

## Concerning the Current Situation

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### 1. The objective analysis of the classes in the theatre of conflict

#### A. White monopoly capital: Myth or Reality?

The first phase of the democratic revolution in South Africa, what we called the “post-1994 breakthrough”, is fast approaching its end. This phase was characterised by unfettered dominance of white monopoly capital over all levers of power in all spheres of society. The power of white monopoly capital could be seen in the private sector, in all apparatuses of the state such as government, the universities, the courts, the press, the security forces and political parties.

The strength of white monopoly capital is that it owns and controls South Africa’s resources and it has strong international backers. The dominance of white monopoly capital in the economy determines the nature of the state and the society as whole, since the existence of the state itself is supported by the resources that have been monopolised by white capital. All the classes that pay taxes are, to a very large extent, dependent on the resources under the control of white monopoly capital.

Even the ability of workers to pay taxes, depends on the employment they get largely from white monopoly capital. Employees of the state derive their salaries from state taxes and state borrowing, which ultimately spring from the resources under white monopoly. Therefore, not only is the state objectively owned and controlled by white monopoly capital, in fact largely the whole of society is under white monopoly capitalist control.

Ideologically, white monopoly capitalists have even started a campaign in which their very existence and relevance is being denied. The simple reality of white monopoly and control of the economy and therefore the state is now being complicated with the aim of confusing black people in general, particularly the African working class. For example, defenders of white monopoly capital claim that because many of the companies that dominate the economy are partly owned by pension funds of black workers, white monopoly and control is a fiction.

What these apologists of white domination conveniently forget is that even under the apartheid regime, the pension funds of black workers were used to finance white monopoly capital. Yet, it could not be said that black workers owned and controlled the apartheid economy. Indeed on paper, pension funds are owned largely by workers. However in fact, the control of these funds is monopolised by white-owned asset managers, who have positioned themselves, on the basis of these funds, as “investors”. The wealth of black workers is in the hands of white monopoly capital, and it is used to dominate black people in general, and Africans in particular.

## **B. The black middle class**

While the post-1994 period deepened and legitimated white monopoly capitalist power, it also significantly expanded the stratum we call the black middle class, which is mainly composed of professionals and black business people. Affirmative action, black economic empowerment through the tender system and the opening up of some opportunities in the private sector, are some of the various ways in which this class expanded. However, simultaneously with these advances, there has been a destruction of a section of the middle class: the small shop-owners, who have either been reduced to landlords over their properties rented by marginal foreign traders, or have completely shut down because of the increasing white monopolisation of the retail sector and the arrival of white-owned retail monopolies in black neighbourhoods.

Large sections of the middle class continue to suffer from white domination, through lack of implementation of employment equity and affirmative action laws. Furthermore a large section of the middle class is highly indebted. Its salaries are suppressed, it suffers from the high cost of living, brought about by monopoly pricing of goods and services and excessively high interest rates charged by white monopoly capitalist banks. This section of the black middle class finds itself in small townhouses, with high rental and expensive mortgages, nursing hopes of career advancement, but with no prospect of same.

Those sections of the black middle class who are engaged in business activity, experience fluctuations in incomes, are economically vulnerable and cannot compete with well-established white companies, who have access to favourable lines of credit from white monopoly capitalist banks and from white networks of suppliers inside the value chains. Those employed by the state find it difficult to afford basic services, such as education, housing and healthcare for their children, because white monopoly capital has not released sufficient resources for the state to afford such benefits.

## **C. The black capitalist class**

There has also been the growth of the black capitalist class. This class grew on the basis of two schemes. The first scheme is based on the tender system of the state, which depends on the financing by white monopoly capital through taxes and borrowing of the state. This scheme of accumulation is constrained by fiscal policy; it relies on how much government spends on tenders (which itself is a function of how much government taxes white monopoly capital). That is why the change of the Finance Minister together with calls for radical economic transformation, are interpreted by white monopoly capitalist agencies and spokespersons to mean the dawn of reckless spending by government beyond taxes and borrowing capacity, to enrich this tender-based black capitalist class.

