical base from which arguments can be substantiated. The result is that these studies are locked at the level of description: elucidating features of the crisis without explaining how or why it manifests in the form it does.

Most of the analyses persist in similar forms of argument placing the cause of crisis in high spending in order to bolster the apartheid state, its weak link to the world economy and, as a consequence declining growth. This leads to a separation of the political from the economic since these studies fail to see crisis at the level of the state. Even when some acknowledgment of a crisis at the level of the state is made it is expressed in economic terms: state expenditure. Resolution of the crisis is also an economic act, as Gelb and Innes, for example, argue that the crisis can only be resolved through economic restructuring and income distribution. Thus they claim that:

“In order to succeed over a long term, any form of political representation would need to be supplemented by increased welfare, based on some ‘trickle down’ of the benefits of economic growth. Without this, the continuation of poverty and income disparities will severely restrict the state’s capacity to neutralize political opposition. ...Restructuring also requires higher level of state spending - on police and military, ‘constitutional development’, industrialization, and other items. Resolution of the crisis thus depends on a robust economy”
(Gelb and Innes, 1985, p. 39)

The crisis is purely economic and can be resolved economically. The state, being supported by the white capitalists and the white working class, is firmly in power and has to deal only with an economic crisis. Class struggle is confined to economic issues of wages and welfare benefits and is divorced from the crisis at the political level. The only occasion any form of class struggle is discussed is in the context of the economic struggles of trade unions:

“Perhaps the central issue of monetarism in South Africa is the attempt to change the balance of power between capital and labour on the shop floor and in the labour market”(Gelb and Innes, 1985, p. 39)

This is not an isolated statement but an argument reinforced by other similar statements:

“While the immediate aim of the recession is to bring down the rate of inflation, its longer-term objective is to draw the unions’ teeth, forcing them onto the defensive in the face of massive retrenchments. This would reduce their future ability to win wage increases and weaken their power to resist ‘productivity improvements’ on the shop floor..” (Gelb and Innes, 1985, p. 37)

Consequently class struggle does not affect state power, but merely shop floor struggles. The economic appearance of the crisis - inflation, high interest rates, balance of payments crisis - distorts the reality of crisis within the state. Such an analysis does not account for the militant working class struggles, beyond the shop floor, and directly challenging state power. An alternative analysis of crisis needs to be developed which unites the political with the economic, showing that a monetarist or economic crisis is in fact a crisis for both state and capital and a direct result of class struggle.

Regulation Theory and Crisis

Recent contributions to the debate have come from the regulation school which originates in the work of Aglietta. In 1979 Michel Aglietta published his pioneering work on the nature of contemporary capitalism⁸. His originality lay in his description of capitalist society and an analysis of its crisis in terms of regulation theory. The essence of his theory is, firstly the periodisation of capitalist society on the basis of its production norms, which he terms regimes of accumulation. Secondly, the ability of capital to regulate accumulation within a specific regime of accumulation. And thirdly the understanding of crisis as a period of disruption in accumulation on the one hand, and a period of “intense social creation” on the other hand. In other words for Aglietta a crisis disrupts or ruptures the basis of accumulation in a specific regime of accumulation and ushers in a new regime of accumulation.

Aglietta interprets a regime of accumulation as being the form of regulation governing production and consumption, or the basis on which the production of commodities and their consumption are regulated. In his discussion Aglietta differentiates between intensive regimes of accumulation and

⁸ In this dissertation I refer to the Verso version published in 1987.

extensive regimes of accumulation. The extensive regime of accumulation is characterized by small scale competitive capitalism, where growth was dependent on the limited consumption of wage earners. Capital accumulation is increased, on a specific shop-floor, by either increasing the length of time worked per worker or by increasing the number of workers on the shop-floor. In other words capital accumulation is extended as opposed to intensified, which occurred with the rise of Taylorism and Fordism. The invention of new machinery and the implementation of new methods of production in the form of Fordism and Taylorism led to the crisis of the extensive regimes of accumulation.

Essentially the discovery of new technology and new methods of production led to an upswing in the economy. By intensifying production, increasing productivity without increasing either the number of workers or time worked, but without the necessary rise in consumption (a result of the failure to raise wages) led to a crisis. This took the form of increased competition between companies trying to sell the commodities to a limited market and bankruptcies of those companies (and Banks investing in such companies) which failed. What had occurred was a disproportionality in production between the production of technology (capital goods) and consumption goods (Departments 1 and 2). The nature of the extensive regime of accumulation, i.e. competitive capitalism, was unable to cope with the ensuing boom resulting in the crisis of 1929.

Fordism, the major contributor to the crisis of the extensive regime of accumulation, became the norm of the new intensive regime of accumulation with 1929 being demarcated as the period of transition from the old regime to the new. The new regime of accumulation is characterized by intensive accumulation, monopoly capitalism, and Fordism. In other words it is organized around mass production and mass consumption based on the production of relative surplus value.

With this new regime of accumulation there occurs a new basis for crisis which is rooted in the Fordist methods of production, consumption and distribution. Through Fordism increased consumption is made possible through wage increases which in turn are compensated for through work intensification. However, this form of production is also subject to the constraints of disproportionality between the departments of production. But capital, organized through various institutions, is able to control this uneven development through inflationary measures and credit.

Capital can anticipate the uneven development, which takes the form of monetary devaluation, and all costs are passed on to the consumer resulting in inflation.

Workers respond to this by stepping up wage demands, and capitalists experience a drop in profits.

One way of relieving the pressure of falling profits is by expanding credit. This in turn fuels inflation, which brings with it price increases, drops in economic growth, increased unemployment, and the stepping up of class struggle.

At the heart of the crisis is the production norms of Fordism and the inability of Fordism continuously to raise productivity in order to overcome the problems created by increasing inflation and the overuse of credit. Furthermore the labour process of Fordism is limited to the production of standardized commodities and cannot be extended towards the service industry or the capital goods industry. This adds to the disproportionality between the departments of production leading to a crisis situation. One way forward that Aglietta points to is the potential created by neo-Fordist methods of production.

Aglietta's theory of regulation has been much criticized but before we discuss these criticisms we will examine its application to South Africa and the attempt made to explain the crisis in South Africa in terms of regulation theory. Thereafter a critique of regulation theory and its application to South Africa will be presented.

Regulation Theory and the South African Crisis

The most recent addition to the body of work on the South African crisis has been that of Stephen Gelb, (1987; 1991) whose analysis is derived from various regulation theorists. Like the European and American regulation theorists Gelb identifies Fordism as being at the centre of the crisis. Gelb adopts regulation theory for he believes that unlike other theories of crisis, regulation theory can satisfactorily account for capitalism's survival through several major crises and its changing form (Gelb, 1991, p. 8).

Gelb's starting point is the cyclical nature of capitalist economies, where periods of growth and stability alternate with periods of disruption and decline. These are long wave cycles which contain within themselves "short-run cyclical fluctuations (business cycles)". The capitalist economic system naturally generates instability and requires outside intervention to restore stability, which normally

occurs through the state (Gelb, 1991, p. 1). The contradictions generated through this instability are thus “regulated” to allow the system to function smoothly:

“Capitalist ‘regulation’ thus resolves the system’s contradictions, making it ‘workable’, and enabling accumulation to proceed.” (Gelb, 1991, p. 9)

However, the capitalist system, “remains inherently unstable” and over a period of time the process of accumulation transforms the “nature and composition of the various classes” so that the outcome of class struggle results in new forms which the institutions prevailing at the time cannot handle. The resolution of contradictions thus no longer takes place, “regulation” thus fails in its function, and the result is that “existing institutions...ultimately break down, producing a crisis.” (Gelb, 1991, pp. 9-10)

Crisis is defined as a “turning-point”, implying that a new path to growth is necessary as the previous path has outlived its usefulness and breeds decay:

“The existing growth model - the combination of patterns of production, distribution and consumption - has begun to decay, and a resumption of sustained accumulation requires the emergence of a new growth model.” (Gelb, 1991, p. 1)

“Regulation” no longer happens as the institutions which stabilize accumulation are unable to do so and “regulation” needs to be transformed. This period of crisis is also a period of heightened conflict where the various social groups struggle to control the process of social change. Gelb thus concludes that:

“These ‘new’ conflicts can, however, be resolved (and generally have been) by transforming existing structures and institutions, without changing the fundamentally capitalist nature of social relations themselves. An economic crisis should thus be seen more appropriately as a turning-point in the form of capitalism, rather than as the inevitable end of the capitalist system, as in the more traditional Marxist approach.” (Gelb, 1991, p. 10)

His application of regulation theory to South Africa is qualified by introducing the concept “racial Fordism”. This marks a conceptual change from his earlier works where he identified “racial

capitalism” as being at the centre of the crisis. However, in both instances the recurring theme has been the determining influence of racism and apartheid on the South African political economy⁹.

Gelb defines “racial Fordism” as the structuring of both production and consumption in racial terms and this for him represents the growth model for rapid accumulation in the post war period. The central feature of racial Fordism was extending industrialization on the basis of import substitution to produce consumer goods mainly for the white South African market. This was made possible because the export of gold and other minerals at un-fluctuating world prices allowed for a stabilizing influence on the accumulation process in South Africa (Gelb, 1991, pp. 2 & 13). Fordism in South Africa is further characterized as “sub-Fordism” a term which Gelb borrows from Lipietz. “Sub-Fordism” is seen as a caricature of Fordism:

“...as an attempt to industrialize by using Fordist technology and its model of consumption, but without either its social labour process or its mass consumption norms” (Gelb, 1991, p. 15)

However, from the 1970s contradictions in the model, such as growing unemployment and the import dependent nature of the manufacturing sector, began to obstruct growth. As these contradictions emerged “racial Fordism” proved to be too rigid to respond to the ensuing problems. The result was rising production costs with declining investments and stagnation. For Gelb, 1974 in particular marks the beginning of the accumulation crisis in South Africa which expressed itself in structural problems in virtually all sectors of the economy¹⁰. The crisis is essentially seen as the breakdown of “racial Fordism”: the combination of apartheid and import substitution could no longer sustain growth in accumulation.

Gelb argues that the oil shock of November 1973 triggered the South African crisis. He further argues that, just as in the international crisis where the roots of decline lay in the Fordist labour process, the

⁹ Earlier on we discussed racial capitalism which was the main theme of the book by Saul and Gelb (1981). We will not concern ourselves with the differences between racial fordism and racial capitalism since the essence of the analytical methodology remain the same. Racial Fordism and the application of regulation theory to an understanding of the South African economy is discussed in: Gelb, (1991 and 1987).

¹⁰ In Gelb, (1991, p. 4), he uses economic wave theory to identify the year 1974, in particular, as the beginning of the crisis because, he argues, various economic indicators signalled this year as the end of a long wave which began in 1945.

crisis in South Africa lay in “racial Fordism”. This was reflected in the divergence in the trends of leading economic indicators such as the capital-labour ratio, the capital-output ratio, and labour productivity (Gelb, 1991, p. 19).

The reforms of the 1970s instituted by the state, Gelb argues, were an attempt to resuscitate the “racial Fordist” growth model. These reforms, which involved structural change, were however partial and limited in that they aimed to preserve racial domination and had the effect of further exacerbating the crisis. Nevertheless the collapse of racial Fordism has paved the path for a new growth model, which Gelb argues will emerge “through the introduction of a non-racial democratic state.” (Gelb, 1991, p. 3)

While he does not spell out the characteristics of the new growth model he nevertheless identifies certain preconditions for its emergence, which for him would be the restructuring of the labour process, largely because the crisis had originated from the “supply side” and will not be resolved through a redistribution of incomes. Secondly the crisis increased the class differentiation in South Africa and any strategy to develop new growth would have to include “a widely divergent set of interest groups” (Gelb, 1991, p. 29). He furthermore identifies the state as being a central player in this process, largely because the state is able to exert pressure on the large conglomerates who are generally reluctant to bring about a “fundamental shift in economic development” (Gelb, 1991, p. 31).

We will now critically evaluate regulation theory as presented by Aglietta (1979) and its application (Gelb, 1987; and 1991) in understanding the South African crisis.

Critique of Aglietta

Aglietta’s work has received much uncritical attention, with a new trend or school of thought developing around his central theme of regulation. Recently, however, the works of both Aglietta and the regulation school have been under close scrutiny (Driver, 1981; Clarke 1988; 1988a; Holloway, 1988). The two important criticisms (Clarke, 1988a) made of Aglietta’s work and the regulation school in general, have been its structural-functionalist mode of analysis and the manner in which Fordism has been characterized.

Using a structural-functionalist methodology, a model based on waves of growth and crisis (periodisation) is developed (Clarke, 1988a, p. 68). Such a model implies the structural regulation of each period. The form of regulation governing each period of accumulation reaches its limits and a crisis (of profitability) erupts. Within each period of stability capitalists develop new technology and new methods of production in order to increase exploitation. These new developments, however, are the seeds of instability and crisis for the regime of accumulation they are developing within, but also the basis for the new regime of accumulation.

Stability and instability are both structural phenomena for the regulation theorists. Class struggle seems to appear as a symptom of structural instability, rather than being at the centre of the capitalist relation. The capitalist relation is a function of the structures created, and regulated by the dominant production norm. Periods of crisis and growth are inherent within the production norm. This is an argument which is blatantly deterministic in its orientation and one which focuses on the quantitative rather than the qualitative aspects of the capitalist relation. As Holloway puts it:

“Crisis, then is not an external framework imposed on class struggle: it is the crisis of the class relation, the crisis of the rule of capital over labour. Crisis shows the limits of capitalist domination: the established patterns of class relation can no longer contain labour, can no longer suppress life. In crisis, the patterns of rule are torn at the seams: outbursts of future, of possibility, of the Not-Yet appear all over the place. Crisis is the break down of domination.”
(Holloway, 1988, p. 102)

It is the quantitative aspects, profitability, rather than the class relation which regulation theory places at the centre of crisis. The capitalist relation is a relation of exploitation, a relation that on the one hand creates surplus value for the exploiter and on the other hand generates a struggle between the exploiter and exploited. At the centre of the struggle is the political control of the working class. A crisis occurs when this control is threatened. In other words the bourgeoisie is losing its control over the working class and this decreases its ability to extract surplus value. This takes on various political and economic forms such as industrial strikes, shop floor resistance to work intensification, mass protests, inflation, unemployment, deficit in balance of payments, and political challenges to state power.

While these are the outward manifestations of crisis, crisis should be seen as being a product of capitalist relations. Although capital accumulation goes through periods of growth and decline, capitalist production nevertheless embodies the potential of crisis. The contradictory nature of capitalism is such that crisis is inherent (but nevertheless varied in its manifestations) to the capitalist relation in the way class struggle is. As Simon Clarke puts it:

“Although the tendency to the overaccumulation of capital appears in its most dramatic form with the emergence of a generalized crisis of overproduction, it is not only a feature of such a dramatic crisis, but also an everyday reality of accumulation, as the pressure of competition leads to an intensification of class struggle, the devaluation of backward capitals, the destruction of productive capacity and the displacement of labour.” (Clarke, 1989)

The regulation theorists emphasize the periodic nature of crisis and moreover the economic aspects of the crisis. For them the crisis is purely economic except when it threatens the state. Aglietta, although he stresses the social nature of crisis (class struggle), nevertheless separates political aspects of the crisis from the economic:

“It is clear that a crisis of this type is always social in character, in the sense that it is born out of the relations of class society. But it can have differing effects on the forms in which these relations exist. Such a crisis always has more or less sharp effect on the economic relations, but it does not necessarily change political relations.” (Aglietta, 1987, p. 351)

Such an analysis fails to see the political effects of class struggle in the form of inflation and unemployment. It is well known that “economic” crisis can topple governments, and force changes otherwise unthinkable. Just as an “economic” crisis does not necessarily bring the capitalist economy to a halt, neither will a “political” crisis bring the bourgeoisie to its knees. A crisis can force change on both political and economic relations and this can happen without the necessary destruction of capitalist society. Crisis can force state and capital to institute reforms, such as welfare programmes, devolution of power, instituting legislation to create better working conditions, increase the accountability of state and capital, and so on.

A crisis does not only affect one aspect of the social relations of capitalist society. Inflation and unemployment are seen as economic phenomena, yet they have serious political implications. The

nature of the class relation is such that outward appearances belie the reality of a crisis and so what seems to be only economic always has political implications.

To separate the political from the economic aspects of the state is to undermine the class nature of the state. Class relations are not only expressed through the state, they are regulated by the state.

Legislation becomes one of the most important mechanisms through which this is done. Law defends the capitalist relations between classes, property relations, defines crime, and so on, all working towards the consolidation of class power. At the centre of this is the state, which should not be seen as a neutral arbiter between contending classes. And while the state uses repressive mechanisms, such as the police and army, to regulate the relations between classes, it should not be seen as an instrument of the dominant class. The state should be located within the contradictory nature of social relations, and whose character is determined by the changing nature of class relations.

Aglietta's work is marred by the same weaknesses as the earlier Marxist structural-functionalists, for example the works of Althusser and Poulantzas. Although Aglietta emphasises class struggle and the social nature of class relations he nevertheless reproduces the separation of the political from the economic inherent within a structural-functionalist model. Economic determinism and over-politicization are the end result of such an analysis¹¹.

Racial Fordism and Regulation Theory - A Critique

In this section we criticize Gelb's analysis from two perspectives. First is his methodological approach of addressing two schools of thought at the same time, leading to a confusion or misinterpretation of certain concepts. Second is the inconsistencies in his general argument. As a result Gelb's application of regulation theory fails to provide an adequate explanation of the crisis in South Africa nor does it help us understand industrialization in South Africa.

The essence of Gelb's analysis is to explain the South African crisis. However, underlying the analysis is a challenge to, firstly, classical and neo-classical perceptions of capitalism as a stable and self

¹¹ During the late 1970s and the early 1980s the structural-functionalist analysis came under heavy criticism, and there exists a rich debate on the subject. See the following for some examples: Clarke, (1977); Fine, et al. (1979); Holloway and Picciotto, (1979); Jessop, (1982).

correcting system and secondly, Marxist perceptions that a crisis usually meant the capitalist system was suffering from a "terminal disease".

By addressing Marxists and classical economists simultaneously Gelb uses terminology from both schools of thought interchangeably, resulting in Marxist terminology welded onto classical and neo-classical or orthodox economics and vice versa. For example Gelb argues that the crisis should be located in the process of accumulation, while he at the same time argues that the "crisis originated in the 'supply side'..." (Gelb, 1991, p.29). In another example, while discussing the interaction between the Departments of production (Department 1 and Department 2) he concludes that: "This made possible the stability of the investment coefficient - the ratio between (fixed) investment and aggregate production." (Gelb, 1991, p. 17). The use and meaning of the investment coefficient and the implications of its usage makes more sense in bourgeois economics rather than in Marxist economics and certainly cannot be arbitrarily related to Marxist concepts of the departments of production..

There is further an attempt to quantify Marxist concepts with standard statistics without attempting to analyze whether the statistics can fit the concepts. For example, the organic composition of capital is simply read off as the capital-labour ratio. In other instances this quantification takes place at a more general level, as when Gelb argues: "...productivity improvements offset rises in both capital intensity and real wages, so that the rate of exploitation was stabilized (in the long run) at a high level." (Gelb, 1991, p. 14)

The essence of Marx's labour theory of value was to explain the basis for profit in capitalist society i.e. exploitation and also to explain the form that exploitation took under capitalism. In doing so Marx argued against the classical economists concern with appearances and sought to move beyond the perception of the capital-labour relation as merely a relation of exchange, to one which saw the relation as one of exploitation. He developed his model at a general level and was concerned with the relationship between social capital and social labour and not with the prices of individual commodities or wages of groups of workers (Elson, 1979; Howard and King, 1985). Kay, arguing against a similar tendency states:

"The argument lying behind equivalent exchange has been widely ignored or misunderstood with the result that the law of value has been mistakenly interpreted as a labour theory of

price, whose aim is to explain the price of individual commodities in terms of the amount of labour their production requires. But in the law of value the prices of individual commodities are of strictly secondary importance; its main concern is social capital on the one side and the class of workers as a whole on the other.” (Kay, 1975, p. 40)

Gelb has followed in the footsteps of a number of economists who have analyzed capitalism from a Marxist perspective but with Keynesian headlights (see the critiques by Cleaver, 1979; Clarke, 1994). Like Ernest Mandel, for example, he employs Keynesian business cycles to locate his theory of crisis: “Using business cycle analysis, one can periodise economic growth into long-run phases of boom and crisis” (Gelb, 1991, p. 6). This form of analysis generates inconsistencies in interpreting the crisis and furthermore this has the effect of de-politicizing class struggle, forcing it into the realm of conflict over the distribution of economic resources.

Gelb’s argument against the orthodox economists begins with the basic premise that capitalism is inherently unstable, in that it “endogenously generates instability”, and that periods of stability and growth alternate with periods of decline and disruption. Within these fluctuating fortunes of the economic system emerges crisis. Crisis is seen as a “turning point” in the growth model of the economic system and at the same time it represents a period of heightened conflict. The instability and the crisis are never threatening to the economic system since the crisis is always resolved “...without changing the fundamentally capitalist nature of the social relations themselves” (Gelb 1991, pp. 2 & 13).

The instability is an economic one, one of profitability and growth. The only difference between Gelb’s analysis and that of the orthodox economists is one of how stability is restored. For Gelb the state is an important component in this process, whereas the orthodox economists see the mysterious hand of the market as restoring stability and growth. Capitalism as a system is never under threat and the instability in Gelb’s (and the classical and neo classical economists) framework is confined to periods of crisis. What’s the point in having a model of instability if that instability is not threatening? If, for Gelb, a crisis is neither threatening nor self correcting, then it is merely an indication to state and capital that all is not well and that some form of change is necessary.

Gelb views crisis as a “turning point” from whence a new growth model emerges. Crisis, in other words, assists capitalism in its process of transformation by weeding out the old growth model which is decaying and ushers in a new growth model which will foster stability. While he sees state intervention as the way forward, his model nevertheless implies that the economic system in the long run is self regulatory. The inherent instability of capitalism is thus confined, for Gelb, to periods of crisis. Despite Gelb’s attempt to distance himself from bourgeois economists his usage of cycles of growth together with the idea of crisis as a turning point make his model very similar to the equilibrium model of the bourgeois economists. Further criticisms of Gelb and the structuralists is provided in the next section.

Review of Structuralist Methodology

In this section I provide a general review of the structuralist methodology with the aim of identifying the weaknesses and theoretical deficiencies in adopting such an approach. I pay attention in particular to the convergence of thought between the structuralist Marxists and the liberal economists. The result is that the structuralists have undermined the notion of class struggle and relations of exploitation and have focused their analysis on the superficial aspects of capitalism, highlighting effects without explaining causes. More importantly the agenda of the liberals¹² has been to promote the progressive nature of capitalism and to argue that it would be the force to destroy apartheid and would benefit all members of society in a post apartheid society. The early Marxists (Wolpe, Legassick, Johnstone) developed their analysis precisely to break away from this approach and to show that exploitation and oppression were the results of both apartheid and capitalism. The structuralist Marxists, it seems, have lost touch with this programme and have instead moved closer towards liberal thinking, debating the problems of capitalism and development, rather than explaining development with the aim of establishing an agenda for working class struggles against the rigours of capitalist exploitation. This is evident in the post-apartheid era, when all pretensions of Marxism have been dropped in favour of developing economic policy issues. This, however, cannot be divorced from the form of analysis adopted by the structuralist Marxists, for latent within their analysis was the space for revisionist thinking. This section will first discuss the convergence in thinking between the liberals and the

¹² I refer to classical and neo-classical as well Keynesian political economists.

structuralist Marxists, which will be followed by a critique of the structuralist Marxist notion of class struggle.

Initially the debate between the liberals and the Marxists was over the role of apartheid and its relation to capitalist development, with liberals arguing that apartheid was alien to capitalist development and the Marxists establishing a definite link between apartheid and capitalism. Convergence of thought occurred when both Marxists and liberals began to argue that apartheid was detrimental to the long term development of capitalism. Arriving at the same point from different paths is not problematic if the conclusions drawn differ as well. The Marxists and the liberals, however, came to agree that apartheid was problematic and had to be removed in favour of a liberal democratic state. The difference, however, was on the *modus operandi*, with the liberals seeing the policy mechanisms of the state as the way forward and the Marxists arguing for a more populist driven change thus giving legitimacy to the new institutions created¹³.

As shown before, the Marxists have shifted their position from the functionality to the non-functionality of apartheid to capitalism, arguing that the present structures have come into being as a result of state policy instituted during the 1940s which initially promoted development, but has however also been the prime cause of the crisis of the 1970s and 1980s.

The liberals, on the other hand, have argued that racism has been detrimental to capitalist development and that over time capitalist forces would lead to the erosion of racism (O' Dowd, 1977; Houghton, 1964; Howritz, 1967). More recently Merle Lipton has argued that apartheid has worked against the long term development of South Africa and the removal of racism would greatly improve the growth and development of its economy (Lipton, 1985; chp. 8). She differs from the earlier liberals in that, instead of market forces, she sees the state as playing a crucial role in affecting change:

“By the late 1960s growth had become incompatible with the maintenance of apartheid labour policies: the oligarchy was then forced to choose between limiting growth or eroding apartheid.” (Lipton, 1985, p. 249)

¹³ This is not the subject of this dissertation and therefore will not be discussed further.

Convergence of thought between Marxists and liberals have occurred at two levels: firstly regarding the long term effects of apartheid on capitalist development, and secondly regarding the way apartheid affected the various sectors of the economy.

Firstly, at a general level, there is agreement that the apartheid state has created its own long term problems: compare Saul and Gelb's concept of "organic crisis" to Servaas van der Berg's argument in relation to structural changes (van der Berg, 1989). Both positions articulate South Africa's long term problems in terms of the structural constraints created by apartheid. Similarities between the arguments of Lipton and those of Saul and Gelb can also be detected. Lipton argues that

"There is no clearer indication of the contradictions of apartheid than the fact that many of the problems which apartheid caused or aggravated (protection in manufacturing; high black unemployment; the expensive decentralization program; the growing costs of defence and of strategic import replacement) led in turn to the need for a fast growth rate. But fast growth was hampered by the skill and capital bottle-necks, and the obstacles to international trade, which apartheid itself caused" (Lipton 1985, p. 247.)

Similarly for Saul and Gelb,

"For the dark side of the boom was present from the outset, racial capitalism's buttressing of both colour bars, dictating that economic growth came to embody serious contradictions: limits on the size of the consumer market, a high rate of black unemployment, and paradoxically, a shortage of skilled labour. These, it ultimately became evident, were not mere functions of the capitalist business cycle, but permanent structural phenomena with an adverse impact on accumulation." (Saul and Gelb, 1981, p.17)

It is amusing that Gelb, in his more recent work on regulation theory and South Africa, recognizes the similarity between his analysis and that of Harry Oppenheimer when he states:

"In his 1971 chairman's address, Harry Oppenheimer of the Anglo American Corporation argued (in a statement remarkably reminiscent of the approach taken in this chapter)..."
(Gelb, 1991, p. 19)

Rather than showing concern that he is presenting an argument which twenty years ago was presented by the most powerful capitalist in South Africa, Gelb sees it as a vindication of his analysis and the correctness of his point of view. Oppenheimer, in the address quoted by Gelb, was in essence calling for the dismantling of apartheid, the failure of which will lead to a much lower growth rate.

A second level of similarity between the arguments can be detected in the way apartheid is seen to affect the various sectors of the economy. At the sectoral level of the economy it is argued that apartheid had been beneficial to mining and agriculture but nevertheless hampered the development of manufacturing. Here, in particular the views of Lipton and Wolpe seem to coincide. Wolpe states:

“Thus, it seems absolutely correct to argue that, despite certain contradictory effects (e.g. racism limited the growth of the home market and hence retarded the development of manufacturing), white domination was a fundamental condition of the reproduction of a particular economic and political historical configuration of capitalist development in South Africa, in which mining and farming were dominant in the economy and dependent on cheap black labour.” (Wolpe, 1988, p.60)

Similarly Lipton has argued:

“Apartheid was functional for certain kinds of growth, notably the labour intensive, export orientated growth characteristic of the primary sectors until the late 1960s. It was not functional for growth in skill-intensive sectors and/or in those needing a large domestic market, such as manufacturing...” (Lipton, 1985, p. 251)

Nevertheless it needs to be emphasized that these perspectives differed on other matters, especially regarding the motivators of change in capitalist society. The Marxists placed emphasis on class struggle (but inadequately) and organizations of the working class such as trade unions and the liberation organizations. Liberals of all variations saw market forces and state policy as bringing about change.

The common denominator between the Marxists and liberals has been the focus on the racist effects of apartheid on capitalist development. The problem is that the Marxists essentially show an overriding concern with the structures of apartheid, to the detriment of class struggle, and they theorize apartheid in terms of its effects on consumption patterns, low productivity, unemployment and the reproduction

of skilled black labour, and have therefore found themselves in the company of those they set out to criticize.

We now examine the way class struggle is featured in the analyses of the structuralist Marxists. A crucial drawback to a structuralist analysis is the determinism inherent in the methodology, which is clearly evident in Wolpe's statement:

"the crucial point is that in either case the structure of each sphere will condition the form and orientate the content of the struggles which occur" (Wolpe, 1988, p. 55)

Thus the structures created cause struggle because they:

"provide a legal framework and coercive state apparatuses for the imposition of racial structures and within production" (Wolpe, 1988, p. 55)

but they also condition struggle. Class struggle is then not seen as a relation of exploitation, which on an abstract level is theorized as the conflict between capital and labour, and which in the concrete takes form in the many struggles that occur on the shop floor, the community, the schools, and so on. Instead it is seen as a reaction to a particular structure of domination: apartheid.

Following from this, crisis in a capitalist society unfolds not as a result of class struggle, but rather as constraints inherent in the structure made acute by class struggle, which is one amongst many other factors that contribute to creating a crisis. Thus Wolpe argues that:

"In recent years, a restructuring of the division of labour, rapid upward mobility of white labour, the class struggle of black workers in the factories and outside, and other changes have begun, in part, to erode the dominant and monolithic character of racial categorizations in the economy" (Wolpe, 1988, p. 56)

The importance of class struggle is then reduced to how it influences and shapes structures. Wolpe, in particular, advocates a theory of the state which at one level separates the economic from the political, especially in relation to class struggle, and then tries to unite these "spheres" into a structure:

"The basis for differentiating political from economic struggles and processes is through the mediating effect of the institutional and organizational structure which is specific to each sphere." (Wolpe, 1988, p. 58)

Such an analysis adopts a mechanistic approach in which periods of intense conflict are sought and identified as class struggle and then conclusions are drawn on the basis of these observations. This has the effect of confining struggle to specific events, which are no doubt important, but are not the beginning or end of class struggle. Class struggle should not be seen to be intermittent but as incessant to capitalist relations while being varied in form and expression. This includes all aspects of the capitalist relation such as the struggle over the changing labour process, the fight for higher wages, shorter working hours, the right to form trade unions, resistance to new technology, protection of skills, and control of production. Struggle also occurs outside the work-place, in relation to housing, transport, health, education, political representation, and so on. Although conflicts do often culminate in strikes and mass uprisings, these are not the only indications of class struggle.

Contradictions generated through the accumulation process can result in different groups of workers reacting differently to a similar process. During the Second World War period, for example, the process of deskilling instituted by capital in the metal and allied industries allowed the African trade unions, which represented mostly unskilled and semi-skilled workers, to develop strong shop floor organizations and move on to the offensive. Skilled workers, on the other hand, who were mostly white, were on the defensive protecting their craft skills (Lewis, 1984; Webster, 1985)

The concepts of racial capitalism and racial Fordism have provided very little by way of understanding the crisis in South Africa during the 1970s and 1980s. More importantly, the methodology of the structuralist Marxists is deficient in many ways, not least in its characterization of apartheid and its perceptions of class struggle. Also the structuralist concern with the problems of development from the perspective of capital creates the space for revisionist thinking within their analysis, which in the post apartheid period has been transformed into advising on various economic policy issues.

Chapter 3

The South African Political Economy

Introduction

In this section I attempt to develop an alternative analysis on the process of industrialisation in South Africa, using, primarily though not exclusively, a model of development based on the work of Geoffrey Kay (1975). It is important to point out at this stage that Kay's model is principally aimed at explaining development and underdevelopment in the former extractive colonies where cash crops were exploited for gain. South Africa for a large part of its colonial history was merely of strategic importance, protecting the shipping route to the east and providing passing ships with refreshments. South Africa was more of an economic burden than an asset to the colonial empires. Kay's model, however, is helpful in explaining the nature of international capital during the burgeoning period of South Africa's process of industrialisation, and international capital had a significant influence on this process of industrialisation, albeit in a trajectory which may have differed from Kay's model of industrialisation. A second reason for adopting Kay's model is that his model is based on Marx's law of value, which is consistent with the methodological framework of this thesis, and provides an analysis which moves away from the underdevelopment and structuralist (neo-classical) models of the 1970s. It is, furthermore, a sound basis for analysing the process of industrialisation in South Africa.

An analysis of the early history of South African political economy, of necessity, has to be located within the dynamics of international capital. Two reasons justify this approach: first South Africa (or parts of it at least) was a colony of Britain, and second South Africa became the world's most important source of gold whose reserves were exploited by foreign capital. The influence of international capital, combined with the dynamics of local conditions, set in motion a development path that on the one hand seemed unique from the rest of the world and on the other hand created trends discernible in other developing countries.

For more than one hundred years, from 1795 to 1910, South Africa was a colony of Britain and during this period it was of strategic importance rather than of any economic significance.

Furthermore Britain paid little attention to the developments in the Cape and the formation of the two Boer Republics in the northern territories until the discovery of diamonds in 1870 and gold in 1880 in these Republics. For the next thirty years attempts were made to bring these two Boer Republics under the influence of Britain, which was eventually achieved with the South African War of 1899-1902. South Africa emerged as a colony of economic significance when colonialism was on the decline, nevertheless it did not completely escape the influencing forces of colonialism, most particularly, merchant capital.

Merchant Capital

Merchant capital is best explained in terms of the different forms capital assumes at different moments in its circuit. In its simplest form the circulation of commodities is represented as $C-M-C$, (where C = commodity, M = money). A commodity is sold for money which is used to purchase another commodity. This represents simple commodity production where an independent producer sells what he or she produces and uses the money to purchase another commodity. Connected to this form is its complement form: $M-C-M$, where money is transformed into a commodity in order to sell that commodity. This is the form of merchant capital where commodities are sold at a higher price than they originally cost. The merchant, in other words, makes a profit from the unequal exchange of goods. The circuit should actually read $M-C-M'$, where M' represents higher monetary value than M . The act of buying and selling or trading develops into a specialized form of activity with its own rules and logic. In non-capitalist societies merchant capital exists as the only form of independent capital.

We need to go one step further to differentiate merchant capital from industrial capital. Under industrial capital independent commodity production ceases to exist and labour power becomes a commodity. Commodity production now becomes the organized activity of the capitalist. The circuit of capital for the wage labourer is represented as $L...P...-M-C$, where L = labour power and P = process of production. The circuit of merchant capital is $M-C-M'$ while that of industrial capital is $M-C_{MP}^L-...P..C'-M'$, where L = labour power and MP = means of production, C' = the new commodity after production and M' = the original money plus profit. While M and M' represent different quantities of money C and C' represent a different quality of commodity. C represents raw materials worked upon by labour L using tools, MP , to produce a commodity, C' , or use value. The difference between

merchant capital and industrial capital is that merchant capital is only concerned with the circulation of commodities: the buying and selling of goods, while industrial capital is concerned with the organizing and control of production and labour power.

Under merchant capital the independent producer interacts with the capitalist or merchant purely at the level of trade, whereas under industrial capital the labourer (producer) is compelled to sell his or her labour power to the capitalist in exchange for money which is then used to purchase from the capitalist the commodities that other labourers produced. Merchant capital and industrial capital belong to the same circuit of capital, but merchant capital is subordinated to industrial capital in that merchant capital is dependent on production and consumption, making a profit by buying from one and selling to the other, while industrial capital organizes production for consumption and in the process exploits the labour power of others (Marx, 1976, pp. 247-257; Kay, 1975, pp. 65-70). Under industrial capital merchant capital ceases to be an independent form of capital and exists as a part of industrial capital.

Historically merchant capital predated industrial capital, in that independent commodity production existed prior to organised capitalist production. Merchant capital dominated world trade for almost two and a half centuries in what has subsequently become known as the period of colonialism.

Without delving too deeply into the origins and rationale of colonialism, it would suffice to see the colonial period in world development as the advent and expansion of merchant capital. The British, French, Spanish, Portuguese, and Dutch set up huge commercial empires extracting agricultural products and minerals where possible, at the same time creating markets in the colonies.

Despite the social upheaval that this brought to the various communities, the nature of merchant capital, that is its concern with the exchange of commodities rather than the method of production, was such that while it initiated change and increased the productivity of the economies, it did relatively little to revolutionize the economies of these societies. It was through the control of markets rather than through revolutionizing production that merchant capital made its profits. Since exchange relations were more important than production relations for merchant capital, monopolizing on both the producer and consumer market was an important way of maintaining high profits.

Ensuring its supremacy through monopoly was an important strategy for merchant capital:

“It eschewed the principles of *laissez-faire* and sought state support for monopolistic privileges.”

(Kay, 1975, p. 96)

The period 1850 to 1945 saw first an intensification and then a gradual decline of colonialism and the rise of industrialisation, which was also the period when merchant capital as an independent force as well as the dominant form of international capital gave way to industrial capital as the dominant form of international capital. With the rise of industrial capital the monopolistic tendencies of merchant capital were challenged. According to Kay the industrial revolution epitomized the defeat of merchant capital in the developed states. Consequently competition, free trade and the philosophy of *laissez-faire* were the battle cries of the industrial capitalist. Initially working through the commercial structures set up by merchant capital, industrial capital was, through its increasing strength, able to exploit these structures for its own benefit. Although its influence in the developed world was on the decline, however merchant capital was able to hold on to the colonial structures for a long time thereafter.

This had a profound effect on the process of development and industrialisation in the colonial world. In order to understand its impact on development we need to examine the nature and form of merchant capital as it existed in the colonies. Kay provides two important features of merchant capital that assist in giving a clearer perspective on the process of development.

First is the foreign nature of merchant capital, that is it did not:

“have local roots but originated from the developed countries” (Kay, 1975, p. 99)

and as a consequence it exercised wide powers in the colonies, since the social forces of the various colonies were not powerful enough to challenge it. Instead of instituting a process of transformation, what occurred was:

“a sharp rupture in the process of historical development” (Kay, 1975, p. 99)

This reinforced the strength of the imperialists and allowed for continued political and economic domination over the colonies.

The second feature relates to the process of transformation that merchant capital experienced as a result of industrialisation in the developed world. The two historical forms in which merchant capital existed were as follows:

“in non-capitalist societies it exists as the sole, and in this sense, independent form of capital.... In capitalist societies it exists only as an aspect of industrial capital, a form which the latter must assume, as a necessary moment, in its circuit” (Kay, 1975, p. 99).

Prior to the occurrence of the industrial revolution in the developed countries merchant capital existed in the first form described by Kay above. With the rise of industrial capital came the challenge to merchant capital, resulting in the form of merchant capital changing to the second form described. According to Kay the 1830s-40s was the period when merchant capital lost its dominance in the developed world:

“it was fatally undermined by the parliamentary reforms of the 1830s and finally smashed by the Repeal of Corn Laws in the 1840s” (Kay, 1975, p. 99).

While it managed to retain its dominance in the colonial world, its changing form in the developed world affected its role in the colonial world. Kay describes it as follows:

“...merchant capital in the underdeveloped world both retained and lost its independence. It remained the only form of capital present: but within the world economy as a whole it became an aspect of industrial capital” (Kay, 1975, p. 100)

In other words, Kay argues that

“in the nineteenth century [it] existed in its two historical forms simultaneously. At one and the same moment it was the only form of capital but not the only form of capital” (Kay, 1975, p. 100).

Thus, Kay argues, this meant that merchant capital acted as the agent of industrial capital in the colonial world. As merchant capital it was concerned with trade irrespective of the commodity, “here slaves; there opium”. Industrial capital on the other hand is very much concerned with the quality of the commodity. This is due to its involvement in the “process of social reproduction”. This forced

merchant capital as the agent of industrial capital to reform many of its ways and pay more attention to the quality of the commodity.

The question that arises is: what was industrial capital's interest in the colonial world? Why was it necessary for merchant capital to act as its agent in the colonial world? In answering these questions we begin to understand the pattern of industrial development in South Africa and the reasons for segregation and apartheid. We find that industrial capital had three basic interests in the colonial world. Firstly it was a source of cheap raw material such as cotton and later rubber, tin, bauxite, and other similar materials which were necessary for industrial production. Second, industrial capital saw the colonial world as a source of a cheap supply of food for consumption by the working class, "for the lower the value of food, the lower is the value of labour power and therefore the social wage, and greater the amount of profit" (Kay, 1975, p. 101). Third, the colonial world provided industrial capital with a potential market for its products. Industrial capital profited by buying food and raw material from the colonial world below their value and then selling finished commodities to the colonial world at prices way above their value. Merchant capital, being already established in the colonial world, was ideally situated to act as the agents of industrial capital and still maintain a high degree of independence.

Next we need to examine the process under which merchant capital organized the export of commodities, as agents of industrial capital, from the colonies. This differed from colony to colony and was dependent on the social conditions prevailing and the type of commodity produced and exported. In some colonies the production process was the endeavour of the local peasants who did so willingly or under coercion. In other colonies this took place under the auspices of an expatriate population and had a resemblance to a fully developed capitalist production process. It was usually colonies with plantations and those exporting minerals which took on this form of production.

Kay argues that while these undertakings had all the formal qualities of capitalist production, such as wage labour, and in many cases the firms organising production were subsidiaries of firms from the imperial countries and therefore has to be recognized as such, they at the same time contained features that would suggest that they were not entirely capitalist in nature. The features that Kay highlights are as following. Firstly a reliance on migrant labour, which stayed only for a short time, with no attempt

made to create a permanent labour force until the end of the second world war. This, Kay argues, was “a carefully conceived strategy of low wages” (Kay, 1975, p. 102). The second feature was the very low level of capitalization involved in the process of production, which relied on illiterate and unskilled labour. Kay concludes:

“Whatever one decides on this question the broad issue seems unchanged; that the reorganisation of production in the underdeveloped countries which industrial capital required, needed only a minimum involvement on its part so that the major responsibility for this task could be, and was, in fact, carried out by merchant capital.” (Kay, 1975, p. 102-3)

It is in these distinctive features that we begin to understand the reasons for racism and apartheid and the specific way in which industrialisation in South Africa proceeded. Kay’s model helps us understand the emergence of the policy of segregation; the reasons why the Smuts government was so closely identified as the government of foreign capital; the Pact government’s stronger policy of promoting industrialisation; and finally the implementation of apartheid. Kay’s model provides us with the general principles which can be applied to specific conditions prevailing in South Africa.

Merchant Capital and the Origins of Racism

It is not surprising that a number of South African historians have located the origins of racism and apartheid in the colonialist policies of British imperialism rather than in the nationalism of the Afrikaners. Legassick identifies the period 1901 - 1914, when the British maintained direct rule over South Africa (1902-1910), as the period when segregationist policies were developed and promoted by the British colonial rulers in South Africa (Legassick, 1995, p. 46). Shula Marks identifies the origins of segregation policies in nineteenth century British colonial policies during their reign over Natal (Marks, 1995). David Welsh and Maynard Swanson have similarly identified the origins of segregation in the British policy in Natal during the nineteenth century (Legassick, 1995, p. 44). Legassick and Marks both recognize that these policies developed during the birth of capitalist social relations in a predominantly non-capitalist society under colonial rule. Their arguments, however, do not go beyond the national framework, and while they recognize that these policies developed in the interest of imperial capital they do not theorize their argument in relation to the form of international

capital, which is the dominant force behind colonialism, and the specific effects that this has had on different colonies.

Shula Marks makes an important distinction between segregation during the nineteenth century colonial period, where surplus was extracted from the pre-capitalist mode of production “in the form of rent, tribute or tax”, and segregation during the twentieth century capitalist relations where “...the same ideology is being used to legitimate the extraction of surplus directly in the form of labour power” (Marks, 1995, p. 94). However on the question of the persistence of the form of ideology of segregation across different modes of production Marks’ argument is weak. She argues that neither the liberalism of the English nor the nationalism of Boer supremacy could provide ideologies which “could serve to rationalize or reproduce bourgeois social relation”, while the policies of segregation that developed in Natal provided an ideal model for such a task (Marks, 1995, p. 95). Marks further argues that the ideology of segregation came to be further developed in the context of industrialisation, responding to different circumstances and the needs and interest of the dominant white group in South Africa. Following Poulantzas she argues:

“...its great strength as an ideology was its very elasticity, its ability to serve the needs of the very many different interests and to absorb ‘elements stemming from the way of life of classes and fractions other than the dominant class or fraction’” (Marks, 1995, p. 96)¹.

These are, however, only some of the reasons why segregation emerged. Racism needs to be understood as part of a much wider process located within the form of international capital and the contradictions that international capital faced, which allowed for the persistence of segregation over different modes of production. As argued previously, international capital existed in the underdeveloped world in dual form. As such its behaviour:

“...now revolutionary in establishing commodity production, now reactionary in supporting the existing capitalist order - is typical of capital when it exists in this form” (Kay, 1975, p. 105).

To understand how this unfolded we need to examine the form of British colonialism in relation to international capital’s dual form of existence. The political counterpart of international capital in the

colonial world, especially after 1850, was indirect rule. This allowed local groups (or traditional leaders) a fair amount of power to control the society while at the same time a central political authority (representatives of the British state) upheld private property and money. In India this took the form of recognition of religious rights and political institutions, which then became the agencies of control (Kay, 1975, p. 106).

