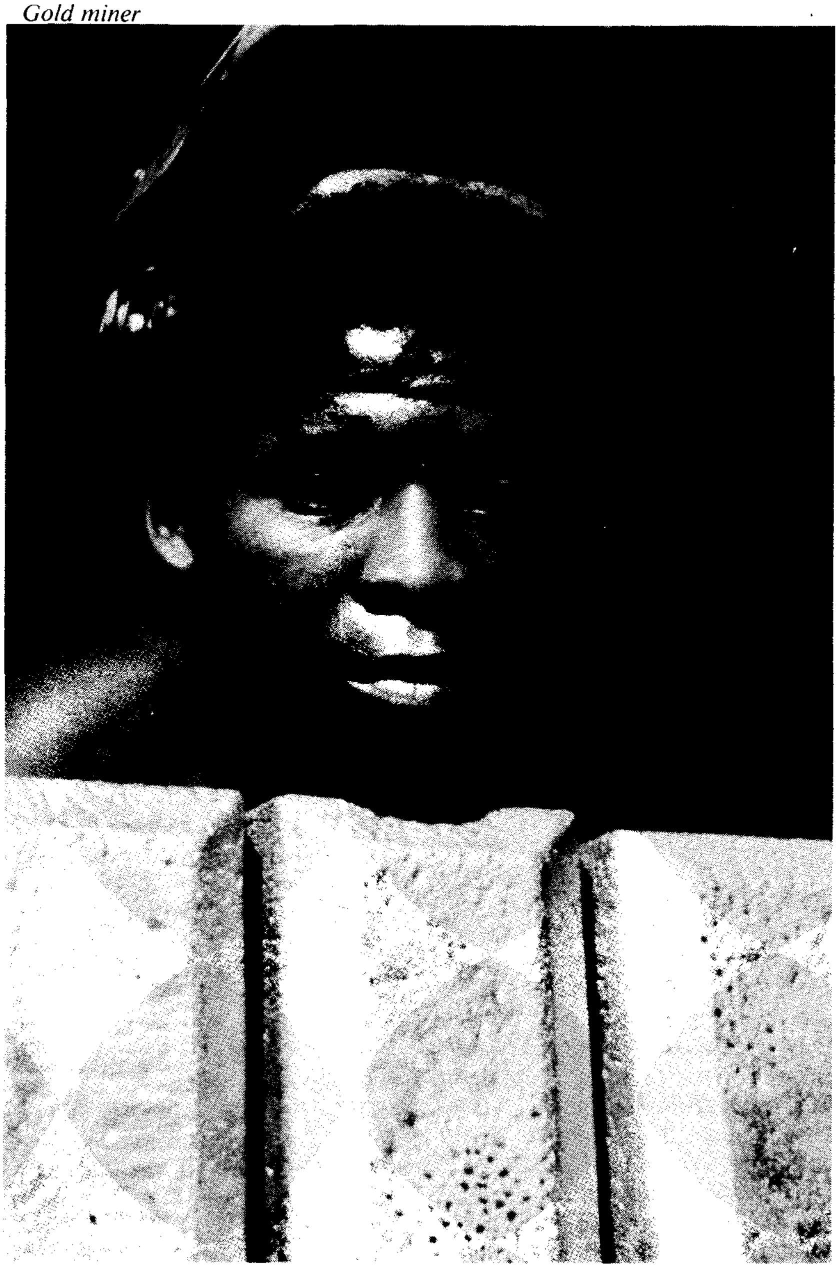
The Political Economy of

Gold miner



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The purpose of this essay is twofold. First, to demonstrate that the apartheid system, far from being anachronistic or irrational, is an historically constituted form of superexploitation that is functional from the standpoint of capital accumulation, and that for this and strategic reasons the United States and other Western imperialists have a critical interest in the maintenance of white minority rule in South Africa. Second, to make plain that whatever the permutations of superexploitation and neocolonialism in South Africa, the salvation of the black masses lies in the destruction of the South African state and all forms of imperialist rule. To carry forward this kind of analysis, it is necessary to introduce concepts with which some readers may be unfamiliar and to integrate a great deal of data.

The apartheid system has its *origins* in a particular form of settler colonialism and has its *logic* in the capitalist mode of production. Capitalism in South Africa has developed in a very specific context: it has utilized and transformed the rural African economy and has developed under the protective umbrella of and in close conjunction with imperialist capital. Like the European settlers in the United States, the white settlers in South Africa sought to subjugate the in-

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digenous peoples. But while the whites in North America exterminated the better part of the Native American population, the whites in South Africa did not wipe out the African peoples. These Europeans were and have remained a small ruling minority. With the discovery of diamonds in the mid-nineteenth century, and later gold, the demand for cheap labor stimulated the large-scale and despotic employment of blacks in the mines. The profits generated by the mining industry laid the basis for subsequent capitalist development and the emergence of a South African capitalist class.

