

# SOUTH AFRICAN POLITICAL ECONOMY AND THE SANCTIONS DEBATE

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The South African question has become such an explosively emotive issue in the international political arena that rational assessments of political developments in South Africa are rare, with the inevitable result that foreign policy formulations are often ill-conceived and sometimes even self-contradictory. Until fairly recently the debate surrounding the application of economic sanctions was similarly afflicted, and certainly far removed from sober scholarly analysis. However, welcome current developments have displayed the exercise of reasoned economic analysis in evaluating the issue of sanctions within a coherent theoretical framework.<sup>1</sup>

Nevertheless, aside from some cursory speculation,<sup>2</sup> surprising feature of this recent literature has been its neglect of voluminous debate on South African historiography. Indeed, it shall be argued here that this neglect is unfortunate, since adopting a position on the appropriateness of economic sanctions as an instrument of political change implies *ipso facto* an implicit assumption about the nature of South African political economy, and more specifically, on the relationship between economic growth and apartheid. The discussion itself is divided into two inter-related sections for analytical and expository convenience. In the first part of the note, the major competing approaches to South African political economy are briefly reviewed and the possibility of a tentative synthesis emerging

1 See, for example, Black & Cooper (1987), Cooper (1985), Cooper (1985), Jenkins (1987), Kaempher & Lowenburg (1986), Kaempher & Lowenburg (1989) and Lundahl (1984)

2 See Dollery (1988)

examined. The second section then focuses on the implications of these approaches for the debate on economic sanctions against South Africa. The note ends with a short conclusion.

## Approaches to South African Political Economy

South African historiography is presently dominated by two broad schools of thought.<sup>3</sup> Firstly, a long-standing 'liberal' tradition exists which attempts to provide a systematic account of modern South African history by construing the 'irrational' racist policies of apartheid (and their antecedents in the pre-1948 era) as dysfunctional to the 'rational' forces of South African capitalism.<sup>4</sup> Scholars in this liberal tradition have conventionally adopted the perspective that the panoply of racial legislation embodied in apartheid would come into increasing conflict with market forces as economic growth steadily increased the modern sector of the South African dual economy. However, disagreement over the outcome of this conflict demonstrates that liberal historiography is by no means without internal dissent. As Davenport (1977:372) has noted 'faith in the power of the market to destroy apartheid thus gave confidence to some critics of segregation but not all'. Indeed, it is possible to identify at least two strands of thought amongst liberal economic and social historians.<sup>5</sup> Some writers appear to adopt a perspective similar to that advanced by Gary Becker (1971) in his classic analysis of discrimination, and view the

3 It is possible to identify two new approaches. Firstly, a new embryonic perspective resides in the application of the theory of rent-seeking to the historical behaviour of economic agents operating in South African milieu. See, for example, Dollery (1989). Secondly, cybernetics has been employed in an effort to explain and predict outcomes in South African political economy: see Starkermann (1988).

4 See, for instance, Butler, Elphick and Welsh (1987) and Lipton (1985).

5 See, for example, Lipton (1985).

outcome of the purported conflict between racism and market rationality as resulting in the inevitable victory of the latter.<sup>6</sup> In contrast, others are much less optimistic, and instead see the process as essentially *ad hoc* and piecemeal.<sup>7</sup>

The liberal tradition dominated South African historiography until the late 1960's when scholars employing a marxian analytical framework began to question the implicit assumptions of the liberal orthodoxy concerning the interrelationships between capitalism and apartheid, and slowly built up an alternative or revisionist interpretation of modern South African history.<sup>8</sup> In essence, this revisionist or marxian school of thought inverts liberal perceptions by seeking to demonstrate that the plethora of apartheid policies bore a distinctly functional relationship to capitalism. In sum, revisionist historiography tries to explain the historical evolution of events on the premise that the institutions of apartheid facilitate and enhance the expropriative power of South African capitalism. In recent years however, theoretical dispute has witnessed the emergence of two sub-schools within the broad revisionist praxis<sup>9</sup> Two issues in particular stimulated disagreement. Firstly, the question arose as to the most appropriate analytical treatment of the conventional entities of capital and labour in the context of South African political economy. Whilst some scholars emphasized the organic unity of both capital and labour in orthodox marxist fashion, others sought to explain apparent instances of intra-capital competition in terms of hypothesized fractions of capital. A second and related issue deals with the appropriate method of modelling the state within marxist theory, or more specifically, the problem of the relative autonomy of the state. In short, whereas Poulantzians or structural marxists require the state to mediate between the various fractions of capital, their more orthodox colleagues treat state policy as a manifestation of the fundamental unity of capital.