Similar processes took place in Natal, such as reserving land for African tribal occupation, recognition of customary law and recognition and use of traditional authorities for administration (Marks, 1995, p. 94). In fact, after 1879 Zululand was broken up into thirteen chieftaincies which allowed for greater control over the local population. Indirect rule was basically part of a British policy of spending as little as possible in policing and controlling the empire. The devolution of power through indirect rule was an easier way of making colonies self-sufficient in the area of law and order. In fact, as Kay argues, given the size of Britain in relation to its empire "it is obvious that this could never have been achieved without significant amount of local support" (Kay, 1975, p. 106).

It is precisely this policy that Sir Alfred Milner, Governor of the Cape Colony, aimed to implement in South Africa as is indicated when he wrote to Asquith, who was an MP and member of the Liberal Party:

"The Best is Natal, for here the Black population is so enormous, compared with the white, that though they are kept in subjugation, prudence, apart from all other considerations, would necessitate their not being treated too harshly. Besides the white men are mainly of British race" (Marks, 1995, p. 96)

Milner was obviously praising the British system of indirect rule, for he saw it as an ideal system of control which did not include harsh treatment of black people. This aside, what is more important is that this idea became a crucial feature of Milner's policy after the Anglo-Boer War, with the primary aim of releasing the necessary labour for the mines and land for white farmers. The significant point maintained here is that the policy was not the whim of a single individual, as Shula Marks seems to imply, or a group of individuals for that matter, but was part of a wider colonial policy to ensure maximum control with minimum costs.

¹ Marks is quoting Poulantzas (1973), p. 203.

However, instead of devolving power into the hands of the indigenous population of South Africa, the British allowed for the white settler population to maintain the reigns of the state while completely excluding black people from the political arena. At the same time, to ensure the predominance of British interests Milner promoted the idea of indirect rule through racist ideology in various forms. According to Legassick:

“...Milner and his administrative appointees had, as they consciously understood, the opportunity to ‘reconstruct’ the institutions of South Africa with a power greater than that wielded before or since by Britain” (Legassick, 1995, p. 45).

While Legassick argued that there were limits to Milner’s ideal of reconstructing the society in a particular direction, there nevertheless was room to influence the direction of reconstruction.

Legassick argues that Milner’s primary aim was to “destroy a state based on feudal relations of production in the Transvaal, and create throughout South Africa the conditions for securing a sufficiency of black labour at a suitably low price” (Legassick, 1995, p. 46).

The way Milner proceeded was to develop the idea of a “native policy” which would deal with welfare and social control of black people or those defined as “natives”. He introduced the idea at the 1903 Intercolonial Conference, and by 1905 the South African Natives Affairs Commission (SANAC) was formed, consisting of two representative from each of the former colonies and one from Rhodesia and one from Basutoland (Legassick, 1995, p. 47). The seeds of many of the policies of segregation and apartheid, such as occupation of land areas based on race exclusivity, and separate means of political representation, emerged from the SANAC.

Although SANAC was an important instrument in the development of “native policy” it was developed under the influence of imperial policy, with the primary aim of securing low waged labour. Milner, in a letter to Percy Fitzpatrick (who Legassick describes as “..that archetypal articulator of the political interests of deep-level gold mining”) wrote:

“The ultimate end is a self governing white community supported by a well treated and justly governed black labour from Cape Town to the Zambezi” (Legassick, 1995, p. 46).

It is obvious from this that colonial policy in the interest of mining capital dominated the restructuring of South Africa after the Anglo-Boer War. The policy was very much a derivative of merchant capital's functioning in the colonial world.

Merchant Capital and Colonialism

Contrary to Kay's model, when merchant capital entered South Africa to exploit its gold mines it found that it was being challenged by other social forces and was unable to exercise wide powers. This was very much in contrast to the way it previously functioned in the colonies. Firstly, South Africa was not a typical extractive colony, and merchant capital had not established itself as a strong force but existed in a very weak form, trading in small quantities of a limited number of commodities such as wool and ostrich feathers from the Cape and sugar cane from Natal. Secondly, the Transvaal Republic, where the gold was discovered, had declared itself an independent sovereign state by its white settler population, and displayed an anti-imperialist stance, and was therefore hostile to foreign capital, in particular British capital. Thirdly, in order to exploit the gold mines merchant capital was forced into the arena of capitalist production (or as Kay would see it as quasi-capitalist production) and here it met with working class resistance in various forms. Fourthly, the nature of the gold reserves forced merchant capital to embark on a fairly high capitalization programme, opening itself up to resistance from skilled labour. Fifthly, mining activity stimulated further economic development, leading to an emerging petty bourgeoisie challenging merchant capital's domination in the area of trade.

The contradictions facing merchant capital at the time of its entry into South Africa were firstly that it was being challenged by other social forces, secondly it existed in its dual form as described by Kay (as an agent of industrial capital) and thirdly the process of developing the mines enhanced capitalist development in other areas of production. Kay, in his model, points out that merchant capital had created conditions throughout the underdeveloped world which "were absolutely uncondusive to the full development of capitalism" (Kay, 1975, p. 103). It is these contradictions that gave rise to the form of industrial development which took place in South Africa.

Gold was discovered in South Africa at a time when more and more countries were moving on to the gold standard and this created a huge demand for gold. Given the demand for gold, in its role as

money, exploitation of the mines became a high priority. By the 1880s and 1890s it was established that while there was a vast potential of gold, it extended deep into the earth and the quality of the ore was very low². These characteristics demanded high capital investment, for the purchase of imported machinery and equipment, and a vast source of unskilled labour. While local capital was lacking, it was not difficult to direct foreign capital towards exploiting the South African mines.

The biggest problem facing the mining houses was a source of labour to work on the mines, since they found it difficult to recruit labour from the local population. As argued previously, merchant capital was not interested in the process of proletarianization and sought only temporary migrant workers in order to keep costs low. Initial recruits for both the diamond and gold mines were temporary migrant labourers from two sources.

The first source of labour was recruiting Africans who had been dispossessed from their land and forced to seek employment on the mines and farms. In most cases this was the result of the colonists forcing the African population from their land through battle. In 1865, for example, the Orange Free State colonists, unable to compete with the rising agricultural productivity of the Basotho, waged war against the Basotho. The war lasted until 1869, after which the British intervened, following the Basotho king's appeal, to secure a truce. As a result the Basotho lost large tracts of grazing and grain land and many were forced to seek employment outside Basotholand. The British colonial administration created the Basotholand Protectorate and, realizing the potential of migratory labour for the diamond mines, imposed a hut tax of 10s on the Basotho to speed up the process of migratory labour that had resulted from the war. Between 1870 and 1873 land dispossession and taxation had forced over 30 000 Basotho to seek employment in the Kimberley diamond mines (Innes, 1981, pp. 26-30 and Van Der Horst, 1942, p. 26).

The creation of migratory labour through land dispossession and taxation affected the various indigenous peoples of South Africa. The Griqua rose in revolt in the face of land deprivation. The Griqua uprisings were crushed by the British armed forces. Similarly, the Bapedi of the north-eastern Transvaal lost land through battle. The Bapedi used access to wage labour on the mines as a way of buying guns to defend their land. They, too, were finally defeated by a combined army of British and

² For example, Innes argues that the grade of ore in South Africa was 6.5 pennyweight(dwt) per ton,

Transvaal Boers reinforced by Swazi troops. Taxes also forced the Bapedi to seek employment on the mines and it has been estimated that in 1884 over 40% of the African mine workers on the Kimberley and Debeers mines were Bapedi. Similarly the Zulu, after the defeat of Cetshwayo in 1879, and the division of Zululand into thirteen chieftains, saw the military intervention of the Transvaal Boers into Zululand in 1884, and vast tracks of Zululand was lost. From 1885 there was an increasing trend among the Zulu forced to migrate to Kimberley to seek employment on the diamond mines (Innes, 1981, p. 26).

This process was uneven and not complete and affected the various African people in different ways. Although this created conditions for large numbers of Africans to seek employment, they still possessed a relative amount of control over their labour. This was partly due to the fact that many Africans could still seek a living outside the capitalist sector. The result was that often labour had to be sought from other sources.

This brings us to the second source of migratory labour: Portuguese East Africa or Mozambique. From the 1850s the British colony of Natal used migrant labour from the Delgoa Bay (Maputo) area of Mozambique to work the sugar fields. With this a regular flow of migrant workers had been established (Innes, 1981, p. 50). Labour shortages on the gold mines saw mine owners tapping into this source as well and by 1890 over 8 750 Mozambicans (out of an African workforce of 15 000) were employed on the mines (Innes, 1981, p. 51). This source of labour allowed for the development of deep level mining using labour intensive methods.

As the gold mining industry expanded it continued to suffer from labour shortages. African workers were quite aware of labour shortages on the mines and realised that they could secure better wages and conditions of employment for themselves through the withholding of labour, and desertion thus became a common occurrence on the mines.

Attempts by employers to reduce wages would simply lead to African workers withdrawing their labour. In 1889, for example, various mining capitalists got together to form the Witwatersrand Chamber of Mines, with the control of wage rates being one of the key reasons for its formation. Following its formation it immediately reduced the wage rate of African workers from 63s to 44s,

compared with Canada 10 dwt, and Australia 13 dwt. (Innes, 1981, p. 48 and p. 72 note 2).

which led to an immediate decline of African employees on the mines from 15,000 in 1890 to 12,500 in 1891. Innes has described this as:

“probably the first case of large withholding of African labour in the goldfields” (Innes, 1981, p. 52).

Faced with this labour withdrawal the Chamber of Mines withdrew its attempts to reduce wage rates and as wages began to rise so did the number of migrants. By 1893 the total African workforce on the mines was 29,000 of which 75% were Mozambicans (Innes, 1981, p. 52). The mining houses were thus faced with rising costs and labour shortages. Merchant capital’s strategy of partial proletarianization did not seem to yield the necessary results as labour shortages continued to be experienced. This was primarily a reflection of the resilience of pre-capitalist commodity production and the strength of the indigenous population to resist proletarianization.

Most of the gold and diamond mines were located within the Afrikaner Republics, whose governments were not strong enough to exercise control over the African population in order to create a supply of labour to meet the needs capitalist development. Innes has described the Afrikaner states as:

“that form of state, corresponding to quasi-feudal/petty bourgeois relations of production” (Innes, 1981, p. 61).

Legassick has similarly argued that the Transvaal and the Orange Free State were “States based on feudal relations of productions” and were thus unable to secure conditions that would create a supply of “...black labour at suitably low prices” (Legassick, 1995, p.46). The inability of the mining houses to recruit low cost labour and the weakness of the Afrikaner state to respond to this need, led the mining houses to appeal to the imperial state, i.e. Britain, for assistance. Thus the imperialist intervention which resulted in the Anglo-Boer war:

“was sparked off by the needs of deep-level gold mines for a drastic reduction in working costs, which could be ensured (chiefly by reducing the cost of labour) only by a ruling class with wider geographic powers and greater efficiency than the Transvaal landowners” (Legassick, 1972, p. 261)

The war marked the beginning of the process to establish the dominance of the capitalist mode of production over the African population and created the conditions necessary for profitable mining, a process which had already been shaped by the contradictions which characterized merchant capital on its entry into South Africa.

The period immediately after the Anglo-Boer War saw the implementation of various measures to speed up the process of proletarianization which was the main requirement of international capital. The process was very much guided by British imperial policy (Legassick, 1995, p. 49). The period after the Anglo-Boer War was also the period of expansion in capitalist relations and activity such as railway construction, industry, commerce, and capitalist agriculture. It is within this process that the contradictions of the dual form of merchant capital played itself out. According to Kay merchant capital:

“both lost and retained its independence and subsequently existed in its two historical forms. The consequences were doubly depressing for the underdeveloped world: on the one side the tendency of merchant capital to repress general economic development; on the other the reorganization of whole economies to the requirements of external economic interests” (Kay, 1975, p. 103).

Various other measures were taken to counteract African resistance to wage labour, such as a centralized labour recruiting agency and the importation of Chinese labour. These, however, did not succeed. African workers continued to withhold their labour when wages dropped. Furthermore, white farmers were facing competition from African producers, forestalling the successful development of capitalist agriculture. The state responded by introducing the 1913 Land Act, which forced the African population to live on approximately 13% of the land. This became an important mechanism in speeding up the process of proletarianization of the African community.

Thus, by confining African people to very specific and small parts of the land, pressure was put on the productive yield of the land, forcing the population to seek employment in the various areas where capitalist production was concentrated. This process also made available to white farmers large tracts of productive land for capitalist farming.

The evolution of the form of agricultural production on the white farms from quasi-feudal systems based on “squatter peasantry” to labour tenancy and finally pure wage labour have been well documented by Morris, in his article on the development of capitalist agriculture in South Africa. Foremost in this development was state intervention, formalized in the 1913 Land Act. The act brought together the various pieces of legislation which restricted the purchase of land by Africans. The act then:

“both unified the various measures nationally and ensured a more effective system of enforcement.” (Morris, 1976, p. 293)

The 1913 Land Act was a well conceived strategy for creating low wage labour for mining and agriculture, by enforcing a migrant labour system and at the same time preventing any settlement of the working class within the capitalist centres. Immediately after the Anglo-Boer war, the mining houses displayed their joy at the changes proposed by the newly founded state. The 1902 survey, “The Gold Mines of the World” stated:

“Because of the government there can now be an organised labour supply all over South Africa...there will be efficient pass-law (sic), ensuring no loss to the mines by desertion...” (Innes, 1981, p. 63)

To the extent that merchant capital required a workforce the state set out to proletarianise the African population by separating them from their means of production. But merchant capital does not require full proletarianization and therefore created a system of partial proletarianization, still allowing the limited continuation of peasant production within confined and restricted areas (Kay, 1975, p. 102). At the same time, however, this set in play processes which through the generalization of the capitalist relation would result in the erosion of pre-capitalist forms of production.

The labour needs of gold and diamond mining accelerated the process of capitalist development undermining pre-capitalist relations of production, yet at the same time the state tried to maintain some of these pre-capitalist relations (Wolpe, 1972, p. 436). These, however, were not the only contradictions that merchant capital was to impose on South Africa in its early phase of development.

Merchant Capital and the Suppression of Industrial Development

These traits of merchant capital, resulting from its “simultaneous existence in its two historical forms”, are described by Kay:

“on the one side the tendency of merchant capital to repress general economic development; on the other the reorganization of whole economies to the requirements of external economic interests” (Kay, 1975, p. 103)

International capital, in its form as merchant and industrial capital, had both progressive and retrogressive effects on the development of capitalism within the peripheries. On the one hand it stimulated commodity production, on the other it opposed independent development and bolstered pre-capitalist systems.

Exploitation of the gold fields and diamond mines inevitably stimulated the growth and development of other sectors of the economy. This seemingly inevitable development of the manufacturing sector was not as smooth as its agents would have liked it to be. The hostilities faced by early manufacturers, and recorded in particular by the works of W J Laite³ (Bozzoli, 1975), have led many academics to explain the suppression of early manufacturing development in terms of the interests of the various fractions of capital and their access to state power.

This argument was promoted most vociferously by Davies et al (1976). They argue that the various governments essentially represented the interests of a particular fraction of capital. The Smuts government, for example, promoted the interests of mining capital to the detriment of other sectors of the economy, specifically the manufacturing sector, whereas the Pact Government promoted the interests of the rising manufacturing sector.

Bozzoli for example states:

“In this study of the development of early manufacturing it is argued that the process of the development of group cohesion in the face of a hostile and dominating imperial capitalism, the counteracting of the already present imperial ideology, the gaining of access to state

³ See Bozzoli,(1975), who relies heavily on this source for her study, in particular various articles and editorials of the South African Commerce and Manufacturers Record, of which Laite was the founder and editor.

power, and the public legitimation of their cause, were made possible by the development by manufacturing leaders and ideologists of a specific petty-bourgeois ideology” (Bozzoli, 1975, p. 194)

From this it has been deduced that the Smuts Government was allied to international capital, whereas the Pact Government (between 1924-1932), which introduced a policy of industrial protection, was allied to the local manufacturing capitalists. It has been further argued that it was the Pact Government and not the Smuts Government that promoted general economic growth (Kaplan, 1974). Bozzoli, for example, has argued that state intervention, promoted by the Pact Government, has been central to South Africa’s economic progress to the extent that South Africa:

“broke out of its vicious circle of underdevelopment and embarked on a path of comparatively independent capitalist development” (Bozzoli, 1978, p. 41).

However the arguments of Bozzoli (1978) and Davies et al (1976) cannot account for the increasing involvement of foreign capital, in the form of foreign investment, after 1924. Nor can they account for the conciliatory policy of the Pact Government towards foreign capital (Innes, 1981, p123, 126; Clark, 1987, pp. 98-99).

Having reorganized the South African economy according to its needs, international capital set about maximizing the extraction of surplus value. In its role as merchant capital it was interested in the quickest and cheapest way of extracting surplus value, generally through unequal exchange. But as an agent of industrial capital it had to be particular about the commodities it traded. Within South Africa it was gold and to a lesser extent agriculture. It also continued to make profits through the unequal exchange of commodities between the various colonies: for example Davies has pointed out that

“Wheat flour costing £7/10/- in Australia resold wholesale in Johannesburg for £14/10/-”
(Davies, 1976, p. 50, note 39).

As long as international capital was extracting high profits from the colonies (peripheries) it tended to suppress local development. Bozzoli has described this conflict well in her article on the development of local manufacturing. Those at the forefront of trying to establish local manufacturing are described by Bozzoli as follows:

“most of them were either immigrants who possessed artisan skills, or colonials who had accumulated a little capital from trading” (Bozzoli, 1975, p. 199).

The anti-protectionist on the other hand were orientated towards commerce:

“The foremost of the groups to whom specific ideologies were directed was commerce. This was the domain of large importing houses owned by eminent and wealthy members of a social and political elite, The merchant princes, as they were called,...” (Bozzoli, 1975, p. 201).

While it is true that merchant capital opposed protection because it would mean an increase in the price of commodities of which they were the largest consumer, this however was only part of the reason. More importantly a programme to promote industrialisation would inevitably bite into mining capital's profits. Why was this a problem? For an answer we return to Kay:

“on the one hand it tried to secure profits for itself, on the other profits for industrial capital. So long as the rate of exploitation in the underdeveloped world increased, and the profits of the merchants went up, the contradictions between the two forms could be held in check” (Kay, 1975, p. 124).

Merchant capital, then, opposed any developments that would lead to a decrease in the rate of profit. Any form of local industrial development would bite into foreign capital in the form of taxes.

Industrial Capital and Industrialisation - Early Attempts at Industrialisation

Having shown that merchant capital, in its form as international capital, has a tendency to depress independent growth in the peripheries, it now needs to be shown how it was possible for independent growth to occur in South Africa.

As long as high profits were successfully being extracted from the underdeveloped world, international capital faced no real problems and the contradictions created by its dual form of existence (merchant and industrial capital at the same time) “could be held in check” (Kay, 1975, p.124). Problems, however, began to arise when the rate of exploitation could not be increased and profits begin to decline. Although productivity increases were encouraged they were limited to the

technology available and the skills of the workforce. Thus the suppression of industrial development within the colonies worked against merchant capital.

Unable to increase productivity, due to lack of industrial development, merchant capital soon lost its foothold in the peripheries. According to Kay:

“To survive as capital it was forced out of trade directly into the sphere of production; that is, it was forced to act as productive capital openly. At the same time productive capital which had previously restricted its activities to the developed world, finding its rate of profit from the underdeveloped countries ceasing to grow if not actually decline, was obliged to intervene directly” (Kay, 1975, p. 124)

A decline in the rate of surplus value is related to an increase in the value of labour power, which is generally attributed to increased levels of class struggle. The rate of surplus value (or the rate of exploitation) is the proportion of paid to unpaid labour and is central to understanding the law of value. If capital is unable to keep the value of labour power down or increase the productivity of labour the rate of surplus value decreases, and profits begin to decline. We will now examine the way class struggle affected international capital (in its form as merchant capital) within the South African context.

Immediately after the Anglo-Boer war, international capital (in its dual form) set about organizing production of gold. The biggest problem it faced was in the recruitment and the costs of labour. It could not, in other words, generate a large enough supply of cheap labour in order to exploit the gold mines of South Africa. Various methods of repression were used to proletarianize the African population and increase the supply of unskilled labour. The effectiveness of these measures increased moderately after the Anglo-Boer war, but more so after the 1913 Land Act was passed.

In its pursuit of profits, capital generally aims at cutting down costs and increasing productivity to its maximum limit. Generally this means an attack on the working class. Within the gold mines in South Africa the skill and colour divisions of the workers to all intents and purposes coincided. Although there were cases of whites doing unskilled work and Africans doing skilled work, these were exceptions. These divisions tended to permeate through the society at large with various pieces of

racist legislation defining political and social life. White mineworkers were generally united and resorted to militant action in the protection of their relatively privileged position.

While mine owners trod very carefully in their strategies they nevertheless made many attempts to reduce the value of labour power. In 1902, for example, a manager of the Village Main Reef mine, FHP Cresswell tried to increase the intensity of work by getting skilled white workers to supervise six drills used by unskilled whites instead of two. This practice had to be stopped when white workers struck (Davies, 1979) .

Again in 1907 attempts were made at increasing the efficiency of white workers by getting white miners to supervise three instead of two drills. This time the mine owners responded to the ensuing strike by employing unskilled white workers at a lower wage when it was realized that work could be done equally well by unskilled workers (Davies, 1979, p. 63). This opened the way for employing more unskilled workers and training them to do skilled work. Mine owners in this way were able to replace expensive imported skilled labour with locally trained, and therefore cheaper, skilled labour.

Up to 1912 the mine owners did not face disruptions on the mines, and from 1904 to 1912 output steadily increased. After 1912, however, serious disruptions on the mines in the form of strikes affected the growth in output. Between 1913 and 1914 the industry was hit by a series of major strikes which seriously affected output. Although productivity increased again in 1915 and 1916, from 1917 to 1924 a serious decline in output occurred. This decline was the result of increased strike activities and the outbreak of the first world war. According to Innes

“the outbreak of war caused an increase in the price of mining materials, especially stores and raw materials, both because European production had switched over to meet war requirements and because the supply of materials had become more erratic” (Innes, 1981, p. 75)

On the one hand increasing inflation and on the other hand growing resistance and militancy among the workers seriously eroded profits from the mines. Rising inflation also affected workers, which inevitably led to confrontations. In 1920 71,000 African workers came out on strike, affecting 22 of the 35 mines. The strike was crushed in the usual ruthless manner by the state.

Following the strike, and in the face of decreasing gold price,⁴ mine owners instituted a strategy to decrease the costs of skilled workers. Essentially mine owners wanted to back out from the “status quo agreement” which preserved various skilled work for whites only. The resultant strike, the infamous “Rand Revolt” (Johnston, 1977), saw 250 dead and 4,758 arrested. This was soon followed by the collapse of the Smuts Government, a massive shake up in the industrial relations legislation and a stronger focus on national development, especially within manufacturing.

We saw that class struggle bit into the profits of mining capital, forcing the state to intensify repression in order to increase the rate of exploitation. At the same time merchant capital, as the dominant form of international capital, was experiencing its own crisis, as it was unable to increase the rate of exploitation in the underdeveloped world. Due to a fall in the rate of profit in the underdeveloped world, industrial capital (in its form as international capital), which was based primarily in the developed world, intervened directly in the underdeveloped world in the sphere of production (Kay, 1975, p. 124).

We have already pointed out that merchant capital (in its international form) opposed industrial progress. This, however, did not prevent growth of manufacturing industry but merely created un conducive conditions for growth. This meant that capital was unable to respond to the decreasing rate of exploitation short of state repression. Class struggle, the effects of the first world war, the depression, all affected profitability in the peripheries. This resulted in industrial capital (in the form of international capital) intervening directly in the peripheries, promoting industrial production. The period between the two wars has generally been recognized as the period when industrial capital replaced merchant capital as the form of international capital.

Industrialisation

Industrialisation in South Africa proceeded from three different sources. The first was the development of a local bourgeoisie who took advantage of the spin off effects of the mining industries, either in supplying the mines with goods, servicing the engineering needs of the mines, or supplying the burgeoning working class with its requirements. Second was international capital also servicing

⁴ From 30-06-1921 gold fell from &111/- per fine ounce to 97/9d in 30-12-1921. In 1922 it fell even further to 92/6d (Innes, 1981).

the needs of the mining industry but from a much larger scale than the local bourgeoisie, such as investment in the production of dynamite or the generation of electricity. After the second world war we find that international capital invested more directly in commodity production for consumer goods. The third source was the state, but this only occurred after 1924 when the state was in a stronger position to direct excess profits from the mines towards industrial production. During this early period the lack of state support was seen as the main reason why industry was struggling to establish itself. The government at the time was seen to be anti-manufacturing.

The Smuts Government (1918 - 1923) has been associated with mining capital and foreign capital (Davies, et al, 1976/8) because it was seen to be promoting the interest of mining capital above the needs of other "fractions of capital", while the Pact Government (1924 - 1932) has been dubbed the government of manufacturing because it has been seen to promote the interests of manufacturing industry and by implication local capital, through protection and direct investment (Davies, et al). The rapid growth in manufacturing which coincided with this period has reinforced the idea that the Pact Government promoted the interests of the local bourgeoisie. Davies et al, in particular, have argued that the contradiction between "mining capital" and "national capital" was between a "policy of protection" and a "policy of free trade" (Davies et al, 1976/8, p. 6-7). However, it should be pointed out that industrialisation is not dependent on a protectionist policy alone, but requires a much wider programme and commitment from the state.

The arguments of Davies et al have been criticized by Innes, Bozzoli, Nancy Clark and Simon Clarke who have all pointed out that the policies of the Pact Government did not necessarily contradict the interests of international capital. Bozzoli, for example, has argued that:

"the protectionist legislation introduced by the Pact Government was less in conflict with imperial interests than the rhetoric of the time made it seem" (Bozzoli, 1975, p. 196).

Similarly Innes has shown that the Pact Government had been,

"far less anti-imperialist than has often been assumed" (Innes, 1981, p. 123).

This argument has become more acceptable, and little emphasis has been placed on the contradictions between national and international capital in subsequent arguments (Innes, 1981, chp. 5; Clark, 1987, Clarke, 1978, p. 61).

Despite the rhetoric showing the differences between the Smuts and Pact Government, both governments favoured independent industrialisation. Many of the programmes of the Pact Government were essentially initiated by the Smuts Government. Implementation of these programmes were, however, dictated by prevailing economic and social conditions: Smuts realized the necessity to move away from a gold-dependent economy, but was limited by the conditions of the time.

The Smuts Government was not opposed to industrial development as much of the literature seems to make out. Electrification, for example, was identified as the key contribution towards successful industrialisation, especially for the development of an efficient rail network necessary for transporting industrial goods. In 1922 the Electricity Supply Board (ECB) was formed by the Smuts Government “to oversee and regulate the electricity industry” (Clark, 1987, p. 103). The Electricity Supply Commission (Escom) was formed a year later to:

“generate electricity alongside, but not in competition with, the existing municipalities and private suppliers”. (Clark, 1987, p. 103)

Despite opposition from private capital (mostly in the form of international investors), the state established Escom, without jeopardizing the interests of private capital.

However, the Smuts Government’s economic strategy was regarded as “piecemeal” and “not going far enough”. Essentially the problem was its inability to redirect surplus generated from mining industry towards industrialisation. Clarke describes the Smuts government’s predicament clearly:

“thus in South Africa in the 1920s and 1930s gold mining capital could only be super-taxed without undermining accumulation in gold mining (and so the accumulation of capital as a whole) to the extent that they were earning superprofits... In fact in the 1920s in South Africa such super-profits were limited. Hence the ability of the state to intervene to the disadvantage of gold mining capital was quite limited in its inability to divert surplus value towards capitals active in industry and agriculture” (Clarke, 1978, p. 55)

By the time the Pact Government came into the power in 1924 the South African state was much stronger vis-à-vis imperialists. The changing nature of international capital, from merchant to industrial capital, also meant a transformation in the relationship between the imperial power and the

former colonies. In other words the Pact Government found that the international conditions were much more conducive to industrialisation and therefore could pursue policies conducive to industrial development.

Local economic conditions also began improving. Gold production, for one, began increasing, which meant the state could pursue a more active policy of industrialisation as well as direct investment in industry. After the success of Escom, Iscor (The iron and steel corporation) was established. Again following in the same principles in the establishment of Escom, Iscor expanded its activities without any loss to private capital. In fact with both Iscor and Escom, private capital gained tremendously⁵.

Furthermore with the defeat of the white working class⁶ and the increasing repression of the black working class⁷, accumulation and development proceeded smoothly for that period. Basically there were no fundamental differences between the Pact and Smuts Governments' labour policies. The Smuts Government's violent attack on white mine workers during the 1922 mine workers' strike was seen as anti-white working class while the Pact Government was seen as pro-white working class. This is further evidenced in the Pact Government's lack of adherence to its own "civilized labour policy". For example, Iscor moved towards employing more cheaper African labour, despite its specific policy of preferential employment of white workers (Clark, 1987, p. 101, Kaplan and Morris, 1976). In sum, state repression, labour legislation, and deskilling strategies all worked towards undermining militant action of the working class.

Industrial Growth

There is general agreement that in the period after the first world war the South African economy experienced industrial growth, with a manufacturing sector catering mainly for an internal market. By the time of the second world war South African industry was relatively sophisticated and could contribute to the war effort, especially in terms of munitions, machinery and processed food (Innes, 1984, p. 166; Fransman, 1982, p. 242). However differing emphases have been placed on the various

⁵ Mainly international capital, for the local bourgeoisie was not economically strong. Clark (1987) has documented this excellently in her article.

⁶ The 1922 white mine workers strike was severely suppressed by the Smuts Government. The white working class never rose again to this level of militancy in action, therefore the suppressing of this strike has been regarded as a critical defeat for the white working class.

⁷ Discussed in greater depth in a later chapter.

factors contributing to the rapid growth of manufacturing immediately after the first world war.

Davies et al (1976) saw this as the result of the political strength of the local bourgeoisie, which allowed them to gain access to state power and in turn made it possible for them to pressurize the state, through political parties and other pressure groups, to pursue a policy of local development.

Bozzoli, on the other hand, placed emphasis on the organizing strength of the local petty bourgeoisie:

“who themselves fought actively and hard for the protection they required” and were not “passive recipients of a change in policy brought about through the removal of the anti-protectionist mining power from political power” (Bozzoli, 1975, p. 196).

Associated with this, she argues, was the decline of British imperialism after the first world war which:

“removed from their previous positions of dominance the financial interest which had most strongly opposed local capitalist development” (Bozzoli, 1975, p. 196).

Unfortunately this important point is not thoroughly developed, thus weakening Bozzoli’s argument which fails to go much beyond the descriptive.

Fransman, acknowledging difficulty in assessing the relative importance of the various factors, nevertheless identifies state intervention, in the form of protective tariffs especially after 1925, growth of the internal market, rise in the price of gold, and European commodity demands during World War Two (Fransman, 1982, p. 242). Following this view Moll highlights similar activities especially the demands for various commodities and raw materials that the second world war created (Moll, 1987,).

Innes goes beyond these accounts in providing an explanation for the rapid growth of manufacturing and the change in the state’s development strategy. He identifies two important factors. First the rise of militancy among the European working class, coupled with the chaotic post world war economic conditions, gave South African industry the breathing space necessary for expansion. The second factor is that mining capital began developing an interest in manufacturing industry. This came at a time when the cost of white labour was increasing, while the costs of local manufacturing were decreasing. Encouragement to local manufacturing was thus generated by the desire to reduce the value of labour power. Therefore it was:

“an attempt to try and drive down the value of (predominantly white owned) labour power by reducing the value of the bundle of wage goods required for its reproduction” (Innes, 1984, p.121).

While this stimulated the growth of manufacturing, the specific desire to institute a protectionist policy was the result of the reassertion by the European capitalist class of their dominance. The resultant industrial expansion in turn put pressure on local South African manufacturing industry. Innes argues that the Smuts Government did not respond adequately, since it instituted a protectionist policy which did not prevent overseas competition and therefore was not to the satisfaction of local industry. However he does not tell us why the Smuts Government was not strong enough.

Innes correctly situates his argument within the context of the changing nature of imperialism and increased competition among the industrialised countries. He also shows that, although the Pact Government was seen to promote local industry, its policy was not in conflict with the interest of international capital, but very much in line with British capital in particular. Thus he argues that this represented:

“a transition to a higher stage in which imperialist domination was exercised through forms such as technical and marketing agreements, rather than through wholesale destruction of peripheral industries” (Innes, 1984, p. 126; see also Clark, 1987 for further discussion)

Innes' argument, however, does not adequately account for the state's responses. For example, he does not explain the “piecemeal” response of the Smuts government in promoting local industry, as opposed to the Pact Government's more dedicated response. Furthermore, while he correctly argues that industrialisation can only be explained in terms of:

“laying bare the conditions of surplus value extraction in industry” (Innes, 1984, p. 126),

he confines his argument to white labour only (Innes, 1984, p. 127). He makes no attempt to extend this argument to include African labour. His analysis of African workers is confined to the supply and demand of labour power. Thus, in explaining the various pieces of racist labour legislation, he argues that the state's desire was:

“to create a sufficient supply for all branches of production without creating shortages in any one branch or without losing political control” (Innes, 1984, p. 128)

It needs to be shown that the state's policy went beyond the supply of labour, and that the reduction of the value of labour power of African workers was equally a matter of concern for capitalists. It is important to show that the specific pattern of industrialisation was the result of creating conditions to allow for the reduction of the value of labour power in general (i.e. for all sections of the labour force). This affected the various sections of the working class differently, primarily because racism divided the workforce: while allowing political and economic privileges to the white working class it intensified repression of the black working class. Apartheid was a way in which the value of black labour power was reduced. By removing the surplus population from the urban areas the state did not have to deal with providing for the welfare benefits of the black working class.

Industrialisation in South Africa was firmly established in the period between the world wars. This coincided with the changing form of international capital (i.e. from merchant to industrial), the effects of which could be seen in the increased role of foreign capital in manufacturing industry and the increased preference given to trade and economic relations with Britain as embodied in the Ottawa agreement. Together with state reallocation of resources towards industry and agriculture, new life-blood was injected into the economy in general and manufacturing industry in particular. Yet the South African economy remained dependent on the export of primary products, especially gold, at the same time supporting a manufacturing sector that was highly import dependent. The manufacturing sector's focus of attention was the internal market with import substitution being an important strategy.

Industrialisation thus proceeded in South Africa with greater intensity once international capital, in its form as industrial capital, began direct investment in the peripheries. However, as we pointed out earlier, South Africa's colonial heritage affected the form and character of its industrialisation. Kay, in providing a general description of this form of industrialisation, argues:

“Those countries in which the process of industrialisation got under way most quickly, were, first of all, those in which primary production for export was most advanced,....Secondly, there were the countries in which primary production was organised in such a way that net

revenue already took the form of capital, or could easily become capital. Thirdly, they were countries whose political constitution conceded sufficient power to local interests to allow them to pressure the state into constructing tariff walls to protect their new industrial ventures from outside competition.” (Kay, 1975, p. 126)

Kay continues by arguing that following the second world war Western capital set about reorganising its global dominance by investing directly in these countries. Furthermore, Kay points out that the process of industrialisation in these countries did not proceed along the same lines as in the developed countries. Instead it differed, in that it was partial in two ways. Firstly, it was restricted to processing primary goods for export and producing import substitution goods for local consumption. Secondly, it could only offer employment to a limited section of the working class (Kay, 1975, p. 126). We should recall that Kay makes no reference to South Africa, yet the character of South African industrialisation is so typical of the above description. Kay continues to argue that the growth of industrial capitalism in these countries coincided with worldwide decolonisation, and the growth of national independence led to the false belief that this was the start of economic development.

South Africa, however, differed from the process of decolonisation that occurred in other former colonies and it is here that the distinctive character of its industrialisation is located. South Africa did not experience a process of decolonisation which other colonies experienced, as an anti-colonial struggle. Instead the British left political control of South Africa to a settler white population and this process had two major effects on South Africa. Firstly, it allowed for the perpetuation and exploitation of racism in the process of industrialisation. The white government used racist ideology to maintain power for the benefit of the white population, and at the same time used the structures set up as a result of the influence of merchant capital, such as the homelands, for dealing with the problems of the partial form of industrialisation that occurred. The second effect it had was that for the black population the white government came to represent a surrogate colonial power.

It is to grasp this experience that the forms of analysis such as the theory of internal colonialism were developed. This subsequently led to the two stage theory of revolution where the first stage of the struggle was conceptualized in terms of anti-colonial struggles. However, since the struggle was not against a colonial power, but rather against a racist settler population, it was translated into an anti-

racist struggle against a government that acted as a colonial power. This created a tension in the trade union movement and the liberation organisations over the form and content of struggles. A big failing of Kay's work, however, is a lack of discussion of the forms of the anti-colonial struggles that occurred and the specific role of trade unions in these countries during the process of decolonisation. This, however, will be discussed thoroughly in a later chapter. In the next section we look at the reasons for the South African state intensifying racism and implementing its policy of apartheid.

Industrial Capital and Apartheid - 1948 and After

In the 1948 white general elections the Nationalist Party came into power on an explicitly racist platform. Their support base was a combination of the white working class, the urban petty bourgeoisie, and white farmers. The unification of this group was based on racist nationalism and promises of political power and economic upliftment for the white petty-bourgeoisie and the white working class. This racism was also explicit in the political campaigns of the Nationalist Party which promoted a state policy of increasing control over the black population, expressed in terms of cutting down crime, vagrancy, squatting (in shacks at the edge of towns) and laziness⁸.

What the Nationalist Party-led government sought to do was to shift the strategic thinking of the state in relation to general economic and political development, by intensifying racism and instituting what has since been described as apartheid. The concern of academics has been to discern the logic of apartheid in relation to the development of South Africa's political economy. In examining the post 1948 period two interrelated questions need to be answered. Firstly why the move towards apartheid, and secondly what short term and long term effects did it have on the economy in general. These questions will be addressed in order to understand the economic decline and growing political unrest during the 1980s.

We begin by looking at why the state instituted its policy of apartheid. In chapter 1 we criticized Wolpe's analysis and his perception of the logic behind the strategy of apartheid. The central argument of Wolpe's thesis is based on the breakdown of the productive capacity of the homelands, which created a crisis for capital as far as the reproduction of cheap labour power was concerned. The

state then reacted with repression in the form of apartheid to secure a continued supply of cheap labour. This view was criticized for its economism and its misinterpretation of Marx's theory of value. It was also criticized for its focus on the secondary contradictions of capitalist society thus ignoring the more important role of class struggle. Clarke (1978), who is also critical of the above views, saw apartheid as a system of control and allocation of labour within a context of uneven development i.e. between the various sectors of the economy. Due to the uneven nature of development it became important for the state to intervene in the control of the working class. Thus he differentiates between those workers controlled by the state and those disciplined by the labour process.

So while Wolpe saw it as a system for maintaining cheap labour power, and Davies et al saw it as the result of the conflict between the low wage sectors and the high wage sectors over the supply of labour. Clarke on the other hand saw apartheid as catering for the differentiated needs of capital, by developing a policy which supplied labour to all sectors of the economy within the context of uneven development between the sectors. All these arguments have a common denominator, in that they have theorized apartheid in terms of labour supply.

There certainly is evidence to support the theories mentioned above, for after the second world war a serious shortage of labour occurred in South Africa. With an expanding manufacturing sector further demands were placed on the supply of labour. At the same time as the manufacturing sector was expanding, a permanently urbanized African population began developing in areas where industries were located. While this worked to the advantage of manufacturing industry, the mining and agricultural sectors were complaining of shortages in labour and blaming it on the relatively high wages paid by manufacturing industry⁹. By the time of the second world war conditions had reached the stage where it seemed that mining and agriculture were facing serious labour shortages. Davies et al for example, have written that:

⁸ The political rhetoric of the Nationalists (and other white political parties) need not concern us further. Suffice to say that the racism involved was blatant, while the existing form of repression was to be intensified.

⁹ Although not mentioned in any of these studies the manufacturing sector probably also offered better working conditions.

“Throughout the period, farmers complained that their labour was leaving the farms for industrial areas. The mining industry too experienced labour shortages as its share of the labour force declined by some 20,000 during this period”. (Davies et al, 1976, p. 23)

Innes has similarly noted shortages of labour during the period immediately after the second world war i.e. a drop of 4.9%¹⁰ in supply (Innes, 1981). However, the process of proletarianization which began towards the end of the nineteenth century saw African people being driven off the land faster than the mines or industry could absorb them. At the same time the Africans employed in industry formed a very small part of the total African workforce and therefore the argument that mining and agriculture lost labour to the manufacturing sector over the longer period is false.

Industrial progress can only proceed with the availability of a class of permanent wage earners. Proletarianization of the local African population began with the mining of diamonds and gold. Both mining and agriculture, which were the early sectors of capitalist development, required large amounts of unskilled and cheap labour¹¹ to ensure profitable existence. The 1913 Land Act which created the initial conditions for the supply of labour, set the basis for future supply of labour. While labour shortage was certainly a problem during the early part of the century, when Africans still had a strong foothold on the land, nevertheless by 1948 labour supply was not a problem, as the mines were recruiting labour from various parts of Africa as well, for example Mozambique, Lesotho, Malawi, and Zimbabwe/ Rhodesia. Moreover, the process of proletarianization: driving African people off the land through legislation, taxation, and a systematic destruction of productive land through forced overcrowding and poor farming methods, created a supply of labour necessary for the various sectors of the economy. The contradiction of this process was that the initial process of creating the homelands, driven by the needs of mining houses (existing as a form of merchant capital in the colonies) was to create a labour force that was partially proletarianized. As merchant capital, it was not interested in industrialising the colonies and therefore not interested in a fully proletarianized labour force. The creation of the homelands in the early part of the century reflected this policy. We have also shown that the exploitation of the gold mines occurred when international capital was going through a change in its dominant form: from merchant capital to industrial capital. This fact is

¹⁰ Innes documents the following figures : between 1939 and 1945 employment in the mines fell from 393,677 to 374,533.

important in understanding how the homelands became a central policy in the process of industrialisation. Merchant capital influenced the development of a policy that reflected its archaic way of exploiting the colonies at a time when industrial capital was becoming the dominant form of international capital and was not interested in developing such forms of exploitation. Nevertheless, the historical significance of merchant capital's influence was that it placed the development of the South African political economy in the realm of the typical colony, even if this occurred at a stage later than other colonies. South Africa's development and industrialisation proceeded along the lines of other former colonies, and reflected the features of these newly industrialised countries. Rather than dismantle the homelands, the South African state intensified its exploitation of the homelands to cope with the process of industrialisation that occurred under "conditions of established underdevelopment." (Kay, 1975, p. 124)

To understand why the state intensified racism after 1948 we need to look at the changing pattern of industrialisation in South Africa. Contrary to Wolpe's model (and that of the structuralists) I do not see a rupture between the period of segregation (pre 1948) and apartheid (post 1948) based on the need to secure a supply of cheap labour on a different basis. Instead, I argue that apartheid represents a continuation of policy, with changes to reflect, firstly, the specific form of industrialisation and secondly the need to consolidate the political power of the white population to allow for that form of industrialisation to proceed. Much of the racist legislation and separatist policy of the white government was already in place by 1948, such as homelands; separate urban areas for the black population; separate (and minimal) welfare facilities such as health, education, transport, housing, for blacks; no political representation for black people; strict controls on the movement of black people through the pass system; and a complete lack of any industrial relations legislation in the area of employment for black people. What occurred after 1948 was a further separation of the black population into its different colour (or ethnic) groupings: African, Coloured, and Asian, ensuring disunity through division, and this occurred at various levels, such as separate housing, schooling, and trade unions. Legislation to deal with black political opposition was instituted, criminalising the mildest forms of protest. Policing of apartheid laws was further intensified. If apartheid was only

¹¹ In relation to the amount of wages paid and to the value of labour power.

about reproducing cheap labour power, or guaranteeing a supply of labour, all the state needed to do was intensify its policing of influx control which was in place long before 1948.

Apartheid represented a division of the black population, in particular the working class; a consolidation of the power of the white population through repression; and an attempt to reduce the value of labour power by removing surplus population to the homelands and not having to provide welfare benefits to the unemployed, the sick, aged, disabled, and so forth. Also by dividing the working class along colour lines and subduing struggle through repression, a weak manufacturing sector was allowed to develop in a relatively strike-free environment. At the same time political repression allowed for the primary sector, in particular gold, which was the dominant focus for surplus value extraction, to proceed without any hindrance. While the white working class was bribed into submission, the black working class was repressed, politically and economically, and this was done through a racist system that was introduced during the period of British colonialism as a way of exploiting the mineral resources of South Africa.

As pointed out before, apartheid, needs to be explained in term beyond the focus on rigid forms of labour supply. Apartheid, as I argue, is an intensification of racism to cope with the specific form of industrialisation that occurred in South Africa at the time. I argue that apartheid should be linked to growth, but not in the form of labour supply. Rather, it was designed to deal with a specific form of industrialisation, an industrialisation affected by underdevelopment. However the effects of apartheid was problematic and contradictory, both on economic growth and on working class struggles. Despite claims of phenomenal growth during the early phase of apartheid (Legassick 1974), growth was actually mediocre, when compared to other former colonies during the same period (Dicken, 1986).

To understand the shift towards apartheid we need to recall that South Africa was a former colony (of Britain) and this colonial heritage influenced the pace and form of development. South Africa's development path and form of industrialisation cannot be divorced from its position in the world economy. Also, the pattern of development experienced in South Africa was little different from other former extractive colonies.