Like Israel, South Africa is a strategic battlement—a regional settler-type gendarme for Western imperialism. But whereas the Israeli economy lacks practically any independent economic viability—it is largely a military machine dependent on external assistance—South Africa has developed a modern capitalist sector. Yet while the industrial base of the South African economy is similar in many respects to that of developed capitalist countries, and while the white workers enjoy living standards that are comparable with those of European and North American workers, the specific dynamics of capitalist development and the structural division of the working class in South Africa condemn the vast majority of the population to the grinding impoverishment that characterizes the Third World. At the heart of these particularities is apartheid—the systematic superexploitation, oppression, and enslavement of the majority of the indigenous population.

A system of racial segregation has long evolved in South Africa, codified in a body of law dating back to 1913, which has two objectives: to preserve the white monopoly on political power and to provide a reservoir of cheap and coercible labor for industry and agriculture. To these twin ends, the country has been divided territorially. The Land Acts have allotted about 13 percent of the country as "reserves" or "homelands" for the African majority. But these densely populated and impoverished homelands were never intended to sustain the majority of the population. Only by working outside these areas under a migrant labor system—administered by labor bureaus which assign workers to specific industries or employers—can the Africans earn enough to provide for themselves and their families. Subsequent legislation has regulated the flow of black labor into the mines and industrial regions: when the contracts of miners are fulfilled, they can be sent back to the reserves; male workers are discouraged from bringing their families with them (many are housed in carefully segregated and police-controlled areas); and of course there is the pass system. Such influx restrictions have not prevented the growth of an urban African underclass. But the territorial principle of segregation has been utilized to effectively deprive blacks of the most minimal civil and political rights. In fact, any African residing in a city, for whatever length of time and even if born there, remains officially an alien.

It is often suggested that South Africa is a society in which ideology has run amok. In other words, the racial restrictions and prohibitions are out of synch with the requirements of modern industrial growth. Or it is sometimes argued that the very imperatives of capitalist industrialization will gobble up apartheid. Such arguments overlook one overarching fact: the extraordinary growth of the South African economy in the postwar period not only rested on apartheid but reinforced it. The lives of black people are incomparably worse, the terror they face never more pervasive. Have the practices of U.S. corporations mitigated any of this? No, as we shall see, they are accomplices, the more criminal for their honeyed and pious words; and, at this stage of crisis, they play an all-important role in preventing the regime from collapsing. The authoritarian conscription of and discrimination against black labor have yielded average rates of return that rank among the highest in the world available to Western capital since the end of World War 2. The modalities of superexploitation are the real issue lurking beneath the rhetoric and lies.

Understanding Superexploitation

In the first volume of *Capital*, Marx constructs his theory of exploitation by drawing the distinction between the value of labor power and the value produced by that labor power when it is set in motion by capital. The benchmark according to which wages are paid is the laborer's necessary consumption fund, that is, the cost of sustaining and reproducing his or her labor power and rearing a new generation of proletarians. Yet under specific historical circumstances, it becomes possible to pay labor power *below* its value, not only for a time and exceptionally but ordinarily and as a rule. Such *superexploitation* is a predicate of imperialist rule in the colonies and neocolonies.

To see this, one only has to look at the superexploited labor that can be found in the assembly plants set up by U.S. companies on the Mexican side of the U.S.-Mexico border, in the export processing zones of Asia, on the agricultural plantations in Latin America, and in South Africa. What are some of the defining characteristics of the labor process under conditions of superexploitation? *First*, lower wages, substantially longer working hours, and a significantly higher intensity of work per hour (people work harder) than prevail for comparable activities in the advanced countries. *Second*, part of the costs of sustaining and reproducing this capitalist wage labor is often borne by pre- or non-capitalist relations of production, such as the "informal" economy of the cities (or shantytowns) and, especially, the rural sectors, where the "household" labor of women plays a pivotal role. *Third*, the workforce is often subject to extreme extra-economic coercion—be it hired thugs of latifundistas, tightly controlled labor compounds, or repressive legislation—which enhances the appropriation of surplus value. It must be emphasized that these are not residual features of the labor process but elements that profoundly condition the profitability of capital in the world today.

Apartheid As a Form of Superexploitation

Table 1, based on official South African government statistics, shows the extreme disparity between wages of blacks and whites in South Africa. What, then, is the economic

Table 1
EMPLOYMENT AND AVERAGE MONTHLY WAGES IN SOUTH AFRICA

Mining, May 1983	*No. Employed*	*Av. Monthly Wage*
African	613,452	$ 260
White	78,020	1,395
Coloured	9,581	430
Indian	659	690
Manufacturing		
African	748,700	$ 320
White	316,600	1,290
Coloured	240,800	365
Indian	86,400	460

Source: Republic of South Africa, *Central Statistical Services*

Table 2
SOUTH AFRICA'S RESERVES OF SELECTED MINERALS
(*percentage of world reserves*)