6 See, for instance, O'Dowd (1977).

7 See, for example, Bromberger (1977).

8 See, for instance, Murray (1988).

9 See Helliker (1987) for a review of this debate.

Although the debate over South African historiography continues to be dominated by exchanges between at least broadly identifiable exponents of the liberal approach and their marxist challengers, several recent contributions - especially Greenberg (1980) and Lipton (1985) - appear to adopt rather more eclectic positions which may indicate that these hitherto rival explanations need not be entirely mutually exclusive. This putative confluence of the major paradigms by at least some of their advocates has not gone unnoticed by commentators on the current state of the debate. Helliker (1987:93), for instance, observes that 'in many ways Lipton's historical analysis is similar to Greenberg's ...'. Moreover, Yudelman (1984:32) has argued '... that a large portion of British neo-Marxists writing about South Africa are, to some degree, Poulantzas disciples, many of them self-avowed. The result has been a heavy emphasis on the 'struggles' of fractions for 'hegemony', which, though the terminology is different, is basically indistinguishable from bourgeois party political and interest analysis'.

The apparently emerging synthesis of at least some elements of the liberal and revisionist approaches is guided by a growing awareness that both capital and labour cannot be treated as monolithic in explanations of racial legislation and policy implementation, and may often reflect divergent (or even competing) interests. Thus Lipton (1985:5) may be justified in noting that '... the issue is now widely perceived as being a political struggle between different sets of economic interests, rather than a battle between archaic and progressive economic forces'. In short, the putative consensus appears to acknowledge the central liberal insight that apartheid is welfare reducing for society at large. Simultaneously it retains the revisionist perception that asymmetrical access to political power along racial lines in South Africa provided extensive scope for various white economic interest groups to secure legislative privileges, particularly in the use of black labour. A (potentially contradictory) synthesis of these elements of the liberal and revisionist paradigms appears to possess at least two distinct advantages over its predecessors. Firstly, it can provide a superior account of the longevity of racial legislation in South Africa relative to the traditional liberal approach, since despite recognising the obvious aggregative misallocation of resources attendant upon apartheid, it nevertheless acknowledges the advantages to particular interest groups inherent in the institutions of apartheid. And secondly, in contrast to orthodox revisionist explanations, it experiences fewer difficulties with either racial

competition within the South African working class or with parallel forms of conflict between different fractions of capital.

## Implications For The Economic Sanctions Debate

The question now arises as to the implications of these alternative paradigms of South African political economy for the debate on economic sanctions. It should be apparent that, although neither of the two dominant approaches (nor, of course, the putative eclectic rival) are by any measure homogeneous or even internally consistent schools of thought, they do represent broadly coherent methods of organising and explaining events and trends evident in modern South African history. Consequently, despite their manifest heterogeneity, they nonetheless can be meaningfully aggregated for present purposes.

Given its central premise that apartheid is fundamentally dysfunctional to the efficient operation of market capitalism, the liberal paradigm holds that since the South African economy is at least partially capitalist, entrepreneurs confront incentives which reward them for utilising productive resources, including black labour, in economically efficient ways. Consequently, impediments to rational resource allocation embodied in many of the traditional institutions of apartheid, most commonly in the training and usage of black labour, come into conflict with market forces. As Davies (1988:23) has argued 'the pursuit of prosperity in the market place requires the application of a colour-blind calculative rationality'. Liberals thus contend that given the contradictions between the rationality of the market and the irrationality of the racial prejudice underlying apartheid, the spread of market rationality will serve to weaken apartheid in an impersonal, decentralised and evolutionary manner. Moreover, the speed at which this process occurs will depend crucially on the rate of economic growth. Indeed, it follows that the faster the rate of economic growth, the greater will be the tensions between the maximalist rationalism of the market and static irrationality of apartheid, and so the more intense the pressures on apartheid institutions. The implications of this analysis for the debate on economic sanctions are straight-forward; namely, by inhibiting economic growth effective economic sanctions will hamper this process, and thus have the unintended consequence of prolonging apartheid. Instead, according to the liberal vision, those na-

tions whose foreign policies seek to influence political outcomes in South Africa by economic means should adopt strategies aimed specifically at enhancing the rate of growth of the South African economy.