This is emphasised in order to understand that when industrialisation occurred it did so under "conditions of established underdevelopment" (Kay, 1975, p. 124). South Africa's industrial

development thus far was very small and weak, and industry was facing a serious battle to establish itself. State intervention through direct investment and import substitution policies were vital components in promoting industrialisation.

Important consequences were imbalances between the departments of production, uneven development between sectors of the economy, concentration on the production of consumer goods, production based on import substitution and protection, dependence on the primary sector for foreign currency in order to finance growth, a small and weak manufacturing sector, a small and financially weak local bourgeoisie, rapidly rising urban unemployed, and artificial attempts at preserving archaic and pre-capitalist methods of production.

Tied in with this was the question of political power. The white working class was fairly organised but at the same time poverty and unemployment were growing among this class. In the face of deskilling and competition from the African working class for jobs, the white working class resorted to racism to defend their economic positions. The white working class formed an alliance with the white petty bourgeoisie, an alliance based on ethnicity and racism, promoting Afrikanerdom and white supremacy. More importantly this policy offered economic benefits to the white electorate, and strict political control of the black population.

Given the contradictions that existed, apartheid seemed to provide a solution. Political power cannot be separated from economic development. By racially dividing society and concentrating power in the hands of a few, repression became an important mechanism for development. Firstly the state was able to create and strengthen the local bourgeoisie through the allocation of resources. This was done in order to sustain capitalist development. Secondly the state was able to reduce the value of labour power through non-market mechanisms. This was done by confining the unemployed and elderly to the homeland, and by the non-provision of welfare facilities such as hospitals, schools, housing, and transport, for both the urban and homeland population. Unemployment and related problems of social control were merely transferred to the homelands. At the same time rigid controls of labour ensured supply to all sectors of the economy.

Apartheid should thus be seen as an attempt to find a solution to a integrally linked set of contradictions. Although it allowed for continued economic development it at the same time created

new contradictions without solving some of the old contradictions. This leads us to the next section which is an examination of how apartheid affected development for the next 40 years.

From Economic Growth to Crisis 1948 - 1970

Examining the statistics from 1950 onwards reveals firstly a cyclical but steadily increasing growth (measured in annual percentage change of GDP) up to the early 1970s, and then again a cyclical but steadily decreasing growth. The extent of this growth and its relationship to apartheid has been, as pointed out earlier, subject of debate. Demand for South African goods, created during the second world war, continued somewhat in the period following the war, allowing the South African economy to grow. This growth, though not very dramatic, peaked in 1954 when the GDP reached 6% (average for the period 1947 to 1954 was 4.8%) (Moll, 1987, p. 6). From 1955 to 1961 the economy went through a slight decline, with GDP falling to a low of 2% in 1958 (average GDP for the period 1954 to 1962 was 3.5%) (Moll, 1987, p. 7). During the period 1962 to 1974 the economy grew at a tremendous rate, reaching a growth rate of 7.7% in 1965 and 6.9% in 1974, (average for the period 1954 to 1974 was 5.4%). From 1975 onwards growth rates began declining, when in 1977 the economy grew at a rate of only 0.1%, (average from 1974 to 1981 was 3%) (Cassim, 1988, p. 2). From 1982 onwards growth rates were negative.

The most remarkable development during this period had been the increasing growth of the South African manufacturing sector. In 1947 manufacturing share of GDP was 14% and by 1965 its share of the GDP had grown to 23% (Cassim, 1988, p.1). This figure then remained fairly static, with manufacturing share of the GDP never falling below 20% but also not rising above 24%.

After the second world war investment into manufacturing came from three areas: the state, foreign investment, and mining. By the late 1950s the most important corporations were either the products of the state, for example Iscor; foreign investment, for example Imperial Chemical Industries (ICI) in African Explosives and Cape Industries (AE&CI); or mining capital, for example Anglo American which began diversifying into industry (Innes, 1981). Cross sectoral investment grew as the economy expanded, with the finance sector becoming an important sector of the economy especially in terms of promoting industrial development. With this not only did the number of large enterprises, described as monopolies, increase but also the complexity of the economy.

Meanwhile during the post war period three major occasions of political uprisings had serious consequences for the economy. These were the uprisings of Sharpeville in 1961 and Soweto 1976, and the general uprisings from 1984 to 1986, sparked off by rent boycotts and fueled by the ANC's call for ungovernability. After the uprisings of Sharpeville and Soweto there immediately followed a withdrawal of foreign capital from South Africa. However the South African government's ability to withstand these uprisings soon brought new foreign investments (Johnston, 1977). On both occasions the South African economy also suffered from a balance of payment crises.

After 1970 the state began to experience problems, and signs of a crisis in the making began to show. By the middle of the 1980s levels of class struggle and also economic decline had reached such a state that it was difficult not to see the crisis. The crisis was a product of intensified class struggle, directed at both the apartheid state and capital, but it was reflected as a balance of payments crisis as a result of manufacturing industry's inability to compete on the international market. Competition and class struggle brought on the crisis.

Gold, the corner stone of the South African economy, provided the necessary capital for the importation of foreign technology, stimulating a boom in the economy, especially during the 1960s. However, for a variety of reasons, the boom could not be sustained. Firstly the importation of new technology went unchecked. This was largely the result of the oppressive nature of the South African state and the suppression of black trade unions and other political organisations. The twin effects of such state policies were on the one hand to prevent wage increases and on the other hand to curb any discussion between employers and employees over condition with regard to the implementation of new technology. Secondly the boom was not followed by the necessary rise in consumption, largely the result of low wages and the inability of South African goods to compete with foreign goods both on the national and international market. Thirdly, the implementation of new technology was not followed by an increase in the skill level of black workers, resulting in the expansion of surplus value through the lengthening of the working day, rather than through increasing the productivity of workers, as they were made to work longer by introducing overtime and shift-work. The persistence of the racial division of labour has meant that while capital is able to de-skill some white designated work it is more difficult to re-skill black workers. Poor formal education, lack of training facilities, and the refusal of the state to invest in training programmes for blacks, coupled with white resistance

to any reskilling of black workers, have all contributed to the low level of skill and the continuation of the racial division of labour.

The inability to solve the crisis and the exponential increase in class struggle has forced the South African state to continue on its spree of high international borrowing and adopt various strategies of reform and repression. However these strategies have acted to increase the symptoms of the crises rather than eliminating them. From 1973 state and capital have been unable to contain trade union actions. From 1976 community uprisings have virtually become a permanent feature of South African society. In 1986 South Africa's foreign debt reached crisis level, with the state having to resort to emergency measures and re-negotiate debt repayment.

Unable to cope with the situation the government declared a state of emergency, beginning in June 1985 and ending in June 1990. In the interim the state was forced to increase its spending on black education, drop the pass laws, legalize all black and revolutionary political organisations, release leading long term political prisoners, release all detainees who were not formally charged and initiate the process of giving legal rights to black people. Such measures, coming from a government which two years previously seemed intransigent are the clearest sign of a state in crisis, a crisis located at both the political and economic level. In the next chapter the nature of the South African crisis will be examined more closely.

Chapter 4

Towards an Understanding of the South African Crisis

Introduction

In a previous chapter I criticized the structuralist Marxist's notion of crisis on several levels. At a general level I argued that their notion of crisis failed to account for class struggle in an adequate manner, leading them to divorce the crisis from surplus value extraction. Class struggle appeared as a result of structural instability rather than being located at the centre of crisis. I was also critical of an overriding tendency in their work of locating the crisis at the level of economic appearance - inflation, rising interest rates, balance of payments crisis - reducing crisis to these economic appearances leading to an understanding that the resolution of the crisis was merely a matter of sound economic policy. These economic appearances are in fact the effects of class struggle pushing state and capital into the realm of crisis, but the structuralist Marxists failed to see this. Finally the periodic manner in which class struggle featured in the structuralist methodology was also criticized. Class struggle and crisis were seen purely in terms of shifting a specific form of capitalism to a different form. Crisis thus represents a turning point in a growth model that had reached the upper limits of its ability to increase profits, so that a new growth model was now required and class struggle provided the momentum which pushed capitalists from one growth model to the next. The inadequate way in which class struggle featured in relation to crisis was thus central to my criticism of their understanding of crisis in capitalist society. At a more specific level I criticize the structuralist Marxists in terms of the application of their theory towards an understanding of crisis in South Africa. My criticisms centre around their overstatement of apartheid as the crisis precipitating feature of South African capitalism, leading to an analysis which obscured class relations and highlighted race relations.

In this chapter I will attempt to develop a theory of crisis that addresses the limitations of the structuralists, a theory of crisis in which class struggle plays a central role and is at the very heart of crisis. Crisis, I will argue, cannot be understood outside of class struggle. I draw my notion of crisis from various sources (Clarke, 1994, 1989, 1988; Holloway, 1988; Wright, 1977; Bell, 1977;) to

develop what is essentially a theory of crisis located in the overaccumulation of capital. This theory of crisis is extended to understand the South African crisis in a way which I develop from a critical evaluation of Simon Clarke's (1978) original discussion on crisis in South Africa.

Overaccumulation, Crisis and Class Struggle

The occurrence of crises within the capitalist economy is a complex phenomenon and a much debated theme among Marxist economists. While the debate is extremely rich, with much discussion on the causes of the crisis, two broad trends can be identified within the debate: the excess commodity school, also described as underconsumptionist, and the excess capital school also described as fundamentalist¹. This dissertation is not about such theories of crisis and therefore I will not intervene directly in the debate on crisis but will nevertheless draw from discussions in the debate in order to develop an adequate account of crisis that will explain its emergence in South Africa.

Crisis theory is a relatively undeveloped area of Marx's works (Clarke, 1994) yet it remains central to an understanding of the dynamics of the accumulation process under capitalism. Just as Marx explained the complexities of the capitalist accumulation process from the basic relation between capital and labour, so can the complexities of crisis be explained from the basic relation between capital and labour. In order to comprehend a theory of crisis in capitalism two basic conditions of the capital - labour relation, as defined by Marx, need to be restated. First, the relation is a social relation and secondly it is an exploitative one. By explaining the capital - labour relation as a social relation Marx revealed the nature of power in this relation, but more importantly the extension of this power into the political configuration of society as a whole. In other words it explained the balance of class forces beyond the immediate confines of the factory floor and explained how the political, social and economic areas of life in society was organised to allow for capitalist domination of the working class. Under capitalist society the social relations of production are characterized by the existence (through creation and reproduction) of property-less workers, who neither own the means of production nor the products of production and are at the same time forced to sell their labour power, in order to

¹ It should be noted that these are broad characterizations and that debate occurs between as well as within these categories. For example Fine and Harris (1981, p. 77) introduce a third category, the neo-Ricardians and identify Glyn and Sutcliffe (1972) as neo-Ricardians. Other categories have also been

survive, to the capitalists who own the means of production. The capitalists in turn purchase labour power so as to set the means of production into motion, thereby exploiting the labour of the working class.

The second condition of the capital - labour relation is that it is a relation of exploitation. Exploitation is best explained in terms of Marx's labour theory of value. Marx creates a distinction in his analysis of the labour of the working class, embodied in the commodity, between necessary labour and surplus labour. Necessary labour represents the value of labour (measured in labour time) needed for the reproduction of that labour and surplus labour is the value of labour in excess of the necessary labour. Exploitation is the usurping of the surplus labour by the capitalists for their own gain, and is manifest as profits once the commodity is sold on the market. This is made possible because the balance of class forces and the power of the state, expressed through legislation, the police, and so on, allow for the appropriation of the labour of the working class, and protect the capitalists' right to control the production process.

Understanding the capital-labour relation as a social relation explains how capitalist society differed from other societies based on a similar distinction between producers and non-producers. More importantly it aids in understanding the relation as an "... historical process of divorcing the producer from the means of production". (Marx, 1976, p. 668). Capitalist social relations should thus be seen as based on a historical process of class struggle in which the capitalist class extended its domination over the working class. The capital-labour relation is an antagonistic one because it embodies both the historical and contemporary struggles between the owners of labour power and the purchasers of labour power over the extraction and appropriation of surplus value. Capitalists continuously try to increase surplus value extraction and the working class in turn continuously resists this. This tension or conflict is the essence of class struggle. Class struggle then embodies the historical subjugation of the working class to the capitalist class, through state intervention, and the current conflict between the capitalist class and the working class over the expropriation of surplus value. Because this relation extends beyond the immediate domain of the workplace, class struggle itself extends beyond the workplace. In concrete form class struggle expresses itself not only in trade union struggles in the

introduced by other authors, but these categories tend to describe the essential features of the particular authors' view of where the impediments to accumulation should be located.

workplace but also in struggles outside of the workplace over issues relating to health, education, housing, transportation, political representation, and other issues relating to class domination. It is in this process of class struggle that we locate the crisis in capitalism. Before we proceed to explain how class struggle leads to crisis it is necessary to point out that working class expressions of class struggle vary in form, content and intensity. Such expressions can be as mild as a shop steward negotiating certain welfare benefits, such as sick pay for a worker, or it can be a violent revolt against the state or capital. Class struggle can be expressed through trade unions, political organisations, or community organisations. Nevertheless, trade unions tend to be the dominant form of organisation through which class struggle is expressed, and we will concentrate our studies of class struggle on them, though we recognise that class struggle is not confined to trade unions. Trade unions also represent the most direct challenge to the capital-labour relations.

Crisis in the capitalist mode of production reveals itself in the tendency for accumulation to take the form of overaccumulation. The overaccumulation of capital stems from the self-expanding characteristic of the capitalist mode of production, of which class struggle is its most central feature. The self expansion of capital is simply the driving force of capitalism to expand beyond its natural limitations, and reflects the contradictory process of class struggle on the one hand and competition on the other hand. The contradiction encountered in class struggle reveals a twin process. Firstly, the desire of the capitalist to continuously increase the extraction of surplus value through lengthening of the working day, increasing the intensity of work, increasing productivity of workers, introducing different forms of work organisation and the replacing labour through the introduction of new technology. These changes mirror class struggle in that they represent working class resistance to the capitalist drive towards increasing surplus value extraction. The working class in turn resist the implementation of these changes and the accumulation process proceeds in terms of the offences and counter offences of both capital and the working class. Secondly, it involves the necessity to continuously expand the relations of production and reproduce the working class, for as Marx put it:

“The maintenance and reproduction of the working class is and must ever be, a necessary condition to the reproduction of capital” (Marx, vol. 1, p. 572; quoted in Bell, 1977, p. 174.)

The contradiction is that on the one hand capital has to replace living labour with technology, while on the other hand it is forced to reproduce the working class for the very source of surplus value is in the exploitation of labour power. John Holloway explains the contradiction more precisely:

“...to increase surplus value, capital is obliged to expel living labour from the process of production. But without living labour, without us, capital cannot survive: that is the central contradiction of modern capitalism. It is expressed in economic form in the tendency for the rate of profit to fall, but that is simply an economic manifestation of the basic contradiction: the presence of living labour in capital.” (Holloway, 1988, p. 101)

The tendency towards the overaccumulation of capital manifests itself for the individual capitalist as pressure on the rate of profit. On the one side the individual capitalist is faced with class struggle: workers resisting exploitation while the capitalist is doing his or her utmost to increase that exploitation. On the other side the individual capitalist has to realise surplus value into profits by entering the market to sell the commodity. Here the individual capitalist is faced with competition from other capitalists selling their products. This twin pressure of class struggle on the one hand and competition on the other hand is the source from which crisis emerges. As class struggle and competition intensifies the capitalists find it increasingly difficult to restore profitability and, as the capitalists encounter barriers to accumulation, crisis sets in. Crisis can take on many forms and can be manifest as bankruptcies, rising unemployment, price inflation, or balance of payments problems. The outcome of the struggles that lead to crisis is generally conditioned by the type of institutions that have developed historically (Clarke, 1988, p. 85).

As I have argued above, the capitalist relation is a social relation: as such a crisis is normally a crisis in the reproduction of that social relation, this means that a crisis is not only a crisis for capital as the economic constitution of that relation, but for the state as well as the political manifestation of that relation. The tendency for the rate of profit to fall is a step in the process towards a crisis, and failure to restore profitability leads to the overaccumulation of capital which is an intensification of competition and class struggle, revealing the state and capital's inability to reproduce the social relations of production as well as barriers to the process of accumulation. Class struggle, which initially appears as economic struggles against individual capitalists, assumes a more political

orientation as institutions of the state are directly attacked, for example through challenges to labour legislation or consumer orientated taxation such as VAT. A crisis for capital is a crisis for the state and class struggle assumes a political orientation precisely because:

“...the state plays a fundamental role in attempting to confine social production within the alienated forms of the wage relation and the monetary relation, by enforcing the laws of capitalist property and contract, by regulating the reproduction of the working class through the system of social administration, and by maintaining the rule of money and the integrity of the currency. This is why the class struggle necessarily takes on a political form, as the struggle over the forms of capitalist domination necessarily becomes the struggle over the form of the state.” (Clarke, 1988, p. 85)

A proviso to the above is that class struggle is varied in form, content and intensity and is conditioned by the organisations that have developed historically to represent the working class. These organisations could be trade unions, political organisations, liberation organisations, religious organisations, or a combination of these organisations. In the process of struggle the working class confronts those institutions of state and capital that are barriers to their own reproduction with the aim of transforming these institutions. While class struggle can be influenced by the forms these institutions take, they are not necessarily determined by it. This will become clear when we discuss the struggle against apartheid in South Africa. The outcome of these struggles can vary, and is conditioned by the strengths and weaknesses of capital and the working class and the extent to which the state is willing to use repression to subdue the working class. That the outcome of struggles can vary is evident from the various responses to crisis and class struggle during the period between the world wars, when world capitalism faced one of its most serious crises this century, and the outcome of class struggle during this period varied widely. The working class of Russia choose the path of revolution, in Germany, Italy and Spain a highly repressive state was put in place, while in Great Britain and the USA reform through the extension of welfare benefits to the working class became the order of the day.

To reiterate, crisis in capitalism emerges from the tendency towards the overaccumulation of capital which is the result of the intensification of class struggle and competition and manifests itself as the

tendency towards the falling rate of profit. Crisis is essentially the inability of the capitalist class to reproduce the social relations of production and overcome the barriers to accumulation. The intensified class struggle during a crisis period can result in reform, repression or revolution. The outcome is a result of the balance of class forces revealed in the strength and weaknesses of those class forces. With this in mind we will now attempt an understanding of the crisis which state and capital experienced recently in South Africa.

The Crisis in South Africa

The theoretical understanding of crisis developed above will now be applied to unravel the essential features of the South African crisis and to explain the specific nature of its form in terms of its historical development. We begin with a critical evaluation of Clarke (1978), for a number of reasons. Firstly, it is one of the earlier studies to discuss crisis in relation to the South African political economy. Secondly, the central features of crisis as analysed by Clarke, for example the disproportionalities in the departments of production as a result of the importation of technology, balance of payment problems, weak manufacturing sector in relation to the export of commodities, increasing foreign debt in order to finance public sector investment and the defence force, and low wages paid to the black working class, were later developed by the structuralist Marxists in their discussion of the crisis (without reference to Clarke) within a framework of structural-functionalism. Thirdly, Clarke's article was one of the first to offer a critique of the application of the Althusser - Poulantzian methodology of structural-functionalism and the increasing use of the concept of "fractions of capital" for understanding the South African political economy. Finally, Clarke set the analysis of the South African political economy and crisis on the correct path when he argued that the crisis in South Africa was a "crisis of surplus value production, a crisis in the social relations of production". However, except for a few studies (Innes, 1981; Bond 1991) Clarke's work has been largely ignored in favour of the structuralist- functional methodology. I will attempt to build on Clarke's original discussion but will do so through a critical appraisal of his analysis.

Clarke's discussion of the crisis in South Africa centres on the concept of the disproportion between the departments of social production:

“The current economic crisis in South Africa is a manifestation of the failure to solve one of the perennial problems of South African capitalism, that of the relation between the different departments of social production. ...South Africa has one of the most trade dependent economies in the capitalist world. The imbalance between departments in South Africa is not expressed directly, but in the form of an endemic balance of payments problem.” (Clarke, 1978, p. 67)

The imbalance in the departments of social production, for Clarke, was the result of the manufacturing sector’s “high propensity to import and a low propensity to export”, which reflected the undeveloped nature of department 1: the production of the means of production and related intermediate products. The undeveloped capital goods sector meant that the manufacturing sector’s thirst for new technology had to be met from imports from abroad. Clarke adds to this the low organic composition of the primary sector and the low domestic demand for agricultural products as a result of depressed black living standards as further factors to consider in analysing the crisis. The crisis is located in the constraints placed on the state, as the monetary authority, to regulate the relations between departments “within the reproduction of total social capital”. The crisis, a balance of payment crisis due to the imbalance in the departments of production, takes the form of a monetary crisis which “...is thus the form in which a crisis in the relations between departments manifests itself at the level of the state.” (Clarke, 1978, p. 68)

In unraveling the crisis Clarke argued that there existed a “generalised political commitment” to promoting the expansion of the manufacturing sector on the part of capital, the white petty bourgeoisie and the white working class. The white petty bourgeoisie and the white working class identified their interest with capital because it guaranteed employment stability, economic privileges and an enhanced standard of living. Furthermore, the state promoted manufacturing growth, firstly to limit the economy’s vulnerability to fluctuations in world markets and its dependence on the primary sectors, and secondly for the maintenance and control of the working class. Not only did employment instil discipline in the working class, Clarke argued, but it also reduced resistance to apartheid. However, Clarke argues that the primary sector, which had a “high propensity to export”, set the limits on the rate of accumulation that could be obtained within the South African national economy. The state’s political survival depended on a growing manufacturing sector whose growth, however, was limited by its inability to compete on the international market. In order to facilitate the growth of

the manufacturing sector the state transferred resources from the primary sector to the manufacturing sector through inflationary financing:

“inflationary solutions to the problems of financing rapid accumulation effectively transfer surplus value from mining and agriculture, which face rising costs and stagnant export prices, to manufacturing, sustaining the growth of the latter while impeding that of the former.” (Clarke, 1978, p. 69)

Inflationary financing led to capital intensification, but the manufacturing sector failed to develop an export market and continued to be a liability in balance of payment terms. The reason for this, argued Clarke, was that the weakness of the manufacturing sector was not in its technological backwardness but rather in the social relations of production. Modern technology required a “disciplined”, “responsible” and highly skilled labour force, whereas in South Africa the labour force was unskilled and undisciplined. However, the implementation of new technology within this context created, according to Clarke: “the conditions under which the ‘indiscipline’ of the working class would begin to manifest itself in an organised form” (Clarke, 1978, p. 70). The boom of the 1960s failed to reap the desired benefits - an export market in manufacturing- and the measures taken to correct the balance of payment deficits that ensued, worsened the recession of the 1970s and intensified class struggle both at the workplace and in the communities. In order to address the problem, Clarke argued, the social relations of production would have to be restructured and this would involve “primarily the intensification of labour and the tightening of work discipline in the manufacturing sector”. In turn this would intensify class struggle and with it crisis.

A Critique of Clarke

There are several problems associated with Clarke’s discussion on the South African crisis. The first major problem is that in locating the crisis in the imbalance between the departments of social production Clarke proceeds to show how this unfolds, but in doing so moves precariously towards an overpoliticised notion of crisis, a criticism he levels at the structuralists, by developing too close a relation between state, capital, the white petty bourgeoisie and the white working class in their interest in promoting the growth of the manufacturing sector. So instead of developing an analysis of crisis in terms of his intention of showing that it is “a crisis of surplus value production, a crisis in the social

relations of production”, Clarke theorizes crisis from the perspective of the state. Thus he relates it to the growth of manufacturing industry in terms of the survival of the state and the protection of the alliance between capital, white petty bourgeoisie and the white working class. What is emphasised is not the tendency towards the overaccumulation of capital as a result of the contradictory process of competition and class struggle, but rather the state’s need to promote the manufacturing sector for its own reproduction and for the protection of a racist ideology.

The second problem in Clarke’s discussion is the way he develops the relationship between crisis and capital intensification. Capital intensification is seen to be state driven rather than accumulation driven: the state, through inflationary financing, transferred resources from the primary sectors to the manufacturing sector, for “...it was believed that the answer was a programme of capital intensification which would allow South Africa to compete on the basis of advanced technology and a relatively sophisticated labour force.” (Clarke, 1978, p. 70). Again Clarke moves crisis away from the accumulation process and places it in the domain of state policy. Consequently, his discussion of the relationship between class struggle and capital intensification is also problematic, for instead of placing capital intensification in the contradictory process of accumulation and class struggle, class struggle emerges as a consequence of capital intensification:

“However the very process of the introduction of modern technology created the conditions under which the ‘indiscipline’ of the working class would begin to manifest itself in an organised form, for the introduction of new technology meant changes in the imposition of the rule of capital at the point of production, on the one hand, and large scale redundancy on the other.” (Clarke, 1978, p. 70)

Furthermore, Clarke develops a rigid argument in relation to capital intensification and unemployment. At a formal level of theory one can argue that unemployment results from the implementation of new technology, however at a substantive level of explaining reality the relationship between unemployment and new technology involves a contradictory and uneven process which is lacking in Clarke’s mechanical progression from new technology to unemployment.

From the above discussion we see that Clarke begins by locating crisis in the accumulation process: imbalance between the departments of social production, but in order for him to sustain his argument

he introduces fiscal policy and the specific interests of the state to show how the imbalance leads to a crisis. The reason for this is that Clarke has failed to theorize the development of industrialisation in South Africa in terms of its history of colonialism and its subsequent position in the world economy in terms of imperialism. By focusing on the specific interest of the state Clarke cannot explain certain contradictions, for example, he argues that the state promoted the growth of manufacturing sector because, amongst other reasons, "...the repressive system of labour control tended to encounter less resistance from the working class when employment was rising than when it was stagnant" (Clarke, 1978, p. 69). Yet, he later argues that the state promoted a policy of capital intensification that led to "the creation of large scale redundancy". In other words why would the state promote a policy that would lead to unemployment when it wanted to promote an increase in employment. This contradiction cannot be explained in terms of state policy, but can be explained in terms of the contradictions of a specific form of industrialisation and accumulation.

In chapter three I argued that as a result of colonialism the evolution of industrialisation in South Africa was partial, involving the export of primary products and the development of a manufacturing industry producing consumer goods on the basis of import substitution in a context of providing employment to only a limited section of the population. This partial form of industrialisation pushed South Africa further into the grips of imperialism so that South Africa continued to be a supplier of primary products and a purchaser of finished goods from the developed countries. During the period of colonialism the colonies provided the imperial powers with markets for consumer products and a source of raw materials. During the period of imperialism, the former colonies were now markets for capital goods, while still supplying the developed countries with raw materials. The contradictions of this form of development and industrialisation were characterized by industries dependent on foreign technology and advancing on the basis of capital intensification in the context of high unemployment, protected industries that remained uncompetitive on the international market, and the development of political repression in order to cope with these contradictions². Within South Africa political repression took the form of the policy of apartheid, whose major purpose was not the supply of labour

² We will not delve into the various forms of political repression, family dynasties, military dictators, etc., that have emerged in the former colonies, suffice to acknowledge their existence and recognise that they emerged within the context of partial industrialisation that has developed in the former colonial world.

to the various sectors of the economy, but to restrict the supply of labour to the industrialised centres of South Africa. This was in order to cope with these specific contradictions and the fact that accumulation proceeds on the basis of greed and profit, which includes using labour displacing capital equipment within the context of unemployment. State policy in relation to manufacturing industry was not about a “generalised political commitment to the expansion of manufacturing industry” (Clarke, 1978, p. 68), nor was it about diversifying the economy or about controlling the working class³ as Clarke (1978, p 68) argued. State policy in promoting manufacturing industry had to do with strengthening manufacturing within the context of imperialism. The contradiction of this process was that, instead of strengthening manufacturing industry in relation to imperialist domination, state fiscal policy (inflationary financing) drove manufacturing industry further into the tentacles of imperialism.

South African manufacturing industry developed along the line of protection through tariff walls and import substitution of consumer goods. This, however, did not stop the state entering into preferential trade agreements with imperial powers, thus leaving the South African economy open to imperial domination. This form of industrialisation reached its limits, not least due to class struggle and international competition experienced during the late 1950s and early 1960s. In order to bolster industry the state instituted fiscal policy that would shift resources from the primary sectors to the secondary sector. This was done firstly to allow the state to finance its own investment in industry, for example in Iscor, Armscor, the Council for Scientific and Industrial Research (CSIR) and other similar parastatals, and secondly to allow local industry to expand and become competitive in the international market on the basis of capital intensification.

This period also saw an influx of foreign investment into South Africa. Following its recovery from the depression and the second world war, Western capital sought to reorganise its global dominance (Kay, 1975, p. 26). This took the form of promoting industrialisation through direct investment in the developing world. By promoting industrialisation the developing world became a market for foreign technology. Western capital is not interested in the transfer of technology but in the transfer of surplus value and technology becomes one of the means through which this is done. Direct sale of capital equipment, licensing agreements and the transfer of technology as a result of direct investment are the

³ State policy of apartheid and not expansion of manufacturing was the basis for controlling the working class.

means through which surplus is transferred from the developing countries to the developed countries. Other ways in which the developed world transfers surplus from the developing world includes financing national debt, exploitation of natural resources, and returns on direct investment. However for our present purpose we are concerned with technology in its role of transferring surplus value to the developed world.

So by embarking on a programme of capital intensification the state encouraged imperialist domination of the South African national economy. The contradiction, however, is that capital does not have much of a choice in the process. As I have argued above, competition and class struggle puts pressure on profit, forcing capital to intensify accumulation through technology. This in turn intensifies competition and class struggle driving accumulation into the process of overaccumulation and crisis. The strength of Clarke's discussion was his argument revealing the weakness of South African manufacturing industry in terms of the social relations of productions: the undisciplined and unskilled workforce. The manufacturing sector thus failed to become competitive because it lacked a "disciplined and responsible labour force" required by modern technology. However the implementation of new technology within this context had the effect of intensifying class struggle, and as Clarke argues it "created the conditions under which the 'indiscipline' of the working class would begin to manifest itself in an organised form" (Clarke, 1978, p. 70). The failure to become competitive and the intensification of class struggle pushed South Africa into a crisis.

It is in this context that we also begin to understand the contradictions of apartheid. Apartheid sought to control the working class through racism, restriction of movement and suppression of the organisational expression of the working class: trade unions, political organisations and community organisations. Apartheid was not about creating a skilled and disciplined workforce, in fact the very process of apartheid was an antithesis to this happening. The process of proletarianization unleashed on the precapitalist society saw the growth of a working class faster than industrial development could absorb it. To lessen the burden on state and capital the excess population was restricted to certain geographical areas, where the working class had to fend for itself. Not only was apartheid about reproducing a low wage economy, it also about reproducing the working class at bare minimum levels leading to poor education, very basic health facilities, inadequate housing (reflected in the development of a huge squatter community), poor transportation and a lack of welfare benefits such as

unemployment benefits, and pensions. While this had the effect of reducing the value of labour power it nevertheless placed a limit on surplus value extraction. To increase surplus value extraction capital had to embark on a programme of capital intensification; apartheid however had created conditions uncondusive to this process.

State and capital were under the illusion that the suppression of the working class, through the banning of the ANC, PAC and SACP and the jailing and murdering of trade unionists and political activists, had created the conditions under which capital intensification would proceed smoothly. Initially the implementation of new technology went unchecked, as working class organisations were suppressed, and within the confines of a mini-economic boom⁴ the problem remained hidden. However, as trade unions began to grow in strength the problems began to manifest themselves in intensified class struggle.

Moreover, the implementation of new technology was not followed by an increase in the skill level of black workers. This was largely the effect of apartheid on the shop-floor: persistence of the racial division of labour has meant that while capital was able to de-skill some white designated work it was more difficult to re-skill black workers. Poor formal education, lack of training facilities, and white resistance to any reskilling of black workers have all contributed to the low level of skill and the continuation of the racial division of labour, resulting in the implementation of new technology being fraught with problems rather than solutions.

The crisis was not a crisis about the implementation of new technology but rather a crisis of accumulation. Not only did this bring to the fore the contradictions of development within the context of partial industrialisation but also, in the South African context, the apartheid form of reproducing the working class. The effects of this were manifested in a variety of economic and political problems. From the early 1970s South Africa experienced a drop in economic growth measured in terms of GDP, escalating inflation, rising unemployment, growing foreign debt, growing disinvestment (due to political pressure) and increasing class struggle both at the shop floor and in the communities, as the black working class began to challenge both apartheid domination and capitalist exploitation.

⁴ There is a tendency to view the period 1960 - 1970 as being a period of high growth in South Africa. However when compared on an international level economic growth during this period was relatively subdued.

The state responded with a combination of reform and repression. It was in the area of labour relations that the state produced the most progressive reform in the entire apartheid era. It was clearly recognized that class struggle had forced the state into amending the Labour Relations Act to include black workers and trade unions within the confines of the Act. This, however, did not stop state and capital from harassing, detaining without trial, and murdering, trade unionists. In fact repression escalated, but unlike during the 1960s trade unions acted from a much stronger base and could withstand these acts of repression without collapsing. Reforms also were enacted in the political area, such as providing Coloureds and Asians with limited political representation, relaxing so-called petty apartheid restrictions, and providing the homelands with independence. These reforms were seen as artificial and not going far enough and tended to fuel struggle against the state.

Class struggle on the shop-floor as well as in the communities intensified to such an extent that the very existence of capitalist social relations seem to be threatened. This was most clearly evident when capital put pressure on the Nationalist Party to enter into negotiations with the ANC. The ANC, guided by petty bourgeois politics embodied in the theory of internal colonialism and the two stage theory of revolution, showed not only that it was capable of curbing class struggle but that it was "responsible" and would ensure the survival of capitalism and implement the necessary reforms. Already since the ANC has been in power it has shown that it is capable of fulfilling this role. It has made it clear, for example, that it intends to reduce tariff walls and other forms of protections and subsidy. In the textile industry, which enjoys the most protection, this led to protests from both capital and labour. There is a realization that opening industry to foreign competition would force capital to be efficient and profitable in order to survive and that the working class would be disciplined through unemployment, new technology, and changes in work organisation, as competition forces work intensification and increases in productivity. Recently the textile industry experienced a national strike and it became clear that many companies would rather close shop than give in to union demands.

The ANC led government is already intensifying its privatization programme, despite resistance from trade unions, and has shown willingness to curb foreign exchange restrictions, creating opportunity for capital to invest in countries which are more profitable and thus putting further pressure on the working class. There is, however, no sign of strikes subsiding, and as the working class prepares itself

for an onslaught the trade unions are being pressurised by the government through its alliance with the ANC to accept reform in favour of job creation. This is reflected in the proposals of the Industrial Strategy Project (ISP) which supposedly represented the position of Cosatu. However, as these reforms play themselves out, class struggle will intensify and unemployment will increase. Already unemployment has created a massive problem for the state in the form of an ever increasing crime rate, and the state is under pressure from the bourgeoisie and petty bourgeoisie to increase repression by calling for tough policing, harsher jail sentences and capital punishment. If the ANC-led government fails to deal with unemployment in a creative manner it will be faced with intensified class struggle in the near future.

CHAPTER 5

Trade Unions in South Africa: A Theoretical Overview

Introduction

It is the basic premise of this thesis that in order to develop an adequate understanding of the process of industrialisation it is necessary to study the conflict that arises out of the unequal power and antagonistic relation between capital and labour. Industrialisation does not proceed outside of class struggle, and to maintain a class perspective in this study I will examine those organisations which challenge the authority of management most directly: trade unions. Trade unions not only articulate the interests of the working class, they also defend their immediate economic interests against the arbitrary actions of management. Moreover, implicit in the actions of trade unions, is a challenge to management's right to manage and a challenge to the social relations of production. Trade unions are not the only organisations that challenge the class power of capital of course, but they are nevertheless intimately related to this challenge in the process of industrialisation. An important point to note is that trade unions are born out of the contradictions of accumulation and class struggle: it is the process of capitalist accumulation that gives rise to trade unions yet unions directly challenge this process. This contradiction reveals the character of trade unions as neither revolutionary nor reactionary and suggests that the forms of struggle and outside influences can affect the quality of trade unions.

In the first section of this chapter a theoretical discussion on trade unions will be developed in order to comprehend their role as the expressions of class struggle in challenging the capitalist social relations of production. In the second section the theory will assist in analysing their part in the course of industrialisation within South Africa. Various aspects of trade unions will be addressed, for example: the relation between trade unions and politics; the effects of legislation on trade unions; the strengths and weaknesses of trade unions in relation to levels of industrialisation and also the changing character and forms of trade unionism.

Theoretical analyses of trade unions range from those who see trade unions as bringing about the revolutionary transformation of society to those who see trade unions “as a kind of social police force - to keep the chaps in order and the wheels of industry turning” (Flanders, 1975, p. 40). Between these poles lie a range of analyses which attempt to present a coherent assessment of trade union action. However it is the Marxist perspective on the role of trade unions in the process of class struggle that will form the focus of our attention. The most contentious issue from a Marxist perspective is the political role of trade unions in challenging state power and capitalist exploitation. The tradition in Marxist analysis since Lenin’s harsh appraisal of trade unions has been to emphasize the development of bureaucracy and sectionalism and to see the limitations of trade unions as being inherent in the nature of their structure.

In this dissertation I wish to emphasis Marx’s original position relating to the revolutionary potential of trade unions. At the same time I argue that trade unions reflect the contradictory nature of the capitalist relations of production: accumulation and class struggle. It is through the process of accumulation that trade unions as organisations come into existence to demand and to force a reduction in the rate of exploitation and surplus value extraction. It is through such actions and struggle that trade unions are able to put pressure on profitability, creating the tendency towards crisis. At the same time the very existence of trade unions expresses the subjugation of the working class to the social relations of production, forcing workers, through trade unions, to defend the tendency for capitalists to continuously intensify the rate of exploitation.

This contradiction is reflected in the day to day struggles of the working class articulated through trade unions. Because trade unions reflect the vicissitudes of class struggle, they have the potential to be revolutionary organisations. This potential does not emerge naturally from trade unions but has to be instilled through the conscious effort of its leadership and members. Thus at an abstract level, I draw a distinction between the revolutionary potential of trade unions and their daily role in representing the working class in their defensive and offensive actions against capital. At a concrete level the distinction is less obvious and what is manifest is the contradictions of trade union activity within the capitalist social relation: economism, sectionalism, bureaucracy, militancy and the political struggles to entrench worker victories. To reduce class struggle to major events of working class uprisings is to emphasize the economism of trade unions, for these events tend to highlight the failure

of trade unions to transform the social relations of production. However to see class struggle in terms of the daily struggles of the working class on the shop floor and beyond, and to understand that this struggle is varied and uneven in form and expression and that it is through these struggles that the capitalist social relations are pushed towards crisis, helps to highlight the revolutionary potential of trade unions.

Marx and the Revolutionary Potential of Trade Unions

For Marx trade unions arose out of the spontaneous actions of the working class with the aim of removing or minimizing competition between workers and to elevate the position of workers above that of slaves (Marx, 1969, p. 82). As Marx stated, "...the whole history of modern industry shows that capital, if not checked, will recklessly and ruthlessly work to cast down the whole working class to the utmost state of degradation" (Marx, 1969a, p. 69). Unity is thus necessary, for the strength of the working class lay in their numbers and it was only through union that they could challenge the owners of capital. The immediate objectives of trade unions were:

"...confined to everyday necessities, to expediences for the obstruction of the incessant encroachments of capital, in one word, to questions of wages and time of labour" (Marx, 1969, p.82)

The defensive tasks of the trade unions were for Marx two fold, firstly they had to fight for the reduction of the working day and secondly fight for higher wages. The fight to limit the working day was for Marx a political struggle for "...it has never been settled except by legislative interference" (Marx, 1969a, p. 73).

While trade unions originated as defensive instruments in the struggle of the working class against the attacks of capital, Marx also saw the necessity for trade unions to lead an offensive struggle against the capitalist relations of exploitation, with the revolutionary watchword of trade unions being "abolition of the wages system" (Marx, 1969a, p 75). For Marx the development of trade unions was also the development of class consciousness and class organisation which would lead to the overthrow of capitalist society. Marx writes:

“But they [trade unions] are the means for the unification of the working class, the preparation for the overthrow of the old society together with its class antagonisms” (Quoted in Draper, 1977, p. 95)

Thus Marx argued that the objective of the working class is to transform itself from “a class-in-itself to a class-for-itself”. In the process of this transformation the trade unions are of crucial importance. Workers get trained for the class war in trade unions, and at the same time, by joining the trade unions they automatically become active in the class war (Draper, 1977, p. 98). Marx, however, believed that the spontaneous actions and revolutionary potential of trade unions had to be guided by a revolutionary party.

In their lifetime Marx and Engels witnessed the trend towards bureaucratization of the trade unions and realized the debilitating effects of economism on the working class struggle as a whole. Nevertheless they constantly appealed to the trade unions to shift away, as swiftly as possible, from their economistic position (Draper, 1977, p. 100). For Marx and Engels this bureaucratization of trade unions was a temporary phenomenon resulting from the dominance of the “labour aristocracy” in the trade union movement, or from the opportunism of a few leaders. It should be noted that Marx and Engels held positive views towards economism in that they saw it as the first stage in the development of the class consciousness of the working class.

Lenin and the Economism of Trade Unions

Since Lenin’s assessment of trade unions as economistic organisations, however, it has been the reformist character and limitations of trade unions that have been accentuated in subsequent writings. Lenin argued that trade unions were not capable of creating revolutionary consciousness because by confining themselves to the “economic struggle”, they posed no threat to the stability of the capitalist order. Workers, for Lenin, combine together and form unions in order to present a collective and united force against the employer in their fight for better living and working conditions. Lenin goes on to argue that this struggle is necessarily a trade union struggle because different working conditions exist in the different trades and any struggle to improve these conditions “can only be conducted on the basis of trade organisations”(Lenin, 1978, p. 61).

Trade unions, for Lenin, limit their struggle to one aspect of the total oppression the working class faces, resulting in workers only becoming conscious of the economic issues in their immediate context, i.e. on the factory floor. For Lenin, the realization by workers that they should combine in order to fight the employers represents an “embryonic” form of consciousness. For a more advanced and revolutionary form of consciousness to develop Lenin saw it as necessary for workers to respond to all forms of oppression and exploitation as these affected all classes (Lenin, 1978, p. 69). The working class, for Lenin, should see themselves not only in relation to a particular group of employers, but also in relation to all classes in modern society and to “the state as an organised political force” (Lenin, 1978, p. 57). In terms of Lenin’s argument revolutionary consciousness can only develop with the input of revolutionary theory, which is the task of the organised revolutionary intelligentsia. On its own the labour movement can only develop “trade union consciousness”, which he defined as “the conviction that it is necessary to combine in unions, fight the employers, and strive to compel the government to pass necessary labour legislation, etc.” (Lenin, 1978, p.31-2). Thus it is only a revolutionary party instilled with revolutionary theory that can transform capitalist society.

Gramsci endorsed Lenin’s view when he argued that trade unions are “a type of proletarian organization specific to the period when capital dominates history...an integral part of capitalist society, whose function is inherent in the regime of private property” (Quoted in Anderson, 1967, p. 264). Anderson (1967) similarly argued that: “As institutions, trade unions do not challenge the existence of society based on a division of classes, they merely express it” (Anderson, 1967, p. 264). In other words trade unions challenge the economic basis of capitalist exploitation through their demands for higher wages and better working conditions, but at the same time accept as given the basis of capitalist society.

This emphasis on the limitations of trade unions was reinforced by the syndicalist and reformist developments among the European working class (Anderson, 1967, p. 263). Marxists have generally argued against the syndicalists who saw trade unions as the only viable vehicles for achieving socialism, with the general strike being the ultimate weapon in bringing the collapse of the capitalist system. They have similarly argued against the reformists who believed that trade unions would slowly transform the material conditions of the working class, while leaving the capitalist system intact. For Marxist revolutionaries, trade unions of necessity had to be guided by revolutionary

ideology, articulated through a party. On their own trade unions were limited organisations and could not bring about revolutionary transformation in society (Anderson, 1967, p263-4). What Marxists have failed to understand, however, is that trade unions are not inherently economistic but are contradictory both in form and as expressions of class struggle.

Hyman and the Radical Dualism of Trade Union Action

In his analysis Hyman has shown that since the death of Marx and Engels trade unions have tended to deviate from their initial observations in two distinct ways. Firstly, trade unions have not overcome the divisions within the working class as Marx had hoped, so that according to Hyman:

“Sectionalism has not been increasingly transcended by broader unification, an expectation of Marx deriving from his prediction of the rapid erosion of skill distinction; while some old divisions within the working class have disappeared, others have arisen.” (Hyman, 1976, p. 104)

Secondly, trade unions have failed to evolve into political movements and have generally insisted on a separation of industrial and political activity. Modern trade unions have not transformed into revolutionary organisations involved in anti-capitalist struggles. They have tended to restrict their activities to defending and advancing the worker’s interests within the framework of capitalist social relations. In most cases trade union bureaucrats negotiate with employers behind closed doors and, except in the case strikes, workers find themselves adopting passive roles in the defence of their own interest. These methods often mean little or no political development of the rank and file membership.

While later writers on trade unions have moved beyond Marx and Engels, they have, according to Hyman, underestimated the insights of Marx and Engels. In particular they have minimized the fact that “...trade unions necessarily articulate the conflict generated by capitalist industry” (Hyman, 1971, p. 37-8). Thus Hyman argues that trade unions can be seen as forms of “embodying workers’ revolt” against the inequities of the capitalist system, which challenge the basis of capitalism on two levels. Firstly trade unions, emerging spontaneously as reactions to capitalist exploitation, struggle to regulate and improve the conditions of employment. Secondly, trade unions raise issues of power and control, constantly challenging management’s authority over the labour process (Hyman, 1971, p. 38).