Mineral commodity	*World* Rank	*World* %
Manganese ore	1	81
Platinum group metals	1	72
Gold	1	49
Chrome ore	1	58
Vanadium	2	29
Andalusite, sillimanite	1	38
Fluorspar	1	34
Vermiculite	2	28
Diamond	2	22
Uranium	2	16*
Zirconium	2	11
Coal	2	10
Phosphate	3	9
Antimony	3	7

*excluding COMECON countries
Source: *Republic of South Africa Yearbook, 1984*

Table 3
RATE OF RETURN ON TOTAL BOOK VALUE, U.S. FIRMS' DIRECT FOREIGN INVESTMENT IN MINING AND SMELTING, 1953-72 (*percentages*)

	Canada	*Latin America and the Caribbean*	*South Africa*
1953-57	8.3	10.4	25.7
1958-62	5.9	14.5	20.8
1963-67	9.9	19.9	43.3
1968-72	5.3	12.8	31.6

Source: U.S. Department of Commerce, *Survey of Current Business*, various issues

Table 4
RATES OF RETURN ON U.S. MANUFACTURING OPERATIONS
(in percent)

	1967	*1974*	*1980*
Canada	8.0	14.1	10.3
Europe	9.5	13.2	13.7
South Africa	16.2	17.1	31.3

Accounting procedures between years not strictly comparable.
Source: U.S. Department of Commerce, *Survey of Current Business,* various issues

and social basis of cheap migrant labor in the South African economy? In part, it is the administrative control of wage levels, which results in a totally different and lower wage structure for blacks. In part, it is the pressure on the migrant worker: he or she has limited time to find a job and if fired may never secure gainful employment in the cities again. In part, it is legislation that up until recently forbade unionization among blacks. But all of this interacts with, and is directly linked to, *the specific framework of the production and reproduction of labor power.* The migrant laborer in South Africa has access to means of subsistence outside the capitalist sector. More specifically, the indigenous system of peasant production has been transformed into a cheap reservoir of labor reproduction.

The extended family in the reserves—by caring for the very young and very old, the sick, and the laborer during times of rest, by providing education (for which Africans must pay) to the young—relieves the capitalist sector and the state of some of the expense of carrying out and paying for these functions. Thus *the relationship between wages and the cost relationship between wages and the cost of production and reproduction of labor power changes: the worker can be paid below the value of labor power.* At the same time, the reserves furnish capital with an optimal selection of workers to replenish a brutally driven and rapidly exhausted labor force (labor turnover has been quite high in South African industry, and the life expectancy for black men is 55 years). The household and subsistence labor of women on the reserves is an important pillar of this subsidy to capital.

In 1981, 1.3 million blacks from the bantustans were working in white areas as migrant laborers under contract. An additional 745,000 were commuting from the bantustans on a daily basis. This arrangement presumes a certain level of production in the reserves. Enough must be produced as a necessary supplement to wages so that the subsistence requirement of the migrants and their families can be met, but not so much as to lessen migratory pressure to seek out work. The system known as influx control sees to the expulsion of rural blacks who try to find urban employment without coming through the officially designated channels.

Two fundamental features of the cheap labor system now come into focus: the tight control exercised over the movement and residence of the black labor force, *and* the preservation of forms of subsistence economy in the reserves, which enables capital to assess black living standards at a lower level than whites. In point of fact, the family holdings in the reserves are grossly inadequate. The growing squalor has produced a tidal flow out of the reserves. The economic planners have responded in part by dispersing industrial development to new "growth points" away from the existing industrial centers and closer to rural blacks whose job hunger has steadily worsened. Blacks from the reserves who do find urban employment can receive authorization to live in the townships like Soweto, which is outside of Johannesburg. In these overcrowded townships, single men may live in state-owned barracks—the continuing construction of these so-called hostels is an indication of the regime's commitment to the migrancy system. The state subsidizes substandard housing, while other costs of sustaining the workforce are thrown back onto the reserves.

The apartheid system is enforced by the most savage means. Since 1960, the South African government has removed 3,500,000 Africans, Coloured, and Indians from white to designated areas. At least one million more Africans have been forcibly relocated within the bantustans. A further 1,700,000 people are under threat of removal. All Africans over the age of 16 are required to be fingerprinted and carry a pass book at all times. A series of laws outlaw public gatherings and resistance organizations, provide for indefinite detention without trial and random police searches. South Africa has the highest per capita prison population in the world, and of the 130 people hanged in 1980, only one was white.[1]

The racial restrictions and the official violence rest on a definite economic foundation. The contradictions within this foundation and the increasingly mass and organized resistance to apartheid have jolted a system that many thought was impregnable. The declining productive capacity of the reserves has contributed to upward pressure on wages and accelerated the urbanisation process. Struggles have erupted against rural impoverishment and urban control. And the youth, particularly in the townships, have played a vanguard role in defying authority at every level and in every sphere of society. But why the stakes are so high only becomes clear when the apartheid system is seen in a larger, global perspective.