Exponents of the liberal paradigm claim that the course of modern South African history in the post-war period provides a good deal of empirical support for their perspective. In essence, advocates of the liberal thesis argue that the rapid growth evidenced in South Africa '... which had averaged 5.3 per cent during the 40 years after 1920...' (Knight 1988:474) set in motion inexorable economic and social forces which have begun to steadily erode the discriminatory apparatus of the apartheid state. In support of this contention they point to social reform (the abolition of the Mixed Marriages Act, the amended Group Areas Act, etc), limited political reform (the abolition of the Prohibition of Political Interference Act, the 1984 Constitution, etc) and perhaps most importantly, economic reform. In this latter context, liberals emphasise the extension of real estate property rights to all races, the abolition of discrimination in labour markets (with the demise of the notorious 'pass laws', job reservation legislation, the extensions of trade union rights to black South Africans, etc), and the rapid recent increases in black real wages.<sup>10</sup>

In contrast, the implications of the revisionist paradigm for the debate over economic sanctions are rather less obvious, although exponents of this position are unambiguous in their support for economic sanctions. In broad terms, revisionists argue that capitalism and apartheid form a collaborative relationship which permits the maximisation of the extraction of surplus value from the South African working class generally, and black labour specifically. In particular, it is held that the whole edifice of restrictive and discriminatory labour legislation is deliberately designed to facilitate the exploitation of labour in the South African economy. Thus, the existence of tribal reserves or homelands and the concomitant system of migrant labour enables white capitalists to employ black workers at rates significantly below subsistence wage levels. With its present immiserising characteristics, economic growth consequently does not en-

10 For instance, Knight (1988:483), notes that 'between 1972 and 1984, total real wages per employee increased annually by 2.4 per cent per annum, those of Africans by 6.6 per cent, and those of whites by 0.6 per cent'.

hance the welfare of society at large. Indeed, insofar as the fruits of economic growth accrue primarily to monopoly capital with an overbearing interest in the maintenance of apartheid, additional resources are provided for the apparatus of military and political repression required to sustain apartheid. Given this collaborative relationship between white capital and the apartheid state, it follows that any policy which serves to lower economic growth, such as the imposition of comprehensive sanctions, must contribute towards the destruction of apartheid. Consequently, those nations which possess a real interest in the demise of apartheid should implement stringent sanctions programs aimed at the significant reduction of economic growth in South Africa.

With respect to the specific mechanics of the relationship between economic sanctions and political change, it is possible to identify at least two schools of thought emanating from the revisionist tradition. In the first place, some advocates of economic sanctions emphasise the role economic sanctions can play in forcing the South African regime into genuine negotiations with the liberation movements. It is argued that by raising the costs of apartheid, sanctions will erode the constituency of the governing National Party, induce pressure from organised capital, reduce the ability of the authorities to co-opt disenfranchised groups, and weaken the revenue base of the apartheid state. Alternatively, others see sanctions as one weapon in a whole arsenal of measures designed to defeat the South African government. Thus economic sanctions, together with other forms of international embargo, psychological and guerilla warfare, and various kinds of spontaneous and orchestrated internal insurrection, provide the necessary and sufficient instruments to bring about the capitulation of the apartheid state.<sup>11</sup>

Revisionist historians argue that the balance of evidence amassed from modern South African history falls in their favour. The essence of their argument resides in the claim that historical events indicate that apartheid as a form of minority domination is capable of extensive modification but

11 See, for example, Southall (1980).

lies beyond fundamental reform. Thus revisionists regard the reforms cited by liberals as superficial alterations to the superstructure of South African society which do not significantly affect its base. Indeed, they argue that the indifferent performance of the South African economy from about 1970 onwards (with a growth rate of only 0.8 per cent in the period 1970-82)<sup>12</sup> necessitated modifications in the edifice of apartheid laws. These modifications consequently represent a modernisation of apartheid and not fundamental reform.

In contrast to both the liberal and revisionist approaches, which provide an historiographical basis for an all-or-nothing approach to the question of economic sanctions, an embryonic eclectic approach has rather different implications for the sanctions debate. Here the emphasis would clearly fall on *selective* economic sanctions aimed at modifying the behaviour of particular interest groups in ways designed to undermine apartheid. Thus recalcitrant behaviour would be punished by the imposition of sanctions on economic activity associated with the relevant economic agents, whereas desirable behaviour could be rewarded by the lifting of sanctions, or even trade preference agreements. For instance, private and public corporate organisations identified with progressive employment policies might be exempted from international economic sanctions, and their *verkrampte* counterparts could be singled out for aggressive punitive action by foreign governments.

## Concluding Remarks

Despite the immense volume of research effort which has been invested in South African historiography, and at least the existing potential for an eclectic approach, it is evident that consensus amongst scholars of South African social and economic history is not yet in sight. Perhaps this should not be surprising. Indeed, as Bromberger and Hughes (1987) have argued 'much academic debate about the South African past is covert argument about the future shape of South African society', and consequently bound to be characterised by dissension. Nevertheless, given its direct relevance

12 See Knight (1988:475).



to the sanctions debate, the research by scholars of South African political economy deserves serious consideration by both proponents and opponents of economic sanctions alike.

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