Hyman challenges the idea that trade unions are only concerned with economic issues and argues that a “radical dualism” is implicit in the actions of unions. For him, political demands “run through all trade union activity”. The extent of the unions concern about managerial functions in many disputes indicates for Hyman “an interest in the question of managerial control”. The foundation of Hyman’s argument is, firstly, that power is central to industrial relations since work is both an economic as well as a political activity “for it involves not only the production of goods and services but also the exercise of power”. The basis of power in society lies in the access to and control of the economic and ideological resources of society. Owning and controlling the means of production implies vast amounts of power, for it allows such owners to include or exclude those who are dependent on employment for their living. Further it allows for weakened resistance through social and ideological manipulation.

The second premise of Hyman’s argument is that the interests of management and workers are always in conflict and therefore power relations between the parties reflect conflict. The result is that productive activity takes place on a compromise which is largely unsatisfactory to both parties. Any attempts to change the conditions of the employment relationship by either party lead to conflict.

Given these two basic premises, Hyman argues that the organisational interests of unions of necessity have to transcend mere economism, since their right to exist is a political question involving a power relation. Operating within an atmosphere of power, even the narrowest of demands involves a challenge to this power relation. Furthermore, pure economism is not possible because workers do not “merely sell their labour power”, because the sale of labour power is the initial stage in a relationship which is bound to lead to conflict and where stability is only achieved through negotiation - formal or informal (Hyman, 1976, p 106). Further, given the increase in unemployment as a result of redundancies and closures, trade unions are beginning to question top-level company decision making processes and also government economic strategies, leading to a blurring of any separation between economic and political issues.

Consciousness and Action of the Working Class in Trade Unions

Thus Hyman is critical of Lenin’s rigid distinction between trade union consciousness and revolutionary consciousness, arguing that it does not allow for the development of intermediary stages

of consciousness. As we have seen in the above discussion, Hyman sees political demands as running through all trade union activity. Thus by implication there can develop a political consciousness in the working class through trade unions. Similarly Michael Mann, is also critical of Lenin's characterization of the Marxian position, namely that the working class can only develop trade union consciousness, and argues that Marx saw the consciousness of the working class as emerging "...from its direct and practical experience of the fundamental contradiction between the existing individual relations of production and the emerging collective forces of production" (Mann, 1973, p. 12). In isolating and defining the various elements and stages of the development of consciousness, Mann sees consciousness growing as the worker begins to link his or her own experience to the wider social institutions of society and then to alternative forms of society. As Mann puts it "...consciousness is a developing phenomenon, a process not of being but of becoming" (Mann, 1973, p. 13) though ultimately Mann himself sees the process as self limiting. It is in this light that we need to understand the role of trade unions and how they influence working class consciousness.

While Lenin, Gramsci and Anderson are correct in that it is only through a revolutionary party that the revolutionary consciousness and action of the working class can blossom, trade unions are nevertheless not the dull organisations that they are made out to be. Anderson, for example, states that:

"Trade unions, then, take on the natural hue of the closed, capital-dominated environment of the factory itself. They are passive reflections of the organisations of the work-force." (Anderson, 1967, p. 265)

In contrast to the above statement I argue that trade unions reflect working class struggle and not working class subjugation to the capitalist relation. As such they can embody the future and not the past. Trade unions emerge as organisations of the working class as a result of workers' experience of the process of exploitation and the realization that resistance is only possible through collective action. This first act of collective consciousness is for Lenin the extent to which workers' consciousness can develop, for this is the extent to which trade union action is limited: defending the economic interests of the working class. Hyman, in contrast, argues that the nature of trade union

struggles on the shop-floor and beyond is such that they tend to be political in nature for they are embedded in conflict.

Despite Hyman and Lenin's contrasting viewpoints we find that not all trade union actions are political in nature nor are they always economistic. Trade unions display this contradictory role, shifting between political and economic roles as the situation demands. The differences can be seen, for example, between a wage strike and a strike over a certain piece of legislation. The political experience of the worker (Hyman) or its lack (Lenin) does not translate into workers voluntarily joining revolutionary parties to the same extent that they join trade unions. The reason is that it is not workers' activities in trade unions that drive them towards or away from revolutionary parties (and revolutionary consciousness) but rather the mystification of the capitalist social relation that leads to the separation of the political from the economic, as a result of universal suffrage and the illusions of democracy. While workers can be involved in political activity as a result of their trade union experience, that experience can raise political consciousness but does not necessarily translate into revolutionary consciousness. At this level the revolutionary party becomes an important mechanism in translating political consciousness into revolutionary consciousness.

When we examine the South African experience of trade union development we will find that the absence of universal suffrage as well as the presence of political repression in the form of apartheid tended to demystify the relation between state and capital. Black workers identified their exploitation in terms of racism - owners of capital were generally white - as well as political oppression - political power was in the hands of whites. The black worker's experience of racism was reinforced by the white workers' identifying politically and economically with capital, and identifying their economic privileges with the exploitation of black workers. Within this context the movement between economistic consciousness and revolutionary consciousness proceeded with less difficulty, and trade unions often extended their role beyond the economic issues of the shop-floor. This experience brought discussion and debate on the relationship between trade unions and political organisations into sharp focus. One of the lessons in the South African experience was that political organisations welcomed and exploited the politicization of trade unions but guided the working class on to the path of reform by focusing on racism, instead of political oppression and exploitation. Contrary to Lenin's position, the political party can instil an economism (or an over-politicized position) in the

consciousness of the working class, shifting it towards reform rather than revolution. This debate will be explored in greater detail later in this chapter.

As I have pointed out earlier, working class consciousness grows out of the experience of exploitation, leading to the formation of trade unions. It is through collective action such as strikes that the power of trade unions is understood, as it forces individual capitalists into conceding to wage and other demands of the working class. Strikes also give a sense of the level of class struggle that prevails, but they are not the only expressions of class struggle, as struggle proceeds outside of the shop-floor over a range of issues affecting the working class outside of the place of employment. The strike, however, is a limited weapon: indeed Anderson describes strikes as “.. simple absence,....a withdrawal of labour” (Anderson, 1967, p.265). This rather muted description of strikes see them as passive acts of labour withdrawal, whereas strikes are more dynamic in nature revealing to the working class the potential of their power. Of course strikes are limited in their potential to destroy the capitalist social relations of productions purely by themselves. As Gramsci has argued: “Trade unionism organises workers, not as producers but as wage earners” (Quoted in Hyman, 1975, p. 102) and as wage earners workers are dependent on the capitalist relations of productions for their survival. It is this that limits the power of strikes to transform capitalist society. However, this is only critical if one views revolutionary transformation of capitalist society in terms of strategies such as the general strike. If strikes are seen in terms of the daily struggles that push capitalism towards overaccumulation and crisis, then the potential of strikes takes on a different meaning. In this process strikes become crucial events in understanding the power relations in the accumulation process, and this gives an indication of the strengths and weaknesses of both capital and labour at various moments in their history. In times of crisis the strike can become a powerful weapon in shifting the balance of power and creating the possibilities for revolution. Crisis represents capitalism at its vulnerable moments, and leaves open a variety of possibilities which are dependent on the political power of the contending classes. It is also in times of crisis that the reproduction of the working class is at risk, as capital faces pressures on profitability. It is these moments, when the working class senses the vulnerability of the accumulation process, that they become aware of their own vulnerability as wage earners and a revolutionary consciousness can supersede other forms of political consciousness.

The theorists discussed above each provided crucial insights in understanding the function of trade unions in the process of industrialisation and class struggle. While I have some reservations regarding the analyses of Lenin, Gramsci and Anderson, they have nevertheless provided crucial arguments for linking the trade union struggle to a revolutionary party. At the same time, however, I argue that this link does not lead inevitably to a revolutionary consciousness. Strikes are important mechanisms in the struggle of the working class, but should be viewed in terms of their effects on accumulation rather than their potential to bring about the collapse of the capitalist system. With this in mind we will now examine the important features of the trade unions as organisations of class struggle in the process of industrialisation within the South African political economy.

Trade Union and Industrialisation in South Africa

The theoretical issues developed in the above section reflect the development of trade unions in western capitalism. There are several studies that argue that the colonial experience created a different character of trade unions in the newly industrialised countries. Meynaud and Salah Bey (1967) look at trends and differences between various African countries in terms of colonialism, decolonisation, and independence. Ioan Davies (1966) similarly looks at the colonial experience and the process of decolonisation to decipher a common experience in the development of trade unions. Cohen (1974) in his study of the Nigerian working class looks at the issue of industrial and economic weakness and also a lack of political legitimacy in explaining the character of trade unions. Munck (1987) uses the term “social movement unionism” to describe the development of trade unions in the third world. Webster (1994) has argued that unions in South Africa have developed differently from unions in the advanced industrialised countries and points to countries like Brazil and the Philippines where authoritarianism has led to unions similar to that of South Africa. In a more recent study Seidman (1994) has made a direct comparison between South African unions and the Brazilian unions also looking at forms of industrialisation to explain the similarities of trade union development. Both Webster and Seidman use the concept of “social movement unionism” to describe South African trade unions in 1970’s and onwards. What all these studies have in common is the observation that trade unionism in the developing and newly industrialised countries has shown a greater level of political

involvement, either against a colonial power or an authoritarian state, in its activity as opposed to unions in the more advanced industrialised countries.

To pursue the arguments developed in the above studies would entail a comparative study of the experience of unions in these various countries. Restrictions of space in this study do not allow for further investigation in this area. At this stage I will nevertheless state that several factors militate against drawing too close a comparison between the South African experience and other colonial experiences. Firstly, except for the odd craft union, trade unions in South Africa did not develop during its experience of colonialism. Secondly, it is debatable if one can compare the post-colonial experience in South Africa with other post-colonial experiences, because South Africa did not undergo the same process of decolonisation and independence as other colonial countries. Thirdly, racism, as a form of political authoritarianism played a decisive role in influencing the form and character of trade unions in South Africa. A case of comparison can be made if one examines factors such as the level of industrialisation and political repression which are issues that are explored in this study. In this sense Cohen's, Webster's and Seidman's studies are perhaps closer linked to the issues raised in this dissertation. While Webster's comments on the South African experience will be considered, his allusion to the Brazilian and Philippine experience will not be considered, neither will Cohen's Nigerian study nor Seidman's comparison with Brazilian unions be considered as this will incur a wider involvement with comparative literature in other sections of the thesis as well.

In the South African experience trade unions emerged fairly spontaneously as the capitalist social relations were extended to exploit its mineral wealth. The forms of working class struggle and trade unions that grew out of this experience initially reflected the contradictions prevalent in the social relations of production: the coexistence of a capitalist social relation with a pre-capitalist social relations of production. This is evident in the forms of worker resistance to management and in the idiosyncrasies of the Industrial and Commercial Workers Union (ICU) being a quasi union, quasi social movement. The character of trade unions was also influenced by the level of industrialisation that occurred and the development of a political economy rooted in racism. The evolving social system rooted in the colonial mentality of racism and the disenfranchisement of the black population saw the development of a trade unionism divided on the basis of colour with white unions developing separately from black unions. This division was not directly the result of the form of authoritarianism,

but the conscious effort on the part of state and capital to link the racism of the white working class to an evolving ideology of Afrikaner nationalism, employment protection and economic privileges.

In this dissertation I focus primarily on the development of black trade unions for two major reasons. Firstly the black working class, being the most oppressed and exploited section of the working class, had a greater interest in the destruction of both capitalism and apartheid and thereby had a greater impact on the process of accumulation, class struggle, and levels of industrialisation. Secondly, the white working class identified its interest with state and capital and saw their continued economic privileges as being bound to exploitation of the black worker. Except for the 1922 white mine workers strike and the period prior to the second world war, white worker resistance had minimal effect on the accumulation process and was confined to struggles of craft unions in the engineering industry¹. The involvement of white workers in strikes and industrial action dwindled over the years with white unions using the structures, such as industrial councils, set up by the state through legislation, when dealing with issues relating to employment practices and wages.

South African trade unionism developed a degree of political involvement uncommon to trade unions in western advanced industrialised countries, but in common with trade unions in developing countries, authoritarian regimes and other third world countries. Contrary to Lenin's position these unions displayed a potential revolutionary consciousness by linking their struggle to left wing political organisations, community struggles and at times directly attacking the state. The level of political activity displayed by these unions saw a resurgence of some of the issues initially raised by western Marxism with regards to the relations between a trade union and a political party. They also brought into question the reasons why trade unions in these situations developed such high levels of political involvement.

Without delving too deeply into these debates we can use these issues as guides in analysing South African trade unions. These are important issues in understanding the process of industrialisation, for unlike the industrialised countries political repression tended to demystify the relationship between state and capital, leading the working class to see a closer relation between state and capital, and

¹ This bland statement is not to deny the existence of a rich literature on the subject of the white working class, and the contradictory position they found themselves in, but merely to point out that the subject is of no real relevance to my study.

many understood their exploitation in terms of political oppression. This, however, created the tendency of political organisations and liberation movements with reformist agendas to over-politicize the struggle to the point of undermining working class interests in favour of instituting a democratic state. These struggles, nevertheless, put a strain on the process of industrialisation, and given the partial form of industrialisation in these countries, it tended to propel these countries towards a crisis thus encouraging political and economic reforms. The features of these crises tended to be typical of third world countries: high unemployment, high inflation, falling value of currency, debt crisis, increasing poverty and political unrest. Despite these struggles and the ensuing crisis there are not many examples of socialist countries emerging; perhaps Lenin's position has been vindicated by the development of reformism, and \ or the continuation of authoritarianism in developing countries. Maybe trade unions possibly cannot develop a revolutionary consciousness within the working class. Alternatively one could argue that international capitalism is strong enough to withstand these onslaughts.

In the next section we will look at the forms of trade unions that have developed in South Africa and the question of politics and also the question of trade union registration with both issues being widely debated within the trade union movement. The debates were important in that they guided the development of trade union strategy, more importantly they subjected trade union leadership to wider forms of democracy forcing leadership to account for certain strategic decisions. The debates also opened up to the rank and file membership the strategic thinking and decision making process of trade unions. A negative consequence of the debates was that it often hardened political positions within unions and worked against trade union unity in the 1980s.

Forms of Trade Unions in South Africa

Trade unions, as we have shown above, emerge from the workplace as a result of the working class resisting exploitation by owners of capital. The different forms of unions that arise usually (though not necessarily) describe the form of the labour process: craft unions, industrial unions, professional unions. While these characterizations exist within the South African context, a different way of characterizing unions has developed, one which looks at political participation of unions and forms of

struggle beyond the workplace. As discussed above these descriptions arose in an attempt to understand trade unions within an essentially third world context.

The very first black trade union in South Africa, the Industrial and Commercial Workers Union (ICU), was described as a populist movement with charismatic leadership rather than as a trade union and although it started out as a trade union many questioned its status as a union (Williams, 1979, p. 76). This difficulty in characterizing the ICU stems from the contradictions it embodied. Firstly the ICU was criticized because it functioned neither as a fully fledged trade union nor as political organisation, but as both. Secondly, it was criticized for failing to organise industrial workers while concentrating its efforts on labour tenants on white farms; “organising the unorganisable” was for Bonner “coordinating a constituency of losers, and so doomed to failure” (Bonner, 1981, p. 114). Thirdly, it was criticized for its demagogic and undemocratic leadership.

The schizophrenic nature of the ICU, part political organisation, part trade union, was the result of the contradictions that were prevalent in this process of transition. African society was going through a process of disintegration, through proletarianization and urbanization. This was further reflected in its constituency, organising both industrial workers as well as labour tenants. Given the breakdown of old support systems and traditional society the ICU provided the much needed organisation and leadership necessary to cope with the new forms of political oppression and economic exploitation. According to Bonner one of the major failings of the ICU was that the leadership lacked the insight in strategy and planning to lead the African population against the forces of disintegration (Bonner, 1981, p. 117). The failure of the ICU as well as understanding its particular form should be located in the contradictions of the time rather than the quality of the leadership. Nevertheless this quasi trade union, quasi political organisation, quasi social movement was an embryonic form of trade unionism that was to later characterize the form of trade unions in South Africa. However, as capital accumulation speeded up the process of proletarianization, trade unions came to reflect that change becoming more professional in the quality of their organisation. At the same time political participation of unions became a matter of fact in South Africa, however, through struggle, debate, and state oppression hard lessons were learnt and political involvement came to surpass the level reflected in the ICU.

Due to their political involvement South African trade unions have been described in terms of “political unionism” and “social movement unionism” (Lambert and Webster, 1988; Seidman, 1994). This description is drawn from Munck (1987), who in trying to capture the character of trade unions in “semi-industrialised authoritarian countries” uses the term social movement unionism:

“However, trade unions in the third world are increasingly reaching out to those sectors outside the formal proletariat and developing forms of social movement unionism. The new social movements include church, rank and file organisation, neighbourhood committees, women’s movements, and others traditionally seen outside the labour movement. Under the rubric of social movement unionism we should include those trade unions who turn to political answers for their member’s problems” (Munck, 1987, p. 232)

The term as defined by Munck does not adequately capture the character of trade unions in South Africa, except in the sense that trade unions have been highly active in the political arena. Trade unions in South Africa have not included outside organisations within their ranks but rather have participated in other organisations such as the United Democratic Front (UDF) and the National Forum Committee (NFC) which have brought together a host of organisations under one umbrella organisation. It is the UDF and the NFC that are more deserving of the term “social movement”. Trade unions in South Africa, especially after the 1980s, have participated in social movements but have not necessarily been at the helm of these movements in the same way as “Solidarity” was in Poland.

However, the term does help towards creating a sense of differentiation between the various forms of trade unions that have emerged during the different periods of South Africa’s industrialisation. Lambert and Webster (1988) for example describe the period of trade unionism (1954 - 1964) of the South African Congress of Trade Unions (SACTU) as “political unionism”. They do this in order to capture the specific level of political participation which included forming very close and direct links with the liberation organisations. Webster (1994) uses the term “social movement unionism” to describe the trade union movement after 1984 because of the increasing involvement of trade unions in political and community issues, especially in relation to declining living standards and political repression. Webster argues that unions have an economic dimension: “...trying to win increases and

improvements in living conditions” and a political one: “Where...the majority does not have a meaningful voice within the political system, unions will inevitably begin to play a central role within the political system” (Webster, 1994, p. 268). For Webster the term brings together the two faces of unionism: “this fusing of the economic with the political”, which began to occur increasingly after 1984 (Webster, 1994, p. 268).

Webster’s characterization creates an uneasy separation between the economic and the political, a form of analysis we have already criticized, removing trade union struggles from the arena of class struggle to one purely of economic interests. The implications are that, for Webster, capitalism is not a social relation but an economic relation and the political participation of unions is to increase living standards of workers rather than to offer a challenge to capitalist social relations of production. The essence of Webster’s argument is to ground the concept of social movement unionism in reformist politics rather than in revolutionary politics. While I do not accept Webster’s brand of political infusion into the concept, I nevertheless find that the term “social movement unionism” can be useful if it is limited to describing a specific form of unionism rooted in political participation through community and political organisations. This will not detract from my overall analysis of the accumulation process and class struggle in terms of the labour theory of value. Keeping the term descriptive means that it is not loaded politically and allows for the development of a revolutionary consciousness (or other less revolutionary forms of consciousness) and action in the working class. We will now proceed to examine some of the debates relating to trade unions and their involvement in political struggles.

South African Trade Unions and Politics

The involvement of trade unions in political struggles had serious implications for both state and capital. Capitalist exploitation and political oppression became inextricably linked as unions supported community struggles and the communities in turn supported trade union struggles. This took the form of successful consumer boycott of products of companies engaged in labour disputes, and trade unions in turn led limited stay-aways in support of specific community issues in relation to rent, transport, schooling and so on. The effect of such reciprocal support extended the boundaries of class struggle creating an environment whereby the social relations of production were exposed for

what it was: class exploitation and racial oppression. The economic appearances of crisis such as inflation, unemployment and balance of payments deficits took on a new meaning as the legitimacy of the state was questioned. The “crisis”, in other words, took on a serious note when trade unions, various community organisations and political organisations acted in unison to directly challenge state power. The contradiction of this process was that the struggle was directed at the South African state in its racist form and not in its form as a repressive capitalist state. Struggles identified universal suffrage and not the establishment of socialism as the goals. The debate over trade union involvement in politics brought to surface some of these concerns.

Academic discussions over SACTU’s political involvement arose, firstly, as an exercise searching for an answer to SACTU’s demise, and secondly as a way of guiding and influencing the emerging trade union movement of the 1980s towards developing an adequate strategy in relating to political organisations. The discussions brought into sharp focus the relationship between trade unions and political organisations and also the class nature of the political programme of the liberation organisations. An important aspect of the latter was the class nature of the leadership and their accountability to the working class and the extent to which the political organisations were willing to adopt a socialist programme for the future. This will be done firstly in relation to SACTU and then extended to review the strategies adopted by the unions in the 1980s.

Criticism of SACTU’s political involvement was first voiced by Feit (1978) who argued that SACTU over-indulged itself in Congress Alliance campaigns to the detriment of building strong unions. Feit essentially argued for a separation of the political from the economic arguing that:

“Political trade unionism, to succeed, must first build mass support for economic ends, and then convert this into political coin.” (Feit, 1978, p. 49)

Feit, in other words, failed to understand the prevailing conditions, and that part of the problem for the failure of SACTU to build strong unions was political in nature. During 1953, for example, over 14 key trade union organisers were banned in terms of the Suppression of Communism Act, many with over 20 years of trade union experience behind them (Lambert, 1980, pp. 99-100).

Lambert, who has provided the most comprehensive study of SACTU to date (Lambert, 1988a), moves away from the economism of Feit and situates the fall of SACTU not with the inability to organise on

the shop floor, or its over-indulgence in matters political, but rather the subordinate position SACTU enjoyed within the Congress Alliance. According to him the ANC and SACP decided the pace and SACTU followed. Furthermore SACTU had not developed leadership independent of the ANC as members of SACTU were members of ANC and to the membership there was no difference between these organisations (Lambert, 1980, p. 104). In Lambert's view three reasons account for the fall of SACTU, first its secondary position in the Congress Alliance:

“Because of SACTU's subordinate position, decisions to launch national strike campaigns were taken with little reference to the level of preparedness and maturity of the working class organisation.” (Lambert, 1980, p. 104)

Second, the reckless nature in which the turn to arm struggle was conducted:

“It was the dominance of the ANC and SACP in the alliance, that finally led to the smashing of SACTU, at the very point that it was both developing a mass base and an experienced leadership. I refer here to the SACP-led decision to embark on the sabotage campaign against the state. The campaign led to extreme repression by the state, with the ninety day Act detentions and the long term imprisonment of the new wave of experienced SACTU leadership that had developed in the past five years.” (Lambert, 1980, p. 104)

The third reason Lambert locates in the political programme of the SACP when he argued that the SACP's theory of “internal colonialism” lay at the heart of how SACTU's role was defined:

“Within the dominant Harmel line², trade unionism was acknowledged as important, but secondary to strengthening the national movement during the first phase of struggle for democracy.” (Lambert, 1993, p. 282)

Bonner (1978) similarly identifies SACTU's fall in relation to its subordinate position in its participation in the liberation struggle, as well as state repression. Bonner, however identifies the problem as lying with Lenin's analysis on the limits of trade union consciousness. Lenin's thesis maintained that trade union consciousness was sectional and economistic in character and seems to

² Michael Harmel was chairperson of the SACP in the early 1950s and he formulated the theory of internal colonialism which became central to official SACP theory guiding its analysis of South Africa. This theory as espoused by Harold Wolpe in the form of cheap labour thesis is criticized in chapter 1 of this dissertation.

have led Congress Alliance activists to divert SACTU's energies towards political causes, especially towards the political stay-at-homes, which according to Bonner had really little chance of success because they:

“tended to neutralize or dissipate such wider consciousness as arises in the struggle over material conditions.” (Bonner, 1978, p. 15)

Bonner argues that this created the tendency in SACTU to bring together as many workers as possible, disregarding proper organisation to the point of sanctioning general workers unions thus inviting into the unions the same weaknesses of the ICU. The result was, for Bonner, predictable:

“..the new unions were often ill organised and sometimes corrupt; workers in them got negligible support in the struggle for better material conditions; and their support fell away.” (Bonner, 1978, p. 15)

Bonner attempts to balance his analysis by arguing that populism was forced onto SACTU as a result of a racist and repressive state, falling incomes, forced removals, increased fares, increased taxes, and increased rent. As popular resistance to these conditions developed SACTU found that it had to respond to this rising unrest and Bonner states that:

“Here then we find at least part of the genesis of SACTU's populist position” (Bonner, 1978, p. 15)

SACTU, in other words, was caught between a repressive state and rising populism with a political leadership that saw the role of trade unions as secondary to the more important political agenda of resisting the apartheid state.

Carrim (1983), like Lambert, sees the theory of “internal colonialism” as being at the heart of SACTU's subordinate position in the liberation organisation. According to Carrim³ the SACP's theory of internal colonialism, which was also adopted by the ANC, implied:

“The rigid separation of democratic and socialist revolutions led to a confusion between class and race categories and the subordination of the working class to an all class nationalist movement.” (Carrim, 1983, p. 211)

For Carrim the working class was not being organised independently for a socialist revolution but rather for a democratic revolution. SACTU's problem, according to Carrim, was not its involvement in politics but its failure to question the substance of the politics. Carrim argued that SACTU should have allowed political struggle to have developed from the shop-floor:

“...and on the basis of agitating over demands that emerge from the shop-floor to allow the workers to draw the necessary political links with their economic struggle” (Carrim, 1983, p. 234)

Carrim's concern is not that the trade union struggle was made subordinate to the political struggle, but rather that the political struggle did not serve the interest of the working class and did not aim to establish a socialist society.

Carrim is also critical of the move towards the armed struggle, which for him occurred at the expense of mass mobilization. SACTU suffered firstly, because emphasis was no longer placed on developing SACTU as a strong working class organisation and secondly:

“...armed struggle became the be-all and end-all of the movements strategy. SACTU became, as is generally argued, mainly a funnel for recruits for the armed struggle, and whatever autonomy it had was yet further curtailed, as it was subject to increasing pressure from the nationalist movement, on the one hand, and the state, on the other.” (Carrim, 1983, p. 225)

Fine in his analysis moves beyond irresponsible leadership, faulty ideology and the mechanisms of state repression to explain the strengths and weaknesses of SACTU. Behind the descriptions of historical events pervades a more substantive analysis of the conditions prevailing in understanding the actions of, and relationship between, trade unions and the liberation movement at the time. Fine, in essence, locates SACTU within an inherent weakness of the working class thereby placing obstacles to the development of a working class consciousness.

Fine's basic premise is that the working class during the 1950s was inherently weak which he explains in terms of its position in the economy:

³ Carrim's study probably provides one the most extensive analysis of the effects of the theory of internal colonialism on trade unions in South Africa.

“The roots of working class vulnerability lay in the economy, deriving from the structural position of workers in production. In particular, the black industrial labour force, as the most advanced sector of the working class as a whole, was relatively small, dispersed and deskilled. Although the growth of the industrial proletariat had continued into the 1950s, the bargaining power of black workers was no stronger than it had been in the 1940s.” (Fine, 1990, p. 153-4)

In addition there was the repressive and divisive nature of apartheid. Fine argues that:

“Apartheid in general tended to militate against the delineation of a working class identity distinct from the people as a whole. ... This involved not only the extensions of administrative controls over black industrial workers but also a process of social engineering which in its apartheid form affected all black people as non-citizens of South Africa.” (Fine, 1990, p. 157)

The effects of apartheid, Fine argues, was that black working class resistance tended to gravitate towards a “more general popular resistance to apartheid”.

Leadership of the liberation organisations were also an obstacle to the development of an independent working class organisation, since, Fine argues:

“...leaders enjoined workers not to conceive of themselves as a class with its own distinct interests cutting across racial lines, but rather to develop a national consciousness of themselves as africans, indians, coloureds, or whites...alongside the middle class of their own national group.” (Fine, 1990, p. 158)

Unlike the previous commentators Fine does not see the subordination of SACTU to the liberation movement as a smooth process without contradiction:

“A battle was fought out between those who sought to use SACTU as a springboard for building a working class orientation in Congress and those who sought to construct a mass base for nationalist politics through the medium of SACTU. The balance of these forces shifted significantly over time.” (Fine, 1990, p. 166)

From the above discussions we can see that SACTU operated within difficult times, but it was also a dynamic organisation that reflected the various class forces acting upon it: the oppressed black working class searching for leadership and guidance; a divided working class trying to overcome the

race barriers of apartheid; an oppressed black petty bourgeoisie attempting to dismantle apartheid, and finally a racist state using all its power to oppress the black population and violently curb the actions of any organisation that posed a threat.

Given the context within which SACTU operated, political trade unionism did not necessarily translate into forging socialist ideals. The infusion of politics into SACTU did not lead towards the development of a revolutionary consciousness within the working class. This, however, was not an inevitable consequence of political involvement, but the result of a combination of various factors both external and internal to the liberation organisations that led to the promotion of nationalist politics. The trade unions emerge in the 1970s from a much stronger base and displayed a more cautious attitude towards liberation politics, and the trade union movement came to reflect the various political traditions prevailing as unions adopted different paths towards politics.

Trade unions in the 1970s concentrated their efforts on building their shop-floor base and avoided open confrontation with the state or direct involvement in politics. However, as struggles intensified in the schools and communities it became evident that trade unions had a vital role to play in the process of struggle. Interestingly the link between trade unions and political organisations began with trade unions enlisting community support in their trade union struggles. The Food and Canning Workers Union (FCWU), for example, called communities to boycott Fatti's and Moni's products; the South African Allied Workers Union (SAAWU) called for a boycott of Wilson Rowntree sweets and other similar boycotts help establish a strong relation between trade unions and the community. There was also dangers of disrupting relations as problems arose over the leadership and direction of such campaigns conducted outside of the shop-floor. These campaigns led to discussions on how trade unions should relate to community organisations (SALB, vol. 8, 1982).

In 1982 the Federation of South African Trade Unions (FOSATU) responded to growing pressure for trade union involvement in politics by arguing that trade unions should not risk exposing years of hard work in building shop-floor organisations to leaderships of community organisations that were not accountable to the working class. FOSATU's position was that in order not to expose trade unions to irresponsible and opportunistic leadership, a working class movement should be developed to promote and defend the specific interests of the working class. FOSATU was specifically concerned

with not reproducing the mistakes of SACTU. State repression and harassment of trade unions in the aftermath of the 1972-3 strikes was also a concern for FOSATU and therefore it wished to tread carefully before engaging in political struggles (Foster, 1982).

With the formation of the NFC and the UDF the question was again raised as both organisations called for union support and affiliation. At this stage there also rose a strong tendency among certain unions to openly support the politics of the ANC and called they for all unions to affiliate to the UDF. These unions had strong community support and were often organised as general unions concentrating their efforts on specific geographical regions. These unions tended very much to resemble the SACTU unions and often used SACTU slogans in their campaigns.

In 1984 strong pressure was put on FOSATU unions from student and community organisations within the UDF to participate in mass actions against the specific grievances of students. The result was that in November 1984 a series of stayaways by workers began, and this heightened the struggle and conflict in the black townships. Over the next five years these stayaways varied in success but nevertheless became an effective weapon in the liberation struggle, propelling state and capital towards a crisis it had never experienced before (Labour Monitoring Group, 1985).

In the midst of these struggles the Congress of South African Trade Unions (COSATU) was launched and this changed the perspective of political involvement of trade unions. The cautionary approach of FOSATU was undermined and nationalist politics became dominant, to the exclusion of socialist politics. Populism reigned strong and the politics of the 1960s was reproduced in organisational form in the Congress Alliance. This time the trade unions and capitalism survived to the detriment of the apartheid state. In the post apartheid state COSATU and the ANC continue to maintain their alliance under the illusion that the ANC as government of the day is promoting the interests of the working class. How long this alliance will last is a matter of conjecture. The ANC is hoping that reform in the area of limited income distribution in the black communities through housing, electrification and the extension of other services combined with "enlightened" labour relations in the form of flexible specialization and corporatism will subdue the working class and allow capitalism to flourish.

Law and Class Struggle: The Registration Debate

Like the debate on the involvement of trade unions in the liberation struggle, the registration debate also brought trade union strategy into focus. The debate opened up questions regarding trade union relations to the state and wider issues relating to questions of principle and strategy. The registration debate had the serious effect of dividing trade unions and stalling the process of unity.

There is general acceptance that industrial relations legislation in South Africa came in response to growing militancy and trade union activity among the working class (Davies, 1978; Lever, 1978, Budlender, 1979). The form of the response has been an important indicator of the general strength and weakness of the working class as this has reflected on the ability of the state to enforce enacted legislation. Through labour legislation the state attempted to disorganize the working class by enforcing racial division. This essentially took the form of economic, political, and legislative privilege afforded to whites while excluding blacks from these privileges. Industrial relations legislation became an important area where the state and capital tried to enforce their political dominance over the working class.

Labour legislation in South Africa has had a great influence on industrial relations reflecting, for a period of 70 years, the racist nature of South Africa's industrial relations by completely excluding the black working class from official conflict resolution mechanism. At the same time the rapid development of militant trade unions in the 1970s and increasing strike activity by African workers, especially in 1972 and 1973, exposed the weakness of the Industrial Conciliation Act in dealing with black trade unions and work related problems. The state was forced to implement a process of reform extending the Industrial Conciliation Act to include African workers in the dispute resolution mechanism and allow for black trade unions to be recognized.

So while the law dictates conditions within which unions have to operate, the law itself has to adapt to changes on the ground. The law then, in certain instances, reflects the strengths and weakness of the parties involved in the struggle to establish certain rights. The contradictory nature of the law is that, on the one hand it defines the limit of certain actions, while at the same time creates space for maneuver. The question raised in the registration debate was whether trade unions should exploit such

contradictions to advance worker's struggles, while still maintaining strong shop-floor based and militant trade unions.

The registration debate first arose in 1956 and while it took up time at SACTU's congress it did not have the same divisive effects as it did in the 1980s. In 1956 the state amended the Industrial Conciliation Act (ICA) with the aim of further dividing the working class and entrenching racism. The definition of employee was redefined to exclude all Africans (including women) from its fold, it prevented the registration of African trade unions (but did not prevent them existing), and called for separate trade unions or separate branches of existing trade unions for white and coloured workers. No further mixed unions were allowed and all unions had to be organised on racial or colour basis. The Act also defined certain areas of work for the exclusive employ of whites while certain areas of work were allocated to blacks. Trade unions were also prohibited from political affiliation, however since African trade unions were not allowed to be registered this restriction could not be extended to them.

In 1959 the Act was amended, further entrenching racism and tightening restrictions on existing mixed unions. It called on registered unions to declare in advance, in their constitutions, that any new areas or any further interests for which they proposed to cater would only serve white persons or coloured persons. The amendments stated that no Africans could be appointed as representatives of employees and it made illegal for employers to allow for trade union subscriptions for African members to be paid by stop order, unless the minister gave special permission. It was further illegal to collect subscriptions from African members for sick benefit funds and similar societies run by trade unions.

The black trade union movement at the time saw these amendments as a major attack on their organisations and their organizing principle of non-racialism. Coming at the time of the formation of SACTU, who organised very specifically on the basis of non-racialism, these amendments affected some of SACTU's registered affiliates. SACTU at its first annual congress, in March 1956, issued a policy document condemning the ICA (the 1956 amendments at this stage was still in the form of a Bill) arguing that the primary motive of the state was to undermine the workers movement through

racial division, depriving black workers of their right to strike, external control over their own funds and restrictions on electing their own officials.

Of SACTU's 26 affiliates 5 were registered trade unions, they also comprised the majority of SACTU's organised membership, and probably also represented its better organised unions. The topic of registration arose at its second annual congress and dominated two days (out of the 3 available days) of discussion. SACTU was split between those who took a principled stand against registration and saw it as collaborating with the system and demanded that all registered unions de-register for the sake of unity, and those who saw registration as affording unions some advantage while at the same time opposing all divisive conditions of the Act (Lambert, 1983, pp. 25-44).

The registered SACTU unions maintained that through democratic organisational structures, strong shop steward involvement and by continuously raising militant demands they would be able to keep unions clear of any of the restrictions imposed by the Act. These unions maintained that they gained certain concessions while being registered while at the same time they defied the Act.

Those arguing against registration saw compliance with the Act not as a strategic compromise but as a principled compromise. They argued that there were limits to the gains that could be made within the law and, given the level of worker organisation and worker consciousness and the specific problems of some unions, compliance with the Act would be detrimental to the long term worker struggle.

The registration debate also reflected differences in the form of trade union organisations that were being promoted. The pro-registration lobby emphasized industrial unions with a strong shop-floor base. The anti-registration lobby argued for general unions and for a wider political role of these unions. The registration debate thus brought into question the larger questions of the role of trade unions in the political struggle (Lambert, 1983, p. 39). Despite the deep divisions that existed over registration SACTU maintained overall unity and no decision was taken over the registration of affiliates, the decision being postponed for a later date. Unfortunately the demise of SACTU through state repression meant the debate would have to continue in a different era.

The 1973 strikes by black workers and the subsequent rise of black trade unions forced the state to investigate the industrial relations system, which proved to be highly inadequate in dealing with the

worker demands and in resolving industrial conflict. In 1977 Parliament appointed the “Commission of Enquiry into Labour Legislation” headed by Professor Nicholas Wiehahn. The Wiehahn Commission came 30 years after the Botha Commission, the last commission to investigate the countries labour legislation, with terms of reference to investigate all existing labour legislation and provide recommendation for effective legislation that would reflect the needs of the changing times. Professor Wiehahn later announced that one of the main priorities would be to create structures for effective handling of disputes including the possibility of setting up a labour court (Webster and Bonner, 1979, p. 2).

Following the publication of the Wiehahn Commission’s findings in early 1979, the state proceeded to amend the ICA. The definition of an employee was extended to include Africans but not migrant workers. Domestic and farm workers were excluded from the act. Mixed unions were still prohibited, except through ministerial consent. It introduced a system of provisional registration and established an Industrial Court and the National Manpower Commission. However, in September of 1979 it extended trade union rights to include migrant and contract workers.

Further amendments occurred in 1981 when controls over registered unions were extended to cover unregistered unions, and the definition of a trade union was extended to cover a wider range of organisations that were involved in representing employees. Head office of trade unions had to be located within the borders of South Africa and this excluded homelands. Strike procedures were tightened and trade unions or federations of trade unions were prohibited from granting assistance to workers embarking on illegal strikes. Participating in an illegal strike could lead to a fine of R1,000-00 or 1 year’s imprisonment.

Controls over registered unions were now extended to cover unregistered unions, and this meant that unregistered unions now had to submit copies of their constitution to the Industrial Registrar and details of membership, branches, and financial affairs. Certain controls were also extended over federations of trade unions whose affairs could now be investigated by the Industrial Registrar and restrictions were placed on political activities and assistance to striking workers. The Act now defined employees as any person in work and receiving remuneration, in fact all reference to race was removed and unions could organise on a non-racial basis without restriction. Unregistered unions,

however still found it difficult to obtain stop-order facilities, and could only do so with ministerial consent and still could not participate in industrial councils.

The registration debate was sparked off by these amendments of the ICA which allowed for the registration of black trade unions, their participation on industrial councils and access to the conciliation machinery provided for by the Act. This, however, meant complying with certain procedures for declaring a dispute and meeting certain requirements demanded by registration. The initial objection to registration was that it would lead to tame and bureaucratized trade unions which would be alienated from their own rank and file (Budlender, 1979, Davies, 1978). This is precisely what happened to the white unions after the implementation of the 1924 ICA. The debate also brought into question the nature of law in capitalist societies and those arguing against registration felt that the law aimed at defending the interests of capital in the face of class struggle. The theme of division was also brought into focus and the argument was that just as the 1924 ICA divided workers on a racial basis, the 1979 ICA threatened to divide black workers on the basis of migrant workers and non-migrant workers (Nicol, 1980, p. 51). This theme was dropped because later amendments defined an employee as any person receiving remuneration for work. Furthermore, the anti-registration lobby saw the Act as entrenching in the black trade union movement reformist practices that would eventually lead to tame unionism.

The other side of the debate is the view that not all white trade unions succumbed to the bureaucratic controls of the ICA and unions like the Garment Workers Union under Solly Sacks; the Food and Canning Workers Union and the Textile Workers Union were some of the unions that had managed to challenge the bureaucratic controls and racism of the ICA, while at the same time taking advantage of the official bargaining machinery (Fine et al, 1981, p. 46). The thrust of the argument was that there did not necessarily exist an association between registration and incorporation and to understand why unions did become bureaucratized, one needed to examine the social conditions under which this occurred. The ICA came at a time when the white working class were demoralized as a result of a major strike defeat, moreover the existence of strong craft unions accompanied by sectionalist ideology and racist superiority among white workers, thus making it relatively easy for the ICA to be effective. Moreover the African working class were organisationally and numerically weak thus

unable to counteract the forces of racism and division and move the white working class away from incorporation.

By extending the ICA to include Africans, Wiehahn was no doubt hoping the same effect would occur to the black trade unions. However, the pro-registration group maintained that the 1979 amendments were the result of class struggle and that it exposed certain contradictions in the state which could be exploited by the black working class for their own benefit. Moreover the state had no guarantee that the rights and concessions extended to African workers would be used as the state had intended (Fine, et al , 1981, p. 46). Nevertheless, in the midst of the debate the state had extended most of the restrictions relating to registration to the unregistered trade unions making the debate superfluous. The debate also occurred during unity talks and in the process other issues relating to political participation and forms of trade union organisations arose. The FOSATU unions, which were pro-registration, were also industrial unions' with strong shop steward structures and favoured an independent political participation. The anti-registration group tended to be the general worker unions with strong community links and openly aligned itself with the UDF/ANC position arguing for unions to be active in liberation politics. The UDF/ANC aligned unions took a very strong position against registration, to the point that they did not see reforms as the result of workers struggles against state oppression and were willing to accept nothing short of a complete transformation of the state. Yet in the post apartheid state these unions have come to support the reformism of the ANC government. Whatever position unions took, these debates helped build a strong trade union movement and forced unions to constantly check their tactics and strategies and build the foundations for democratic procedure and accountability.

Registration of trade unions, as in the 1950s, caused much controversy in the 1980s and contributed partly to division among the black trade union movement and was a central issue at unity talks. The debate took place among academic circles, trade union officials, at unity talks, and to some extent at shop steward level. Rarely did it move to rank and file level. Given the emphasis on democratic leadership and worker control among the emerging unions, and also strong emphasis on worker education especially among FOSATU unions, one can only assume that the issues involved pervaded a wider sector of the working class than at the time of SACTU. Issues regarding the registration debate were often aired at mass meetings and to what extent workers (or officials) fully understood the issues

at hand or were merely expressing loyalty to leadership will remain a matter of conjecture. The debate was nevertheless healthy in that it raised issues beyond registration and put political affiliation, political participation, independence of trade unions, forms of trade union organisations and democratic structures on the agenda. The debate was crucial in the formation of COSATU and also reflected the balance of forces among the various political groupings of the liberation movement.

Chapter 6

Early Endeavors into Industrialisation

Mining Influence on Industrialisation: 1900 - 1924

During this early phase the biggest influence on industrialisation was the mining industry as both local and foreign capital sought not only to exploit the mines but also to set up industries that serviced the mines. Although the period is characterized by small scale industries, there is also evidence of large industries developing, for example, dynamite production. Effective exploitation of the mines meant that for investors profits could be made in other areas of manufacturing industry as well. As we have discussed in chapter three, this was the period when international capital was going through a process of metamorphosis as merchant capital gave way to industrial capital as the dominant form of its existence. Despite this transformation at an international level, the influence of merchant capital prevailed especially in the specific form of labour migration that developed, and its influence on state policy in terms of promulgation of the 1913 Land Act. The bulk of the capital entering the country at this stage was foreign, and reflected imperial domination on both economic policy as well as in economic investment. Class struggle during this phase emerged dominantly in the mining industry because the mining industry represented the dominant form of capital accumulation. Class struggle also reflected the contradictory effects of the process of proletarianization as the African population was subjected to repression in order to meet with the requirement of a labour intensive mining industry.

Although manufacturing activity predated mining and capitalist agriculture, it was only during the period between the two world wars that the South African manufacturing sector established itself. It has been argued by Houghton (1964) that the manufacturing industry has been a twentieth century development largely because the development of the gold industry in the latter half of the nineteenth century had “absorbed all the available capital, skilled manpower and entrepreneurship” (Houghton, 1964, p. 114). However, a more reasonable argument would be that prior to the discovery of gold there was little that the manufacturing industry could offer to prospective investors. In fact it was only

through the development of gold mining that the manufacturing sector flourished. Further, as Bozzoli (1975) has shown, this was not without a struggle as mining industries in the earlier days preferred imported goods to those manufactured locally.

Early nineteenth century industries were small scale and often home-based producing bread, biscuits, home-cured ham and bacon, jam, soap and candles out of animal fat, clothing and footwear. Other industry included brick making, hand made furniture, hand sawn timber, and small scale mills for grinding wheat and maize (Houghton, 1964, p 112). A small urban population and an undeveloped infrastructure hampered the development of a large scale manufacturing sector¹. During this period the principal exports from South Africa were mainly agricultural in the form of wool, sheep and goat skins, hides, ostrich feathers and wine. Mining exports were mainly copper. By the time gold and diamonds had become a serious mining prospect there existed a low form of industrial activity with a manufacturing sector which was weak and undeveloped.

As the importance of gold and diamond mining to the economy increased, the character of manufacturing began to change. The first sign of this change came in the form of a boom in the wagon building industry during the 1860s (Houghton, 1964, p112). This, however, was short lived as railway expansion made trains the preferred mode of transport. Between 1870 and 1910, 11,000 kilometers of railway track was laid, no doubt to assist the development of the mining industry (Official Yearbook, 1974, p 541). The railways represented the first large-scale non-mining and non-agricultural activity.