II. APARTHEID AND IMPERIALIST EXPANSION SINCE 1945

By the 1970s, multinational corporations owned about 40 percent of South Africa's manufacturing industry. One third of the growth in domestic product over the past two decades has been attributed to foreign capital. In 1983, the value of U.S. direct investment was put at

$2.2 billion. America accounts for about 20 percent of the total foreign direct investment, trailing both Britain and West Germany (see Chart A). But it is strong in the growth and technologically advanced sectors: it controls about 40 percent of the oil market, 33 percent of the car market, and 70 percent of the computer market.[2] The big surge in multinational manufacturing investments came in the 1960s and 1970s. Two British banks, Barclays and Standard, are the largest foreign banks operating in South Africa—their domestic affiliates controlled about half of the assets of the twenty largest South African banks. But by the 1970s, the U.S. Citibank had emerged as the fourth largest foreign bank in South Africa. The foreign banks have played a critical role in channeling international and domestic capital into South Africa's "growth machine," and these banks have mobilized international credits for the apartheid regime during its most perilous moments. Furthermore, given South Africa's position as the world's preeminent gold producer, the banks have also been major actors in South Africa's international gold dealings.[3]

A few observations can immediately be made about the scope and character of foreign investment in South Africa. To begin with, South Africa has been a major outlet for investible capital in the postwar period. Fully 60 percent of the U.S.'s total investment in Africa is concentrated in South Africa. Second, these investments have been highly profitable. A 1983 survey suggested the rate of return in mining was 25 percent against 14 percent in the rest of the world, 18 percent against 13 percent in manufacturing. Third, these investments are marked by a high degree of collaboration with South African capital, both local banks and firms like Anglo-American, which is itself a transnational corporation, and by considerable interpenetration between units of foreign capital. Fourth, these investments from the outset have had an important strategic dimension, linked to the expansion and defense of the Western alliance. And, finally, the U.S., though not the dominant investor, has emerged as the imperialist chieftain in South Africa. Let's take a closer look at this involvement and put it in historical perspective.

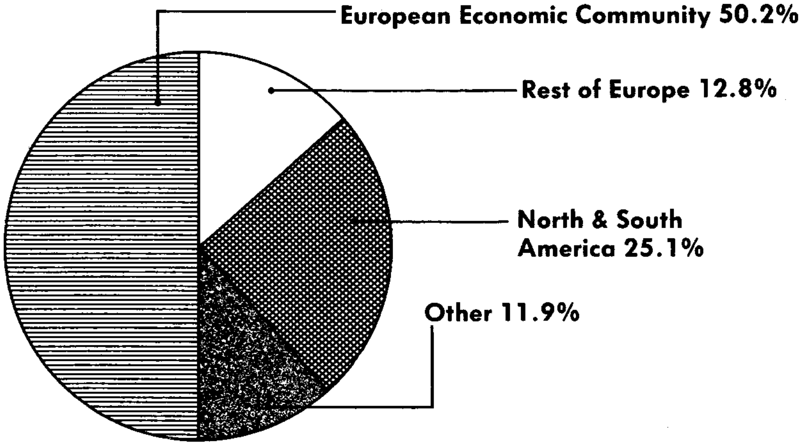
Laying the Foundations

In viewing developments in the South African economy, it is possible to discern three distinct periods. The first, dating from the accession to government of the Nationalist Party in 1948 and continuing through the Sharpeville Massacre of 1960, is marked by the systematic elaboration and enforcement of a system of racial segregation suited to the requirements of modern capitalist growth, and the provision of the necessary infrastructure and heavy industrial investment to spur capital expansion. The second period, dating from the aftermath of Sharpeville and continuing up to Soweto in 1975-76, is the period of the South African "miracle." Organised resistance to apartheid was temporarily drowned in blood and the instruments of repression perfected further, foreign capital flowed massively into the country, and capital-intensive industrial development saw the increasing interpenetration of different capitalist sectors. South Africa's rate of growth in the 1960s was exceeded only by that of Japan. The third period, dating from the mid- and late-1970s to the present, is marked by economic contradictions and social conflict generated by the structural conditions of cheap wage labor—all interpenetrated by the world economic crisis and mounting tensions between the U.S.- and Soviet-led imperialist blocs, rivalry which has found sharp expression in southern Africa.

The immediate postwar years in South Africa saw a boom based largely on developments within gold and uranium and in which the British were the principal beneficiaries. More important, the 1950s set the basic patterns for South Africa's economic development. The migrant labor system of cheap African labor, and its superstructural overlay, was put in place. And on this basis, a series of initiatives were taken to encourage and facilitate investment in manufacturing. Central to the process was the role of state planning and state investment. Targets for annual production were set and a highly integrated network of state corporations created a modern industrial infrastructure, with large-scale investments in iron and steel, power generation, oils and petrochemicals, and railway and harbor development. From the beginning, this "parastatal" structure was heavily penetrated by foreign capital, particularly loan capital and principally from official lending institutions. In 1951, a consortium of U.S. banks extended a $10 million credit to the railways and $30 million to the state electrical utility. The World Bank loaned South Africa some $200 million in the 1950s for similar endeavors. The purpose of these loans and public capital outlays was to induce investment by providing low-cost industrial and infrastructural inputs. The imposition of apartheid would provide low-cost labor.