The second scheme is through extension of private sector credit in return of shares in white owned and controlled companies. This scheme, a bribes scheme, is used largely to capture the top leadership of political parties, particularly the leadership of the ruling party. As long as this political leadership ensured that the ruling party does not implement measures that challenge white monopoly capitalist domination and its ownership and control of the state, this corrupt credit-based scheme continued.

The battle that is now raging over the removal of the Finance Minister in particular, is led by white monopoly capital together with this credit-based black capitalist class, whose ownership and control of the state and the ruling party is being threatened by the rise of the tender-based black capitalist class, which also has links with the leadership of political parties. White monopoly capitalists are fighting to prevent the “capture” of their state and their control of the ruling party leadership. Only in this way does the term “state capture” make sense – white monopoly capital is preventing the “capture” of its state!

#### **D. The black working class**

The black working class, especially its overwhelming African majority, remains trapped in squalid conditions. This is the class in which the majority of the South African population is found. A large section of the black working class has never been employed; it is unemployable within the existing white monopoly capitalist framework; it suffers from ill-health; it is unskilled. All the evils of white monopoly capitalist society are concentrated in this unemployed section of the working class. African women and African youth experience these white monopoly evils the most.

Despite the existence of labour laws, which largely served to remove the brutality of apartheid from the production line, the black working class suffers from centuries-old super-exploitation and oppression. For each cent that white monopoly capital spends on working class welfare, through government expenditure, white monopoly capital takes away more cents through super-exploitation. Capital here gives with one hand through social grants, public housing, no-fee schools, etc., but capital takes more at the point of production through suppressed wages on the other hand.

The sea of the unemployed, who have no form of social security, is the burden of black workers. The largest direct beneficiaries of this centuries-old super-exploitation of black workers is white monopoly capital and the credit-based black bourgeoisie. The tender-based black bourgeoisie indirectly benefits through taxes and borrowing mobilised from white monopoly capitalist activity.

#### **E. The white working class and the white middle class**

The white working class remains the mass base of white monopoly capital. Long indoctrinated in the ideology of separating its interests from the interest of the black working class, it views struggles against historical injustices as a threat to its livelihood. Deeply hostile and largely suspicious of measures such as affirmative action and employment equity, this section of the South African working class remains an aristocracy of labour. It has not only failed to shed its racist outlook, it is a “bourgeois working class”, which continues to benefit from the super-exploitation of the black working class.

For more than 23 years, this section of the working class has refused to join forces with the progressive labour movement, which has an unparalleled record of consistently fighting against apartheid injustices. An analysis of the demographic profile of South African unions shows that the strategy of white monopoly capital to divide the working class is alive and well,

and is sustained by unjustified differences in pay and living conditions. When African workers rose up against squalid living conditions and poor pay, the white working class in Marikana consciously took a position to be conspicuous with their absence in the battle scene.

The white middle class remains the beneficiary of white monopoly capitalist domination. It is at the forefront of the white monopoly capitalist battalions. It views the progress of the black middle class as tantamount to “the lowering of standards”. This class opposes any talk of transformation with a reference to “standards”, yet it continues to benefit from double-standards that are pervasive throughout the entire society. As foot soldiers of white domination of South Africa, the white middle class is at the centre of frustrating the implementation of employment equity laws. It is a beneficiary of the majority of promotions and recruitments, as the Employment Equity Reports persistently show.

In short, the leading battalions of white monopoly capital are the white capitalist class in general, the white middle class and the white working class. The entire white establishment, whose livelihood continues to be supported by centuries-old patterns of ownership and control which is based on networks and schemes that exclude black people in general, and Africans in particular, is the bulwark of white monopoly capitalist domination.

#### **F. The colonial character of the class structure**

Across the board, the class structure under colonialism or apartheid remains intact to this day. The African is at the bottom of the food chain. The darkest skin performs the toughest job at the lowest wage across the board.