Although most of the goods required by the mining industry were initially imported, the local manufacturing sector soon responded to the needs of the mining houses, with the result some of the small scale industries transformed themselves into larger enterprises. By the end of the Anglo-Boer War a number of items such as explosives, boots, steel, cement, and candles were produced locally for consumption on the mines (BTI, no. 102, p. 323). Also the process of proletarianization brought about by the development of the mines meant a wider internal market for other locally produced items such as clothes, textiles, brick, tiles, soap, and other similar light commodities (BTI, no. 102, p. 323).

¹ It has been estimated that the entire urban population as late as 1911 was only 1^{1/2} million distributed between four main centres and 50 smaller towns (Houghton, 1964, p. 114).

The first census to cover the entire country was a population census in 1904. Although figures for industry were included they are not regarded as very reliable due to the poor nature of the census. A second population census occurred in 1911 again some figures for industry were included. The first industrial census was carried out in 1915/16 (more discussion on this census follows below). Not strictly comparable, the figures in table 1 give some indication of the extent of manufacturing industry in South Africa during the early part of this century.

Table 6.1 Value of Manufacturing in Pounds £ for Selected Years: 1904-1915/16

Province	Census 1904	Census 1911	Census 1915/16
Cape	9,040,579	7,431,727	14,616,427
Natal	3,744,088	4,434,562	9,665,505
Transvaal	6,471,082	4,633,436	14,266,643
Orange Free State	274,738	749,199	1,886,307
Total	19,530,487	17,248,834	40,434,882

Source: *Official Year book of the Union of South Africa*, No1, 1917.

One of the industries most directly affected and influenced by the mining industry was the engineering industry. The engineering workshops provided an important support base for the mining industry in terms of castings for various parts and repairs to broken down machinery. As Bleloch, writing at the time, stated:

“The great engineering works on the Rand have been called into existence by the requirements of the mines, and might properly be considered as part of the mining industry. They are extensive and well equipped; some of the workshops can turn out heavy machinery well equipped and well fitted, and all can execute repairs, make castings, and fit in parts with efficiency and dispatch.”

(Bleloch, 1901, pp. 236-7)

At this early stage some foreign investors already saw the potential of producing goods needed on the mines. The company Lewis and Marks for example, which was foreign owned, was financing both mining and a host of manufacturing activities:

“The most considerable industries in the country are nearly all due to the enterprise of one firm, Messrs. Lewis and Marks. Besides being distillers, and gold miners, and farmers, this wealthy

house engages in coal-mining, jam making, candle-making, glass and bottle making, leather-making, brick-making, and pottery manufacture; and if in some matters their influence has not always been for the good of the state, they deserve praise of their encouragement of local industry” (Bleloch, 1901, p237)

The investments of Lewis and Marks were wide ranging, it had for example a 43% stake in the Union Steel Corporation of South Africa, the largest steel producer in South Africa at that time. Other companies also entered the South African market. Given the nature of South African gold mining, dynamite for example, was an important commodity for the mines. Initially all the dynamite was imported from Europe where production was controlled by the Noble company. The size of the dynamite market in South Africa was such that local plants were established for its production. The market was effectively controlled by three firms, firstly the Zuid-Afrikaansche Fabrieken voor Ontploffbare Stoffen in 1895, (to be taken over by Nobel Industries in 1918); the high prices due to their monopoly control led to the diamond mining company DE Beers forming the Cape Explosive Works in 1903, and in 1909 Kynocks, which was British owned, established an explosives factory (Norval, 1962, p. 28) (Kynoch also fell under the control of Nobel Industries in 1918).

Like Lewis and Marks, the De Beer company’s economic activity, whose principle interest was diamonds and gold, extended into other areas of the local economy. Contrary to the opinion that the mining houses opposed local manufacturing or that the manufacturing sector was made up of a small group of struggling manufacturers (Bozzoli, 1975), we find that De Beers, a local company, was actively involved in mining and manufacturing. Prior to 1900, for example, the production of 50% of the exports from the Cape Colony came from De Beers (Innes, 1984, p 42). Innes, describing De Beers in the early years of this century, states:

“The spread of its investments ran from agriculture through banking and industry (mainly explosives, but also cold storage, bricks and tiles and jam and wine), railway building, telegraph and the press to coal and copper mining and above all, gold mining.” (Innes, 1984, p. 42)

From the above examples we can see that both local and foreign mining houses played an important role in promoting the local manufacturing industry through direct investment in industries that serviced the mining industry and the growing working class.

Bozzoli (1975), in her study of local manufacturers' attempts at establishing themselves in the early days, shows how they struggled against the might of the large merchant houses and mining industry. Her study however is not without flaws. In particular, she sees manufacturers as a homogeneous group struggling against oppressive imperialists made up of financiers and investors, whose only interest lay in the mining industry. She fails to show that manufacturers were a differentiated group and some had favourable economic relations with the mines. She further fails to show the influence of both foreign capital and the mining industry in the development of the manufacturing industry through direct investment and through the supply of goods (Innes, 1984, p.119). While Bozzoli shows that blind prejudice often worked against local manufacturers, she does not examine more objective reasons which made imported goods preferable, in relation to cheaper prices and higher quality of imported goods. Also, Bozzoli's article covers the period 1901 to 1925, yet it has been shown by the Board of Trade and Industries Report no. 282 (p. 102, para 323) that by the end of the Anglo Boer War local manufacturers were supplying various items to the mines. It is not the aim of this thesis to examine the struggles of the early manufacturers, but to show that firstly the mining industry was an important influence on the manufacturing sector and secondly that in the process of development certain contradictions arose which reflected the nature of the accumulation process: competition and class struggle. Bozzoli's paper highlights competition between small and large capital in a developing economy.

It has been estimated that during the period 1890 to 1910 the number of factories rose from 550 to 1,500, producing in 1911 a gross output of 17 million pounds (Lumby, 1983, p 198). This development was largely the result of the growing mining industry. It has been argued that the raising of duties by the Customs Union during the period 1903 to 1906 contributed to the growth of the manufacturing sector. Lumby however suggest that this was unlikely as most of the benefits from the tariffs fell either to the Empire, due to preference trade agreements with the imperial power, or to the agricultural sector, which benefited from Lord Milner's reconstruction scheme (Lumby, 1983, p. 199). A further suggestion has been that this was a cyclical recovery from the Anglo-Boer War (Schumann, 1938).

At any rate, it can be argued that all these factors together with the increasing urbanization and the growing working class contributed to growth of the manufacturing sector during this period. However,

one cannot underestimate the influence of the mining sector. C.W. Pearsall, in his calculations, estimated that 50 percent of the manufactured goods in 1911 consisted of the processing of agricultural products such as food, drink and tobacco and the other 50 percent consisted building materials, wagons and carts, printing, explosives, matches, tanning and leather harness, soap and candles and some clothing, boots and shoes (Pearsall, 1937). A neat division between consumer goods and goods required by the mining industry. The burgeoning manufacturing industries at the time were not producing export goods so it can easily be concluded that the demands of the mining industry and a growing working class provided the local manufacturing industry with a market for their goods.

The other major influence on the development of the manufacturing industry prior to 1924 was the First World War. Between 1915/6 to 1918/9 the number of factories increased by 48% from 3,998 to 5,918 (see Table 6.4 below)². The war created natural protection for manufacturing industry as the disruptions in shipping, increases in freight rates and soaring world prices of commodities allowed for domestic production of previously imported goods. Some commentators have placed great emphasis on the effects of the First World War on the growth of manufacturing industry (Biljon, 1939, p 91; De Kiewiet, 1941, p. 263). One needs to be circumspect about growth during these years for the simple reason that inflation was excessively high during the war years and the boom period immediately following the war years. The table below gives an indication of the level of inflation during this period.

² Statistics for the early years seem to vary, the Bureau of Census and Statistics, *Statistics for Fifty Years, 1910-1960* (1961), L-3, puts the 1915-6 figure for the number of manufacturing establishments at 3,638 and the 1918-9 figure at 5,287, a 45% increase.

Table 6.2: Retail Price Index on the Witwatersrand

Year	Food	All Items
1915	99.2	85.2
1916	104.3	90.7
1917	113.3	98.2
1918	115.7	105.6
1919	124.9	116.5
1920	163.9	144.0
1921	133.9	130.9
1922	109.9	109.6
1923	105.8	105.5

Source: Bonner, (1982), p. 273. Note: 1938 = 100

With the cessation of hostilities it became easier and cheaper to import goods and the local manufacturing industries suffered as a result (Houghton, 1964). One way of protecting their interests was for local manufacturers to campaign for the use of tariffs on imported goods. In fact after 1918 the South African manufacturers stepped up their pleas for protection (Zarenda, 1977, p.34) However it was only in 1924 that legislation furthering protection for manufacturers was passed by parliament.

1920 marked the beginning of the post war depression and a fall in prices world wide. Overseas competition became a serious threat (Innes, 1981, p. 122). Moreover gold mining faced serious problems and its prosperity seemed momentarily to decline in the wake of working class struggles which put profitability at risk³ (Lumby, 1983, p. 204). In 1921 the Board of Trade and Industries (BTI) was established on a part time basis. Its primary function was to investigate ways of ensuring the survival and expansion of the manufacturing sector. It came in response firstly, to capital and the state's concern at declining profits in the mining industry and a weak manufacturing sector. The chairman of the Transvaal Chamber of Mines stated in his annual report in 1920 that the South African economy was unbalanced and highly vulnerable (Lumby, 1983, p. 204). In 1921 General Jan Smuts showing his concern over the vulnerable nature of the economy and the influence of imperial domination stated:

³ According to Lumby gold production dropped from R91.2 million in 1920 to R64.7 million in 1922.

“We must give every proper and legitimate protection to our own industries and prevent a relapse into industrial helplessness that we were in before the war” (Lumby, 1983, p. 204)

Secondly, the establishment of the BTI was a response to a growing world trend in protective tariffs. As other countries began increasing tariffs on imported goods to protect local industries: Australia in 1921, United States in 1922, and India in 1923, the Board of Trade and Industries put across its recommendations for increased tariffs (Lumby, 1983, p. 204). The government responded by extending protection to a further 16 industries. However its efforts were criticized, regarded as piecemeal and mild and that the protection that was necessary was not forthcoming. Criticism of the Smuts Government for not increasing tariff protection interestingly enough came not only from small manufacturers but leading mining houses such as De Beers, Gold Fields, and Central Mining (Innes, 1984 p. 122, and p. 139 note 18). Tariffs as a way of protecting local industry was thus a international phenomena and even though it may appear to be emanating from the struggles of local manufacturers (Bozzoli, 1975) it reflected a world-wide trend in the spread of industrialisation, but more importantly it was part of the struggles of international capital reestablishing its dominance as industrial capital. The weakness of the Smuts Government reflected the weakness of international capital, in its form as merchant capital, and the growing strength of industrial capital as the form international capital was assuming.

Measuring the growth of manufacturing industry in terms of its share of the GDP, (see table 6.3) we find that it did not exceed 7.5 percent averaging 7.3 percent for the period 1917 to 1924. The manufacturing sectors share of the GDP, in other words, did not exceed 8 percent of the national income while the agricultural and mining sectors share of the GDP tended to be two to three times that of the manufacturing sector. From the table below it is evident that the national economy remained, during these early years, essentially a mining and agricultural economy. The manufacturing sector was weak and undeveloped.

Table 6.3 GDP at Constant 1958 Prices by Kind of Economic Activity:
Percentage Distribution for Selected Industrial Activity

Year	Agriculture and Forestry	Mining and Quarrying	Manufacturing	Electricity	Construction
1917	22.9	24.7	7.5	0.6	0.9
1918	26.2	21.4	6.6	0.6	0.8
1919	22.7	22.0	7.7	0.6	1.1
1920	22.7	21.6	7.8	0.7	1.3
1921	24.1	18.4	7.4	0.6	1.6
1922	25.3	15.6	7.3	0.6	1.8
1923	25.6	19.7	6.7	0.6	1.8
1924	18.3	21.7	7.4	0.7	2.1

Source: Source: Adapted from C. J. Du Piesane, *Die Bepaling en die Gebruik van Kapitaalopbrengsverhoudings*, (1968.)⁴

From the table below (6.4) there is nevertheless evidence that during the period 1916 to 1924 there occurred a relatively dramatic increase, from a small base, in the size of the manufacturing sector.

This should not detract from the fact that in relation to the national economy the increase remained negligible. It seems that the manufacturing sector was increasing in the number of factories rather than in the relative size of the factories, probably indicating the growing diversity of the manufacturing sector and a growing local petty bourgeoisie, an important political force for the developing state. Furthermore, given that the number of factories, the number of workers employed, and the capital stock, all increased, roughly, at a similar rate, indicated that industry expanded on a labour intensive rather than a capital intensive basis. This is further evident in the increase in average wages during this period from £88 to £112 per worker showing a growing demand for labour. One should note that while these figures hide the difference in wages between black and white workers it does show the increasing demand for labour during this period. The figures, however, are at current prices therefore not revealing the change in wages relative to inflation.

⁴ Translation: "The Determination and Use of Capital Output Ratios". Statistical records of the early years are poor and attempts have been made by various economists to calculate national income figures. For further details on the historical background of calculating South Africa's national income see Stadler, (1963).

Table 6.4 Development of South African Manufacturing Industry 1915-16 to 1924

Year	no. of Factories	Employment	Wages £	Value added £
1916	3,998	101,178	8,912,857	18,119,295
1917	5,305	123,842	10,436,694	21,433,466
1918	5,918	134,211	12,227,700	25,874,770
1919	5,918	143,088	14,475,648	29,914,418
1920	6,890	175,520	19,119,090	39,062,588
1921	7,005	179,819	21,906,089	40,342,639
1922	7,055	170,951	20,129,828	36,622,858
1923	7,029	172,047	19,186,334	37,346,489
1924	7,112	182,877	20,505,206	40,585,930

Note: Value Added and Wages in Pounds £.

Source: Official Year-book No.8 1925.

In these the early days manufacturing industry was weak and reflected an economy highly dependent on the extractive industries. However, as will be shown, despite a fast developing industrialisation with strong state intervention the economy continued to remain a mining dependent economy reflecting the changing forms of international domination from colonialism to imperialism which coincided with the changing form of international capital from merchant capital to industrial capital. In 1924 the country went to elections and the Smuts Government lost to the Nationalist - Labourite Pact which took control of the government. Before we proceed to understanding industrialisation in the post 1924 period, we will examine the emerging working class struggle and a growing class consciousness as the capitalism become the dominant form of the social relations of production.

Industrial Action and Incipient Working Class Consciousness

Organised industrial action by black workers can be traced back to about 1900 in the mining industry. Mining was the first large scale economic activity, so it was only natural that organised worker resistance should predominate there. Disputes were primarily over issues of wages and conditions of employment. Workers who remained in the industrial areas during the Anglo-Boer War found themselves working in extremely harsh conditions often receiving no wages and salaries (Warwick, 1981, p. 20). Martial law, for example, placed restrictions on the movement of Africans thus making

it difficult to return home. Those who remained were thus compelled to work at extremely low wage rates. In 1900, for example, 8,000 workers were hired at a wage of 10d a day to build a railway line transporting coal along the gold reef. Pre-war wages on the mines were 50 shillings a month, during the war the Chamber of Mines reduced this to 30-35 shillings a month (Warwick, 1981, p. 21).

Harsh working conditions on the mines was also a major problem. In 1902, for example, the number of deaths on the mines rose from 92 in May to 247 in November, with an average of 48.5 per thousand workers for the above period (Warwick, 1981, p 21). Lack of dispute resolution mechanisms, together with the dictatorial and racist attitude of management, contributed to an atmosphere of conflict.

Between 1901 and 1902 there occurred a number of strikes and other worker action mainly on the Transvaal mines. The importance of the strikes revealed a growing working class consciousness emerging among black workers. They also revealed the contradictions of the process of proletarianization, as workers still had strong rural links to which they could go back. Workers often resisted management by simply deserting their employment and returning to the rural areas. The reasons for the strikes included wages, racist and harsh treatment from managers, restrictions on movement and managers extending contracts without consultation (Warwick, 1981, pp. 26-7).

Striking or deserting workers received harsh treatment, often being charged under the Masters and Servants Act and receiving harsh jail sentences as a punishment for their action. Most strikes immediately brought out the police and workers were often beaten. In one incident workers attempted to defend themselves against the police by arming themselves with sticks and stones resulting in the death of nine workers (Warwick, 1981, p. 23).

The significance of industrial action during this period was that it represented the earliest organised protests by black workers. Also significant was that while leadership could often be identified, no trade union as such existed. For a majority of the workers this may have even been the first time they were involved in wage labour. Such action thus represents a significant advance in class consciousness. Also, many workers still had a link with peasant based subsistence farming and this alternative gave workers a margin of independence vis-à-vis wage labour. This is further evidenced by employers attempting to force workers to fulfil contractual obligations, as well as the devious methods used by labour recruiting officers to get workers to work longer than they had agreed to.

Nevertheless these strikes need to be understood within the context of the instability created by the South African War and attempts by the colonial power to increase recruitment of labour without a significant increase in wages. After the war strike activity dwindled somewhat. The immediate reasons for this were that wages rose after the war and management developed more sophisticated and repressive forms of control. In 1902 the British introduced the Witwatersrand Native Labour Association (WNLA) to create a single recruiting agency in order to curb competition between companies, and also to prevent workers moving between companies searching for a higher wage, which caused wages to drop and a maximum average was set. This also represents the first significant attempt by the British to create a semi-proletarianized migrant labour required for the mines (Maroney, 1981, p. 33). As I have argued in chapter three, this was very much in line with British colonial policy of labour recruitment. This was supplemented by other methods such as financial and livestock advances to tribal chiefs, coercion by labour recruiters and through the creation of an effective taxation system. The second step was to increase the rate of proletarianization by introducing the 1913 Land Act, thus forcing a greater part of the African population to seek a living on less land. The combined aim of these measures was firstly to eliminate competition between employers for wage labour and secondly to make workers less dependent on subsistence farming and more dependent on wage labour.

The introduction of the WNLA in 1902 came in conjunction with other repressive methods of control within the workplace, especially the mines, where workers were kept in bondage through the compound system and the mine police. Together with the compound system the state introduced a “pass system” to keep control over the movement of workers and to detect any desertion. Legislation such as the Masters and Servants Act was used to suppress strikes and worker resistance (Maroney, 1981, p. 33). Despite these measures the mine owners found it difficult to create a stable workforce as struggle intensified.

Between 1904 - 1909 cheap Chinese labour in large numbers⁵ was imported into South Africa to break the bargaining power of black workers and their demand for higher wages (Houghton, 1964, p. 114). Following the importation of Chinese labour, mine owners made contract conditions for black

⁵ Houghton (1964, p. 114) points out that by 1906 there were 51,000 Chinese men working on South African mines.

workers unfavourable. Workers responded by withdrawing their labour from all parts of South Africa and management was forced to improve contract conditions. Ironically, the importation of Chinese labour was opposed by whites, but this was largely due to the number of unskilled whites entering the towns in the period immediately after the South African War. The white population of the Witwatersrand, for example, increased from 50,907 in 1896 to 123,000 in 1904.

Beside strikes, desertion and refusal to enter into new contracts became a form of resistance to low wages and poor working conditions (Maroney, 1981, p. 38). Black workers also refused to be employed on mines where conditions had deteriorated and would only re-enter employment when conditions had improved, or their own welfare deteriorated thus forcing them to seek employment. State and capital collaborated in creating a more effective system to prevent and detect desertion, introducing, for example, a finger printing system. Maroney argues that with increasing sophistication built into the system:

“...desertion became more difficult but did not reduce correspondingly. Instead, requiring increased determination and planning, it became a more conscious form of worker protest.”

(Maroney, 1981, p. 37)

Maroney also describes how black workers would “work the system” and escape the tentacles of the WNLA and become free agents seeking employment outside of the mines, where wages were higher and working conditions better. While this may be regarded as a form of worker resistance I would see it as an ability to exploit a weakness in the system. Nevertheless, these action were done on an individual basis and not directed at a specific employer aimed at changing conditions of employment but rather at avoiding a sector of employment where working conditions were harsh. The response of state and capital was not to change working conditions but to tighten the system.

Management and the state also used ethnic and tribal divisions to break worker resistance. In 1907, for example, there were major clashes between two groups of workers. While management wrote off the incident as inter-tribal warfare, the real issue was wages. Management tried to undercut wage rate by playing one ethnic group of workers against another.

Working class militancy continued to increase in varying degrees. In June 1913 African mineworkers came out on strike. Their main grievances were conditions of employment and the colour bar which

blocked their promotion (Wilson, 1972, p. 9). This was followed by a spate of strikes in December 1915 and January 1916. In 1917 African mine workers embarked on a mass boycott of mine shops because of the increased prices of basic commodities. This is evident in the Table 6.2 above which shows price inflation. These strikes generally failed to achieve any change to the living or working conditions of African workers. But with increasing inflation, African mine workers struck again in July 1918 and had to be driven back by armed police (Bonner, 1979, p273). A small increase in wages was conceded to workers which, however, proved to be inadequate.

Up to this stage no trade union organisation existed in order to defend worker rights or initiate any defensive strategies. Worker action was generally initiated through informal organisation based along ethnic or tribal lines. At the time of recruitment workers generally demanded that they be employed on mines where fellow tribesman were employed. This was normally also a requirement tribal chiefs would give to recruiting officers. While this suited management, in that they could divide workers and play one group off the other, it also suited workers because they could develop solidarity through familiarity (Maroney, 1981, pp. 40-1). Maroney terms these groups “proto-voluntary association” and argues that:

“Workers would form groups, usually tribally based, in their compounds to protect themselves from compound police, possibly other groups, and most of all, from the coercive measures of management.” (Maroney, 1981, p. 40)

Many of the initial worker actions were predominantly organised along tribal lines. Tribalism as such represented the first line of defence for a burgeoning working class. As conditions changed and workers became more dependent on wage labour, consciousness and action changed and tribal solidarity began giving way to class solidarity.

In February 1920, 71,000 African mine workers (out of 173,000) came out on strike affecting 22 of the 35 operating mines. The strike was crushed by force and workers’ gains were minimal. However, the massive display of solidarity was a cause of concern among mine owners, Simons and Simons wrote:

“The strike was well planned, disciplined campaigns and not an ‘instinctive revolt’. It showed that many thousands of men from a variety of regions and peasant communities could combine

effectively. It was a 'new phenomenon', remarked Sir Evelyn Wallers, president of the Chamber of Mines, this first 'native strike in the true sense of the word'. The 'absolutely peaceful cessation from work' indicated that the African 'was advancing more rapidly than we had anticipated', and would not remain satisfied for very long with his position in industry" (Simons and Simons, 1983, p. 232).

In this strike workers came out in solidarity as a class of wage earners against a class of capitalists. Moreover the action was disciplined and well organised showing a capability which the white mine owners did not think possible of the black working class. These developments should also be seen within the context of the development of a permanent urban African population.

As conditions in the rural areas began deteriorating, more and more Africans sought wage labour on a permanent basis. The 1913 Land Act and the various taxes that had to be paid forced the African from the land. Those who were squeezed off the land began congregating and building shacks on the outskirts of towns. During the period 1911 to 1921 the African population in the urban areas increased from 508,000 to 587,000 (a rate of approximately 1.5% per annum). That this represented a process of permanent settlement in the urban areas is indicated by the increase in the number of women: between 1911 and 1921 the population of African women rose from 98,000 to 147,000, representing an inflow of 4% per annum over the period (Hindson, 1987, p. 33).

The development of a permanent urban population was the beginning of the rise of working class consciousness as opposed to tribal consciousness, as workers began to identify their condition in relation to the process of accumulation rather than an invading colonial power. Furthermore post-war inflation, war-time production, pressure on rural subsistence, and increase in labour migration all worked together in disrupting African society. Strikes, which were largely the domain of the mining industry, were making appearances in industrial centres on the Witwatersrand, as well as among agricultural workers. It was within this climate that the first black trade union, the Industrial and Commercial Workers Union (ICU), was formed. We now turn our attention to the development of black trade unions during this period.

Industrial and Commercial Workers Union (ICU) 1920 -1930

The earliest and most significant widespread effort to organise black workers into trade unions came in the form of the ICU. The ICU was founded in 1919 under the leadership of Clements Kadalie, originally from Nyasaland (Malawi), with influential support from A. F. Batty, who was founder of the Labour Democratic Party (Simons and Simons, 1983, p. 226). The ICU began by organizing dock workers in Cape Town in 1919 and leading them into a strike by the end of that year. In 1923 the organisation began to experience rapid growth as it advanced into the rural areas and other provinces (Roux, 1978, p. 157). In 1925 it transferred its headquarters to Johannesburg and by now had become a very popular organisation. In 1926, in order to curb the growing popularity of the ICU, the Minister of Justice, Tielman Roos, threatened to bring in a "Sedition Bill". Later that year, when it was clear that the ICU had ignored these threats, the "Sedition Bill" became a special part of the "Native Administration Act" (Roux, 1978, p. 159). Nevertheless the strength of the ICU began to grow and by 1927 it was estimated to have had a membership of 100,000, with branches spreading throughout the length and breadth of the country, stretching from Cape to Southern Rhodesia (Zimbabwe) (Simons and Simons, 1983, pp. 356-7).

It was during this period, at the height of its strength, that the forces of disintegration began to work. Bickering between leaders, internal conflict, financial mismanagement and police harassment all worked together to bring about the collapse of the ICU. In December 1926 communists from the ICU were expelled, an indirect result of the influence of white liberals in the ICU.

In June of 1927 Kadalie left to tour Europe, where he met with leading trade unionists. In his absence certain local leaders entrenched their position in the organisation and when Kadalie arrived branches began breaking away from the ICU. W.A.G. Champion, who was secretary of the Natal region - the biggest region - led the break-away. This was followed by a series of splits throughout the country as local leaders declared their independence. This considerably weakened the organisation which was evidenced by the Eighth Annual Congress in April 1928, where much time at the conference was spent arguing over delegates who were alleged to be from non-functioning branches (Roux, 1978, pp. 176-7).

In July 1928 W. A. Ballinger, a British trade unionist from the Motherwell Trades and Labour Councils, was sent to South Africa to assist Kadalie model the ICU along standard British trade union lines (Simons and Simons, 1983, pp. 373-5). Ballinger's task was a hard one. The authorities were not keen on his presence in the ICU; the ICU was in financial disarray and disintegrating organisationally, and the more he attempted to set the organisation on a straight trade union path, the further he pushed himself away from Kadalie. Soon he and Kadalie were openly opposing each other. In 1929 Kadalie was ousted from the ICU and by 1930 the organisation was virtually defunct.

Described by many as a populist movement with charismatic, opportunistic, and undemocratic leadership, the ICU had been regarded, at the time, as the largest mass movement of African workers to have existed on the continent. Although the ICU started out as a trade union, there is much doubt that it actually functioned as one (Williams, 1979, p. 76). The failures of the ICU, it has been argued, was the result of financial mismanagement and a leadership that was demagogic but weak and conservative. Simons and Simons state: "failure to adopt organisational methods resulted in financial irregularities, autocratic rule, and inefficiency" (Simons and Simons, 1983, p. 355). But to understand the failures of the ICU one has to explore beyond the weakness of leadership.

Firstly the ICU was characterized by contradiction: organizing workers in a trade union; praising the Russian government's support of the working class (Roux, 1978, p. 160); organizing mass celebrations on labour day (Simons and Simons, 1983, p. 355), while expelling the communists (Roux, 1978, p.164); failing to support workers in industrial action; disowning striking workers and at other times persuading striking workers to return to work (Roux, 1978, p. 173). While the ICU provided the organisational structure for militant action, which was not lacking in the membership, the leadership failed to follow through. For example, in 1928 Henry Tyamzashe, Kadalie's public relations officer, wrote in the *Workers Herald*, the official publication of the ICU, "I am glad to say that owing to the broad outlook of the ICU administrators the strike weapon has been only used on three occasions by the ICU" (Simons and Simons, 1983, p. 363).

The other contradiction of the ICU was that it functioned neither as a fully fledged trade union nor as a political organisation, but as both. To understand these contradictions one needs to understand the conditions prevailing at the time. African society was going through a process of disintegration as

proletarianization and urbanization were the new forces entering the lives of African people. Kadalie and the ICU provided the much needed organisation and leadership necessary to fight political oppression and economic exploitation. At the same time, the leadership lacked the insight in strategy and planning to lead the African population against the forces of disintegration (Bonner, 1981, p 117). The schizophrenic nature of the ICU, part political organisation, part trade union was the result of the contradictions that were prevalent in this process of transition, and its weakness was reflected in this transition in trying to organize whoever wanted to be organized.

The second and more important reason for its failure was its constituency: instead of organizing industrial workers, the ICU concentrated on labour tenants on white farms. "Organising the unorganisable" was for Bonner "coordinating a constituency of losers, and so doomed to failure" (Bonner, 1981, p. 114). This, however, was not the fault of the ICU organisers. The problem was that only a fraction of the African population was employed in industry. African workers were also largely migratory and were not entirely dependent on their industrial earnings at this stage. Also the lack of large scale industry meant no real base for authentic industrial unions. The result was that its constituency consisted of those most aggrieved at that time: labour tenants on white farms.

Despite its shortcomings the failure of the ICU was not as complete as it was made out to be. The ICU established an important tradition in the field of organisation and collective action. Simons and Simons, for example, argue that,

"Kadali aroused the people to an awareness of their economic bondage, awakened a determination to escape from poverty and the stranglehold of colour bars" (Simons and Simons, 1983, p. 364).

With the collapse of the ICU local leaders did not simply vanish, many remained and were taken up when new organisations emerged. The ICU provided these leaders with valuable insight into organizational and trade union work. Furthermore, workers' consciousness were developing away from a tribal consciousness towards a class consciousness and were preparing for more disciplined class action. In the next chapter we will examine the rise of the working class within a significantly more industrialised context of manufacturing expansion and see how trade unions took on a more defined workplace-based organisation.

Chapter 7

Inter-War Industrialisation: 1925-1948

Industrialisation and nationalist sentiments: 1925 - 1933

The 1924 white elections were dominated by two issues: problems of the white working class and the burgeoning manufacturing industry. It has been argued that Smuts had lost the elections because of his hard stance against the white working class; the rising unemployment among the white working class; and his failure to address the needs of the manufacturing industry and the emerging petty bourgeoisie (Lumby, 1983, p. 204).

The Pact¹ government, which was formed out of an alliance between the Nationalist Party and the Labour Party, attempted to address these issues (Davenport, 1987, p. 285). It did this in three ways: firstly through the promotion of the so-called "civilized labour" policy (Davies, 1979, p. 202), giving whites preference in employment; secondly by increasing tariff protection, and thirdly through increased state investment in industry. As such, the Pact government has often been regarded as the anti-imperialist government promoting local manufacturing, as opposed to the Smuts government which was seen as the government of pro-British and pro-imperialist policies (Davies et al, 1976). However, after a closer examination of the Pact period contradictions surface, revealing a policy which did not necessarily meet with the political rhetoric of the day. It is these contradictions and how they affected the development of the process of industrialisation during this period which will now be examined.

In 1925 the Customs Tariff and Excise Duties Act was passed, reflecting a more concerted effort at protecting the South African manufacturing industry against foreign competition (Zarenda, 1977, p. 35). This resulted in some industries being granted protection for the first time and increased protection for other industries and a rebate on raw material imported for the manufacture of certain

¹ In the white elections of 1924 the Nationalist Party, led by Hertzog, won 63 seats. The Labour Party, led by Creswell, won 18 seats. The Hertzog-Creswell pact had 81 seats against the 53 of the South African Party (SAP) led by Smuts hence the Pact Government. In the 1929 elections the Nationalist won 78 seats, SAP won 61 seats and Labour lost 10. By 1931 the Pact collapsed since the Nationalist

goods. Industries affected included: furniture manufacture, bespoke clothing, printing products, rubber soles and heels, iron sheeting, iron and steel mining equipment, confectionery and jam (Lumby, 1983, p. 205-6).

This period was also marked by state investment in the manufacturing sector. To encourage the production of iron and steel, the state passed the Iron and Steel Industry Encouragement Act which made provision for the payment of bounties to companies that produced pig iron and steel from ores mined locally. To qualify companies had to be producing at least fifty thousand tons of pig iron or steel. Until 1928 no producer qualified. Between 1928 and 1933 only one company qualified and was paid just under 50 000 pounds (Norval, 1962, p. 13).

During the early 1920s an attempt was made by private enterprise to amalgamate the various small iron and steel foundries into a large scale iron and steel works. This failed mainly due to the lack of capital. The state being in favour of this development intervened to assist, and by an Act of Parliament established Iscor (South African Iron and Steel Industrial Corporation) in 1928 which commenced production in 1934 (Lumby, 1983, p. 213). What this indicates is that local capital was not strong enough to embark on large-scale projects and could only do so with state intervention. This weakness was also revealed in the structure of the engineering industry at that time. A Board of Trade and Industry (BTI) survey of the engineering industry published in 1929, disclosed that the engineering industry was characterized by poor management; no specialization in any particular area of manufacture or repair work; little attempt to keep records necessary for efficient costing and production; poor plant layout and very little mass production of standardized products (BTI, no 94, pp. 11-28). Restructuring was necessary if industrialisation was to succeed and this came in the form of Iscor, as the state was powerful enough to take on the skilled white unions as well as to introduce semi-skilled standardized production in the engineering industry.

Iscor marked an important development for manufacturing industry, in particular the engineering industries. Firstly, for the processing of raw materials and secondly both the state and private industry desired the setting up of a mass production engineering industry (Lewis, 1984, p. 40). More importantly the engineering industry was vital in servicing the mining industry. Given the

Party no longer needed the Labour Party, but this was precipitated by the collapse of the Labour Party

improvements in gold mining production, a stable and expanding engineering industry was a necessary component for the continued success of the gold mining industry.

Three important contradictory processes emerged during this period. Firstly, the restructuring of the engineering industry meant restructuring both at the management level and the labour process level. It was in the context of employment practices that the “civilized labour policy” was used to attack the craft unions. Using the pretext of preserving certain job categories for whites only, a process of deskilling took place. At the 1932 conference of the Trades and Labour Council a delegate commented that “The policy of the government appeared to be one of dilution of labour under the guise of a “civilized” labour policy. The handyman was undertaking the artisan’s work” (Lewis, 1984, pp. 33-45; Webster, 1985) It is important to note that craft unions came under attack in the early 1920s within the railways, that the civilized labour policy was only one amongst many strategies used to de-skill largely white controlled skilled work and undermine craft unions, although the process in private industry began during the period of the Pact Government it was only after the Second World War that mass production became generalised within the engineering industry.

Secondly, the government’s commitment to the “civilized labour policy” was somewhat arbitrary. This came out most starkly in its labour policy within Iscor. In order for Iscor to compete with imported steel it had to lower its cost structure (Clark, 1987, p. 111). Given that capital costs were fixed the only way it could reduce costs was by lowering the wage bill. This it did by increasing the number of black workers employed, and by 1936 began reclassifying certain white only jobs as “General Labourer” jobs for blacks who were paid extremely low wages (Clark, 1987, p. 119). Furthermore most the whites employed at Iscor were not drawn from the local pool of white unemployed. In 1932 Iscor began a policy of importing skilled steel workers from Europe, which went against the grain of the “civilized labour policy”. Although not employed in large numbers their employment conditions, especially wages, were much better than local whites in the same position (Clark, 1987, p. 118-9).

Thirdly, despite the rhetoric of the Hertzog led government over commitment towards anti-imperialist policies, there is very little evidence of anti-imperialist policies. In fact the government’s undertaking

to promote local manufacturing was with the approval and assistance of the British government. Increased state involvement in the economy provided the manufacturing sector with much needed support for stable growth. As argued in chapter three the ability of the state to intervene in the economy was influenced by the changing nature of imperialism. Britain's manufacturing sector experienced a process of restructuring with emphasis on heavy industry and a movement away from traditional light industry, and this brought a change in the way Britain related to its colonies and former colonies. A market for final consumer goods was secondary to a market for heavy machinery and technology. As such, Britain began promoting industrial production in the colonies and former colonies.

This took the form of the Ottawa agreement signed in 1932 between Britain and the countries consisting of her empire (Innes, 1984, p.123). The conditions of the agreement was that Britain was to provide the capital goods necessary for the establishment of light industries in these countries. In terms of the agreement South Africa had preferential access to British manufactured machinery for all sectors of the economy: mining, manufacturing, agriculture and electricity. Moreover, South Africa had preference to British manufactured cotton and rayon goods (Innes, 1984, p. 122-3). The preferential trade agreement made it easier for manufacturers to import machinery and technology necessary for production.

During this period the manufacturing sector received much needed support from the state but with expansion regulated by the demands of the domestic economy. This meant that expansion in manufacture occurred in light consumer goods and certain sectors that supported the mining industry, notably the chemical industry (Norval, 1962, p. 18).

The agricultural sector also benefited from the development of light industry. In the food processing industry, for example, agricultural producers found a new demand for their products on the local market (Kaplan, 1977, p. 51). Furthermore, during the depression local agricultural prices plummeted and manufacturing industry took advantage of this and increased the use of local supplies (Van Eck Commission, UG 40/1941).

Despite the increasing diversity of the manufacturing sector and its growing importance to the national economy it remained secondary to the extractive industries and did not shift the emphasis

away from gold. The table below lists the GDP of key sectors of the economy from which we observe that the manufacturing sector's share of GDP was approximately 50% below the individual contributions of mining and agriculture.

Table 7.1: GDP at Constant 1958 Prices, by Kind of Economic Activity: Percentage Distribution for Selected Industrial Activity

Year	Agriculture and Forestry	Mining and Quarrying	Manufacturing	Electricity	Construction
1925	26.8	18.4	6.9	0.6	1.8
1926	17.9	21.3	7.9	0.7	2.1
1927	21.9	20.8	7.6	0.7	2.0
1928	20.7	20.3	8.1	0.8	2.1
1929	20.8	19.4	8.4	0.8	2.1
1930	25.3	18.4	7.8	0.8	1.8
1931	22.7	19.3	7.8	1.0	1.5
1932	27.2	18.0	7.7	1.0	1.1
1933	17.8	18.7	10.2	1.2	1.5

Source: Adapted from Du Piesane, (1968)

Table 7.2 below gives us some indication of the growth of the manufacturing industry. From the table it can be seen that the manufacturing sector remained fairly stable in terms of number of establishments and employment levels. The increase in the number of establishments was generally small, and in the eight year period from 1925 to 1933 there occurred an increase of only 493 representing an approximately 6.8 percent increase over the period. Employment was fairly stable with no dramatic shifts in numbers employed except between 1930 and 1933. Employees per establishment averaged 27 with no dramatic shifts during the period 1925 to 1933. However wages and value added showing steady increase between 1925 and 1930 dropped somewhat between 1930 and 1933. Together with the drop in employment between 1930 and 1933 it can be assumed that these were the effects of the world wide recession and depression.

Table 7.2: Development of South African Manufacturing Industry 1925 - 1933

Year	No. of Factories	Employment	Wages £1000	Value Added £1000
1925	7,206	191,598	21,505	38,406
1926	7,085	193,422	22,699	40,933
1927	7,170	202,664	24,068	43,816
1928	7,338	207,588	25,270	47,460
1929	7,433	209,486	26,520	50,949
1930	7,695	218,298	27,526	51,533
1933	7,699	192,483	21,875	43,889

Source: Various issue of Official Year-book of South Africa

The depression of 1929 had an uneven effect on the various sectors of the economy with agriculture being the worst affected. The mining sector remained relatively unaffected, largely because the price of gold was fixed. Certain mining sectors, for example, diamond mining felt the effect quite severely with its export value dropping from £16.5 million pounds in 1928 to £1.4 million pounds in 1934². Developments in the manufacturing sector were offset by the depression but they came through relatively unscathed. While certain sectors like Food and Beverage and Textile and clothing output remained fairly stable, other sectors like manufacture of wooden products and furniture; metal products and machinery; paper and printing products, output declined over the period of the depression.

A greater effect on the economy was the movement away from the gold standard. The collapse of the gold standard and the debates surrounding its use reflected the crisis in the world economy at the time and also the struggle of industrial capital to establish its dominance as a world force. Conservative opinion was that the gold standard would restore equilibrium as it "provided an automatic mechanism whereby balance of payments disequilibria could be corrected in the most effective way and with minimum amount of disruptions" (Kay, 1975, p. 177). Keynes argued against this saying that all it would achieve was a massive unemployment and huge reduction in wages. Nevertheless the collapse of the gold standard meant the collapse of the old order which was characterized in the high demand for primary commodities, huge expansion in world trade and merchant capital as the dominant form

² Events in the diamond industry were more complicated. A world glut had ensued and Anglo-American used the recession to secure control and centralize production in order to reduce output and maintain price stability and control (Innes, 1984, p105-109).

of international capital. The new order was characterized by industrial capital as the new form of international capital, fordist production methods, the economic policies of Keynes and new forms of imperialism. The collapse of the gold standard thus marked the end of colonialism and the colonial relationships that had developed (Kay, 1975, p. 180).

A financial crises in Europe and America, due to the transformations described above and reflected in the great depression, forced these countries to move away from the gold standard. Britain led the movement by announcing on 20 September 1931 that it had decided to abandon the gold standard and devalue its currency by 30%. 14 countries followed in the next few months and another 11 in the following year (Lumby, 1983, p. 209). South Africa being the world's leading gold producer and its economy being highly dependent on gold resisted the move. This resistance cost the South African economy dearly. In the first instance this meant that South Africa's currency was at a premium in relation to the other currencies which had been devalued, thus making South African products expensive on the international market. At the same time cheaper imports undermined the local manufacturing sector. Manufacturing sectors share of GDP dropped from 8.4% in 1929 to 7.7% in 1932 (a decline of approximately 8%, see Table 7.1 above).

Two years later South Africa was forced to abandon the gold standard and attached her currency to sterling on a pound for pound rate. The changeover had profound effects on the economy in general but more importantly on the gold mining sector in particular. The immediate effect was a rise in the gold price: between 1925 and 1931 the price was fixed at R8.495 per fine ounce in 1933 the price jumped to R12.473 per fine ounce. The rise in the gold price continued until 1940 when the price was fixed at R16.8 per fine ounce. Sales during this period increased by 155% (Innes, 1984, p. 130). The increase in national income and its beneficial effect on the manufacturing sector will now be examined.

Industrialisation Profiting on Gold: 1934 - 1947

The increase in the gold price meant greater revenue for the state, and thereby for other sectors of the economy. Initially the state placed an Excess Profit Tax of 50% of the gold price rise but due to resistance from the mining houses, a definite limitation on the tax yields was placed over a five year period (Innes, 1984, p. 130). Nevertheless, capital was made available for expansion in other sectors

of the economy. This took the form of state subsidies and capital injection into existing parastatals, for example Escom and the South African Railways and Harbours (SAR & H) both benefited from increased state finance. In 1940 the state introduced an expansion programme for ISCOR, and in 1942 established the Industrial Development Corporation (IDC) a financial institution for the purpose of financing industrial development. In 1945 the Council for Scientific and Industrial Research (CSIR) was established to help resolve difficulties experienced by South African industries, and together with this, the South African Bureau of Standards (S.A.B.S.) was formed to test the quality of locally produced industrial goods (Muller, 1980, p. 423). These developments marked a growing level of sophistication in the process of industrialisation and state assistance came not only in the form of finance and investment, but also through much needed research as well setting standards on quality. These services, normally the confines of large conglomerates, were now available to much smaller enterprises. Private industry at this stage could not afford to set up such structures and these could only be effectively done through the state.

In 1934 the government set up the Holloway Commission to assess the current industrial policy and in particular to evaluate tariff protection and its effect on the country's economy. The commissioners made a bold attempt to calculate the magnitude of tariff protection and concluded that 54% of the gross value of production (excluding industries processing agricultural products) was dependent on protective duties. The commission also pointed out that tariff protection raised cost structures and therefore advocated a reduction on tariff protection. Protective tariffs, however, remained in force (Zarenda, 1977).

From 1934 onwards the presence of the manufacturing sector and its impact on the national economy began to be felt. The importance of the manufacturing sector took on an internal orientation. While the extractive industries remained the foreign exchange earners, the manufacturing sector became an important producer of goods and services for the internal market, catering for the general consumer as well as servicing other sectors of the economy. The state continued to place great value on developing an independent manufacturing sector as the pressures of both international capital and a growing working class demanded such a development.

Its importance was felt in four different areas: firstly, it played an important supportive role to mining and agriculture, allowing these sectors to bring in much needed foreign currency for development. Secondly, it was vital in creating consumer goods which increased the relative independence of the new state and contributed towards reducing the value of labour power. Thirdly, it proved to be a vital mechanism for the state in terms of social control, by providing employment for both the black and white population. Fourthly, it gave opportunity for the development of a local (white) bourgeoisie vital politically and economically for the new state.

Two important developments played an influencing role in the growth of the manufacturing sector during this period. Firstly, the mining houses began to increase their investments within the manufacturing sector. For example, De Beer's investment into fertilizer production; Anglo American's involvement in the manufacture of mining equipment and high speed drills; Union Corporations involvement in pulp and paper milling, and Anglo Transvaal investment in engineering, glass, cement and fish processing (Innes, 1984, p. 131).

Secondly, an increase in foreign investment with many large concerns establishing branches in South Africa. Leading American and European companies established factories as a way of gaining entry into the South African market, for example: Nestle, Cadbury, Ford, General Motors, Dunlop, Firestone, Siemens, Babcock and Wilcox, Stewarts and Lloyds, General Electric, and many others (Innes, 1984, p131).