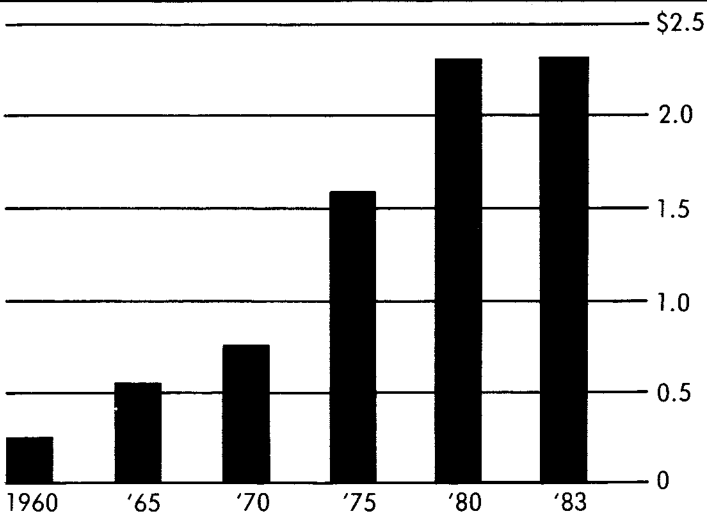
The South African "miracle" of the 1960s and early 1970s was appropriately inaugurated by Sharpeville. Fittingly, a year before Sharpeville, Chase and Citibank led a consortium which extended $40 million of revolving credits to the regime; while in the immediate wake of the bloodbath, Chase made a much-publicised loan of $10 million, and soon joined a consortium to lend the regime $150 million. American bankers saw the chance to get on the "inside track" and push the British into a subordinate position. What followed was an incredible inflow of foreign capital. Substantial American and Canadian investments went into the mining and processing of South Africa's non-gold minerals. At the same time, American and European capital entered the high-growth, capital-intensive, and technologically advanced sectors, including chemicals, electrical machinery, auto, and computers. In general, U.S. investments in South Africa have been more concentrated in manufacturing than those of Britain, and have more often taken the form of direct ownership and control, although for political and economic reasons this has changed recently.

Chart A
FOREIGN INVESTMENT IN SOUTH AFRICA
Origin of foreign investment, 1983



Source, *The Economist,* 30 March, 1985

Chart B
U.S. DIRECT INVESTMENT IN SOUTH AFRICA
(in billions of dollars)



Source: U.S. Department of Commerce, *Survey of Current Business,* various issues

Foreign capital has thus played the critical role in the development and configuration of the South African economy. It has not only pushed forward the strategic and technologically sophisticated sectors but also provided the linkages between manufacturing, mining, and agriculture. Moreover, the repressive capabilities of the regime are very much a function of foreign capital. As a UN-commissioned study pointed out in 1979:

"A crucial element in the South African minority regime's military planning is the expanded capacity to transport military equipment and personnel rapidly at low cost over widespread geographical areas. Large bodies of the limited numbers of white troops need to be able to shift rapidly from one potential trouble spot to another. Transnational corporate investment... has helped build up the most modern transport industry on the continent."[4]

In addition, the sheer magnitude of foreign investment, including timely loans, has cushioned the regime, freeing up resources for an awesome military machine (ARMSCOR, the public-sector arms manufacturer, is now the third largest corporation in South Africa). To sum up, foreign capital, "sometimes in competition, sometimes in consortia, collaborated with the parastatals and mining finance houses to mold South Africa into an increasingly dominant regional subcenter."[5]

By now the reader should have some sense of the Western bloc's enormous economic role in South Africa. But the implications for im-

Chart C
FOREIGN CAPITAL AND THE SOUTH AFRICAN REGIME IN THE 1970s

South African Government	*State Corporations*	*"Privately" Held Corporations*
Administration	ARMSCOR (military)	Anglo-American Corporation, plus six other mining finance houses
Police	ISCOR (iron and steel)	Multinational corporations: 40 percent of South African manufacturing
Army	ESCOM (electricity and nuclear	Multinational corporate banks: 60 percent of 20 largest South African banks
Airforce	SENTRACHEM (chemicals)	
Navy	SAH&RR (harbors and railways)	
	SASOL (oil from coal)	
	NATREF (state oil refinery)	
	IDC (state development corporation)	
	Etc.	

perialist accumulation deserve fuller examination. International capital has, on the one hand, been able to profitably tap South Africa's mineral resources, and, on the other, been able to sustain high rates of return in capital-intense sectors and operations in that country. South Africa has figured prominently in the postwar expansion of Western capital. Let's begin with the question of minerals.