Within sections of the middle class, the African professionals are the worst paid and the most overworked. African small businesses receive the worst deals from white suppliers and white-owned banks, and they operate under the worst economically depressed neighbourhoods.

Even within the capitalist class, the darkest skin is the lowest in the hierarchy of capitalists. It should also be mentioned that, within the African capitalist class, the upper stratum which is credit-based is found inside, and accumulates directly through, established white monopoly capitalist structures. They own shares, sit on boards and have direct business deals with established white monopolies.

It is the link between this credit-based black capitalist stratum and the top leadership of political parties which explains how white monopoly capital concretely owns and controls state power. White monopoly ownership and control of state power is even more secured if the government in place is democratic, since the masses of the people believe that “this is our government, we voted for it”. Yet, what cannot be explained is why “our government” is failing to resolve our centuries-old problem of white monopoly of social power.

The battle over the removal of the Finance Minister above all is the battle waged by white monopoly capital in alliance with the credit-based black capitalist, against the rise of the tender-based black capitalist class, which also has links with the leadership of political parties.

#### **G. The Battle Over State Capture**

The cornerstone of the ownership and control of the state by white monopoly capital has always been the National Treasury, its associated agencies and the Reserve Bank, which constitutes the financial cluster of the state. The leading officials and political principals have always been appointed by white monopoly capital, and legitimated through the ruling party process. The ruling party has never exercised political autonomy in relation to appointments to strategic positions in the financial cluster of the state.

For the first time, the removal of the Finance Minister, without approval of white monopoly capital, has signalled the end of the phase of unfettered white monopoly capitalist domination, at least within the state and the ruling party.

South Africa has now entered a phase of intense rivalry between capitalist groupings. In this phase, it is not possible to advocate political abstention, especially of masses of the oppressed and super-exploited African working class. The fight against white monopoly capital and its black/African allies, is an integral part of the struggle to consummate the national democratic revolution.

The tender-based black capitalist class is not likely to win this battle without the support of the mass of the black and African working class. Unlike its white counterpart, the tender-based black capitalist class has no coherent historical international backing. Its relationship with the organised working class, which is the only force that is capable of disrupting white monopoly capitalist power at the point of production, is very weak if non-existent. Nevertheless, from the standpoint of the objective analysis of the class forces, in so far as the tender-based capitalist class has begun the war against the dominant white monopoly capitalist class, it has to be encouraged.

The absence of independent black working class action in the battle for ownership and control of state power or “state capture”, poses a serious threat to the entire country. The black working class must contest to capture state power as a class. To do so, organised workers must unite across their unions, and establish a broad anti-imperialist front. Without independent working class action at this stage, the masses of the African people will be left trailing behind the warring capitalist groupings.

Neither of these capitalist groupings posit a programme whose outcomes favour the black and African majority, which is working class. These warring groups of capitalists can either unite when they sense that the African working class is stirring up to fight both of them, or they can lead the country into a civil war as they split the working class into camps to fight on their behalf!

## **2. The immediate tasks of the progressive forces**

In the light of the above, what then are the immediate tasks of the progressive forces in South Africa? The immediate tasks are:

**A. Complete the national democratic revolution.** The continued domination of black people, particularly the African population, by white monopoly capital, across classes and across the board makes this task overarching.

**B. Establish a broad anti-white monopoly capitalist united front** made up of all the classes and strata that suffer from white monopoly capitalist domination. This also means mobilising that aspect of the black capitalist class which is at war with white monopoly capital, behind this broad front.

**C. The anti-monopoly capitalist front is made up of the following class forces:**

- a. **The working class;** whose interests must be primary and whose leadership and independence within this broad front needs to be jealously guarded.
- b. **The middle class;** whose skills, creativity and talents must be encouraged and brought to the service of this front.
  - i. The black professionals (lawyers, accountants, bankers, engineers, teachers, doctors, nurses, academics, etc.)
  - ii. The black business owners (builders, transport operators, shop owners, industrialists, farmers, asset managers, etc.)
- c. **The progressive youth and students;** which has for the past years been fighting for free, quality decolonised education.
- d. **The capitalist class;** though extremely unreliable, those sections whose accumulation is constrained by white monopolisation of value chains, especially in the real sector in general, and that section of the black capitalist class that is currently at war with white monopoly capital in particular.