Despite the progress made within the manufacturing sector it was vulnerable and dependent on the importation of raw materials, while at the same time it exported a very small amount of manufactured goods, contributing to a foreign exchange debt. It was the mining and agricultural sectors which generated the necessary foreign exchange which allowed for importation of goods required for manufacturing production. The table below shows that the manufacturing sector was highly dependent on the importation of raw materials while its export sector was very small in comparison.

Table 7.3: Raw Materials Used and Manufactured Exports For Selected Years

Year	Raw Materials R 000	Imported Raw Materials R 000	Manufactured Exports R 000
1915-16	44,632	24,582	3,376
1924-25	84,584	46,506	6,006
1929-30	113,605	57,610	6,558
1935-36	149,722	72,356	5,584
1938-39	188,478	90'244	5,798

Source: Lumby, (1983) p. 216

Industrialisation and the Second World War

Another major influence on the manufacturing sector during this period was the second world war.

Like the first world war the second world war gave the manufacturing sector a considerable boost.

This was largely the result of the shortage of goods on the world market, created by the disruptions in the world economy brought on by the second world war. Furthermore the establishment of the

Industrial Development Corporation (IDC) in 1942 and the expansion programme of Iscor facilitated and strengthened manufacturing development. This was not without problems. Imported technology and raw materials which the manufacturing sector was heavily reliant upon, was virtually impossible to obtain. Nevertheless, this fueled the impetus towards import substitution industries and also created the space for industrial diversification. The latter being particularly noticeable in the post war period.

Within the iron and steel and engineering industries, for example, production moved towards the manufacture of munitions and armoured cars and with some effort made towards ship repair work during the war years (Lumby, 1983, p. 221). For example, during the period 1941-4 over 10,648 ships were repaired with approximately 2,500 people being employed at its peak (Houghton, 1964, p. 119).

Also during the second world war six factories were established which produced small guns, ammunition of various types and armoured cars and employed over 12,000 workers. Although these factories were closed after the war, armaments production was subsequently revived in the 1960s and developed into a vast and highly productive armaments industry (Ratcliffe, 1984, p. 34).

Three important points to note regarding development during the war years: firstly, as a result of the shortage of technology, development during this period was largely labour intensive. Secondly, the war created a vast shortage of labour with over 300,000 men (186,000 whites and 123,000 blacks)

being drafted into the army. Thirdly, there occurred an acute shortage of skilled workers. Most of the skilled employees were either foreign or whites who were interned on the outbreak of the war. In Iscor, for example, virtually all the skilled workers were German on contract to train South African workers, all who left on the outbreak of the war leaving untrained workers to fend for themselves (Houghton, 1964, p. 118-9). As a result the number of black workers in the manufacturing sector increased by approximately 74% (from 143,069 to 248,785) while the number of whites workers rose by 21% between 1938-9 to 1944-5 (Lumby, 1983, p.221). Also, the shortage of goods during the war resulted in the beginning of an intensive phase of importation, especially of technology.

The table below charts the development of the manufacturing sector between the war years, and from table 7.4 we can see that manufacturing industry increased quite dramatically in the number of employees as opposed to the number of establishments, suggesting that the size of firms in industry was increasing rather than the number of industries. Between 1934 and 1947 employment increased by 153 percent whereas the number of establishments increased by 39 percent. This could also be an indication of an increase in labour intensive production.

Table 7.4: Development of South African Manufacturing Industry 1934 - 1947

Year	No. of Factories	Employment	Wages £1000	Value Added £1000
1934	8,530	220,502	26,400	65,169
1935	9,042	265,848	31,675	71,214
1936	9,655	303,557	36,836	80,536
1937	9,987	332,768	41,531	87,013
1938	10,224	348,520	44,770	92,022
1939	10,256	352,500	46,079	92,070
1940	10,034	359,826	47,743	99,719
1941	10,059	390,288	52,994	113,468
1942	9,989	413,492	62,895	127,987
1943	9,965	426,511	70,632	138,480
1944	10,684	451,176	80,082	154,864
1945	10,877	488,661	94,221	177,032
1946	11,351	519,671	103,095	195,372
1947	11,886	558,725	121,036	225,050

Source: Various issue of Official Year-book

The increase in development of manufacturing industry is mirrored in its share of GDP (table 7.5 below) and we find that it breaks the 10 percent share of GDP and is beginning to outpace mining's and agriculture's share of GDP. However, this growth was deceptive as it was not growing as a result of developing outside markets, but was rather developing on an internal market based on servicing consumer needs and the mining industry. Despite state intervention in its various forms, what occurred was a very limited form of industrialisation within the confines of new forms of international domination. South Africa was being integrated into the world economy, not on the basis of its productive capacity, but rather on its consumption capacity. The limits of this form of industrialisation created its own set of problems leading the South African government to develop its own set of solutions.

Table 7.5: GDP at Constant 1958 Prices: Percentage Distribution for Selected Industrial Activity

Year	Agriculture and Forestry	Mining and Quarrying	Manufacturing	Electricity and Gas	Construction
1934	25.3	14.6	9.8	1.1	1.9
1935	22.0	14.6	10.7	1.2	2.5
1936	21.4	14.0	11.2	1.3	2.7
1937	23.0	13.7	11.1	1.4	2.7
1938	18.9	14.5	12.1	1.6	2.8
1939	22.8	13.8	11.8	1.6	2.4
1940	20.4	14.1	12.3	1.6	1.9
1941	19.3	13.5	12.3	1.6	1.8
1942	16.7	13.6	12.6	1.7	1.7
1943	20.1	11.8	12.5	1.6	1.4
1944	17.9	11.5	13.4	1.6	1.6
1945	16.3	11.3	13.8	1.7	1.8
1946	14.6	11.1	14.7	1.7	2.4
1947	15.6	10.2	15.3	1.7	2.9
1948	15.6	10.2	15.6	1.7	3.5

Source: Adapted from Du Piesane, (1968)

Rise of an Industrial Workforce: 1925 - 1948

Three factors during the 1930s had a direct bearing on the development of trade unions. First the dropping of the gold standard in 1932 which increased revenue to the economy and cushioned the

effect of the depression, and at the same time it stimulated growth of the manufacturing sector. The growth was not phenomenal but there nevertheless occurred a growth in the manufacturing sector. As a result of this the growth the industrial labour force increased, especially that of African workers. Between 1933/34 and 1939/40 the number of Africans in the manufacturing sector increased from 91,000 to 152,912 and by 1944/45 the number of Africans employed in the manufacturing sector was 248,785 (Lumby, 1983, pp. 202 and 224).

Secondly growth in manufacturing capital also meant increased mechanization of production breaking the skilled/unskilled division, which was based on colour, into a new category of semi-skilled operator. Although whites tended to fill semi-skilled operative work, there was a growing tendency to use African labour which was cheaper and as productive and efficient (Hindson, 1987, p.43).

Thirdly the urban African population increased during this period. Between 1921 and 1936 the urban African population grew at a rate of 4.5 percent per annum. It was estimated that in the mid 1930s that 1.4 million Africans lived in towns with the majority living on the Witwatersrand (Hirson, 1989, p. 2). A census conducted in 1936 estimated that 570,726 Africans were in the region (Hirson, 1989, p. 3). The Municipal Census of 1938 estimated that 50 percent of the urban African population was fully urbanized, 23 percent semi-urbanized and 27 percent rural (Hindson, 1987, p. 42). Simkins has estimated that 30 percent of the urban population was permanent, or as he puts it living "under family circumstances" (Hindson, 1987, p. 44). Although the estimates may differ, what was not in dispute was that the African urban population was increasing rapidly and becoming fairly stable. However it should also be borne in mind that the state did its utmost to restrict the black urban population growth to the basic minimum required for labour. Their plans were not extremely successful as the urban unemployed increased. Various legislation such as the Urban Areas Act, the Masters and Servants Act, Vagrancy laws and liquor laws were used to control the movement of Africans to the cities and expel the unemployed to the rural areas (Hirson, 1989, p. 42).

With the proletarianization of the African population and the development of a relatively stable urban African population a new working class consciousness arose. Also, with the increase in mechanization and with Africans entering the new semiskilled positions in industry their bargaining power changed and dismissal was slightly more difficult if production was not to be disrupted. The most active strike

period was during the Second World War which was a rare period within South African history when labour was in short supply - that is, there was more or less full employment in relation to the available pool of skilled labour, due to large amounts of white labour being drafted into the army to serve in the war (Bonner, 1978, p3). This created ideal conditions for African trade unions to thrive but only for a very brief period.

African trade unions faced great difficulty in establishing themselves during this period. The Industrial Conciliation Act, legislated in 1924, left the African working class completely out of bargaining procedures and dispute resolution mechanisms. While the act did not prevent African trade unions from being formed they nevertheless had no legal standing. Strikes by Africans were however forbidden. Furthermore the Urban Areas Act prevented Africans from occupying premises in the towns, making it difficult for unions to open offices, and low wages made the collecting of union dues difficult if not impossible. Despite these difficulties the late 1930s and early 1940s saw the emergence of militant African unionism on a national scale. It has been estimated that in 1937 there were 1,600,000 African males who were employed or employable in the country. Of this 120,000 were working in industry or construction, 25,000 in distribution, and about 65,000 for government, provincial or municipal authorities. The majority of the remainder were employed as mining, domestic or rural workers. A small minority were employed in various services industries such as drivers, nurses, newspaper vendors, and so on. (Hirson, 1989, p. 38-9). Trade unions tended to concentrate on the Witwatersrand, for the simple reason that the majority of African workers were located there.

It is within this growing increase in the urbanized working class that the second wave of trade unions emerged. With this growth there occurred a growing working class consciousness as workers transcended the forms of organisation typified by the ICU and also the forms of industrial action, such as desertion, that occurred in the earlier years. Also, as pressures on the land developed in the rural areas a growing section of the displaced population found they had no other place to go, and as a result workplace based strike-action became the dominant form of protest as opposed to desertion. The other side of the situation was that workers also became more reluctant to strike as they were more vulnerable to the effects of unemployment if dismissed. Despite the growth of the black working class and working class consciousness, reflected in strike action and the rise of trade unions, we find that it

was not strong enough to withstand state oppression. By 1945 the state had managed to wipe out black trade unions and violently repress working class action, as evident, for example, in the black mine workers strike. Weakness of the black working class was also evident in the fact that many wage gains during this period came not from strike action but from presentations made to the wage boards. Fine (1990), in explaining the weakness of the working class, introduces the concept of “social weight” and argues that:

“What is most striking about the black industrial workforce itself in this period is how limited its numbers were: whether in relation to the black population as a whole or the millions of black workers on the land or the size of the industrial labour forces in the more industrialised countries. It peaked at around a quarter of a million workers out of a total of around five million economically active black people” (Fine, 1990, p. 16)

Despite the growing class and new forms of consciousness emerging, industry was left relatively unscathed by working class struggle, if anything it was the working class that had difficulty emerging as a strong force. However this meant that the living and social conditions of the working class continued to deteriorate, especially in the urban areas where the state paid little heed to developing the black sections of the urban areas. The deteriorating conditions did not stop an increase in movement of black people into these areas (Freund, 1985). At the same time growing industrialisation required a working class that was stable and disciplined. The contradictions that began to emerge in this era were not connected with the availability of labour, but the availability of a specific quality of labour required by fordist production methods, at the same time the state wished to contain the growing urban population at levels required by industry. A further contradiction that emerged during this era was that the white working class outnumbered the black working class in industry and it was only in 1945 that black working class exceeded 50 percent of the industrial workforce (Freund, 1985, p. 16).

In 1924 the State implemented its so-called “civilized labour policy” which was deemed to be promoting the white working class in preference to the black working class. The policy was embodied in the following legislation and administrative practices: a) The Apprenticeship Act, which provided training for young whites as artisans; b) The Customs and Tariff Act of 1925, which included a clause making tariff protection conditional upon the employment of white labour; c) The Wage Act, which

provided for minimum wage determination above the “civilized” subsistence level; d) The “fair labour” clauses in government contracts, which called for the employment of white labour by companies tendering for government contracts. (Davies, 1979, p.202). On the surface the policy seemed to be promoting the interests of the white working class and came at a time when there occurred a growing unskilled and impoverished white working class. The policy, however, was riddled with contradictions. Between 1924 and 1932, for example, white labour on the railways increased from 6,363 to 12,042 while the number of Africans employed fell from 35,532 to 17,467 (Webster, 1984, p. 47). Webster, however, shows that this was part of a strategy of diluting the moulder’s trade and attacking skilled work in general. Clark (1987, p. 118-9) in turn shows that Iscor (a parastatal) simply ignored the “civilized labour policy” by increasing the number of blacks workers in employment and reducing the number of white workers, by simply reclassifying certain categories of work in a way which would allow for the employment of black workers.

The state through its civilized labour policy exploited the growing racism and the growing demands of less skilled employment by deskilling work predominantly controlled by white skilled workers (Webster, 1985, p.47). Capital’s most successful period of deskilling occurred during the period of the Second World War when, as a result of war conditions, skilled work became highly vulnerable to deskilling (Lewis, 1984; Webster, 1985, p. 55). Also the demarcations between what comprised black work and what comprised white work was more fluid and less defined in manufacturing industry as opposed to the mining industry where the struggles of the white working class led to the establishment of clear demarcations of what constituted white work as opposed to black work. What occurred was a growing semi-skilled white workforce as well as a growing semi-skilled black workforce. With black labour cheaper than white labour there occurred a tendency for industry to use more black labour in manufacturing industry. The Botha Commission, for example, reported that per capita income of black workers was 8 percent of that of white workers (Botha Commission, p. 25), from a financial consideration it became cheaper for industry to employ black workers. Once white skilled work was deskilled, seen for example in mass production in the engineering industries especially after 1932 in conjunction with the civilized labour policy (Webster, 1984, chpt. 3), it became easier to replace white workers with black workers. Webster reports:

“In 1943 Grade D operatives’ positions were opened to Africans under the Industrial Council agreement. By 1943, 3,643 out of 63,545 Africans employed in the engineering industry held operative jobs.” (Webster, 1984, p. 60)

A further contradiction was that just as there was a growing black semi-skilled workforce, there was also a growing white unskilled workforce living below the poverty line (Fine, 1990, p. 87). Historians often referred to this as the “poor white problem” (Davenport, 1987). What this created was both potential for cooperation as well as conflict between the black and white working class. Racism created an easy way to keep black and white workers apart. There are numerous examples of non-cooperation and conflict between black and white workers. What state and capital feared was cooperation between black and white workers. Solly Sacks, Johanna Cornelius and Anna Scheepers, for example, had successfully organised unskilled white working class women working, often working side by side with African women, in the garment industry in militant trade unions. They not only accepted African, Coloured and Asian women (although in separate branches) in the Garment Workers Union (GWU), but also assisted the predominantly black African Clothing Workers Union organised by the Gana Makabeni and other black unions as well (Fine, 1990, p. 87). Webster, for example, argues that the “Mechanics Union Joint Executive (MUJE) developing fears of undercutting from a rising black semi-skilled workforce began to support black unions’ demands” (Webster, 1984, p. 60). The MUJE was, however, prevented from assisting black unions by companies arguing that the Industrial Conciliation Act did not apply to Africans and thus the MUJE could not represent African workers. The development of cooperation between black and white workers gained momentum during the war as left wing trade unions affiliated to the white dominated Trades and Labour Council (TLC) began accepting Africans as members (Lewis, 1984).

Although this was not a dominant trend it was nevertheless a trend that both state and capital opposed and used various ways of keeping workers apart. This was done either by refusing to negotiate with mixed unions or refusing to register such unions. Unions on the other hand either organised workers into separate branches, or coordinated strike action between black and white workers. The GWU found a way of exploiting a loophole in labour legislation to allow African women to become members of the union. It needs to be emphasized that this trend towards cooperation was not a dominant one but nevertheless reflects on the contradictions prevalent at the time. For state and capital this was a

dangerous trend and it was feared that a racially united working class (a pipe-dream maybe?) would be a serious threat to the social relations of production. This period revealed that, except for brief moments, both the black and white working class came under attack from state and capital. This does not mean that trade unions did not make any gains. Lewis shows, for example, that not only were some unions able to resist state and capital's tactics of dividing these unions along colour lines, but that many of these unions were successfully able to obtain wage increases for both low paid semi-skilled workers, as well as for black workers either through negotiations or strike action (Lewis, 1984, p. 156).

From the above discussion we can see that class struggle was filled with contradictions and variations as race and class issues posed problems and advantages for the working class. The working class during this period was essentially weak faced with the contradictions of race divisions, skill division and growing mechanization of industry. Class struggle in the process of industrialisation revealed these contradictions and variations, more importantly, it revealed that it is in these variations that a working class consciousness formed as the process of proletarianization and deteriorating social conditions brought the inequities of the capitalist system into focus. These struggles while not strong enough to effectively challenge state and capital nevertheless brought to state and capital an awareness of the dangers of the developing forms of class struggle which came within the context of an industrialisation that was dependent on the mining sector, but limited by the new form of imperialist domination.

It is in trying to deal with these contradictions that apartheid as a form of political control emerged. Apartheid came in response to a growing threat from a working class creating possibilities of racial unity, increasing movement of black people to the urban centres creating its own set of social and political problems for the state, and limitations placed on industrialisation. This will be examined closely in the next section but before we do so we will examine the development of black trade unions and show how the weakness of the black working class was further reflected in the political and other differences of the trade unions. We will also look at the black mine workers strike of 1946 as it represented one last effort by the working class, and the liberation organisations that represented it, to establish their strength vis-à-vis state and capital. With this in mind we now examine the development of trade unions during this period of industrialisation.

Unity and Division: The Formation of CNETU 1926 - 1945

The Council of Non-European Trade Unions (CNETU) was formed in 1941 and by 1949 it was regarded as virtually defunct. However the history of its formation as well as of its existence reflected a serious disunity within the working class movement and part of its failure lay in this disunity. As working class consciousness began taking shape various left political parties began competing for the attention of the black working class, sowing division detrimental to a working class movement.

Similar obstacles to unity emerged in the 1980s as unions sought to unite under one umbrella body. The strength of the black working class and the high level of debate that preceded discussions to unity in the 1980s, allowed for division to be transcended and unity to prevail. The disadvantage this brought on the working class movement was that unity was achieved under the leadership of the populist politics of the African National Congress (ANC), and given its particular brand of politics promoted revolutionary nationalism as opposed to revolutionary socialism, leading to the domination of reformism in the 1990s. With this in mind we will now examine the formation of CNETU.

Between 1926 and 1930 the communists who were expelled from the ICU began organising trade unions outside of the ICU. In 1928 these unions combined to form the Non-European Federation of Trade Unions and affiliated to the Red International of Labour Unions (Profintern). Claiming a membership of 10,000, the federation, taking its line from the Profintern, was militant, frequently calling for strikes and demanding equal pay for equal work and an end to discriminatory laws. Few gains, if any, were made and many workers drifted away from the union. To make matters worse the Communist Party of South Africa (CPSA) in 1930 was in disarray and afflicted with internal problems and many of its trade union organisers were expelled from the organisation. The federation collapsed and only a few unions survived. These unions, themselves on the verge of collapse, were resurrected by those who were expelled from the Communist Party for being Trotskyist (Hirson, 1989, p. 40).

Unions in the laundry and baking industry and remnants of a union in the mine and municipal sectors survived and were led by T.W. Thibedi. Gana Makabeni kept the African Clothing Workers Union alive with financial assistance from the Garment Workers Union³ (Hirson, 1989, p

³ Both Thibedi and Makabeni were expelled from the Communist party.

40). In 1933 Ballinger (of the ICU) reported that there existed only three African unions, the Clothing Workers Union, the Laundry Workers Union and a union of dock workers in Cape Town. He also pointed out that there were two white unions that accepted Africans as members (Hirson, 1989, p. 40).

The most crucial figure in the history of South African trade unionism at that time was Max Gordon. Gordon was a member of the Workers Party, which had Trotskyist leanings, and in 1935 he became secretary of the African Laundry Workers Union. (Stein, 1981, p. 143). The uniqueness of Gordon as a trade unionist was that he realized the weakness of strike action at the time and sought different methods to achieve aims of higher wages. Strikers always faced police violence, were dismissed, and were subjected to criminal prosecution often failing to win wage increases. Furthermore Gordon had virtually transformed the union offices into a social welfare organisation. The unemployed would meet there and employers would contact the union if workers were needed. He arranged for legal, financial, and medical assistance for workers. In the evening training courses were run from the offices for unionist and literacy and education classes for workers (Hirson, 1989, p. 42). A number of the trade union leaders at the time received training from Gordon.

In 1936 Gordon, with the help of Ballinger, began submitting reports on wages paid to African workers, to the Wage Board which set minimum wages. He also dedicated much time to the enforcement of these determinations. In this way he was able to circumvent the limitations the Industrial Conciliation Act had placed on African trade unions, and thus was able to gain wage increases for African workers without resorting to industrial action (Stein, 1981, p. 143). Apart from the laundry workers he focused on organising workers in the commercial, baking and printing sectors and by 1937 he was secretary of four unions (Roux, 1978, p. 327).

During the same time Gana Makabeni, who was an organiser in the ICU and the Communist Party of South Africa (CPSA) (later to be expelled from the CPSA), had in the meantime organised about ten unions (Hirson, 1989, p. 44). It is reported that Makabeni refused to work with Gordon and therefore concentrated on forming his own unions. These unions joined together to form the Coordinating Committee of African Trade Unions and Makabeni was general secretary of these unions.

In 1938 a Joint Committee of African Trade Unions was formed with representative from the African and laundry, commercial, baking and printing unions. Gordon was made secretary of the Committee

and Gosani was employed as the organiser of the organisation. By the end of the year the dairy, chemical and general workers' unions joined the Committee (Roux, 1978, p.328). It has been estimated that the Joint Committee's membership was between 16,000 and 20,000 (Stein, 1981, p. 143).

Gordon's Joint Committee and Makabeni's Coordinating Committee did not overcome their differences and despite attempts at unity, in the formation of CNETU, their differences continued to plague the trade union movement. Baruch Hirson describes the conflicts of the day as follows:

"The factors dividing the organisations are not easily delineated, clouded as they are by differences of personality, political philosophy and trade union tactics. The antagonisms that split the left into warring factions were transferred to the trade union movement.... It was a matter of black versus white, Trotskyist versus Stalinist, reformism versus militancy - and these ingredients appeared in endless permutations." (Hirson, 1989, p. 47-8)

By 1940 Gordon and his lieutenants had organised about 20 African unions. In 1940 Gordon was interned by the government. It was suggested that Lyn Saffery, of the South African Institute of Race Relations (SAIRR), take over Gordon's position on the Joint committee. The reason for this was that the SAIRR, who had supported the unions financially, feared that the unions would be taken over by the communists and secondly they thought the unions would not manage without Gordon. The racist and liberal paternalism of the SAIRR was attacked by Dan Koza, a trade unionist who trained under Gordon, and he opposed Saffery's appointment. Dan Khoza took over Gordon's position, the link with the SAIRR was broken and the unions managed fine without their financial and logistical help (Hirson, 1989, p. 48). Koza's style of trade unionism was different from that of Gordon's. He encouraged militant trade unionism and led his union in a number of successful strikes. Unlike Gordon he insisted on the right of Africans to strike and ignored both the restrictions of the Industrial Conciliation Act and the war time regulations, and would lead workers on strike whenever necessary (Hirson, 1989, p.102).

On his release Gordon was employed by the Dairy Workers Union which was led by Jacob Thipe. The SAIRR encouraged Gordon to work towards uniting all the African unions. On 20 November 1941 Gordon and Thipe met with Makabeni of the African Clothing Workers Union and W.A.R. Mokoena

of the Meat Workers Union, to discuss the unity of African unions. On 29 November a conference was held under the auspices of the Communist Party of South Africa (CPSA), which had played a leading role in organising the African Mine Workers Union (AMWU), and the All-in Conference of All African and Coloured Trade Unions. Out of this conference the Council of Non-European Trade Unions (CNETU) was formed. Makabeni was made president and Gosani, of the Joint Committee, was made the secretary (Hirson, 1989, p. 100).

Despite the claims by CNETU that by 1945 it had 119 unions affiliated to it, with a membership of over 158,000 there is little indication of much activity by CNETU (Roux, 1978, p. 333). Moreover the appearance of unity was deceptive. Roux, for example, describes four different political groupings that controlled the various trade unions affiliated to CNETU: the communists, the Trotskyist in the form of the Workers International League, a group of independent unions led by Makabeni, and a group of unions led by Dan Koza (Roux, 1978, p333-4).

The formation of the Progressive Trade Union Group (PTU) illustrates the type of disunity that existed. In 1944 unskilled milling workers came out on strike for higher wages. At a mass meeting to discuss the strike, an ad hoc committee of union officials, from different unions, was formed, referred to as the "General Staff", whose main duty was to direct the course of the strike. The "General Staff" seeing that the strike was collapsing sought assistance from the Workers International League, and was thus labeled a "Trotskyist organisation", by CNETU leaders and the CPSA. After the strike the "General Staff" transformed itself into the Progressive Trade Union Group (PTU). The PTU openly challenged CNETU and called for the removal of all of its leaders. the CPSA on the other hand campaigned against the PTU calling for those who belonged to the PTU to be expelled from CNETU. By 1946 the PTU had collapsed and by 1949 CNETU was virtually defunct.

The organisational weakness of CNETU did not however stop individual trade unions from strike activity. In fact from about 1942 strike activity by African workers - mainly on the Witwatersrand and Natal increased greatly. While many strikes were led by trade unions, there also occurred a large number of spontaneous outbreaks by unorganized workers. Among those involved were sweet workers, coal miners, dockers, dairy workers, brick workers, railway labourers and municipal employees. The war period proved to be a very successful period for African trade unionism. During

the period 1930-39, 71,078 man days were lost through strikes whereas during 1940-46 220,205 were lost, i.e. an average of 4.2 days per worker. Real wages also increased. During the period 1930-39 real earnings rose by 9.8% while the period 1940-46 earnings rose by 51.8% (Bonner, 1978, p. 7)

The war clearly had a positive effect on black trade unions. The relative shortage of labour and the shortages of commodities gave black trade unions a slight edge over employers. The end of the war also saw the beginning of the collapse of trade unions. Between 1946 to 1949 CNETU suffered from internal conflict and found itself less able to respond to the needs of the black working class. By 1949 most of the trade unions were either in disarray or defunct. These had inevitably been the result of defeats suffered by workers in almost every industry, and many felt disappointed with the unions and left. Furthermore, many black workers faced redundancy in the post war period as war production came to an end and many local industries could not compete with cheap imports.

The Formation of the African Mine Workers Union

The mineworkers strike is important for a number of reasons. First, the strict restrictions on the movement of mineworkers and tight security surrounding access to the mine workers compounds, made it extremely difficult in forming a trade union amongst the black mineworkers. Second, given the economic importance of the mining sector to the economy, both the state and capital went all out to crush any strikes in the sector, as had happened during the 1920 black mineworkers strike as well as the 1922 white mineworkers strike. Third, the strike represented a bold attempt by the black working class, and organisations representing the working class such as the CPSA and the ANC, to reassert their strength in the light of a series of setbacks and in the face of a growing Afrikaner nationalism.

Despite its short life the formation and establishment of the African Mine Workers Union (AMWU) was an important event as well as an achievement given the prevailing restrictions. Several attempts were made during the 1930s to organise mine workers (Hirson, 1989, p. 168). At the 1940 conference of the CPSA Ray Alexander criticized the party for its lack of contact with African trade unions, and at that meeting it was decided that the party should use its white contacts on the mines to make contacts with African workers, with the aim of forming a trade union. The party failed to make any gains during that year, but had nevertheless established some contacts. At its conference in April 1941

the CPSA realized that its slow progress was due to a lack of funds, it nevertheless decided to go ahead with the forming of a trade union for mine workers after several members of the Party called for the formation of the union (Hirson, 1989, p. 170).

On 3 August 1941 a conference was convened for the inauguration of a trade union for African Mine Workers. The conference consisted of 81 delegates representing various political parties and trade unions. The decision to launch the union was taken at the conference and a committee of 15 people was nominated for the purpose of raising funds. Organising the mine workers was a difficult task. There were no funds to employ full time staff and subscriptions were difficult to collect and the union for some time operated with unpaid staff and an office. By 1945 the union claimed a membership of 20,000. There are, however, no official records to substantiate this figure. However the secretary of the union informed the executive of the CPSA that paid up membership was at 2,000 (Hirson, 1989, p.171). Given the difficulties in collecting subscriptions, the discrepancy between those who joined the union and members in good standing is expected. Nevertheless given that African miners numbered 350,000 the AMWU still had a huge task if it was to make any claims to be representative of mine workers.

The state and mine owners made organising mine workers extremely difficult. In October 1944 War Measure 1425 was gazetted, and this prevented gatherings on or near mining property. Organisers were harassed or arrested. Recruitment ceased and subscriptions were difficult to obtain and the union's income dropped drastically. Harassment and intimidation continued on the mines and workers were discouraged from being members of the union. Any senior personnel found to be associated with the AMWU was dismissed within 24 hours (Hirson, 1989, p. 178).

Although the influence of the union on the mines dwindled disturbances continued to increase. These disturbances lasted from between an hour to a day and the numbers and intensity began to increase between 1944-46. Most of the disturbances were over wages, increased taxes and food prices, amongst others (Hirson, 1989, p. 178).

At the 1946 Annual Congress the union decided to campaign for higher wages. With no response from management the union in August took a decision to call a general strike (Roux, 1978, p.338).

The union consisted of basically unskilled workers. The strike call brought out 100,000 workers

closing 21 pits. This had serious effects on the economy (Plaut and Ward, 1982, p. 3). According to Roux newspapers reported that the strike “came as a shock to the market in city circles in London, where the price of gold-mining shares had fallen” (Roux, 1978, p. 101). The strike which lasted 12 days was however brutally crushed, by the state and employers leaving 12 African workers dead and 1,200 injured.

The development of trade unions and the strength of the mine workers strike was clearly a sign of a growing working class consciousness which was willing to challenge both state and capital. The black working class was nevertheless relatively young in its development, and in number and despite its desire to challenge the inequities of the day it lacked the power to do so. The AMWU strike exposed the weakness not only of the black working class but also its leadership and in a sense signalled the imminent collapse of trade unions during that period. Hirson very clearly displays the weakness of the trade union leaders of the day:

“..although the call was for a strike, there were no instructions on how the struggle was to be organised or conducted, and ultimately it was the hometown associations or the izibonda who brought many of the workers out.” (Hirson, 1989, p. 183)

Hirson goes on to describe the confusion that reigned through a lack of communication, consultation and a failure to lay down contingency plans. The executive of CNETU, for example, claimed they “had not been properly informed of the strike, and this had created much confusion” (Hirson, 1989, p. 104). Failure to plan and create adequate support structures merely reflected the wider weakness of the trade union movement, which could not rely purely on the militancy of the black working class. State repression, lack of funds, internal divisions, poor organisational structure were problems that would not be easily overcome.

With the defeat of the AMWU strike, the detention and trial of many of its organisers, and with further harassment by employers and state preventing the organisation of workers, the AMWU soon collapsed. This period also saw a general decline of African trade unionism, and by 1949, 66 of CNETU's unions had become defunct weakening CNETU considerably (Luckhardt and Wall, 1980, p. 70). It was out of this suppression of the black working class that the state was able to implement its policy of apartheid which saw the intensification of racism, increased policing of the working class

and the implementations of severe restriction on the movements of the working class. In the next chapter we examine the development of apartheid following the defeat and suppression of the black working class and how the black trade union movement struggled to reestablish itself amidst a highly repressive state.

Chapter 8

Apartheid and Industrialisation: 1948 - 1960

Industrialisation and Repression

In 1948 a change in white government occurred and the Nationalist Party assumed control of the state. This marked the beginning of the apartheid years where racism and colour segregation was intensified and formalized and shaped the South African political economy in a very distinct way. The most important aspect of apartheid was its strict control over the movement of black people. The structuralist Marxists have argued that apartheid was instituted firstly to continue the reproduction of cheap labour through repression (Wolpe, 1972), and secondly to maintain a supply of cheap labour to all sectors of the economy (Saul and Gelb, 1978; Davies, et al, 1976). In challenging these views I have argued that the process of proletarianization and the partial form of industrialisation in the newly developed countries (former colonies) unleashed a relative surplus population that grew faster than industry could absorb. Moreover, as industrialisation proceeded, it did so by employing labour-displacing capital intensive equipment rather than by exploiting the growing relative surplus population. Within this context capital requires a stable and disciplined workforce, but the state has to deal with the political social and economic problems that arise from this growing relative surplus population. By 1947 a permanent African population in the urban areas with severely deteriorating conditions was a recognizable fact (Fine, 1990, p. 17). Despite the weaknesses of trade unions, capital was faced with a growing labour unrest, seen for example in the increasing strike activity during the war years, and also a high labour turnover (Hirson, 1989).

It is within the context of these contradictions that the Nationalist Party instituted its policy of apartheid. It sought to divide the working class on colour lines by subduing the white working class through racist ideology and economic privilege while extending repression to the black working class. It allowed for the development of a settled black urban population, by developing the cheapest possible homes for black people and spending the minimum amount possible on health, education and other welfare facilities. The rest of the African population were simply confined to the homelands. The aim

of apartheid was to keep the black working class subdued through repression based on a racist ideology, allow the black urban population to increase in relation to the needs of industry so that industrialisation would proceed without the state having to maintain the unemployed, sick and elderly, and to allow for the Afrikaner to maintain a monopoly on state power. Apartheid was about repression within the context of a rapidly developing world industrialisation, which at the same time had the effect of placing limitations on industrialisation in the former colonies. For industrialisation to proceed in the former colonies it had to do so through a combination of repression and capital intensive technology.

At the end of the Second World War the South African economy was in a relatively strong position with considerable reserves in gold and foreign exchange and backed up by the inflow of capital from Britain (Lumby, 1983, p. 221). Furthermore in the period following the war, a broad strategy on the part of the major Western economies to provide the international economy with an institutional framework, facilitated unparalleled economic growth on a global scale. This came in the form of the Bretton Woods Conference of 1944 which set up the International Monetary Fund (IMF) and the World Bank, the United States' Marshall Plan, the General Agreement on Tariffs and Trade (GATT), and in 1956 the establishment of the European Community. All these organisations reflected the domination of industrial capital as the form of international capital, as its main task was the promotion of industrialisation throughout the world. The IMF and the World Bank, for example, have provided much of the funding to the developing world to finance industrialisation, generating in turn in these countries a huge foreign debt that has become characteristic of many of the developing countries.

The South African economy took advantage of some of the benefits that these structures provided in order to speed up the process of industrialisation. Nevertheless the South African economy was plagued by a set of its own problems. One of its biggest problems was to maintain the advances in industrialisation made during the war. After the implementation of apartheid, labour unrest and political protest gained momentum and at times, following the Sharpeville massacre for example, created disturbances in the flow of foreign investment. A further problem disturbing the process of industrialisation was that the manufacturing sector was reliant on imported technology but at the same

time was not very competitive on the international market. As such importing technology tended to place a strain on foreign exchange often leading to balance of payments problems.

During the 1950s protest and struggle against the apartheid state intensified culminating in the Sharpeville massacre and the subsequent banning of the liberation organisations and the jailing, and in some cases the murdering, of its leaders. After 1962 the state had effectively destroyed working class organisations and had subdued working class protests to a minimum. Within this context of intensified repression the state pursued a policy of rapid industrialisation by using fiscal policy mechanisms to divert funds from the primary sector to the secondary sector, in order to finance a programme of capital intensification, in the hope that the manufacturing sector would develop its competitive edge on the international market.

This rapid development of the economy during the intensive repression of the state against the black population in general led the Marxists to identify a close relation between capitalist development and apartheid repression. It is debatable whether apartheid enhanced or retarded the development of the manufacturing sector. While on the one hand the manufacturing sector was plagued by problems that went beyond apartheid, for example its dependence on foreign technology and its geographical distance from the more active markets. There were, on the other hand, problems that arose as a direct result of apartheid, for example, the prevention of blacks from moving into certain skilled positions, the general retardation of the skill level of the black working class, poor productivity, exclusive reliance on the white population for managerial and skilled positions thus putting a premium on their wages, and so on. There were also advantages that came with apartheid, for example, increased repression in order to subdue the organised activity of the black working class, thus allowing for development within the context of low wages and minimal regulatory constraints, and the implementation of new technology without much resistance or discussions with trade unions.

It would be simplistic to merely list the advantages and disadvantages of apartheid on the manufacturing sector. The complexity of apartheid was that it had both a direct and indirect effect on the manufacturing sector. For example, the political protest against influx control in the 1960s led to the Sharpeville massacre and this was immediately followed by disinvestment and capital flight from South Africa, having an indirect bearing on the development within the manufacturing sector. Yet the

space created by the repressive state during the next decade allowed for phenomenal growth of the manufacturing sector which attracted foreign investment. Thus it is these types of contradictory effects that apartheid placed on the manufacturing sector within the process of development.

The relative importance of the manufacturing sector to the domestic economy, in the post-war period, was self-evident especially in terms of share of the GDP, employment levels, and the production of consumer goods. No doubt the war placed the South African manufacturing sector on sound footing. By 1948 the manufacturing sector's share of the GDP, at 15.3%, reached the same level of that of mining and agriculture whose share was 14.8% and 15.1% respectively (Table 8.2).

Industrialisation and Balance of Payments Constraints

As mentioned earlier the post war period was marked by a relatively high increase in imports. Three reasons account for this: firstly manufacturing industry was in desperate need of new technology, secondly, pent-up consumer demands following the war, and thirdly the technological and other requirements created by the opening up of new gold mines in the Orange Free State. Between 1945/6 and 1949/50 annual fixed investment was $3^{1/2}$ times higher than during the war. Furthermore, average value of plant/machinery and tools per establishment grew by an average of 40% while the average value of mechanical power per worker grew by 33% (Bloch, 1980, p.132).

Inevitably a huge balance of payment deficit occurred creating problems for the South African economy. The day was saved by the devaluing of sterling in 1949. South Africa followed suit and this had the effect of redressing balance of payments somewhat, by putting a check on non-sterling imports. The government also introduced strict foreign exchange control. Furthermore an increase in the price of gold boosted the value of exports (Lumby, 1983, p. 221). Nevertheless the balance of payment crises became the bugbear of the South African economy occurring in 1954 and again in 1958 with the 1960/1 crisis being the most serious.

The development of the manufacturing sector was nevertheless affected by the balance of payments crisis. The state's attempts at resolving the 1948/9 balance of payments crises did not prevent the expansion of imported goods, however it was machinery and equipment for the mining and

agricultural sectors that accounted for the increase in imports rising from 26% as the proportion of total imports in 1947 to 34% in 1957 (Innes, 1984, p. 170).

Following the 1953/4 balance of payment crisis the state imposed monetary and fiscal constraints, the effect of which hindered the process of industrial mechanization (Innes, 1984, p. 170). Between 1946 and 1954 the increase in fixed capital stock averaged 6.9% per annum but dropped to an average of 4.5% during the years 1954 and 1962 (Bloch, 1980, p. 132). The state realized the importance of mechanization to the manufacturing sector, but given the balance of payments constraints, promoted labour intensive industries instead of the capital goods sector. The balance of payments crises, the growing black population moving increasingly towards the urban areas, and poor research and development facilities all affected the state's policy of promoting labour intensive and light goods industries. The result was that in the decade following the war development occurred predominantly in the light goods and consumer durable goods industries, rather than in the heavy machinery and technology (Innes, 1984, p 170-1). This emphasis on light consumer goods was further enhanced by trade agreements such as the Ottawa agreement. The shift in emphasis on the nature of production in the developed countries and the changing character of imperialism, fell very much in line with the direction of South Africa's industrialisation.

The diversity of production experienced during the second world war encouraged industrial expansion into many different areas of production, for example, the motor vehicle, electrical goods and clothing industries. Furthermore, the mining industry's increasing investment in manufacturing industry contributed to the diversity of manufacturing production. While at the same time expansion in the traditional areas continued, for example in the metal and engineering industries, the chemical industries, and food and beverage industries. Heavy engineering goods were increasingly being produced locally, for example, the locally manufactured content of a boiler and steam plant of a power station in 1933 was virtually nothing and by 1950 was 50% and continued to increase in the following two decades (Christie, 1984, p. 158). Local manufacture of electrical goods was an important aspect of manufacturing development. Soon local and multinational companies in South Africa were manufacturing radio transmitters, mine-pumps, mine-winders, radar sets, power-station switch-gear, communications equipment, transformers, large electric motors, electric light-bulbs, etc. (Christie, 1984, p. 158).

Clothing and textiles was also an area where industrial development occurred fairly rapidly in the 1940's and 1950's. Again it was during the war years that the clothing industry established itself when army uniforms were produced mostly from imported fabric (First, et al. 1972, p. 98) To minimize the clothing industries dependence on imported raw materials, and to reduce deteriorating balance of payments, the IDC promoted the establishment of textile industries in South Africa, often in conjunction with overseas concerns in joint ventures with local companies, for example British Calico Printers Association, and Cyril Lord of the UK amongst others (First, 1972, p. 98). In 1951, for example, the IDC joined with Courtaulds to set up the South African Industrial Cellulose Corporation (SAICCOR) to produce rayon pulp. Similarly ICI set up a nylon spinning plant in the Western Cape which soon attracted local investors such as the IDC and Anglo-American (First, et al. 1972, p. 100).

Table 8.1: Development of South African Manufacturing Industry, 1944/45 - 1954/55

Year	No of Factories	Employment	Wages R000	Value Added R000
1944-45	9,316	361,004	134,706	275,620
1945-46	9,642	379,022	149,636	304,952
1946-47	9,999	369,940	168,362	347,434
1947-48	11,376	433,756	195,382	400,902
1948-49	12,060	473,373	226,206	457,048
1949-50	12,517	497,887	244,884	512,022
1950-51	12,938	543,252	282,478	621,720
1951-52	12,887	575,866	328,216	700,492
1952-53	13,260	595,675	365,154	775,458
1953-54	13,811	622,682	396,682	860,422
1954-55	13,725	652,635	432,832	964,206

Source: Bureau of Census and Statistics, Statistics for Fifty Years, 1910-1960, and AB Lumby, p. 225.

(Note: During 1954/55 changes were made in the way certain statistics were calculated.)

One of the major investors into the manufacturing sector during this period came from the mining industry, primarily the expansion of mining houses into the manufacturing industry (Innes, 1984, p. 175). Despite the mining industry's preoccupation with developing new gold mines on the Witwatersrand and the Orange Free State, the mining houses began showing a growing interest in

manufacturing industry. Already by the 1940s Anglo American was in control of some of the largest industrial concerns such as AE&CI, Boart and Hard Metals, the Union Steel Corporation and Vereeniging Refractories (Innes, 1984, p. 175). By 1960 Anglo American Corporations' interest in the manufacturing industry was calculated at R50 million (Innes, 1984, p. 177). Similarly 17% of Anglo-Transvaal's investment, 5% of JCI's, and 22% of Central Mining's interest was tied up in manufacturing industry and commerce (Innes, 1984, p. 177). An important aspect of the process was that most manufacturing companies were initially set up by the mining houses to meet the needs of the mining industry. AE&CI, for example, produced dynamite for use on mines and later produced chemicals such as calcium cyanide for the extraction of gold. In the 1950s AE&CI began diversifying production to meet the needs of manufacturing and agriculture, producing urea used for fertilizer as well as a base for industrial resins (Innes, 1984, p. 176).

Over the period 1948 to 1960 the manufacturing sector's general progress can also be seen in terms of its share of the GDP (Table 8.2) which increased from 15.3% to 19.1% an increase of almost 25%. The agricultural sector's share of the GDP during the same period decreased from 15.1% to 11.9%, a drop of 20%, while the mining industry's increased from 14.8% to 17.8%, an increase of 20%. The importance of the manufacturing sector to the national economy became more apparent, and during the 1960s and early 1970s was a major lure for foreign capital.

Table 8.2: GDP at Factor Incomes at Constant 1975 Prices, by Kind of Economic Activity Percentage Distribution for Selected Industrial Activity, 1948 - 1961

Year	Agriculture and Forestry	Mining and Quarrying	Manufacturing	Electricity	Construction
1948	15.1	14.8	15.3	1.2	4.3
1949	13.3	15.2	16.1	1.3	4.3
1950	14.5	15.1	16.5	1.4	4.2
1951	14.9	14.7	17.1	1.4	4.2
1952	14.2	14.9	17.6	1.5	4.6
1953	14.9	14.5	17.8	1.5	4.1
1954	14.8	14.9	18.3	1.5	3.8
1955	14.2	15.5	18.7	1.6	3.7
1956	14.4	16.2	18.7	1.6	3.5
1957	13.3	16.5	18.9	1.7	3.6
1958	12.2	16.7	19.2	1.7	3.7
1959	12.4	17.6	19.1	1.8	3.5
1960	11.9	17.8	19.1	1.8	3.2
1961	12.5	17.8	19.2	1.8	3.0

Source: South African Statistics, 1982.

Trade Unions After the War

In 1948 the Nationalist Party came into power with the specific aim of intensifying racism and implementing its policy of apartheid, which centred around the complete separation of the various racial or colour groupings of the country's population in all areas of life. This had a profound effect on the structure of trade union organisations, the forms of working class struggle and the nature of the debates that emerged in relation to the organizing strategies of trade unions.

As the government in power, the Nationalist Party set out to implement its grandiose plan of apartheid through various acts of parliament. Over the next decade various repressive laws were introduced that were designed to mute political opposition to its plans, such as the Suppression of Communism Act; suppress trade union activity through the 1953 Native Labour (Settlement of Disputes) Act which prohibited African workers from undertaking strike action; intensify racism at the work place and the prohibition of non-racial trade unions through the Industrial Conciliation Amendment Act of 1956.