The Minerals Connection

Table 2 highlights South Africa's share of the total world reserves of selected minerals. South Africa is a veritable storehouse of strategic metals. Consider the case of chromium (sometimes called chrome). It is used to harden steel, and mixtures of chromium are used in armor plate for ships, tanks, safes, and the cutting edges of high-speed machine tools. The average jet engine contains 5000 pounds of the metal. Europe and Japan have no domestic sources of chromium, and U.S. import reliance amounts to about 90 percent of domestic consumption. South Africa is the number one supplier of chromium and other major strategic minerals: antimony (which strengthens lead), manganese (important industrial metal which removes impurities and strengthens steel), platinum (valuable heavy metal which resists heat and is used to speed up chemical reactions), and vanadium (which resists attacks by chemicals and whose alloys do not rust, also conducts heat rapidly and can be used to toughen other metals).

But import dependency is not the only issue here. Fabulous profits have been reaped in the mining, smelting, and refining of these resources. From the 1960s through the mid-1970s, U.S. investments in mining and smelting grew rapidly. In the 1968-73 period, this investment grew at an annual rate of 15 percent, compared to 5 percent for the rest of Africa. Table 3 provides some explanation for the robustness of this growth in the expansionary phase of the postwar spiral. Rates of return ranged between 20 and 43 percent over a twenty-year period. In the mid-1970s, Union Carbide opened a chrome refinery in South Africa. In 1976, all but about 10 percent of Union Carbide's African workers earned less than a minimum health and decent living standard for a typical South African family. In 1976, mineworkers in the United States were earning on average almost six times the average wage of black workers employed by Union Carbide in South Africa.[6]

Capital is always eager to exploit cost advantages. And in the postwar period, the increased demand for raw materials, given the exhaustion of domestic supplies and new industrial requirements, heightened the search for mineral resources, while advances in international transport rendered overseas investment even more profitable. On the foundation of superexploitation, it was possible for a time to obtain high profits from such raw materials investments *and* to pass on benefits in the form of lower input costs to other capitals using these materials. Furthermore, one of the specific features of the postwar alliance erected on the ashes of World War 2 is its highly integrated economic character. Thus West Germany and Japan, both heavily dependent on imported raw materials, oriented economic development to a new spatial configuration of capital that included, importantly, wider access to Third World raw materials (Japan obtains about 50 percent of its chrome from South Africa and Zimbabwe). Cheap raw materials were an essential ingredient of the postwar boom. The story is etched, in part, deep in the veins of the South African mines, if not in the veins of the black mine laborers.

Profiting From Apartheid

The systematic depression of black living standards, as part of a system of coerced wage labor, has direct and indirect effects on profitability in a way that is perhaps clearest in the manufacturing sector, where the U.S. has the bulk of its investments. To be sure, manufacturing capital has sought to avail itself of low wages, a factor of obvious importance to labor-intensive operations. But firms and sectors marked by sophisticated technologies and capital-intensive machinery and equipment derive important benefits from cheap black labor (even when they do not directly employ it). The state corporations have sold basic inputs to foreign enterprise at or below cost. ISCOR, the state steel corporation, has sold cold rolled steel at 25 percent below British prices. And low wages for black workers employed in the iron and steel industry are a major reason it has been possible to hold prices down or keep them at internationally competitive levels: the average monthly wages of black workers in 1976 were less than a quarter of those of whites employed in the industry. ESCOM, the state electricity corporation, has charged lower rates to industry and mining than to private consumers. Here, too, low wages to African employees have been a significant factor. In 1982, blacks in the construction industry earned on an average monthly basis, 18 percent of what whites in the industry did; in the electrical industry blacks earned 26 percent of what whites did.[7] Interestingly, both ISCOR and ESCOM received substantial loans from American banks in the 1970s.

Thus, even where individual firms employ a largely skilled white labor force (receiving relatively high wages) or where firms have offered token upgrading and equal pay to blacks a la the Sullivan Principles (of which more, later), they benefit from the fact that low-wage African labor reduces the costs of local infrastructure and inputs (as well as some foodstuffs originating from a highly developed agriculture, which also makes use of cheap labor). Further, corporate taxes can also be held down, since the state does not undertake any significant social investment for the black majority. At the same time, the local privileged white minority constitute a substantial domestic market for durable goods.

Foreign investment is undertaken and dominated by the largest and most strategic units of capital of the imperialist economies. The profitability and stimulating effects of this investment, particularly in the Third World, contribute vitally to the reproduction of internationalised capital. This is a major theme and thesis of *America in Decline.** One concrete example: investments in the South African transport sector were the leading edge of foreign capital's manufacturing expansion in the country in the 1960s and 1970s, and the ability of this investment to lower their total, worldwide costs facilitated their competitive expansion in Europe and North America in that period.

