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South African historiography has always been haunted by the fact that ‘academic debate about the South African past is covert argument about the future shape of South African society’ (Bromberger and Hughes, 1987, p. 203). The consequences of this politicisation of South African history have been largely unfortunate, including an opprobrious and polemical style of discourse and a tendency to manufacture discord rather than consensus. However, a fortuitous result has been a pronounced inclination to identify and engage opponents in a manner that serves to distinguish between alternative approaches to common phenomena and thus sharpen the terms of debate. Sampie Terreblanche’s (2002) *A History of Inequality in South Africa, 1652 to 2002*, a monumental new contribution to South African economic and political history, seems to exhibit all the worst features of South African historiographical discourse without the redeeming virtue of identifying and engaging different explanations for the same historical events. Indeed, the reader may be forgiven for astonishment at the way in which Terreblanche simply neglects vast swathes of scholarship that present a contrary perspective to his own line of argument. It is almost as if he has made a conscious effort to ignore the voluminous

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literature on the historical relationship between capitalism, as it has been manifest in the South African milieu, and apartheid. The great ‘South African debate’ between the traditional or ‘liberal’ approach, with its emphasis on the dysfunctional effects of racial discrimination on economic development (Williams, 1989), and the competing ‘revisionist’ or Marxian perspective, which stressed the collaborative relationship between apartheid and capitalism (Murray, 1988), that occupied scholars of South African history for more than thirty years, may as well not have taken place for all the attention it receives in *A History of Inequality in South Africa*. This neglect is more than a little ironic for in its own way *A History of Inequality in South Africa* joins Merle Lipton’s (1986) *Capitalism and Apartheid* and Anton Lowenberg and William Kaempfer’s (1998) *The Origins and Demise of South African Apartheid* as a seminal text in the development of this debate.

Terreblanche himself appears acutely conscious that *A History of Inequality in South Africa* is above all a political tract representing a call to arms of the South African ‘left’. The volume begins literally with the claim that ‘this book is an attempt to help remember South Africa’s past in a way that will inform its future’ (p. 3), by which Terreblanche means that white South Africans of both Afrikaans and English descent ‘should acknowledge explicitly that they have benefited from colonialism, segregation, and apartheid’ (p.4) and be prepared for substantial wealth transfers to the wronged black majority. Moreover, since most economic and social ills afflicting contemporary South Africa flow ‘not only from whites’ obsession with power and entrenched privileges but also from their short-sightedness, greed, and reductionist individualism, white South Africans ought to
realise that they cannot effectively be addressed without a willingness to make substantial sacrifices – materially and symbolically – as part of an open commitment to the restoration of social justice’ (p.5). Furthermore, Terreblanche insists that all whites, and not only those individuals who knowingly propagated apartheid, bear a ‘collective responsibility’ for the ills of racial domination; a position perhaps understandable for man who himself spent years personally reinforcing the apparatus of apartheid through his membership of the SABC Board, the Afrikaner Broederbond, and other white supremacist organizations.

_A History of Inequality in South Africa_ is thus overtly concerned with using the tragedy of South African history as a platform to launch new and radical economic policies aimed at redressing hundreds of years of racial oppression. Arguing that ‘South Africa’s economic problems are far more serious in 2002 than they were in 1994’ (p. 431), Terreblanche unleashes a withering attack on the ‘Anglo-Americanisation’ of the South African economy by policy elites entranced by a ‘misguided’ neo-liberal world view completely at odds with the realities of the New South Africa. He contends that South African policy makers must therefore renounce their liberal capitalist _weltanschauung_ in favour of a social democratic model weighted towards the racial redistribution of wealth and power in society. Accordingly, a ‘momentous political transformation should be urgently complemented by an equally momentous _socio-economic transformation_ in order to deracialise the economy, get rid of the ugly remnants of racial capitalism, and end poverty and destitution’ (p. 441) (original emphasis). In terms of the social democratic approach advocated by Terreblanche, ‘the government will have to
make a new trade-off between efficiency (ie, leaving the capitalist enclave intact, and with it the largely undeserved and extravagant wealth and property of the rich) and equality (ie, implementing measures to restore social justice to those who were victimized by exploitative systems, and held captive in the formidable grip of structural unemployment and abject poverty’) (p. 467), even if this involves a zero-sum game.