Given its unreliability, this section needs to be won over in so far as it is warring against white monopoly capital, and it has to be neutralised in cases where its battalion is retreating.

- e. **The progressive white population;** which believes in the resolution of the national question in the interests of black people in general, particularly Africans. This stratum has first to dispel its deep-seated swaart-gevaar and phobia of a genuine anti-imperialist African nationalist sentiment.
- f. **The progressive international forces:** Our struggle against white monopoly capital benefited immensely from the support of progressive forces internationally. In launching the new phase of the democratic revolution, it is important not to lose sight of the international dimension, since white monopoly capital has international backing. That is why part of this new phase of our struggle will involve combating all forms of xenophobia, and it will very much involve an articulation of positions that give impetus to global struggles against the backers of white monopoly capital internationally, and struggles

against white monopoly capital on the African continent. The success of these progressive international struggles is deeply bound up with the success of our national struggles.

***D. Isolate the enemies of the people, who are:***

- a. **White monopoly capitalists;** who own and control monopolies in mining, banking and other industries. They also own a disproportionate share of land.
- b. **The credit-based black capitalists,** who accumulate wealth within and on the basis of white monopoly capitalist establishments.

**3. The way forward**

**A. The demands**

In the light of this alignment of class forces, and what the campaign that has been mounted, the progressive forces need to mobilise to the streets and demand from the ANC government the following:

1. **A new National Economic Plan,** which outlines how the following key demands can immediately be realised:
  - I. **Expropriation of white monopoly capitalist establishments,** such as banks, insurance companies, mines and other monopoly industries, to industrialise the economy.
  - II. **Establishment of a state bank,** which will consolidate all the state-owned financial institutions to facilitate affordable credit to the progressive class forces.
  - III. **Nationalisation of the South African Reserve Bank.**
  - IV. **Expropriation of all land without compensation** to the ownership of the state, and the state uses the rent collected to support expenditure for the well-being of the progressive forces, and for the use of the land in line with the new National Economic Plan.
  - V. **Provision of free quality social services** as:
    - a. Free, quality and decolonised education
    - b. Free and quality healthcare National Health Insurance
    - c. Improved quality housing, community infrastructure, etc.
    - d. Affordable and safe public transport
    - e. Affordable and reliable basic services such as water, sanitation and electricity
  - VI. **Wide-ranging audit of employment equity** and labour law compliance by all establishments, with a view to penalise non-compliance.

VII. **Abolition of the apartheid and colonial labour market** and criminalisation of violation of labour laws.

### **B. The Unity in Action of Progressive Formations: A New Democratic Movement**

For this programme to be realised, we need unity in action, through a series of campaigns and demonstrations, between:

1. The progressive organised working class: COSATU, NACTU and SAFTU
- 2.
3. The organised professionals: PPF, BMF, ABSIP, BLA, NSBE, FBJ, etc.
4. The organised student movement: SASCO, COSAS, PASMA, EFF Student Command
5. The organised black business: BBC, NAFCOC, NAFU, Transport Associations (Taxis, Trucks, etc.)
6. The progressive civic movement: SANCO, United Front, etc.
7. The political parties of the national liberation movement: ANC, AZAPO, SACP, SOPA, PAC, EFF and the workers party NUMSA is creating.

The current civil war between factions of the capitalist class in South Africa provides a unique opportunity for the progressive forces to put forward an independent radical agenda of transformation. This opening needs to be seized urgently, to pressure the ANC government towards a radical direction.

Without the unity of these and other progressive formations, around a common programme which places the interests of black people at the forefront, particularly those of the African working class, the working class will find itself beset with an outcome that is worse than the current situation.

Without such unity, the ability of our country to play its role in the advancement of struggles for humanity internationally will remain minimal.