Table 4 compares rates of return on U.S. manufacturing operations in Europe, Canada, and Latin America with the performance of its manufacturing investments in South Africa. And these figures understate both the true level of U.S. investment, since some U.S. capital is invested in South Africa through the firms of the United Kingdom, France, and West Germany in which U.S. capital participates, and the true level of profits, since U.S. overseas firms have devised all manner of accounting practices to underreport profits. Although GM, GE, Mobil, and IBM are trumpeting their new found sense of brotherhood, apartheid is the real music to which they dance. The problem is they've never been in deeper trouble.

III. CRISIS AND THE STRATEGIC DIMENSION.

Economic Slowdown

South Africa is in the throes of the most serious economic crisis since the 1930s. The regime also faces, in the tempest of the black masses, the most serious challenge to its existence. These are hardly unrelated facts, although one must be careful not to reduce them to one another. The economy grew by only 3 percent a year between 1978 and 1984; there was an actual decline in gross domestic product in 1982-83, and economic growth is likely to fall this year. At the level of external economic linkages, there are two major causes of the slowdown. The first involves the country's export position. Exports account for about 25 percent of gross domestic product, and gold accounts for almost one-half of the country's exports.[8] South Africa was able to ride out some of the storms of the global crisis of the mid-1970s by taking advantage of skyrocketing gold prices. But the price of gold has plummeted over the past four years, as have the prices of other export commodities, mostly minerals. This is a principal contributing factor to the country's current 14 percent rate of inflation. At the same time, South Africa depends heavily on the rest of Africa as a market for intermediate and advanced goods: over one-half of its chemical exports and about three-quarters of its machinery and equipment manufacture exports were sold to the rest of Africa at various times of the 1970s. But the crisis gripping the continent has dried up many of these markets. Now if we stop to think about the role of cheap and brutally treated black labor in the South African mining industry and the relationship between the system of apartheid and the fact that the most advanced operations of foreign capital on the continent of Africa are concentrated in South Africa—a phenomenon which, in the context of overall imperialist domination of the continent, has contributed to imbalanced development in Africa—then we see that South Africa's export difficulties are linked with the very logic and structure of the South African economy.

The second major cause of the economic slowdown concerns foreign investment. The private sector has not been gaining as much foreign capital over the last few years. Actually, net foreign investment in South Africa's private companies fell by $360 million between 1976 and 1984. That capital inflows begin to taper off in 1976 has rather obvious significance. Soweto is erupting and the global crisis is taking its toll on capital exports. Investments in South Africa now bear a greater risk premium and international capital has less freedom to restructure globally. Nevertheless, South Africa has managed to preserve a net surplus of capital inflows. This is mainly because the government and nationalised industries have dramatically increased their international borrowings. But, as we shall see, these loans have a decidedly and increasingly strategic cast.

Imperialism thrives on superexploitation internationally. And its economic network is overlaid by a

vast structure of military, administrative, and financial control. This is perversely apparent in South Africa, and increasingly costly. State spending is about 25 percent of gross domestic product. The state must spend on white farmers and civil servants to maintain its social base; over one-third of the white workers are employed by the state. It must cocoon and prop up certain industries for economic and strategic reasons. And it organises immense military force. By 1978, South Africa had an army of 55,000 regulars and 130,000 reserves, equipped with 362 planes, 91 helicopters, 170 tanks, and 1600 armored cars. The defense budget for 1984-85 was twice its level of only four years ago.[9] One of the contradictions of the apartheid system is that in the past period it has grown more difficult to increase the inflow of capital and raise the rate of exploitation to a level commensurate with the needs of holding the entire enterprise together. Which brings us to the conditions of those upon whom that enterprise rests.

Crisis and the Black Masses

The combined effects of capital-intensive development and the current recession have produced an unemployment rate among black people admitted to be in the range of 30 percent. It is probably higher, since official statistics do not adequately capture the employment status of black women. Only about a third of the black population actually lives in the bantustans; and of those who do, only about one-tenth can eke out a living from the land. Figures for black income in the bantustans declared independent are not available (although it is known that they contributed 2.3 percent of South Africa's total gross domestic product in 1980). But for the bantustans not declared independent by 1980, 5,163,150 people had no measurable income. The infant mortality rates for blacks in some rural areas are among the highest anywhere in the Third World. Malnutrition has grown even more acute in the countryside due to the severe drought. In the cities, where the majority of the black population lives, the estimated percentages of black households with incomes below the Household Subsistence level were: Johannesburg, 62 percent; Pretoria, 58 percent; Durban, 65 percent; Port Elizabeth, 70 percent. In real terms, Africans' wages are decreasing.[10]

To really get at the contradictions of the apartheid system of cheap and coercible labor would require fuller investigation and analysis. But this much can be said. As a result of declining productive capacity and deteriorating social conditions, increasing numbers of blacks have been pushed out of the reserves, forced to lead a shadowy and desperate existence in the urban areas. Yet the institutional and economic arrangements that have been discussed in this article remain at the foundation of the South African economy.