Although *A History of Inequality in South Africa* is explicitly intended to act as a rallying call to those on the left of the South African political spectrum and its primary aim is to analyse South African history as a means of developing sound contemporary economic policy, it seems to this reader that its chief contribution resides in its lengthy and detailed exploration of South African economic history, especially the earlier periods after white settlement. However, the extent to which Professor Terreblanche succeeds in advancing our understanding of early modern South African history is certainly best left to professional historians to judge and thus will not be evaluated in the present context. Accordingly, this review note focuses on *A History of Inequality in South Africa* in its intended role as a policy template for contemporary South Africa.

The review note itself comprises four main sections. Section 1 deals with the methodological underpinnings of *A History of Inequality in South Africa.* Terreblanche’s diagnosis of the economic and social ills currently afflicting South Africa and the disastrous nature of existing economic policy is examined in section 2. Section 3 provides a critical appraisal of the policy proposals advocated in the book. The review note ends with some brief concluding remarks in section 4.
1. MODE OF ANALYSIS

The analytical approach adopted in *A History of Inequality in South Africa* falls squarely in the Marxian political economy tradition that deals with the effects of power broadly defined on economic outcomes, and especially distributive outcomes. Terreblanche (2002, p.6) argues that explorations of South African history ‘can do no better’ than adopt one of three perspectives: ‘Firstly, the perspective of unequal power relations and unfree labour patterns; secondly, the perspective of land deprivation; and thirdly, the perspective of unfree black labour’.

In *A History of Inequality in South Africa*, Terrblanche (2002, p. 6) seeks to ‘…explore South Africa’s modern history mainly from the perspective of unequal power relations and unfree labour patterns’, although the ‘histories of power domination (political, economic, and ideological) and land deprivation are also central to an understanding of the unfolding drama of unfree black labour over the past 350 years’.

A Marxian approach to South African history is, of course, neither new nor even unusual; indeed, it was precisely the adoption of this analytical prism that served to spark the voluminous debate on South African historiography that dominated the last three decades of the twentieth century. One important consequence of this debate is that it provided a thorough exploration of the two main Marxist theoretical perspectives on South African political economy. In the first place, the orthodox or ‘state derivationist’ Marxian approach views capital as a single monolithic entity whose purpose is to maximise the extraction of aggregate surplus value. By contrast, the neo-Marxist or Poulantzian school of thought is premised on the
concept of fractions of capital and the importance of intra-capital conflict or competition between different fractions of capital. By stressing the significance of competition between the various fractions of capital, the Poulantzian methodology, adopted in *A History of Inequality in South Africa*, has acquired a close resemblance to the standard economic analysis of interest group activity. This proposition was developed in full in the liberal/revisionist debate over South African historiography, so studiously ignored by Terreblanche. For example, more than twenty years ago David Yudelman (1983, p. 32) argued as follows:

‘A large proportion of the 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.’

This kind of argument possesses important potential ramifications for the methodological approach adopted in *A History of Inequality in South Africa*. For instance, if it is the case that a Poulantzian fractions of capital mode of analysis is indeed ‘indistinguishable’ from conventional interest group analysis, then an onus is placed on Terreblance to explain why he chose this methodology. After all, the analytical apparatus of the orthodox approach, especially public choice theory, is far more developed than its neo-Marxist cousin and thus allows for a much more sophisticated analysis, including empirical conjecture and refutation.