Racial fragmentation of the working class continued outside the workplace through legislation such as the Group Areas Act, the Population Registration Act, the Bantu Education Act, and various similar laws. These laws were implemented with heavy policing, forced removals, strict adherence to influx control measures and other laws which criminalised otherwise normal activity. Basically three sets of legislation were put in place: one set to curb black political opposition to the white government; one set to control the movement of the black working class, such as influx control; and one set affecting worker organisations and industrial relations at the work place. The revival of trade unions in this environment of repression posed serious challenges to the unions and had a profound influence on the form of their activities.

The 1946 mine workers strike represented the last major strike action by the black working class for the next decade. The strike in a sense also marked the demise of black trade unions. CNETU, unable to provide its affiliates with any real support and weakened through division, existing in name only and had failed to achieve any real gains on the shop-floor (Fine , 1991, p. 11). In 1945 CNETU claimed that it had 119 unions affiliated to it with a membership of over 158'000. By 1950 there existed only 52 black unions representing some 34'000 workers. Even the Botha Commission commented, in 1951, that black trade unions had suffered a "severe set-back" and that 66 black trade unions have since become defunct (Botha Commission, 1951, para. 1500). By 1954 CNETU was reported to have 22 unions affiliated to it representing some 10,000 workers (Luckhardt and Wall, 1980, p. 84). There was also a dramatic drop in strike action after 1946, decreasing from 84,232 strikers in 1946 to 5,865 strikers in 1947 and 2,815 in 1948.

Coinciding with the establishment of apartheid was the call for race exclusivity in the trade union movement. The move towards the intensification of racism on the part of the Nationalist Government was followed by the development of race exclusivity in the trade union movement, as craft workers turned more towards race to protect their jobs in the face of deskilling and the rise of the semi-skilled operatives (Lewis, 1984, p. 134). This emerged in particular in the South African Trades and Labour Council (SAT&LC) which organised on a non-racial basis but was predominantly white in character. Between 1947 and 1954 the SAT&LC went through a change that saw white right wing racists assert their control against the left wing progressive minority (Lewis, 1984, pp. 166-77).

In May 1954 a unity conference was called for by leading members of the SAT&LC, the South African Federation of Trade Unions (SAFTU), the Western Province Federation of Labour Unions (WPFLU), and the Amalgamated Engineering Union (AEU) (Lewis, 1984, p.157). The conference was called in anticipation of the move by the state to segregate mixed unions and the aim of the conference was to unify the various registered unions under one federation. African trade unions were deliberately left out in order to achieve maximum unity on the basis of white supremacy.

In October 1954 a second “Unity Conference” was held in Durban. At this conference it was agreed that the SAT&LC would dissolve and a new federation would be formed, the South African Trade Union Congress (SATUC) which would have a racialised constitution barring African trade unions from affiliation. 19 Unions from the SAT&LC opposed this move and issued a statement to that effect (Luckhardt and Wall, 1980, p. 86). The WPFLU similarly voted to dissolve but only half of its affiliates joined the new SATUC (Lewis, 1984, p. 157). The SAFTU refused to dissolve but lost 50% of its unions, mostly craft unions, to the new federation (Lewis, 1984, p. 157).

Formation of South African Congress of Trade Unions (SACTU)

Between October 1954 and March 1955 the group of trade unionists disgruntled with the dissolution of the SAT&LC and the exclusion of Africans from the SATUC formed the Trade Union Coordinating Committee (TUCC), and together with representatives of the CNETU, worked towards the formation of a non-racial trade union federation (Luckhardt and Wall, 1980, p. 91). SACTU held its Inaugural Conference on the 5 and 6 March 1955 in Johannesburg where 66 Delegates from 33 unions together with 51 representatives from other organisations attended (Luckhardt and Wall, 1980, p. 92).

At the time of its formation SACTU was faced with the racialisation of trade unions, impending legislation calling for the further racialisation of unions and the workplace, and an oppressive state bent on enforcing racism. Thus it is not surprising that from its inception SACTU emphasized firstly, the upholding of the principle of non-racialism and secondly, the need to take the trade union struggle beyond the workplace. Its Declaration of Principles, adopted at the Inaugural Conference, stated clearly that:

“The future of the people of South Africa is in the hands of the workers ... but the working class can only succeed in this great and noble endeavour if it itself is united and strong ... only a truly united movement can serve effectively the interest of the workers, both the immediate interests of higher wages and better conditions of employment as well as the ultimate objective of complete emancipation.” (Luckhardt, and Wall, 1980, p. 94)

While conference officials realized that the “main task was to initiate, stimulate and to undertake the organisation of trade unions where none existed and to strengthen those in existence” (Luckhardt and Wall, 1980, p.95), they did not shy away from expressing the need for political involvement. Leon Levy, later to be president of SACTU had outlined the goals of SACTU as:

“SACTU recognizes that the organisation of this great mass of (African) workers was linked inextricably with their struggle for political and economic liberation from all oppressive laws” (Feit, 1978, p. 32)

Immediately after its formation SACTU formed a close relationship with the African National Congress (ANC) and its allies the South African Indian Congress (SAIC), Coloured Peoples Congress (CPC) and Congress of Democrats (COD). During 1957 SACTU was to involve itself in the £1 a day campaign, the Alexandra bus boycott, to be followed in 1958 with the “Nat’s must go” campaign and in 1959 the boycott of “Nationalist Products”, and the potato boycott. SACTU in conjunction with ANC, SAIC, CPC, COD organised under the banner of the Congress alliance and called for 3 stay-aways, the first on 26 June 1957 - which was partially successful, the second on 14-16 April which was regarded as a failure and the third on 28 March which was seen as a success (Webster, 1981, p.11).

In 1959 the ANC launched their anti-pass campaign but the slow pace and general weakness of their campaign allowed for the Pan Africanist Congress (PAC) to take the leadership in the campaign. The PAC called for Africans to surrender their pass books and present themselves at police stations for arrest and to offer no resistance, request no bail, and pay no fines. The campaign began on 21 March 1960 when large crowds gathered at police stations in Evaton, Vanderbijl Park and Sharpeville south of Johannesburg and Langa in Cape Town. In Sharpeville and Langa police opened fire on demonstrators and this resulted in the death of 87 Africans and 227 wounded in Sharpeville, and 17

killed and 46 wounded in Langa. The massacres were followed by international condemnation and a wave of mass protest in the country.

Following the Sharpsville massacres the state increased repression by bringing in legislation that allowed for detention without trial, through mass arrests and intimidation of protesters and the banning of ANC and PAC. The liberation organisation felt that the time had come for new strategies and resorted to armed struggle (Fine, 1991, chp. 10). The ANC formed Umkhonto we Sizure (MK) as its military wing. Unfortunately many ANC officials and members were also part of SACTU leadership. When the state clamped down on MK and the underground network of the ANC, SACTU as an organisation suffered. The state did not differentiate between the different organisations of the Congress Alliance when it clamped down on its activists. Between 1960 and 1966, 160 SACTU organisers were arrested or detained and by 1965 SACTU as an organisation ceased to exist, although it was never banned it was simply phased out through repression.

While SACTU received much criticism for its overtly political stance and its neglect in serving the basic shop-floor needs of the workers, there is evidence that affiliated unions did cater more directly to the interest of their members in the conventional trade union way, and some of its achievements could be measured in terms of the increase in membership from 20,000 workers in 19 unions in 1956 to 53,000 workers from 51 unions in 1961 (Luckhardt and Wall, 1980, p. 99). Further achievements of SACTU unions can be measured in terms of the significant increase in wages of black employees as result of increased strike activity in private industry between 1955-58, when for the first time since the war black wages rose faster than white wages (Fine, 1991, p. 160).

Nevertheless, working during the period of economic recession and anti-union legislation, African trade unions found it virtually impossible to obtain even minimal benefits and gains for the black working class. The only alternative, besides open confrontation, was to form an alliance with a registered union. The cost, however, for such an alliance was loss of control and not making demands that would jeopardize the interest of the parent union concerned.

SACTU's decline as a result of its close relation to the ANC, and particularly its armed wing MK, has been the subject of much debate. Many of the subsequent analyses of SACTU focused particularly on its political involvement and its close relation to the ANC and the Congress Movement. The political

involvement of trade unions in the struggle against apartheid recurred with much vigour in the late 1970s and early 1980s, at a time when political opposition to the apartheid state intensified, and the experience of SACTU served to guide union strategy in their dealings with political organisations. In the next section we will examine some of the divisions that politics had on the development of the black trade union movement.

Table 8.3 Strikes By Black Workers 1945 - 1964

Year	No. of Disputes	No. of Strikers	Historical Event
1945	63	13,228	
1946	53	84,232	Black mine workers strike
1947	64	5,865	
1948	44	2,815	
1949	37	5,141	
1950	33	2,399	
1951	36	7,240	
1952	54	5,963	
1953	30	1,479	
1954	60	4,660	
1955	102	9,479	Formation of SACTU
1956	105	9,641	
1957	119	8,970	
1958	74	7,529	
1959	46	3,604	
1960	42	5,266	
1961	81	4,662	
1962	56	2,155	
1963	61	3,101	48 SACTU leaders banned
1964	99	4,369	Detention and Prison of SACTU leaders

Source: South African Statistics, 1968; Statistical Year-book, 1964.

Chapter 9

Industrialisation and Economic Decline 1960 - 1990

Mediocre Growth

The 1960s began with major political turmoil in South Africa. Black political protest which culminated in the Sharpeville massacre, initiated major capital flight. During 1960 and the first half of 1961 capital outflow averaged R12 million a month (Lumby, 1983, p. 225). This in turn triggered the worst balance of payment crises the South African economy had experienced thus far. The state responded by imposing strict monetary controls and various fiscal measures. Control over capital movements and a moratorium on the free convertibility of the rand was imposed (Lumby, 1983, p. 225). By 1962 the economy recovered somewhat and growth slowly began to pick up, entering a decade which proved to be the strongest period in South Africa's economic history. This growth was not without problems, nevertheless within this context of economic growth the manufacturing sector experienced extraordinary advancement.

One of the reasons for South Africa's high growth rate during the 1960s and early 1970s was the post war global economic expansion. Virtually all national economies (with a few exceptions, for example Great Britain) reported a manufacturing growth of above 5 percent during the period 1960 to 1970 (Dicken, 1986, pp. 25-7). South Africa's annual average manufacturing growth for the period 1960 to 1970, at 6.9% was by no means spectacular. Although it has often been claimed that South Africa's manufacturing growth rate was exceptionally high for the period 1960 - 1970, there is little evidence that this is the case. South Africa's manufacturing growth was average if not mediocre when compared internationally. The period 1960 -1970 does represent a high growth period within South African history, but it then was a high growth period on a world scale in which South Africa did not fare very well. Many countries' manufacturing growth rates for the same period exceeded South Africa's by far, for example Mexico's growth was 10.1%, South Korea 17.6%, Iran 12.0%, Turkey 10.9%, Greece 10.2%, and Thailand, 11.4% (Dicken, 1986, pp. 25-6). These are only some examples of the smaller economies, for except Mexico the above examples represent countries whose

manufacturing sector represent less than 1% of world manufacturing. Of the more established and larger economies such as United States, Japan, Germany, France, Italy, the United Kingdom and Brazil, which together represented 75.8% of world manufacturing production, only Japan's average annual manufacturing growth rate at 13.6% exceeded 10%, while Britain average growth for the period was 3.3% (Dicken, 1986, pp. 25-6). The trend was for the smaller emerging economies to display high growth rates during this period, while the established economies showed average growth rates. South Africa being a small emerging economy nevertheless displayed mediocre growth rates similar to the larger more established economies, suggesting that South Africa was unable to respond to or take advantages of this world development.

Post-Second World War growth in world trade was unusually high. It has been estimated that global trade expanded at approximately 1 percent per annum for the period 1910-1940 however after 1953 the growth increased at approximately 8 percent per annum (Kaplinsky, 1984, p. 77). This increase in trade partially accounts for the tremendous growth in manufacturing industry world wide, other factors include the increase in world urban population leading to a greater demand for consumer goods, advances in productivity and the mass production of consumer goods following the advances of fordist methods of production. While South Africa certainly reaped some benefits from global economic expansion, the manufacturing sector in particular failed to take advantage of the opportunities that such an expansion afforded by producing, for example, products for the international market; alternatively, subcontracting to one of its major trading partners for the production of components and other parts for motor vehicles or similar commodities. South Africa, in other words, failed to integrate profitably into the world economy except as a supplier of minerals and mining products.

At the local level the state promoted policies for the furthering of manufacturing development. Heeding the advice of the Board of Trade and Industries, the Viljoen Commission provided some industries with additional tariff protection. The Department of Trade and Industry extended this protection through import control. Other assistance to the manufacturing industry came in the form of tax concessions, financial support from the IDC, and the expansion of public corporations such as Iscor and the South African Railways (Lumby, 1983, p. 226).

As part of its framework of reorganizing its world domination industrial capital sought to invest directly into the many developing countries manufacturing industries. The South African manufacturing sector also attracted huge foreign investment during this period. Between 1964 and 1965 foreign capital investment in the manufacturing sector exceeded that in the mining sector which traditionally was the sector receiving most of the foreign investment (First, et al, 1972, p. 82). British direct investment in the manufacturing sector concentrated on industries such as electrical and mechanical engineering, which received 11% of total investment, and vehicles and shipbuilding which received 4% of total investment (First, et al, 1972, p. 82). Other sectors where British companies maintained subsidiaries included the chemical industry, textiles, building materials and food processing. Similarly, American direct investment also shifted towards the manufacturing sector which in 1959 represented 34% of its total direct investment (First, et al, 1972, p.84). This influx of foreign investment influenced the development of the manufacturing sector but it still failed to be the star of the economy as hoped by state and capital.

Economic Decline and Crisis

Just as the oil crises of the 1970s marked the beginning of a world recession, it also set in motion South Africa's economic downturn. The 1970s was also the period that the world monetary system was undergoing transformation and this affected the South African economy in various ways, particularly with its balance of payments. This was also the beginning of the decline of foreign investment in South Africa. By the 1980s South Africa would experience net capital outflow. Inflation which was fairly stable in the 1960s became a serious problem in the 1970s. Although the calculation of unemployment is a contentious issue there were signs of a rise in unemployment. Industrial action, which was virtually non-existent in the 1960s, returned with a series of wildcat strikes in 1973 marking a new phase of militant trade unionism. The 1970s also saw the intensification of political struggle against the apartheid state. The disinvestment campaign strengthened and state and capital soon began to feel the effects of class struggle. The environment was not conducive to economic growth and the manufacturing sector in particular suffered.

From the 1970s there occurred a greater tendency for the country's net reserves to be in the negative, reflecting on the inclination towards a crises in the balance of payments and a general crises in the

economy (Kahn, 1991, p. 65). The importance of the balance of payments is reflected in South Africa's high exposure to the international market, for example, through the sale of gold and the high import intensity of the manufacturing sector. The balance of payments thus reveal South Africa's vulnerability to changes in foreign markets, such as inflation, and shocks in the international market, for example, the oil crises of 1973.

The balance of payments is also a fair indicator of foreign investor confidence in the domestic economy, revealed especially in the balance on the capital account. Political upheavals, for example, Sharpeville 1960, Soweto 1976, and the Vaal Triangle in 1985, resulted in huge capital outflow and at the same time restricted access to international capital markets. Furthermore the strength of the disinvestment campaign in the post 1985 period exposed South Africa's economic weakness and its vulnerability to foreign funds. The instability in the balance of payments over the last two decades reflect the unstable and volatile nature of South African society. The dominance of gold in the economy with its ever changing price, and political violence and repression, made the balance of payments particularly vulnerable to external shocks. Adjusting to these shocks can place particular hardships on the working class as it inevitably involves inflation and devaluation of the currency.

The manufacturing sector has been largely seen as the prime source of the balance of payment crises. Its high propensity to import and low propensity to export is regarded as the main cause of the net outflow of reserves. Its imports have generally exceeded the combined imports of all other sectors of the economy. A close scrutiny of the current account reveals that the manufacturing sector has been particularly responsible for the large deficit in the balance of payment leading to a crisis situation. Machinery stands out with the highest import penetration ratios, and between 1965 to 1985 over 50% of machinery in South Africa was imported (Kahn, 1991, p 68). The increases in manufacturing output has thus generally been met through capital intensity, based on the importation of new technology, but this output has not been able to sustain the high levels of importation. Historically the manufacturing sector has been highly dependent on the importation of capital equipment and the failure to develop a viable capital goods sector; or alternatively a competitive manufacturing sector meant that the tendency towards capital intensity has pushed the national economy further into a crisis. This tendency towards crisis should not be seen outside of class struggle, which contributes to

the tendency towards capital intensification of industry, further adding to the problems of the capitalists as they move closer towards a crisis.

By the 1980s South African manufacturing had grown considerably from its early small beginnings.

The dramatic development of the manufacturing industry has been measured in terms of its increasing share of the Gross Domestic Product (GDP), manufacturing's share of GDP increased from 4% to 8% between 1911 and 1926. From 1926 to 1936 it increased to 11%, in 1950 18.4%, 23% during 1970 and 24.3% in 1984.

Table 9.1 GDP at Factor Incomes at Constant 1975 Prices, by Kind of Economic Activity Percentage Distribution for Selected Industrial Activity

YEAR	Agriculture and Forest	Mining and Manufacturing	Manufacturing	Electricity and Gas	Construction
1959	12.4	17.6	19.1	1.8	3.5
1960	11.9	17.8	19.1	1.8	3.2
1961	12.5	17.8	19.2	1.8	3.0
1962	12.3	18.1	19.4	1.8	2.9
1963	12.6	18.5	21.3	1.9	3.1
1964	10.0	18.0	22.3	1.8	3.6
1965	9.2	21.1	19.2	1.8	3.9
1966	9.4	20.9	19.8	1.8	3.7
1967	10.4	19.4	19.9	1.8	3.8
1968	9.3	19.2	20.1	1.9	3.9
1969	9.2	18.6	20.9	1.9	4.2
1970	8.3	18.3	21.2	2.0	4.6
1971	9.3	16.9	21.4	2.0	4.9
1972	9.1	15.6	21.7	2.1	5.2
1973	7.5	14.9	22.9	2.2	5.1
1974	9.1	13.0	22.8	2.3	5.3
1975	8.2	12.3	23.2	2.4	5.3
1976	8.0	12.2	23.4	2.4	5.0
1977	8.8	12.7	22.5	2.5	4.7
1978	8.8	12.5	23.5	2.6	4.2
1979	8.1	12.4	24.7	2.7	4.1
1980	8.5	11.5	25.6	2.7	4.1
1981	8.4	10.8	25.9	2.9	4.3

Source: South African Statistics, 1982.

Development measured in terms of number of manufacturing establishments and value of production also shows growth. From table 9.2 it can be seen that while the number of factories was increasing progressively from 3,638 in 1915 to 17,126 in 1984, employment increased progressively only until 1970 and remained relatively steady from 1976 to 1984. Even more significant is that the employee per establishment decreased from its peak of 90 in 1970 to 82 in 1984. Given that employment was remaining steady and the number of establishments were increasing during this period, one obvious explanation for the decrease in employer per establishment is the increasing capital intensity of manufacturing industry. This is further substantiated in table 9.3 when we see a dramatic change in the capital stock per employer from R4,798 in 1970 to 9,538 in 1984. Also evident in table 9.3 is the increasing productivity of the workers. In 1945 the value added per worker was R2,150 and in 1984 this figure was R5,495. This change, when read in relation to the dramatic increase in the capital stock per worker, suggests that the changes in productivity were more a result of capital intensity rather than changes in the labour process.

Table 9.2: Size of Manufacturing Sector by Number and Employment 1916-1984

Year	No. of Establishments	Employment	Employees per Establishment
1915	3,638	88,844	24
1945	9,316	361,004	39
1955	9,685	604,633	62
1964	12,105	845,688	70
1970	11,967	1,073,689	91
1976	15,461	1,359,939	88
1984	17,126	1,399,400	82

Source: South Africa, 1986, (p. 479)

Table 9.3: Size of Manufacturing Sector by Value in Rands 1945 - 1984

Year	Value Added R000	Value Added per Employee	Capital Stock R000	Capital Stock per Employer
1945	776	2,150	780	2,161
1955	1,573	2,602	1,827	3,022
1964	2,902	3,432	3,239	3,830
1970	4,490	4,125	5,223	4,798
1976	6,141	4,516	8,232	6,053
1984	7,690	5,495	13,348	9,538

Source: South Africa, 1986, (p. 479). note: All figures at constant 1975 prices.

Development of Trade Unions: The Dormant Years: 1965 - 1973

The post SACTU period has been generally recognized as a period of stagnation in trade union activity and discussion on the period is scant. Trade union history seems to have stopped in 1964 and reemerged in 1973 (see table 9.4 below). An examination of strike statistics, however, show that on average the period 1955-1964 (the SACTU years) recorded 78 strikes a year, while the period 1965-1972 recorded an average of 76 strikes a year. In terms of number of strikes the post SACTU period seemed no different to the SACTU period. Measured in terms of number of workers involved, the SACTU period averaged 5,879 workers per annum while the post SACTU period averaged 3,989 per annum. This represents a 32 percent decrease in the number of workers involved (averaged over the period), and we thus get some indication of a lull during this period.

To understand this relative quiescence in industrial action of the post SACTU period, one has to look beyond the statistics of strike activities to appreciate the effect that SACTU's political unionism had on state and capital. SACTU's strength lay in its ability to unite the black working class outside of the factory floor and to politicize that struggle. State repression nevertheless proved to be very effective in curbing trade union and political resistance to apartheid. The period 1965 -1972 should be seen in terms of the success of state repression, and not as Luckhardt and Wall romantically portrays it as "a period of rebuilding and reorganizing after the heavy repression directed against the Congress Alliance" (Luckhardt and Wall, 1981, p. 20).

Table 9.4: Strikes By Black Workers 1945 - 1964

Year	No. of Strikes	No. of Workers on Strike
1965	84	3,549
1966	98	3,253
1967	76	2,874
1968	56	1,705
1969	78	4,232
1970	76	3,303
1971	69	4,196
1972	71	8,814

Source: South African Statistics, 1980.

There is very little evidence of trade union reorganizing during this period, there is indication of some form of worker advice groups and benefit societies being formed in 1971, such as the Urban Training Project (UTP); the Wages and Economics Commission; the Industrial Aid Society (IAS); the Institute for Industrial Education (IIE); the General Workers Factory Benefit Fund (GWFBF) and the Western Province Workers Advice Bureau (Friedman, 1987, pp.43-4). In 1971 the Black Consciousness Movement formed the Sale and Allied Workers Association and the Black and Allied Workers Union (Friedman, 1987, p. 43). Despite these attempts serious reorganizing began only after the spontaneous strikes of 1973. Politically, this period saw the beginning of the Black Consciousness Movement, which was a marked break from Congress Alliance politics, with its quasi-socialist orientation focusing instead on black empowerment and community development through self-help projects (Noloutshungu, 1982).

This period was not without militant strike action by African workers. In 1969 dock workers in Durban struck for higher wages. In 1971 13,000 contract workers struck on Namibian diamond mines for higher wages. The South African defence force was sent in, resulting in mass arrests of striking workers and 6 workers were shot dead. The strike however did bring small increases in wages and working conditions and forced the elimination of the South West African Native Labour Association (SWANLA) - which had been responsible for administering the contract labour system (Luckhardt and Wall, 1981, p. 21).

In June 1972 300 Putco bus drivers went on strike demanding a R60-00 a week wage, management initially took a tough stance refusing to negotiate and arresting all 300 workers. Management,

however, conceded to a 33.5% wage increase and dropped all charges. A positive effect of the strike was that workers made contact with the UTP and this resulted in the formation of a union, the “Transport and Allied Workers Union” (Friedman, 1987, p. 45). In October 1972 2,000 Durban stevedores went on strike for higher wages, workers however returned to work without winning any pay increases. In Cape Town stevedores were more successful when they established an overtime ban, which they maintained for 31 days. The ban ended when the wage board planned to raise the stevedores’ pay (Friedman, 1987, p. 44).

These strikes were indications of more to come. The relative industrial peace experienced during this period was a result of successful state repression and not wonderful industrial relations. This was also a period when there existed a general growth in manufacturing industry throughout the world and South Africa experienced its own share of growth. This meant an increase in the black industrial workforce and given the low level of unionism, low wages and conditions of employment, the introduction of new technology and productivity increases were implemented without negotiations or consultation with the workforce. In this process potential for outburst was being built up and came in the form of the spontaneous outbursts of industrial action by unorganized black workers in 1973.

The 1973 Strikes and the Emergence of Black Trade Unions

The strike wave began on 9 January 1973 when 2,000 workers from the Coronation Brick and Tile factory (its entire workforce) went on strike for higher wages. They demanded an increase in their cash wage from R8-97 to R30-00 (initially R20-00) per week. Management blamed the strike on “communist agitators” and insisted that workers form a committee which would represent them at negotiations with management. Workers, fearing victimization, refused to elect any leaders.

Intervention by the Bantu Labour Department failed to break the strike or the deadlock. The next day Chief Goodwill Zwelethini intervened and persuaded the workers to return to work. A week later workers reluctantly accepted a R2-07 increase bringing the minimum wage at the factory to R11-50 (IIE, 1977, pp. 9-13).

The uniqueness of the strike was that no union was involved and workers had acted in complete unison. All African workers employed at the factory had come out on strike voluntarily and no case of intimidation was reported. The Coronation strike sparked off a series of strikes, between January and

March of 1973, all organised in similar fashion with no union or elected leadership in charge.

Although the police were out in force, there was little or no confrontation at all; in fact the police played a surprisingly low key role continuously reminding workers of their presence yet taking no action.

The strikes were concentrated generally in the Durban - Pinetown areas, but soon spread to other areas including East London and the mines in Johannesburg, where police opened fire on striking miners killing 12 and injuring many others (Baskin, 1994, p. 252). In the first three months 61,000 workers were involved in 160 strikes. By the end of the year the country recorded 370 strikes with over 98,000 workers on strike (Luckhardt and Wall, 1981, p. 21). This figure represented the highest number of strikes involving black workers from 1940 to 1981.

Causes of the strike

For state and capital the strike wave came as a surprise and their initial reaction was to blame the strike wave on "communist" "agitators" and "inciters". This theme was introduced by Marias Viljoen the Minister of Labour who stated in Parliament:

"Will the inciters, the people who are behind these agitators, then pay the higher wages which are being demanded by the Bantu? Of course not, for the objectives of these inciters is in fact to cause chaos in South Africa" (IIE, 1977, p. 105)

Moreover their racism did not allow them to perceive of independent action on the part of the black working class. Mr. de Jager an MP stated in parliament:

"I do not think that this originated among those workers. I know them and I am convinced, as regards the labour done by the Bantu in Natal and the level at which they move, that they do not have it in them to come together and to agree that a thousand of them should strike." (IIE, 1977, p. 105)

Both state and capital failed to realise that the strikes were in response to their lack of awareness to changing conditions on the shop floor. Repression of the previous decade had subdued worker action and insulated management from dealing with these changing realities. The rise of the number of black workers employed in the manufacturing industry, and with it the rise in the number of the black semi-

skilled operatives in a low wage environment without proper industrial relations and conflict resolution mechanism in place, was a sure recipe for conflict and unrest. The table below gives an indication of the changes in the employment level in the manufacturing industry. Employment in manufacturing increased by 59% from 1960 to 1970 compared with an increase of only 28% from 1951 to 1960. The number of black workers employed in manufacturing increased by 72% between 1960 and 1970, showing a tendency to increase the proportion of blacks employed in manufacturing industry. Given the racial division of labour, blacks tended to be employed in the semi-skilled operative and unskilled positions.

Table 9.5: Employment Growth in Manufacturing Industry 1951 - 1991

Year	Total Employment	% increase	Black Workers	% increase
1951	502,100	--	319,470	--
1960	643,520	28	433,152	36
1970	1,026,082	59	744,479	72
1980	1,465,087	43	1,101,606	48
1985	1,379,518	-6	1,017,914	-8
1991	1,417,127	3	1,068,375	5

Source: South African Statistics, 1993, (p.7.5). Note: Figures for Blacks include Coloureds, Asians and Africans.

The immediate demand of virtually every strike was an increase in wages. Average wages and salaries for Africans employed in the manufacturing sector in 1972 was R61.00 per month which is approximately R15.25 per week. An indication of the low wage paid to Africans becomes clear when compared to average white wage in manufacturing which was R359.00 a month (S.A. Statistics, 1988, p.7.9) This represented a 489% difference on African wages. Average wages masks regional and industry differentiation. At the Coronation Brick and Tile Company, for example, minimum weekly wage was recorded at R8.97 which was approximately 70% less than the average wage (IIE, 1977, p.9).

As a consequence of the strike nominal wages in manufacturing rose from R61.00 per month in 1972 to R72.00 per month in 1973 representing an increase of 18%, however the inflation for 1973 was at 9.4% (S.A. Statistics, 1988, p.8.12) so the real increase was just under 9%. Measured in terms of constant 1985 prices the real rise in wages was approximately 7.6%. It is interesting that white wages

in the manufacturing sector in 1973 were reduced by 0.7% when measured in terms of constant 1985 prices (S.A. Statistics, 1988, p. 8.12).

Inflation was also seen as an important contributor to the strikes. Between 1960 and 1970 inflation as measured in terms of the CPI rose by 30% and between 1969 and 1973, in just five years, it rose by 30% (S.A. Statistics, 1988, p. 8.21). Prices started increasing dramatically from 1970 onwards, without an equivalent increase in wages strikes were bound to become the order of the day.

Although low wages and rising consumer prices, especially food and transport (IIE, 1977, p. 32), were identified as the immediate causes of the strike, the lack of proper bargaining machinery and poor working conditions, have also been identified as important reasons for workers going out on strike. It seems the economic issues may have precipitated strikes in an already frustrated workforce (IIE, 1977, pp. 22-45)

State's Responses to the Strikes

The state's first response after the 1973 strikes was to revive the works committee system. This it did through new legislation in the form of the Bantu Labour Relations Act, which replaced the Bantu Labour (Settlement of disputes) Amendment Bill. Its new definition covered all disputes in which African workers were involved. It facilitated the formation of liaison committees and allowed for the setting up of works committees on an electoral basis. This act also allowed for participation of the various committees and the African members of the Regional Bantu Labour Committee at Industrial Council meetings where matters affecting African workers were concerned, with however no voting rights (IIE, 1977, pp. 162-165). After the new legislation was passed in 1973 a campaign was embarked upon by the state to ensure that employers formed these new committees and by August 1977, 2,503 liaison committees and 381 works committees were formed.

The uselessness of the committees was displayed by the number of strikes that had broken out at establishments where these committees existed. Furthermore the structure of these committees displayed their inability to promote worker grievances. Liaison committees were formed by management who organised elections and nominated 50% of the members, which naturally prevented workers from promoting their grievances. Works committees however only consisted of workers, but

the lack of provision for report backs and regular elections prevented progress. Workers became aware of their vulnerability through victimization and therefore rarely used the committee system, rendering these channels useless. The right to strike and picket was also bound up with restrictive provisions making them difficult to use.

In 1976 the state attempted to reform the liaison/works committee systems by allowing representatives of these “non-representative” bodies on Industrial Councils with virtually no power and which were further hampered by the secrecy clause which prevented any report back. By 1979 the state would be forced to restructure the country’s industrial relations legislation to include the black working class and give recognition to black trade unions.

Effects of the 1973 Strikes on Black Trade Unions

A consequence of the strikes was the resurgence of the militant black trade union movement. Not since the SACTU years did South Africa experience such protests and strikes, but unlike the SACTU period the strikes preceded the formation of trade unions and this was an indication, to both state and capital, of the more permanent nature of the trade unions that would arise.

Table 9.6: Strikes By Black Workers 1973 - 1981

Year	No. of Strikes	No. of Workers on Strike
1973	370	98,029
1974	384	58,575
1975	276	23,295
1976	248	26,931
1977	90	15,091
1978	106	14,088
1979	101	17,323
1980	192	58,209
1981	292	83,877

Source: South African Statistics, 1993.

From the table above it is evident that the strikes marked a turning point in South African labour history, in that they ushered in a new era of trade unionism. These unions would prove to be more resilient in nature and also able to withstand political oppression and in many ways contribute to the

destabilizing of the apartheid state, while at the same time challenging oppressive labour legislation and win major gains for the working class on the shop floor. We will now examine the development of trade unions in this new era.

Benefit Societies

As mentioned before, the period prior to the strikes saw various benefit societies emerge, such as the GWFBF, UTP, IIE, the Wages Commission out of which the IAS was formed and the Western Province Workers Advice Bureau. These benefit societies collected subscriptions and catered for funeral insurance and other economic benefits for workers, and also set up advisory boards advising workers on employment related problems, and at times offering legal facilities when needed. It is to these benefit societies that the genesis of present day independent trade union movement can be traced. From these benefit societies trade unions slowly emerged.

Out of the GWFBF, for example the Metal and Allied Workers Union (MAWU) was formed in Pietersmaritzburg in April 1973 (Webster, 1985, p. 133). As other unions were being formed, for example in August 1973 the National Union of Textile Workers and the Union of Clothing and Allied Workers were formed, the need for a coordinating body arose (Luckhardt and Wall, 1981, p.27). In October 1973 several of the Durban new unions got together and formed the Trade Union Advisory and Coordination Council (TUACC). In 1976 in the Transvaal the IAS and the Transvaal branch of MAWU formed the Council for the Industrial Workers of the Witwatersrand (CIWW). By 1978 CIWW and TUACC merged to form a National TUACC (Luckhardt and Wall, 1981, p.27). Similarly the UTP also went about forming unions and in 1973 formed the Black Consultative Committee (BCC), to which its unions affiliated. By 1975 there were 11 unions in the BCC fold, also known as the Consultative Committee of Black Trade Unions (CCOBTU) (Friedman, 1987, pp. 181-182).

FOSATU

In March 1977 the National Union of Motor Assembly and Rubber Workers of South Africa (NUMARWOSA), a registered coloured union, initiated moves towards the formation of a new federation for the emerging unions (Friedman, 1987, p 181-82). Although this first meeting was unsuccessful in forming a federation it nevertheless set in process of debate and discussions on the

issue. Formation of a new federation was further hampered by suspicion between the various unions of each others motives in the desire for a new federation. Furthermore the different styles of unionization, state repression, and a history of political domination of trade unions saw more insular and protective strategies dominating union policy.

By 1979, however, the basis for a new federation was set and the Federation of South African Trade Unions (FOSATU) was launched in April. All 4 TUACC affiliates, 3 unions from the CCOBTU, 4 registered TUCSA unions, and one parallel union formed the Federation of South African Trade Unions (FOSATU) (Friedman, 1987, p. 184). At its inauguration FOSATU consisted of 12 unions with a paid up membership of 20,000 (paper membership of 45,000) (Baskin, 1991, p. 25). This was followed by a process of mergers and amalgamations as unions consolidated their position on the shop floor, so while the number of unions in FOSATU dropped its membership increased. Nevertheless over the next five years both the number of unions and their membership increased. By 1981 its membership had increased to 94,614 and by 1985 membership stood at 139,917 (Kraak, 1993, p. 185). FOSATU was dissolved in 1985 to allow for the formation of COSATU.

CUSA

Out of the UTP and CCOBTU groupings the Council of Unions of South Africa (CUSA) was formed in September 1980. At its launch it had 9 affiliates with a membership of 30,000 (Friedman, 1987, p. 197). The most prominent union to emerge from CUSA was the National Union of Mine Workers (NUM) in 1982, which grew to a membership of 110,000 by 1984. In 1985 the NUM left the CUSA fold and joined in the unity talks that were leading to the formation of COSATU. NUM was to become the most prominent union of COSATU. CUSA was dissolved in 1986 to allow for the formation of NACTU. CUSA's main objection towards FOSATU was the presence of whites in the leadership. FOSATU sympathizers, unable to woo CUSA unions into their fold or deal with the criticism of whites in leadership position, resorted to more amorphous attacks such as: "...its [CUSA] unions were far more weaker than FOSATU's and less likely to embark on strike action. Its impact on the labour scene was significantly less." (Baskin, 1991, p.30)

The Community Unions

The “community unions” can be traced to the Black Allied Workers Union (BAWU), formed by the black consciousness movement. While BAWU itself remained relatively small its offshoots namely the South African Allied Workers Union (SAAWU) and the General Allied Workers Union (GAWU), achieved more prominence. Other unions within this fold were the Motor Assemblers and Components Workers Union (MACWUSA), and the Johannesburg based Black Municipal Workers Union (BMWU), amongst others. These unions were distinct from the FOSATU and CUSA unions in that they tended (though not always) to organise general unions instead of industrial unions.

These unions also formed close links with community organisations and civic associations, and in some instances forming the core of such civic organisations. They were generally more politicized than the FOSATU or CUSA unions, who treaded very carefully in the field of politics, openly aligning themselves with the ANC’s political perspective and playing a prominent role in the formation (in 1983) and activities of the United Democratic Front (UDF). Although these unions did not form a federation they nevertheless coalesced along similar political affiliations, coordinating activities through the UDF. They reflected very much the SACTU brand of unionism and were probably aiming to recreate SACTU. SAAWU, for example, constantly reused SACTU slogans such as “an injury to one is an injury to all”. Like SACTU these unions rose dramatically and some fell dramatically (Kraak, 1993, pp. 191-193). Others like SAAWU and GAWU survived and expanded and played an influential role in the formation of COSATU.

Other Independent Unions

The Western Province Workers Advice Bureau (founded in 1971) developed, by 1978, into the Western Province General Workers Union (WPGWU) and by 1980 it extended its area of operation to become the General Workers Union (GWU) (Kraak, 1993, p. 192). Also from the Cape were the Food and Canning Workers Union (FCWU) and its sister union the African Food and Canning Workers Union (AFCWU). These unions were established in 1941 and managed to survive the repression of the SACTU years, racist legislation (that forced it to split into racial groupings - without compromising unity and militant activity) and challenges from TUCSA (Kraak, 1993, p. 190). While

both unions were part of the talks that led to the formation of FOSATU they nevertheless refused to join the federation for their own reasons. The other union that remained outside FOSATU ranks was the Commercial Catering and Allied Workers Union (CCAWUSA) founded in 1975. CCAWUSA initially worked closely with the TUCSA affiliated National Union of Distributive and Allied Workers (NUDAW) to organise Africans in the catering industry. CCAWUSA, however, later broke away from NUDAW and retained its own autonomy (Kraak, 1993, p. 190). These unions were prominent, independent and emerging unions that did not affiliate to any federation or political organisation yet remained both political and militant. More importantly these unions made great strides in the areas that they organised. All of these unions were later to play a significant role in the formation of COSATU.

Formation of AZACTU

Between 1982 and 1984 the Azanian Peoples Organisation (AZAPO) took a more active role in the trade union movement and assisted in the formation of various trade unions. These unions emphasized black working class leadership, solidarity and unity within the black working class and black community. To coordinate the activities of these various unions the Azanian Congress of Trade Unions (AZACTU) was formed. By 1986 Azactu had 9 unions affiliated to it with approximately 91,000 members (Kraak, 1993, p. 193). AZACTU was formally dissolved in 1986 when it merged with CUSA to form National Council of Trade Unions (NACTU).

Emergence of COSATU and NACTU

Various divisions characterized the emerging trade union movement. Divisions were based on: style of organizing; political affiliation; political involvement; approaches to the law; industrial councils and registration; and the involvement of whites in the unions. These divisions and differences sowed mistrust and worked against united industrial or political action. This also created conflict as different unions were organizing in similar areas or industries, and accused each other of poaching members or encroaching demarcation of territory. It was apparent to all involved in the union movement that disunity was a serious problem.

The process towards unity began in August 1981, when 100 representatives from 29 unions met in Langa Cape Town. The Cape based General Workers Union organised the meeting and it was attended by both FOSATU and Cusa affiliates and some of the independent unions. Part of the aim of the Langa summit was for the emerging unions to develop a united front in relation to the recently enacted Labour Relations Act (Kraak, 1993, pp. 193-4). The Act allowed for African unions to register and participate within the Industrial Council System. The Act nevertheless contained certain restrictions and controls on trade unions, which were unpalatable to some unions. Other unions adopted a pragmatic approach arguing that registration had allowed for certain advantages which could be exploited in favour of workers while at the same time ignoring the restrictions. These divisions over the issue of registration and approaches to the law would prove to be serious problem, hampering trade union unity. Despite these division there was agreement that regional solidarity committees should be set up to promote cooperation among unions. This was to be the first step in a long and arduous road towards unity (Baskin, 1991, p. 35).

On the 5 February 1982, four months after the Langa summit, Neil Aggett, an organiser with the Food and Canning Workers Union (FCWU/AFCWU), died while in police detention at John Vorster Square in Johannesburg, probably as the result of torture. Since many detainees, including trade unionists, complained of torture at the hands of the security forces, protest action at this practice was decided upon and the death of Neil Aggett created the first opportunity for a united response from trade unions. Union members were asked to stop work for 30 minutes in protest against the death of Neil Aggett. It has been estimated that 100,000 workers stopped work and that most of FOSATU unions and the FCWU responded to the call, some of SAAWU and MACWUSA unions responded, and hardly any CUSA unions responded (Baskin, 1991, p. 36). The protest was very limited in nature, nevertheless it was an indication that divisions ran deep.

A follow-up meeting was held in April 1982 at Wilgespruit near Johannesburg. At this summit talks progressed when the idea of a new federation was postulated. Heated debates occurred over the organizing principles of the new federation and the registration debate resurfaced. Some unions, such as MACWUSA and GWUSA, refused to be associated with registered unions and had left the summit in protest. Unions such as MACWUSA and GWUSA opposed registration on principle and not for tactical or strategic reasons, dubbing registered unions as collaborationist, thus making unity a

difficult process (Baskin, 1991, p. 37). While unity was accepted in principle very little had been achieved in practice. The community unions, which were all unregistered and fully committed to the ANC, decided to present a more united and coherent front at future unity talks and had three informal meetings with seven unions participating in these meetings. Their primary objection was FOSATU's attempt to force unity on its own terms and wanted to neutralize FOSATU's presence (Baskin, 1991, p. 38). Although registration was seen as the primary division between FOSATU and the community unions, political affiliation and involvement in politics were important divisions: FOSATU took a cautious approach to politics while the community unions were more bold and daring in their opposition to the state (Kraak, 1993, p.193).

In July 1982 a third meeting was held in Port Elizabeth and differences over registration resurfaced even more strongly. The seven community unions criticized FOSATU and CUSA for their continued participation in industrial councils and put forward seven non-negotiable principles as a prerequisite for any unity talks. These included: non-registration, shop-floor bargaining, federation policy binding on affiliates, worker control, non-racialism, community participation and the rejection of reactionary bodies both nationally and internationally. Other unions also put across their principles and the meeting was characterized by disagreement and debate, with little progress on the question of unity. Instead of compromise developing, the meeting saw a hardening of positions and a deadlock ensued (Baskin, 1991, p. 39).

Despite the hard-line approach of the various unions the need for unity was realized by all. The GWU again took the initiative and called for a fourth summit in April of 1983 (Baskin, 1991, p. 40). The summit was held in Athlone, Cape Town. This meeting proved to be progressive as the seven community unions dropped their principled objection to registration, and all unions agreed that non-racialism and worker control would be the key non-negotiable principles on which the new federation would be built. Talks progressed towards discussion on the steps that needed to be taken towards the formation of a new federation. Unity was again hampered as unions differed on the process, with the Orange-Vaal General Workers Union (OVGWU) arguing that a federation was not the way forward and that unity among the working class should be built from the bottom up and not from the top down. They argued for local, regional and national solidarity action committees which would be the basis for democratic leadership and unity. FOSATU opposed this position arguing that its shop

steward council had established democracy and that it had the mandate of the workers to go ahead with unity. The issue was debated with several unions supporting the OVGWU's position, nevertheless all agreed, except the OVGWU, to set up a feasibility committee to investigate the process of establishing a new federation.

The feasibility committee met twice in 1983. The first meeting in July was held in Athlone Cape town, and discussed the form the new federation should take, the issue of whether foreign funding should or should not be used and the issue of demarcation. Unions agreed to indicate the areas and companies they organised in order to minimize competition and conflict between unions, as there was danger that general unions would encroach on the territory of industrial unions and vice versa. Also the two federation represented, CUSA and FOSATU, probably had unions organizing in the same industry or area and had the potential of encouraging conflict. The discussions at the meeting were promising and unity seemed close (Baskin, 1991, p. 41).

The second meeting of the feasibility committee, held in October in Johannesburg, saw conflict resurface, this time in the form of certain unions failing to provide details of the area they organised. The community unions as well as CUSA were accused of using delaying tactics and not providing the necessary information. The conflict was further increased with unions accusing each other of poaching membership and entering the territories of other unions (Baskin, 1991, p. 41). The unions not providing the necessary information were accused of not being serious about unity. The unity talks were on the verge of collapse, however a proposal to continue talks in November kept the unity talks from collapsing.

FOSATU nevertheless showed its contempt for those failing to abide by the agreement and suggested that it might not attend unity talks if other unions failed to play their part. The feeling in FOSATU was that there did not exist a need for another federation since FOSATU was growing rapidly, was well organised and it served its members well. FOSATU proceeded to talk to unions that showed seriousness towards unity and this included FCWU, certain CUSA affiliates, GWU, CCAWUSA, and the Cape Town Municipal Workers Association (CTMWA), leaving out the community unions who were seen to be divisive (Baskin, 1991, p. 41).

In March 1984 a further meeting of all participants was called. All participants were asked to agree to three conditions if they wished to continue with unity talks. Each union or federation had to agree to 1) that they take a clear and unconditional decision to join a new federation, 2) all federations take a decision to disband in favour of the new federation, 3) that general unions begin the process of dividing themselves into industrial unions. The community unions rejected this and were asked to leave or accept observer status at the meetings. They refused and walked out claiming that they were in effect kicked out. The remaining unions continued to pursue unity talks through the feasibility committee which met several times.