It has been necessary to "modernise" this system of superexploitation—limited attempts have been made to upgrade the skills levels of black workers, to expand education, and to increase mobility. But such changes *remain within the framework of apartheid.* This is not a matter of irrationality or stubbornness but of things turning into their opposite: one of the safest investments in the world is now rated as one of the riskiest; a highly profitable system is now bursting at the seams. The regime is making a show of concessions while mainly tightening up and clamping down. It must reinforce restrictive measures that limit black numbers in the urban areas in order to safeguard its rule and deflect the demand for majority rule in a unitary state. The result, however, has been the further discrediting of its tribal collaborators and homeland schemes, and an unprecedented wave of strikes, protests, and violent rebellions.

The Geopolitical Context

The growing crisis and instability within South Africa must be seen against the canvas of its geopolitical importance to the Western alliance's preparations for war against the Soviet-led imperialist bloc. The region's mineral resources are part of the lifeblood of the imperialist countries; the West cannot lose control over them. Further, huge quantities of Persian Gulf oil travel around the Cape of Good Hope at the tip of South Africa on the way to Europe and the Americas. The South Atlantic sea lanes are of immense economic and military importance. The Soviets have been building up their naval presence; the Western Alliance used the Falklands War to test and improve its naval capabilities. South Africa is not only a gendarme of Western interests in Africa—as was made evident in Angola and Mozambique—but a vital quartermaster as well. By the early 1970s, South Africa could manufacture a wide range of explosives, ammunition, small arms, napalm bombs, guided missiles, aircraft, radios, mine detectors, and other classified electronic equipment. This had been made possible through licensing agreements with Western firms, while the auto plants in South Africa can be rapidly converted over for military production. Further, the Americans, French, and West Germans all played parts in helping develop various aspects of South Africa's nuclear capability. South Africa is intended to function both as an economic rear and forward staging area for military operations in a global confrontation between the two imperialist blocs.

And so the West has sought to bolster the regime even, and especially, in the face of mass resistance and mounting economic difficulties. U.S. support for the regime is as predictable as it is obscene. Five months after Soweto, when the gold price was falling precipitously, South Africa asked the International Monetary Fund for a new loan. Not only did that loan go through, but during 1976 and 1977, when the regime was facing protest and pressure, South Africa received more money from the IMF than any other country except Britain and Mexico. And "the IMF loans, as it happened, almost exactly corresponded to the increase in South Africa's arms spending during that time."[11] What is called "constructive engagement" and what has come to be known as the Sullivan Principles (governing employment and pay practices of American firms in South Africa) are but the latest efforts to fortify and prettify the regime. On their own terms, the European Community and Sullivan measures to desegregate are pitiful: less than one in three British companies have desegregated their lavatories, and only .007 percent of blacks working for U.S. signatory companies hold jobs that involve supervision of whites (yes, the decimal point is in the right place).[12] Through torture, economic assistance, and deception, the West is trying to prevent South

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Africa from exploding.

IV. CONCLUSION

This article has argued that the economic, political, and social control exercised over the black majority of South Africa flow from a specific model of capitalist accumulation, which is inextricably bound up with the interests and imperatives of imperialist capital. The abolition of apartheid requires nothing less than the complete and total destruction of the South African state and its economic foundation; to end subjugation, imperialist rule must be shattered.

DEATH TO APARTHEID!
DEATH TO ALL FORMS OF IMPERIALIST RULE IN SOUTH AFRICA!
DEATH TO IMPERIALISM!

Footnotes

1. Data from American Committee on Africa, *South Africa Fact Sheet*, January 1984.
2. "America and South Africa," *The Economist*, 30 March 1985.
3. See United Nation Centre Against Apartheid, *Transnational Corporations and the South African Military-Industrial Complex*, September 1979, PP, 45-48.
4. Ibid., p.18.
5. Ann Seidman and Neva Makgetla, *Outposts of Monopoly Capitalism* (London: Zed Press, 1980), p. 177. This work has been a valuable source in the preparation of this article.
6. Ibid., p. 111.
7. Ibid., p. 138; *South Africa 1984* (official Yearbook of the Republic of South Africa, Johannesburg, 1983), Table 20, p. 485.
8. *The Economist*, 23 March 1985, p. 81; *The Economist*, 28 July, 1984, p. 55.
9. *The Economist*, 28 July, 1984, p. 56.
10. Data from *South Africa Fact Sheet*.
11. Anthony Sampson, *The Money Lenders* (New York: Viking, 1981), p. 170.
12. *The Economist*, 23 March 1985, p. 81; "At a Crossroads in South Africa," *New York Times*, 6 November 1983.

**America in Decline: An Analysis of the Developments Toward War and Revolution, in the U.S. and Worldwide, in the 1980s*, by Raymond Lotta with Frank Shannon (Chicago: Banner Press, 1984).