2. DIAGNOSIS
A History of Inequality in South Africa is quintessentially concerned with the long-run analysis of South African economic history as a capstone from which to develop a vision of economic and social policy making in the New South Africa. According to his diagnosis of contemporary political economy in South Africa, Terreblanche contends that ‘eight years after the transition from white political domination to a representative democracy, South Africa is faced with serious political, social and economic problems’, with ‘the viability of the new democracy is threatened by bureaucratic incapacity, the inability of the state to make meaningful progress in deracialising the economic system, and its failure to alleviate the widespread poverty and social deprivation inherited from apartheid’ (p. 419). Poor South Africans are still faced by four ‘poverty traps’ that have worsened substantially since 1994: ‘High and rising levels of unemployment in a sluggish economy; deeply institutionalised inequalities in the distribution of power, property, and opportunities between the white and black elite and the poorest half of the population; disrupted and fragmentated social structures and the syndrome of chronic community poverty among the poorest 50 per cent of the population; and the mutually reinforcing dynamics of violence, criminality, and ill-health on the one hand and the process of pauperization on the other’ (p.30/31).

Terreblanche’s explanation for the inappropriateness of South African economic policy rests upon his presumption that during the transition phase from apartheid the African National Congress (ANC) and the South African corporate sector reached a negotiated compromise over the nature of economic policy in a post-apartheid future. The essence of this compromise purportedly lay in the fact that
‘the supreme goal of economic policy should be to attain a high economic growth rate, and that all other objectives should be subordinated to this’. This meant inter alia that the (then) liberation movement was obliged to ‘move away from its traditional priority, namely to uplift the impoverished black majority socially and economically’ (p.96). The net result has been ‘the coexistence of a new political system (controlled by an African elite) and the old economic system (still controlled by a neo-liberal white elite) [that] constitutes a dual system of democratic capitalism which is morally unjust, dysfunctional, and also unsustainable’ (p. 138); what Terreblanche has inelegantly described as ‘African elite democracy cum capitalist enclavity’ (p. 423).

The effects of this alleged compromise between the ANC and the South African corporate sector and its allies abroad have been nothing short of disastrous. In the New South Africa, the single-minded fixation on economic growth and its attendant neoliberal economic policy has ensured that ‘individual members of the upper classes (comprising one third of the population) profit handsomely from mainstream economic activity, while the mainly black lumpenproletariat (comprising 50 per cent of the population) is increasingly pauperised’. Moreover, ‘poverty is worse than in 1970, and probably more deeply institutionalised’ (p. 423).

A History of Inequality in South Africa argues that the ‘failure’ of economic policy in post-apartheid South Africa derives largely from fallacious policy making, and especially from five critical and invalid ‘premises’ upon which contemporary neoliberal economic policy rests. In the first place, the proposition that South
Africa exhibits the propensity to generate high levels of economic growth is false since earlier growth predictions have not been realized, capital and skilled labour have migrated, disinvestment and the liberation struggle imposed high resource costs, and no ‘developmental’ economic policy has been implemented. Secondly, the idea that the integration of the South African economy into the system of global capitalism would enhance the growth potential of the economy has proved erroneous, particularly in respect of foreign direct investment and the performance of the labour-intensive sectors of the economy. Thirdly, the notion that rapid economic growth would reduce unemployment by stimulating the labour-absorptive capacity of the economy has not been borne out: low productivity, increasing capital intensity, population growth, and other factors have contributed to a worsening of unemployment in the post-1994 era. A fourth premise rests on the presumption that high economic growth will have a strong ‘trickle-down’ effect on poor South Africans; this has simply not occurred and the ‘redistribution through growth’ school of thought influential in economic policy formulation in South Africa has failed to live up to its initial promise. Finally, the concept that the economic ‘restructuring’ of South Africa – to remove the pernicious effects of hundreds of years of colonialism and apartheid - should be entrusted entirely to market forces has proved erroneous since the capitalist process is by no means ‘neutral’. In essence, Terreblanche contends that ‘whatever the merits of this ideological [neoliberal] approach for highly developed and powerful first-world countries may be, it is not appropriate for a dualistic and developing country such
as South Africa in which economic power, property, and opportunities are as unequally distributed as they are’ (p. 440).