1984 was marked by increasing community and student uprisings throughout the country. Despite the cautious political stand by most unions, especially FOSATU, the unions found that they could not escape political involvement. FOSATU became increasingly involved in politics and found it was coming under pressure from both within as well from outside to include the community unions in unity talks. At the same time SACTU, from exile, put pressure on the community unions to go the route of industrial unionism and to participate in the unity talks (Baskin, 1991, p. 45).

In June 1985 the feasibility committee reopened unity talks and invited all unions to attend as well as the newly formed AZACTU and its affiliates. The meeting was held at Ipelegeng, Soweto on the 8-June 1985. Problems arose prior to the meeting when AZACTU felt that unity talks should start afresh and that previous agreements be suspended. GAWU also had problems with the structure of the feasibility committee and pointed that the constitution of the new federation may have to be rewritten. On the positive side the community unions showed the commitment to industrial unionism and pointed out that the process was already underway (Baskin, 1991, p. 46).

At the meeting the community unions, who were all UDF affiliates, expressed their hostility to the feasibility committee because they were left out of previous meetings and that they had not been involved in the drafting of the new constitution. There was a strong indication that they would stay out of the new federation, as indicated at a meeting the community unions had subsequent to the Ipelegeng meeting. However pressure from the ANC and SACTU saw the community unions remain in the unity talks (Baskin, 1991, p. 46).

Serious problems arose with AZACTU at the meeting during discussions over the draft constitution and the five unifying principles: non-racialism, one union one industry, worker control, representation on the basis of paid up membership, and cooperation at national level. AZACTU opposed the principle of non-racialism and postulated instead the principle of anti-racism. Many CUSA affiliates supported the AZACTU unions on this issue. Further problems arose when CUSA affiliates claimed that they saw the draft constitution at this meeting for the first time. This created an uproar because CUSA had been part of the unity talks from the beginning (Baskin, 1991, p. 47). This in fact reflected firstly the alignment of politics with the ANC tradition on the one side, and the black consciousness and Africanist tradition (in the form of the Azanian Peoples Organisation and the Pan Africanist Congress) on the other side. The new federation clearly showed an inclination towards congress politics and those opposing this felt alienated. CUSA also had problems with the NUM which began to play a major role in the development of the new federation, and NUM acted independently of CUSA, claiming CUSA was not serious about worker unity. CUSA and AZACTU affiliates resolved not to join the new federation.

The next step in the process of unity was preparing for the launch of the new federation. The feasibility committee met several times to work out the logistics of such a meeting and agreement on a name for the new federation amongst other things. The initial launching date of October 1985 could not be met and the last week of November was the date that was finally agreed upon. On the 30 of November 1985 the Congress of South African Trade Unions (COSATU) was launched at the University of Natal in Durban. COSATU was structured on a local, regional and national basis. Most delegates were workers and the union differentiated between officials, who were usually full time paid employees of the union, and office bearers and delegates, who were usually full time workers elected to their respective positions. All executive positions were from elected workers, except for the national and regional secretaries who were full time employees of the union. At its launch COSATU consisted of 32 affiliates and a paid up membership of 450,000 making it the largest federation in South Africa in terms of membership (Kraak, 1993, p. 193). COSATU, however, adhered to the principle of one union, one industry and after the launch began the slow process of mergers. The inaugural congress had set a six month deadline for all mergers to take place. This proved to be unrealistic for by mid

1986 only two unions had met the deadline. By 1988, after various mergers with some being more difficult than others, COSATU consisted of 13 affiliates with a paid up membership of 691,151.

NACTU

CUSA and AZACTU found that their common commitment to black leadership, adherence to the principle of anti-racism and their general disagreement with ANC/UDF politics gave them grounds to work together. In October of 1986 CUSA and AZACTU merged together and formed the National Council of Trade Unions, which brought together 12 CUSA unions and 11 AZACTU unions with a joint membership of 170,000 workers. Similar to COSATU, NACTU began a process of mergers so that there existed one union for one industry among its affiliates. Political affiliation has kept COSATU and NACTU apart, however over the years the two federations have cooperated on various political campaigns, and while many had hoped that this would create the basis for unity this has not occurred.

Conclusion

The above discussions on the formation of trade unions since the 1973 strike shows a much stronger trade unionism developing than in the previous decades. Its strength came from its numbers as well as its position in the labour process, occupying increasingly a semi-skilled position. Unions also displayed stronger shop floor presence and given the rise in strike activity workers were not shy in making their demands known. Despite the continuing of state repression the state was unable to break the trade unions as it had done in previous decades. Rather the state was forced into instituting reform that saw the old Industrial Conciliation Act scrapped and new legislation instituted giving black workers full access to all dispute resolution mechanisms and formal recognition to black trade unions. This act in itself gave rise to debate among trade unions, displaying among the unions a clear understanding of strategy and direction. Trade unions in the 1980s were particularly vigilant of political and other manipulations and were constantly debating various issues that affected their overall development. The formation of COSATU and NACTU were filled with such debates. With the formation of COSATU and NACTU some of these debates have, however, subsided somewhat as the different organizations assumed strong political affiliation. Immediately after its formation COSATU

made it clear that its political affiliation was towards the ANC, and this in a sense was a triumph for the community unions but without the form of trade unionism with which the community unions were associated. For state and capital the development of strong black trade unions created a major problem as the country moved towards a crisis. Furthermore the increasing involvement of trade unions in the political arena gave the liberation movements and community organizations the extra impetus in challenging the apartheid state. However, as we have seen, the politics of the ANC was guided by the theory of internal colonialism in which revolutionary nationalism was placed above revolutionary socialism and workers have found that their struggles have only led to the demise of apartheid and not to any changes beyond political repression. The question is: will the advocates of the two stage theory now begin the process of arguing for the second stage of the revolution?

Conclusion

In 1990 Nelson Mandela was freed from prison and this act came to symbolize the beginning of a new era for South Africa, for it marked the destruction of apartheid and the political emancipation of the black population of the country. The working class and its most representative organization COSATU gave full support to the ANC and this was clearly displayed in the general elections four years later when the ANC entered government with support from over 66% of the population of the country.

More importantly the destruction of apartheid and the process of reform that has subsequently been the programme of the ANC, has been followed by a demise of Marxist thought and Marxist analysis from academics and activists who had traditionally supported the ANC and the trade union movement. Reformist ideology and practices now prevail in the guise of growth and development. Former Marxists who were actively campaigning for the political and economic emancipation of the working class are now promoting public policies that would work to the long term detriment of the working class emancipation. Not only is the language of reform entering the general rhetoric of public policy but the trade unions are actively participating in the process of reform.

This process of reform is reflected in various areas: on the shop-floor management is exploring flexibility strategies, employee ownership schemes and other worker participation schemes. Trade unions are entering corporatist relations with state and management in areas of rewriting labour legislation; participating on statutory bodies such as the National Manpower Commission and the National Training Board; and the establishment by the trade unions of the National Economic Forum which has as its participants leading actors from state, capital and labour.

More recently trade unions have also actively invested worker funds on the Johannesburg Stock Exchange and have even formed a unit trust in which workers funds have been invested. Unions have also actively entered into business relations with large conglomerates, who, as part of their black empowerment programmes see trade unions as potential business partners. Probably the biggest irony (or tragedy) of political reform has been the move by Cyril Ramaphosa, once secretary general of the militant National Union of Mine Workers, to head the JCI one of the biggest mining houses in the

world. For the trade union leadership this is not a problem, and as they enter the world of business and speak the language of business they become concerned with the problems of business.

In 1991 COSATU became interested in the future direction of manufacturing industry and in anticipation of an ANC government's change in industrialization policy it established the Industrial Strategy Project (ISP). The ISP consisted of various left academics who were sympathetic to the ANC and COSATU. Their main object was investigating the manufacturing sector with the aim of influencing state policy on industrialization. Given that many COSATU officials and members were, in 1991, being groomed for a position in an ANC government¹ this was not an entirely unjustified ambition.

With the demise of the apartheid state the concern of structuralist Marxist academics, located in organizations such as the "Economic Trends Group"², and the "Industrial Strategy Project" (Joffe, 1992; ISP, 1994) is to develop strategies of industrialization rather than support working class struggles against capitalist exploitation. These studies have emphasized, in particular, so called post-Fordist growth models. What is ironic is that these studies have emerged under the auspices of COSATU, rather than the new ANC government which, one would expect, would be interested in developing an adequate industrialization strategy.

The ISP established that manufacturing had performed poorly over the past decade. The ISP reproduced many of the criticisms that had already been leveled at the manufacturing sector from the late 1970s, arguments such as poor productivity, small export market, poor quality of products, dependence on foreign technology and an inability to compete on the international market. These arguments are true and reflect on a manufacturing sector riddled with problems. The ISP however, make no attempt to understand the source of problems in their quest to find a solution.

The ISP nevertheless argued that:

¹ As it turned out various Cosatu officials became part of the new government with at least two Cosatu officials, Jay Naidoo and Alec Erwin - as Minister of Trade and Industry - being part of the cabinet.

² The "Economic Trends Group" is a loose coalition of various academics set up to raise funds, amongst other things, for projects such as the ISP. The group tended to bring together academics sympathetic to the ANC and has been dominated by structuralist Marxists.

“Manufacturing has the capacity to generate high paying-jobs, to produce basic commodities at affordable prices, to ease the balance of payments constraints, and to raise the general level of productivity in the country” (SALB, vol18, no.1)

All that was needed was a clear industrial strategy which the ISP would help establish. What was lacking in the ISP studies was discussion on the fact that reform initially proceeds peacefully around the bargaining table, but as the pressures of competition increase, as it always does, and capitalists start to squeeze more surplus labour out of workers and class struggle intensifies, the tendency towards the overaccumulation of capital soon leads to a crisis. How long the South African state will be able to maintain its programme of reform will depend on its ability to integrate into the world economy as a supplier of manufactured products and the ability of the state to deal with the growing unemployed which in 1993 was estimated to be at approximately 44 percent (Backer and Oberholzer, 1995, p.5).

In this thesis I have argued that South Africa's path to industrialisation was conditioned by the changing forms of imperialism and as international capital went through changes so did the forms of domination. The former colonies, it was shown, were caught up in this imperialist domination, leading to a process of industrialisation that was partial and limited. The particular characteristics of this partiality and limitation was that industrialisation depended entirely on the expansion of an internal market, and as the limits to this form of expansion began to be reached it was realized that the way forward was by being competitive on the world market. This led to a programme of capital intensification without regard to the level of unemployment and instead of making the economy robust it set in process a crisis. A further peculiarity was that the form of industrialisation set in motion the creation of a surplus population greater than that which it could absorb. The way the South African state coped was not through sound economic policy but through unleashing an immense amount of violence and repression on the black population of the country over a long period of time. The unemployed were shuttled off to the homelands and the employed had to work under harsh conditions where they lacked in basic employment rights (not to mention political and other human rights). Violence and repression were very much a part of this form of industrialisation. While in South Africa it assumed a racist form, in other countries it has emerged as family dynasties, military dictatorships, and various forms of fascistic rule based on ethnicity or tribalism.

The crisis in South Africa, as I have shown, was the result of a combination of competition and class struggle on the process of accumulation setting in motion the tendency toward the overaccumulation of capital and finally crisis. Working class struggles were directed at both capitalist domination as well state violence and repression. These struggles under difficult conditions were able to develop strong trade union organisation that pushed the apartheid state into instituting many reforms. As the crisis deepened, working class struggles finally led to the collapse of the apartheid state and the removal of institutional violence and the extension of political rights to all black people. The survival of capitalism and the triumph of reform over revolutionary socialism never seemed to be in question even during the process of struggle. While I have argued that the tendency for reformism was inherent in structuralist Marxists' methodology, the survival of capitalism in a post-apartheid state needs to be located not in the dominant influence of the structuralist Marxists' analysis, but rather in the strength of international capital. A simple indication of this is that any attempt by the new government to institute a socialist programme would be met by capital flight from South Africa and an isolation of its economy to its detriment. This does not mean the structuralist Marxist were correct in their analysis, but rather that there was no real attempt on their part to argue for a revolutionary socialist programme, for their analysis saw no alternative possible except a capitalist state based on universal suffrage with accumulation proceeding on a new (non-racial) basis.

The outcome of a crisis depends very much on the strength and weaknesses of the class forces, and within the South African framework the class forces were international capital, the apartheid state and the South African working class. The nature of imperialist domination is such that the working classes are not challenging capital within the confines of a national state, but rather capital as an international force. The specific character of the local state develops out of the contradictory relationship between the international capital and the local working class, given the specific nature surplus value extraction. For international capital the barriers to accumulation in the 1980s within South Africa came from both the oppressive nature of the state as well as class struggle. While working class struggles were couched in terms of challenges to apartheid repression rather than capitalist exploitation (with help from the structuralist Marxists), it was easy for capital to join the bandwagon and argue for reform in the hope that reform would allow for the accumulation to proceed smoothly. Instead of locating reform within the confines of the strength and weaknesses of

international capital and assisting working class organisations in reinforcing their gains and putting greater pressure on the new state to institute policy in light of working class demands, the structuralist Marxists have celebrated the reforms by indulging in reformism. With the emergence of a new democratic state working class struggles will become all the more difficult as strikes and other working class action will be seen as going against the grain of building a new nation state. While on the one hand capital will have to deal with a strong and militant trade unionism and not rely on repression but rather on innovation to discipline the working class, on the other hand the working class face demoralization as struggle is depoliticized and isolated from the wider aspects of capitalist social relations. The challenges of the new state will be for reform to proceed in a way that will be able to deal with the specific problems of unemployment and a weak economy without resorting to violence.

Select Bibliography

Books

- Aglietta, M. (1979), *A Theory of Capitalist Regulation, The US Experience*, Verso, London.
- Alford, BWE. (1988), *British Economic Performance 1945-1975*, Macmillan, London.
- Althusser, L., and Balibar, E. (1970), *Reading Capital*, New Left Books, London.
- Baskin, J. (1991), *Striking Back, A History of COSATU*, Ravan Press, Johannesburg.
- Beinart, W. and Dubow, S. (eds.) (1995), *Segregation and Apartheid in Twentieth-Century South Africa*, Routledge, London.
- Benson I. and Lloyd, J. (1983), *New Technology and Industrial Change - The impact of the Scientific - Technical Revolution on Labour and Industry*, Keegan Page, London.
- Biljon, FJ. Van (1939), *State Interference in South Africa*, P. S. King and Sons, London.
- Blackburn, R. and Cockburn A. (eds.) (1967), *The Incompatibles*, Penguin, Harmondsworth.
- Bleaney, M. (1976), *Underconsumption Theories, A History and Critical Analysis*, Lawrence and Wishart, London.
- Blcloch, W. (1901), *The New South Africa*, Heineman, London.
- Bonner, P; Delius, P. and Posel, D. (eds.) (1993), *Apartheid's Genesis 1935-1962*, Ravan Press, Johannesburg.
- Bozzoli, B. (ed.) (1979), *Labour, Township and Protest*, Raven Press, Johannesburg.
- Brewer, JD. (ed.) (1989), *Can South Africa Survive, Five Minutes to Midnight*, Macmillan Press, London.
- Cobbett, W. and Cohen R. (1988), *Popular Struggles in South Africa*, James Currey/ROAPE, London.
- Cock, J. (1980), *Maids and Madams*, Ravan Press, Johannesburg.
- Cohen, R. (1974), *Labour and Politics in Nigeria 1945-71*, Heinemann Educational Books, London.
- Christie, R. (1984), *Electricity, Industry and Class in South Africa*, Macmillan, Basingstoke.
- Clarke, S. (1994), *Marx's Theory of Crisis*, Macmillan Press, Basingstoke.
- Clarke S, et al (eds.) (1981), *One Dimensional Marxism*, Allison and Busby, London.
- Cleaver, H. (1979), *Reading Capital Politically*, The Harvester Press, Brighton.
- Coleman, FL. (ed.) (1983), *Economic History of South Africa*, Haum, Pretoria.
- Cowling, K. et al, (Undated), *Out of Work, Perspectives of Mass Unemployment*, Department of Economics, University of Warwick, Coventry.
- Dahrendorf R. et al (eds.) (1986), *New forms of Work and Activity*, Colloquium, European Foundation for the Improvement of living and Working Conditions.
- Davenport, TRH (1987), *South Africa A Modern History*, 3rd ed., Macmillan Press, Basingstoke.
- Davies, I. (1966), *African Trade Unions*, Penguin Books, Harmondsworth
- Davies, R. (1979), *Capital, State and White Labour in South Africa 1900-1960, An Historical Materialist Analysis of Class Formation and Class Relations*, Harvester Press, Brighton.
- De Kiewiet, CW. (1941), *A History of South Africa, Social and Economic*, Claredon press, Oxford.
- Dicken, P. (1986), *Global Shift, Industrial Change in a Turbulent World*, Paul Chapman, London.
- Diepen, M. Van (1988), *The National Question in South Africa*, Zed Books, London.
- Draper, H. (1977), *Marx's Theory of Revolution*, New York, Monthly Review Press.

- Elson, D. (1979), *Value, The Representation of Labour in Capitalism*, CSE Books, London.
- Feit, E. (1978), *Workers Without Weapons: SACTU and the Organisation of African Workers*, Archon Books
- Flanders, A. (1975), *Management and Unions: The Theory and Reform Of Industrial Relations*, Faber and Faber, London.
- Fine, B. and Harris, L. (1981), *Rereading Capital*, Macmillan Press, London.
- Fine, B., Kinsey, R., Lea, J., Picciotto, S., and Young, J., (eds.) (1979), *Capitalism and the Rule of Law, From Deviancy Theory to Marxism*, Hutchinson, London.
- Fine, R., and Davis, D. (1990), *Beyond Apartheid, Labour and Liberation in South Africa*, Ravan Press, Johannesburg.
- First, R., Steele, J., Gurney, C. (1972), *The South African Connection - Western Investment in Apartheid*, Temple-Smith, London.
- Fransman, M. (1982), *Industry and Accumulation in Africa*, Heineman, London
- Friedman, S. (1987), *Building Tomorrow Today, African Workers in Trade Unions 1970-1984*, Ravan Press, Johannesburg.
- Gelb, S., (ed.) (1991), *South Africa's Economic Crises*, David Phillip, Cape Town.
- George, M., and Levie, H. (1984), *Japanese Competition and the British Workplace* Caits, London.
- Gill, C. (1985), *Work Unemployment and the New Technology*, Polity Press, Cambridge.
- Glyn, A., and Sutcliffe, R. (1972), *British Capitalism, Workers and the Profit Squeeze*, Penguin Books, Harmondsworth.
- Green, T. (1985), *The New World of Gold*, Weidenfield and Nicolson, London.
- Greenberg, A. (1980), *Race and State in Capitalist Development; South Africa in Comparative Perspective*, Ravan Press, Johannesburg.
- Hindson, D. (1987), *Pass Controls and the Urban African Proletariat in South Africa*, Raven Press, Johannesburg.
- Hindson, DC. (1983), *Working Papers in Southern African Studies Volume III*, Ravan Press, Johannesburg.
- Hirson, B. (1979), *Year of Fire, Year of Ash*, Zed Books, London.
- Hirson, B. (1989), *Yours for the Union, Class and Community Struggles in South Africa*, Zed Books, London.
- Holloway, J., and Picciotto, S. (eds.) (1979), *State and Capital a Marxist Debate*, University of Texas Press, Austin.
- Horst, S.T. Van der. (1942), *Native Labour in South Africa*, Oxford University Press, London.
- Houghton, D. Hobart. (1964), *The South African Economy*, Oxford University Press, Cape Town.
- Howritz, R. (1967), *The Political Economy Of South Africa*, Weidenfeld and Nicholson, London.
- Howard M.C., and King J.E. (1985), *The Political Economy of Marx* 2nd ed. Longman, London.
- Hyman, R.(1975), *Industrial Relations, A Marxist Introduction*, (Macmillan Press, London.
- Hyman, R. (1971), *Marxism and the Sociology of Trade Unionism*, Pluto Press, London.
- Innes, D. (1984), *Anglo, Anglo American and the Rise of Modern South Africa*, Ravan Press, Johannesburg.
- Institute For Industrial Education, (1977), *The Durban Strikes 1973 - "Human Beings with Souls"*, Ravan Press, Johannesburg.
- Institute for Industrial Relations, *A Summary Report of the Commission of Enquiry into Labour Legislation*

- Jessop, B. (1982), *The Capitalist State, Marxist Theories and Methods*, Martin Robertson, Oxford.
- Johnstons, F.A. (1977), *How Long Will South Africa Survive*, Macmillan, London.
- Jubber, K. (1979), *South Africa Industrial Relations and Industrial Sociology*, Juta, Johannesburg.
- Kay, G. (1975), *Development and Underdevelopment, A Marxist Analysis*, Macmillan Press, London.
- Kraak, G. (1993), *Breaking the Chains, Labour in South Africa in the 1970s and 1980s*, Pluto Press, London.
- Lenin, (1978), *What is To Be Done*, Progress Publishers, Moscow.
- Lewis, J. (1984), *Industrialisation and Trade Union Organisation in South Africa, 1924-55, The Rise and Fall Of the South African Trades and Labour Council*, Cambridge Univ. Press, Cambridge.
- Lipton, M. (1985), *Capitalism and Apartheid*, Gower, London.
- Lodge, T. (1983), *Black Politics in South Africa since 1945*, Ravan Press, Johannesburg.
- Luckhart, K., and Wall, B. (1980), *Organise or Starve*, Lawrence and Wishart, London.
- Luckhart, K., and Wall, B. (1981), *Working for Freedom, Black Trade Union Development in South Africa Through the 1970s*, World Council of Churches, Geneva.
- Magubane, B. (1979), *The Political Economy of Race and Class in South Africa*, Monthly Review Press, New York.
- Mann, M. (1973), *Consciousness and Action among the Western Working Class*, Macmillan, Basingstoke.
- Marks, S., and Rathbone, R. (1982), *Industrialisation and Social Change in South Africa*, Longman, Essex.
- Marx, K. (1976), *Capital, Volume 1*, Penguin Books, Harmondsworth.
- Marx and Engels, (1969), *Selected Works, Volume 2*, Progress Publishers, Moscow.
- Meynaud, J. and Salah Bey, A. (1967), *Trade Unionism in Africa, A Study of its Growth and Orientation*, Methuen & CO. LTD, London.
- Miller, S. (1982), *Trade Unions in South Africa, 1970-1980; A Directory of Statistics, Saldru Working Paper no.45*, April, Cape Town.
- Muller, C.F.J., (ed.), (1980), *500 Years, A History of South Africa*, 2nd edition, Academica, Pretoria.
- Natrass, J. (1981), *The South African Economy its Growth and Change*, Oxford University Press, Cape Town.
- Natrass, N., and Ardington, E., (ed.) (1990), *The Political Economy of South Africa*, Oxford University Press, Cape Town.
- Nolutshungu, SC. (1982), *Changing South Africa, Political Considerations*, Manchester University Press, Manchester.
- Norval, A.J. (1962), *A Quarter Century of Industrial Progress in South Africa*, Juta, Johannesburg.
- Onselen, C Van.(1982), *Studies in the Social and Economic History of the Witwatersrand 1886-1914, Volume 2*, Ravan Press, Johannesburg.
- Plaut, M and Ward, D. (1982), *Black Trade Unions in South Africa*, Russell Press, London.
- Poulantzas, N. (1973), *Political Power and Social Classes*, New Left Books, London.
- Rostow, W.W. (1960), *Stages of Economic Growth, (A Non-Communist Manifesto)*, Cambridge University Press, Cambridge.
- Roux, E. (1978), *Time Longer than Rope, The Black Man's Struggle for Freedom in South Africa*, Wisconsin Press, Wisconsin.
- Saul, J., and Gelb, S. (1981), *The Crises in South Africa, Class Defence and Class Revolution*, Monthly Review Press, New York.

- Schlemmer, L., and Webster, E. (eds.) (1978), *Change Reform and Economic Growth in South Africa*, Ravan Press Johannesburg.
- Schumann, G.C.W. (1938), *Structural Changes and Business Cycles in South Africa, 1806 - 1936*, London.
- Schwarz, J. (1977), *The Subtle Anatomy of Capitalism*, Goodyear, Santa Monica.
- Seidman, G.W. (1994), *Manufacturing Militance, Workers movements in Brazil and South Africa, 1970-1985*, Berkeley: University of California Press, San Francisco.
- Simkins, C. (1981), *The Demographic Demand for Labour and Institutional Context of African Unemployment in South Africa: 1960-1980*, Saldru Working Paper no.39, Cape Town.
- Simons, J and Simons, R. (1983), *Class and Colour in South Africa 1850-1950*, Idaf Books, London.
- South Africa 1974, Official Yearbook of the Republic of South Africa*, Department of Information, Perskor Printers, Johannesburg.
- Southall, R. (1982), *South Africa's Transkei, The Political Economy of an "Independent" Bantustan*, Heineman, London.
- Suckling J., and White, L. (1988), *After Apartheid Renewal of the South African Economy*, James Curry, London.
- Sutcliffe, R.B.(1971), *Industry and Underdevelopment*, Addison-Wesley Publishing Company, London.
- Taylor, F.W. (1911), *The Principles of Scientific Management*, WW Norton and Co. New York.
- Webster, E. (1981), *Essays in Southern African Labour History*, Ravan Press, Johannesburg.
- Webster, E. (1985), *Cast in a Racial Mould, Labour Process and Trade Unionism in the Foundries*, Ravan Press, Johannesburg.
- Webster, E., Alfred, L., Bethlehem, L., Joffe, A., Selikow, T.A. (1994), *Work and Industrialisation in South Africa*, Ravan Press, Johannesburg.
- Wilson, F. (1972), *Labour in the South African Gold Mines 1911 - 1969*, Cambridge Univ. Press, Cambridge.
- Wolpe, H. (1980), *The Articulation of the Modes of Production*, Routledge and Keegan Paul, London.
- Wolpe, H. (1988), *Race, Class and the Apartheid State*, James Currey, London.

Published Articles

- Adler, T. (1986), "Sleep for Sale, Shiftwork in South Africa with Specific Reference to the Tyre and Rubber Industry", *South African Labour Bulletin*, vol.11, no.6, July.
- Adler, T. (1987), "The Extent of Shiftworking in the Manufacturing Sector in South Africa", *South African Labour Bulletin*, vol.12, no.8, October.
- Anderson, P. (1967), "The Limits and Possibilities of Trade Union Action", in Blackburn, R., and Cockburn, A., *The Incompatibles*, Penguin, Harmondsworth.
- Baskin, J. (1994), "Planting the seeds: Unions before Cosatu", in Webster, E., et al, *Work and Industrialisation in South Africa*, Ravan Press, Johannesburg.
- Bell P. F (1977), "Marxist Theory, Class Struggle, and the Crisis of Capitalism" in J. Schwarz, *The Subtle anatomy of Capitalism*, Goodyear, Santa Monica
- Becker, W and Oberholzer, G.J. (1995) "Strikes and Political Activity: An Analysis of South Africa for the period 1910-1994" in *South African Journal of Labour Relations*, vol. 19, no. 3.
- Bradby, Barbara. (1976), *Bulletin of the Conference of Socialist Economists*, Vol. V, no.2, October 1976.

- Baer and Harve, (1964), "Employment and Industrialisation in Developing Countries", *Quarterly Journal of Economics*, February.
- Bird, A. (1987), "ESOPs - Part of a Strategy to Smash Democracy" *South African Labour Bulletin*, vol.13, no.6.
- Bonner, P. (1979), "The 1920 Black Mine Workers Strike: A Preliminary Account", in Bozzoli, B. (ed.), *Labour, Township and Protest*, Raven Press, Johannesburg.
- Bonner, P. (1981), "The decline and fall of the ICU a case of self-destruction" in Webster, E., *Essays in Southern African Labour History*, Raven Press, Johannesburg.
- Bonner, P. (1982), "The Transvaal Native Congress 1917-1920: The radicalisation of the black petty bourgeoisie on the Rand" in Marks S. and Rathbone R.(eds.), *Industrialisation and Social Change in South Africa*, Longman, Essex.
- Bonner, P.(1983), "Independent Unions Since Wichahn", *South African Labour Bulletin*, Vol. 8, no. 4, February.
- Bozzoli, B. (1978), "Capital and the State in South Africa", *Review of African Political Economy*, no.11, January-April
- Bozzoli, B. (1975), "The Origins, Development and Ideology of Local Manufacturing in South Africa", *Journal of Southern African Studies*, Vol. 1, No. 2, April.
- Berg, S van der. (1989), "Long term economic trends and development in South Africa", in *African Affairs*, vol. 88, no.351, April.
- Bonefeld, W. (1987), "Reformulation of the State Theory", *Capital and Class*, no.33, Winter.
- "Briefing" (1983), in *South African Labour Bulletin*, vol. 8, no.5, April.
- Cassim, F. (1988), "Growth Crises and Change in the South African Economy", in Suckling J., and White, L., *After Apartheid Renewal of the South African Economy*, James Curry, London.
- Clark, N. (1987), "South African State Corporations: The Death Knell of Economic Colonialism?" in *Journal of Southern African Studies*, vol.14, no.1, October.
- Clarke, S. (1977), "Marxism, Sociology, and Poulantzas's Theory of the State", *Capital and Class*, no.2.
- Clarke, S. (1978), "Capital, Fractions of Capital and the State: 'neo-Marxist' Analyses of the South African State" *Capital and Class*, no.5, Summer.
- Clarke, S.(1988), "Overaccumulation, Class Struggle and the Regulation Approach", *Capital and Class*, no.36, Winter.
- Clarke S. (1989), "The Basic Theory of Capitalism: A Critical Review of Itoh and the Uno School", in *Capital and Class*, no.37, Spring.
- Cooper, C. (1983), "The Established Trade Union Movement" in *South African Review No.1* Raven Press, Johannesburg.
- "Cusa - a look at its past" (1983) in *CUSA News Volume 1*, no. 1, February.
- Davies, R. (1976), "Mining Capital, The State and Unskilled White Workers in South Africa, 1901 - 1913", *Journal of Southern African Studies*, vol. 3, no. 1, October.
- Davies, R. (1978), "The class character of South Africa's Industrial Conciliation Legislation", in Webster, E., *Essays in Southern African Labour History* Raven Press, Johannesburg.
- Davies, R., Kaplan, D., Morris, M., O'Meara, D. (1976), "Class Struggle and the Periodisation of the State in South Africa", *Review of African Political Economy*, no.7, September-December.
- Davies R., and Lewis, D. (1976), "Industrial Relations Legislation: One of Capital's Defences" in *Review of African Political Economy*, no. 7, September-December.

- O'Dowd, M.C. (1978), "The Stages of Economic Growth and the Future of South Africa", in L. Schlemmer and E. Webster (eds.), *Change Reform and Economic Growth in South Africa*, Ravan Press, Johannesburg.
- Driver, C. (1981), "Review of Aglietta", *Capital and Class* no.15.
- Ensor, L. (1977), "TUCSA's Relationship with African Trade Unions - an attempt at control 1954 - 1962", in *South African Labour Bulletin*, vol.3 no.4, January.
- Fine, B., de Clercq, F., Innes, D. (1981), "Trade Unions and the State: The Question of Legality", in *South African Labour Bulletin*, vol.7, no.1&2.
- Fine, Bob. (1982), "Trade Unions and the State, Once More: A Reply to Our Critics", in *South African Labour Bulletin*, Vol. 8, no.1 September.
- Food and Canning Worker's Union, (1982), "Search for a workable relationship" in *South African Labour Bulletin*, vol. VII, no. 8, July.
- Foster, Joe (1982), "The workers struggle - Where does FOSATU stand?" in *South African Labour Bulletin* vol. VII, no. 8, July.
- Gelb, S., and Innes, D. (1985), "Economic Crises in South Africa, Monetarism Double Bind", in *Work In Progress*, vol.36.
- Gelb, S.(1987), "Making Sense of the Crises", in *Transformation* 5.
- Gelb, S.(1991), "South Africa's Economic Crisis: An Overview", in S. Gelb (ed.), *South Africa's Economic Crises*, David Phillips, Cape Town.
- Holdt, K von., (1986), "The Economy: An Achilles Heel of the New Deal", in *South African Review* 3, Ravan Press, Johannesburg.
- Holloway, J. (1988), "The Great Bear, Post Fordism and Class Struggle: A Comment on Bonefeld and Jessop", in *Capital and Class*, no.36, Winter.
- Hyman, R.(1976), "Trade Unions, Control and Resistance", in *Politics of Work and Occupation*, Open University Press, Milton Keynes.
- Industrial Strategy Project, (1994), "Industrial Strategy for South Africa: The recommendations of the ISP" in *South African Labour Bulletin*, Vol. 18, no. 1 Jan/Feb.
- Innes D., and Plaut, M. (1978), "Class Struggle and the State", *Review of African Political Economy*, no.11, January-April.
- Joffe, A. (1992), "A strategy for South African Manufacturing" in *South African Labour Bulletin*, Vol. 16 no 8.
- Kahn, B.(1991), "The Crises and South Africa's Balance of Payments", in S. Gelb (ed.), *South Africa's Economic Crises*, David Phillip, Cape Town.
- Kaplan, D. (1983), "South Africa's Changing Place in the World Economy", in *South African Review* no.1, Ravan Press, Johannesburg.
- Kaplan, D.(1978), "Politics of industrial protection 1910 to 1939" *Journal of Southern African Studies*, vol.3, no. 1.
- Kaplan, D., and Morris, M. (1976), "Labour Policy in a State Corporation: A Case Study of the South African Iron and Steel Corporation", *South African Labour Bulletin*, vol.2, no.6 and 8.
- Kaplinsky, R. (1984), "The International Context for Industrialisation in the Coming Decade", in *Journal of Development Studies*, vol.21, no.1 October.
- Keegan, T. (1982), "The Sharecropping Economy, African class formation and the 1913 Land Act in the Highveld Maize Belt", in Marks S. and Rathbone, R. *Industrialisation and Social Change in South Africa*, Longman, Essex.
- Kimble, J. (1982), Labour Migration in the Basutoland c1870-1885, in Marks S. and Rathbone, R. *Industrialisation and Social Change in South Africa*, Longman, Essex

- Labour Monitoring Group, (1985) "The November 1984 Stayaway" in *South African Labour Bulletin*, Vol. IX, no. 6 May.
- Lambert, R., (1980), "Political Unionism in South Africa" in *South African Labour Bulletin*, Vol. 6, Numbers 2 and 3, September.
- Lambert, R. (1983), "SACTU and the Industrial Conciliation Act", *South African Labour Bulletin*, Vol. 8, no. 6, June.
- Lambert, R. V. (1993), "Trade Unionism, Race, Class and Nationalism in the 1950s Resistance Movement", in Bonner P. et al, *Apartheid's Genesis 1935-1962*, Ravan Press, Johannesburg.
- Lambert, R. and Webster, E. (1988) "The Re-emergence of Political Unionism in Contemporary South Africa" in Cobbett, W. and Cohen, R. *Popular Struggles in South Africa*, James Currey/ROAPE, London.
- Legassick, M. (1974), "South Africa Capital Accumulation and Violence" *Economy and Society* Vol. 1 no.3
- Legassick, M. (1995), "British Hegemony and the Origins of Segregation in South Africa, 1901-14" in Beinart, W., and Dubow, S., *Segregation and Apartheid in Twentieth-Century South Africa*, Routledge, London.
- Lever, Jeff. (1978), "Capital and Labour in South Africa", E. Webster, *Essays in Southern African Labour History* Ravan Press, Johannesburg.
- Lewis P. (1987), "Productivity and Incentive Schemes to Engage or not to Engage", *South African Labour Bulletin*, vol.12, no.5, May 1987.
- Lumby, AB. (1983), "Industrial Development Prior to the Second World War", in Coleman FL., (ed.), *Economic History of South Africa*, Haum, Pretoria.
- Maller, J. (1987), "Perspectives in Productivity", *South African Review* 4, Ravan Press, Johannesburg.
- Maller, J. (1986), "Perspectives on Productivity", Tag-Sociology, University of Witwatersrand, Johannesburg.
- Maller, J. (1989), "Worker Participation - Reply to Martin Nicol" in *South African Labour Bulletin*, vol.14, no.1, April.
- Marce, J. (1982), "SAAWU in the East London Areas: 1979-1981" *South African Labour Bulletin*, Vol. 7, no.4 and 5, February.
- Marks, S. (1995), "Natal, The Zulu Royal Family and the Ideology of Segregation" in Beinart, W. and Dubow, S. *Segregation and Apartheid in Twentieth-Century South Africa*, Routledge, London.
- Maroney, S. (1981), "Mine Worker Protest on the Witwatersrand: 1901-1912", in Webster, E. *Essays in Southern African Labour History*, Ravan Press, Johannesburg.
- Marx, (1969), "Instructions For The Delegates Of The Provisional General Council. The Different Questions", in Marx and Engels, *Selected Works, Volume 2*, Progress Publishers, Moscow.
- Marx, (1969) "Wages Price and Profit", in Marx and Engels, *Selected Works, Volume 2*, Progress Publishers, Moscow.
- Meth, C. (1983), "Evidence on Black Advancement," *South African Review* 1, *Same Foundations, New Facades*, Ravan Press Johannesburg.
- Miller, J.S. (1985), "The Effect of Skilled Work on Successful Export", *Founding, Welding and Production Engineering Journal*, vol.3 no.11, November.
- Miller, J.S. (1987), "The Production Engineer and Productivity", *Founding Welding and Production Engineering Journal*, Vol.27, no.7, December.
- Minaar, P. (1988), "Team Spirit Builds Quality", in *Engineering News* Vol.9 no.11 2 June.
- Moll, T. (1989), "Probably the Best Lager in the World: the Record and Prospects of the South African Economy" in Brewer, JD.(ed.), *Can South Africa Survive, Five Minutes to Midnight*, Macmillan Press, London.

- Moll, T. (1990), "From Booster to Brake? Apartheid and Economic Growth in Comparative Perspective" in Nattrass, N. and Ardington, E. (ed.), *The Political Economy of South Africa*, Oxford University Press, Cape Town.
- Morris, M., (1976), "The Development of Capitalism in South African Agriculture: Class Struggle in the Countryside", *Economy and Society*, vol.5, no.3.
- Mohamed, Y. (1989), "Worker Participation - A Trojan Horse?" in *South African Labour Bulletin*, vol. 14, no. 5, November.
- Nattrass, Nicoli. (1990), "Economic Power and Profits in Post-War Manufacturing", in Nattrass N. and Ardington, E. (ed.), *The Political Economy of South Africa*, Oxford University Press, Cape Town.
- Nicol, M. (1980), "Legislation, Registration and Emasculation" in *South African Labour Bulletin*, vol. 5 nos. 6&7, March.
- Nicol, M. (1989), "Promoting Participation in ESOP's?" in *South African Labour Bulletin*, vol.13, no.8, February.
- O'Meara, D. (1979), "The 1946 Mine Workers Strike" in *Journal of Commonwealth and Comparative Studies*, Vol. 13 no. 2.
- Pearsall, C.W. (1937), "Some Aspects of the Development of Secondary Industry in South Africa", in *South African Journal of Economics*, V, 4.
- Perold, J. (1985), "The Historical and Contemporary use of Job Evaluation", in *South African Labour Bulletin*, Vol.10, no.4 Jan-Feb 1985
- Picciotto, S. (1973), "Theory of State Class Struggle and Rule of Law", in Fine, B., Kinsay, R., Lea, J., Picciotto, S., and Young, J., *Capitalism and the Rule of Law, From Deviancy Theory to Marxism*, Hutchinson, London.
- Ratcliffe, R. (1984), "The Shifting Dominance: The Foundation of the Armaments industry in the 1960's" in *Africa Perspective*, no.25.
- Stadler, A. (1983), "The Politics of Subsistence: Community Struggles in War-Time Johannesburg", in Hindson, DC., *Working Papers in Southern African Studies Volume III*, Ravan Press, Johannesburg.
- Stadler, J.J. (1963), "The Gross Domestic Product of South Africa, 1911-1959", in *South African Journal of Economics*, Vol. 31.
- Stein, M. (1981), "Max Gordon and African Trade Unionism on the Witwatersrand, 1935-1940", in Webster, E. *Essays in Southern African Labour History*, Ravan Press, Johannesburg.
- Warwick, P. (1981), "Black Industrial Protest on the Witwatersrand, 1901-02", Webster, E. *Essays in Southern African Labour History*, Ravan Press, Johannesburg.
- Webster, E. and Kuzwayo, J. (1978), "A research note on consciousness and the problem of organisation" in Schlemmer, L; and Webster, E; *Change Reform and Economic Growth in South Africa*, Ravan Press Johannesburg.
- Webster, E. and Bonner, P. (1979), "Background to Wiehahn", *South African Labour Bulletin*, Vol. 5, no. 2, August.
- Webster, E. (1994), "The rise of social-movement unionism: the two faces of black trade union movement in South Africa" in Webster et al, *Work and Industrialisation in S.A.*, Ravan Press, Johannesburg.
- Williams, K. (1979), "Trade Unionism in South African History", in Jubber, K., *South Africa Industrial Relations and Industrial Sociology*, Juta, Johannesburg.
- Williams, M. (1975), "An Analysis of South African Capitalism - Neo Ricardism or Marxism?", *Bulletin for the Conference of Socialist Economist*, Vol. IV, no.1.
- Wright, EO. (1977), "Alternative Perspectives in Marxist Theory of Accumulation and Crisis" in Jesse Schwarz, *The Subtle Anatomy of Capitalism*, Goodyear, Santa Monica.

Wolpe, H. (1972), "Capitalism and Cheap Labour in South Africa" *Economy and Society*, Vol. 1 no. 1.

Wolpe, H. (1988), "Race and class in the National Struggle in South Africa", in Diepen, M. van, *The National Question in South Africa*, Zed Books, London.

Wood EM. (1977) "The Separation of the Economic and the Political in Capitalism" in *New Left Review* no. 89.

Statistics

Bureau of Census and Statistics, Statistics for Fifty Years, 1910-1960 (1961), (CSS, Pretoria)

South African Statistics 1988, (CSS, Pretoria)

South African Labour Statistics, 1986, (CSS Pretoria)

Census of Manufacturing, 1979 Principal statistics on a regional basis. Report no.10-21-40. (CSS Pretoria)

Unpublished Papers and Mimeos

Bonner, P. (1978), "Black Trade Unions in South Africa since the Second World War", Unpublished Mimeo, Johannesburg.

Clarke, S. (undated), "On the Current Crises in South Africa", Unpublished, mimeo.

Clarke, S. (1989), "The Marxist Theory of Overaccumulation and Crises", CSE conference paper, Sheffield Polytechnic, July.

Goode, R. (1985), "Technology and Toil, Labour Process and Organisation in the Canning Industry", ASSA Conference paper, July.

Moll, T.C. (1987), "Growth Without Development: The South African Economy in the 1950s", Conference Paper, Oxford.

Webster, E. (1980), "Organisation trends, achievements and potential of the Labour Movement in the post-Wiehahn period" ASI paper.

Webster, E. (1981), "Stay-aways and the Black Working Class since the Second World War - The evaluation of a strategy", Unpublished Paper.

Unpublished Theses

Bloch, Greame. (1980), "The Development of Manufacturing Industry in South Africa 1939-1969", MA. Dissertation, Univ. of Cape Town.

Budlender, D. (1979), Labour Legislation in South Africa, MA. Thesis, University of Cape Town.

Carrim, Yunus (1983) "Trade Unions and Nationalism", MA. Dissertation, University of Warwick.

Du Piesane, C. J. (1968), "Die Bepaling en die Gebruik van Kapitaalopbrengsverhoudings" M .A. Dissertation for the Department of Economics, University of Pretoria, April 1968

Innes, D. (1980), Monopoly Capitalism and Imperialism in South Africa: The Role of the Anglo American Group, Ph.D. Thesis, University of Sussex, January.

Kaplan, D. (1977), Class Conflict, Capital Accumulation and the State: An Historical Materialist Analysis of the State in 20th Century South Africa, D. Phil Thesis, Sussex University.

Lambert, RV. (1988), Political Unionism in South Africa: The South African Congress of Trade Unions, 1955-1965, Ph.D. Thesis, Univ. of Witwatersrand, Johannesburg, 1988

Mohamed, Y. (1984), "Law and class struggle" BA. Hons. Dissertation, Department of Sociology, University of Witwatersrand.

Sideris, T. (1982), *Industrial Councils and Democratic Trade Union Organisations: Two Case Studies*, BA. Honours Dissertation, Department of Sociology, University of the Witwatersrand.

Webster, E. (1983), *The Labour Process and Forms of Workplace Organisation in South Africa*, Ph.D. Thesis, University of the Witwatersrand.

Zarenda, H. (1977), "The Policy Of State Intervention in the Establishment and Development of Manufacturing Industry in South Africa" Masters Dissertation, University of the Witwatersrand.

Reports Source Material

Report of the Industrial Legislation Commission, 1935, Union Government, 37 - 1935, (Van Reenan)

Report of the Industrial Legislation Commission of Enquiry, 1948-1951; Union Government, 62 - 1951, (Botha)

Report of the Commission of Enquiry into Labour Legislation, Republican Parliament, 47 - 1979 (Wiehahn)

White Paper on Part One of the Report of the Commission of Inquiry in Labour Legislation, WP 5-79.

Industrial and Agricultural Requirements Commission, 1st Interim Report of (H.J. van Eck) UG 40/1941

Union Government, Board of Trade and Industries, Report no. 94, *The Engineering Industry of South Africa*,

Union Government, Board of Trade and Industries Report no. 102,

Union Government, Board of Trade and Industries Report no. 282, *Investigation into Manufacturing Industries in the Union, (21/5/45)*