2.1. PROGNOSIS

Despite conceding that ‘all South Africans can be proud of the political and human rights transformations that have taken place over the past eight years’, *A History of Inequality in South Africa* nevertheless holds that ‘a corresponding socioeconomic transformation has not yet taken place’. In particular, ‘what is really disturbing is that the precarious socio-economic situation in which large numbers of Africans and coloureds find themselves has not improved during the post-apartheid period, but has in fact become more burdensome’ (p. 27).

Terreblanche maintains that the deteriorating plight of a majority of South Africans is not only ‘unfortunate’ but also a ‘matter of grave concern’. His argument hinges on the proposition that the creation of a non-racial South Africa ‘unleashed pent-up expectations’ concerning ‘social justice’ and dramatic economic improvement on the part of a majority of citizens. The fact that these expectations remain largely unfulfilled raises the spectre of ‘growing frustration’ and even ‘destructive rage’ that could threaten the ‘social stability’ on which the fragile new democracy in South Africa critically depends.

*A History of Inequality in South Africa* is sceptical even of material progress achieved in poverty alleviation since 1994. For example, while acknowledging that significant improvements have occurred in the construction of new houses, the provision of essential services, like electricity and water, the extension of medical care, and the expansion of the state-funded school feeding scheme, Terreblanche
nonetheless contends that ‘unfortunately, there is a dark side to many of the bright things that have been accomplished since 1994’, including the fact that ‘many of the houses built are of poor quality’ and ‘many of the electricity, water, and telephone connections are cut off every month because users cannot afford to pay for them’ (p. 28). Similarly, labour market reform and the deregulation of South African agriculture saw a massive decrease in the number of people employed in this sector.

The prognosis for South African society offered by Professor Terreblanche in *A History of Inequality in South Africa* under present policy settings is unrelentingly bleak. An increasing proportion of South Africans will experience poverty and economic destitution while at the same time white and black elites continue to enjoy ‘extravagant’ standards of living. Over time, unmet economic expectations held by the majority of impoverished citizens will be transformed into disillusioned contempt for policy elites, erupt into social unrest and threaten the very existence of democracy in South Africa. Further attempts to improve the lives of poor South Africans by means of market-orientated policies aimed at the stimulation of economic growth will fail since they simply will not address the deep-seated underlying structural causes of economic stagnation that have developed over hundreds of years of slavery, colonialism and apartheid. A radical change in direction is thus required to avert economic, political and social catastrophe.
3. PRESCRIPTION

Given the apocalyptic vision of South African society painted in *A History of Inequality in South Africa*, it is hardly surprising that the book advocates a drastic reversal in economic policy formulation. The foundation of Terreblanche’s blueprint for a successful South Africa is the urgent need ‘for the governing elite to change its thinking about the nature of the South African problem and about possible solutions to that problem’ (p. 439). In a nutshell, this requires the replacement of the ideology of ‘neo-liberalism with a truly developmental policy based on social capitalism and the social democracy of continental European countries’ (p. 441), with the caveat that ‘to change gear from a liberal capitalist to a social democratic approach is something that cannot happen easily or quickly’ (p.440).

The paradigm shift to a social democratic model championed in *A History of Inequality in South Africa* contains five main elements. In the first place, it involves a ‘new vision of the dignity and humanity of all South Africans’ (p. 441). This utopian suggestion requires South Africans, and especially white South Africans, to ‘cleanse him/herself of any residual racial, class, and group differences’ (p. 443), to ‘regard the poor with empathy and compassion’, and to recognise ‘that the terrible plight of the poor is the result of factors largely beyond their control’ (p. 444) as an essential prelude to a much greater mobilisation of national resources for the alleviation of poverty. Whereas surely noone would disagree with the sentiments underlying Terreblanche’s ‘new vision’, and whilst the social democratic model certainly provides an alternative policy template to the Anglophone prototype of
market capitalism, it is difficult to see how the perfectibility of human nature can form the cornerstone of serious economic and social policy making.

The second component of the policy platform advanced in *A History of Inequality in South Africa* revolves around a ‘new vision for sound social relations and social justice’ (p. 444). Terreblanche argues from the premise that, after centuries of protracted conflict, much of it with a racial bias, South Africa does not constitute a cohesive society so much as an aggregation of irreconcilable groups without shared values. In these circumstances, it is simply not possible to construct a prosperous democracy without fundamentally addressing sharp differences in resource endowments between individuals and groups. Thus, ‘in sharp contrast to the liberal capitalist approach to South Africa’s problems, a social democratic approach would certainly give preference to a redistribution of income, power, property, and opportunities, and to society-building, as undeniable preconditions for sustainable economic growth and the maintenance of a humane system of democratic capitalism’. No explicit account is taken of any tradeoffs between growth and redistribution since ‘greater social justice is a value in its own right’ (p. 445).

Thirdly, *A History of Inequality in South Africa* envisages a new role for the state in a social democratic post-apartheid South Africa. It is argued that contemporary South Africa is not only ‘stateless’, in the sense of private sector dominance, but also a ‘weak’ state, primarily due to administrative incapacity. The chief cause of the pervasive bureaucratic failure at the national, provincial and local government levels is ascribed by Terreblanche, without the slightest hint of irony, to the effects of affirmative action in general, and the replacement of capable white bureaucrats
with inexperienced and unqualified black officials in particular. The solution to the problem of state incapacity is seen (somewhat optimistically) as deriving from improved training of public servants and the eradication of ‘nepotism, corruption, and careerism’ (p.448) in the public sector. Once state capacity has been restored to a sufficient degree, then the South African state can play a ‘leading’ and ‘enabling’ role along the lines of its counterparts in western Europe. *A History of Inequality in South Africa* thus advocates a highly dirigiste public sector that will actively seek and implement ‘non-market’ solutions to poverty, ill-health, illiteracy, and other social problems afflicting South Africa. Despite recognising the critical role played by state incapacity in the failure of the Reconstruction and Development Program (RDP), similar considerations apparently do not dampen Terreblanche’s ardour for a highly interventionist South African state in the twenty-first century.

The fourth dimension of the social democratic model outlined in *A History of Inequality in South Africa* deals with the importance of civil society. Terreblanche contends that, after flowering in the 1980s, when its focus lay in the removal of apartheid, South African civil society has largely been stilled in the post-1994 epoch. This is unfortunate since ‘a well-organised and vibrant civil society should have contributed towards building post-apartheid society, and restoring social justice’ (p. 450). Terreblanche argues that the resultant ‘vacuum’ can thus help explain why policy elites in South Africa have adopted market-orientated macroeconomic strategies that have exacerbated poverty and immiseration. Apart from urging civil society organisations from the ‘most prosperous sections of the
population’ to ‘take the initiative’ in filling this vacuum, he offers no further guidance on how to revitalise the voluntary sector.

The final element in the blueprint developed in *A History of Inequality in South Africa* concerns ‘a new vision of what constitutes or defines social welfare’ (p. 451). Professor Terreblanche argues that the tendency to conflate economic growth with economic welfare is especially unfortunate in the South African context, with its pronounced income and wealth differences. This casts further doubt on the appropriateness of the single-minded official determination to pursue higher rates of economic growth to the exclusion of other policy objectives. At least as important as the rate of economic growth itself are the content of that growth and the attendant allocation of the resultant economic surplus. Moreover, since the market most certainly does not ‘know better’, questions of income and wealth distribution should be decided by means of political rather than economic institutions. Thus, ‘the crux of a social-democratic and humane system of democratic capitalism is that, on the one hand, the capitalist sector should allocate scarce resources as efficiently as possible and attain reasonable rates of economic growth; on the other, the democratic sector should decide collectively – in the full glare of public scrutiny – how this output should be allocated, what society’s most important needs are, and what goods and services should be provided by the government’ (p. 453).

These five ingredients, which form the basis for a much more interventionist state in South Africa, lead directly to Terreblanche’s broad ‘agenda for socio-economic transformation’ (p. 460). This agenda has seeks to achieve three ‘closely related’
objectives. In the first instance, ‘the initiative for rejecting the liberal capitalist ideology and accepting an appropriate social democratic ideology as the leitmotiv for a new policy has to be taken by the new elite’ (p. 461). Whilst acknowledging that change of this kind can only be accomplished with considerable difficulty, Terreblanche nevertheless contends that ‘grassroots’ alienation on the part of the ANC’s core constituency may be an initial step towards to such a ‘paradigm shift’.

Secondly, the South African government should ‘engineer another power shift by asserting itself vis-a-vis the corporate elite and by implementing measures to change the power relations in our politico-economic system from a distorted and neo-liberal system of democratic capitalism into a well-balanced, social democratic, and humane system of democratic capitalism’ (p. 460/461). This will require renewed ‘confidence’ on the part of the ANC in its own ‘decision-making capacity’, less ‘corruption and arrogance’, a display of ‘good governance’, ‘a bureaucracy with the necessary capacity’, and a ‘much-needed developmental state policy’ (p.464). Finally, the agenda proposes ‘a comprehensive policy for redistributing income, property, and opportunities from the rich middle classes to the impoverished lower classes’ (p.466). Present policy settings simply do not permit a sufficient degree of redistribution and will thus have to be jettisoned. Terreblanche stresses that all three elements of the agenda – the paradigm shift, the power shift, and the distributive shift – need to be realised simultaneously for it to be successful.
4. CONCLUDING REMARKS

This review note has suggested that, notwithstanding its clear intent to influence contemporary policy making in South Africa through the advocacy of a controversial and radical policy agenda, the real contribution made by *A History of Inequality in South Africa* lies in its detailed analysis of early modern South African economic history. We draw this conclusion despite the unfortunate fact that the book makes no serious attempt to engage with the voluminous literature on the debate over South African historiography. However, the validity of this assessment will obviously have to await the verdict of scholars with the requisite expertise in early modern South African history.

In the present context, the more pressing question is: What should we make of Professor Terreblanche’s contribution to the South African policy debate? At least three responses seem warranted. In the first place, it is regrettable that *A History of Inequality in South Africa* has adopted a neo-Marxist or Poulantzian mode of analysis to South African political economy. Not only does this approach lack the degree of rigour inherent in competing explanatory models; it is also largely immune to empirical falsification. In this sense it stands in stark contrast to the more analytically sophisticated public choice approach to South African political economy, which employs the full range of theoretical tools available to economists and enables its users to engage in the empirical evaluation of conjectural hypotheses. For example, it seems hard to deny that the public choice theoretic framework developed in *The Origins and Demise of South African Apartheid* (Lowenberg and Kaempfer, 1998) offers a much more plausible account of the
demise of apartheid and the subsequent transformation of South African society than Terreblanche’s explanation with its dependency on ad hoc assertions about an ongoing ‘elite compromise’ between the ANC and the corporate sector.

Secondly, the actual policy proposals stemming from *A History of Inequality in South Africa* have an ethereal and distinctly dated tone. After all, the dirigiste content of Terreblanche’s agenda is precisely the kind of redistributive macroeconomic populism that has lead to scores of failed states across the developing world that Mohr (1993) and others have cautioned about in South Africa. Moreover, even those advanced countries that have traveled the road advocated by *A History of Inequality in South Africa*, such as France and Germany, which Terreblanche seeks to emulate, now struggle with its sclerotic and growth-inhibiting consequences and find them hard to escape. One would thus surely think that after decades of intensive social engineering in the form of apartheid, South Africa can ill afford yet more grandiose experimentation. A much more promising and potentially less disastrous method of combating poverty and deprivation in South Africa would seem to reside in a guaranteed minimum monthly household income scheme that has been widely canvassed in recent years.

Thirdly, a dirigiste public sector along the lines advocated in *A History of Inequality in South Africa* requires a highly developed and sophisticated degree of state capacity for it to have any chance of succeeding. A perplexing feature of Terreblanche’s policy proposals is that whereas he clearly recognizes the pervasiveness of government failure in the South African milieu and barely touches on a few trite measures for remedying state incapacity, this somehow does not
constrain him from assuming the existence of a functioning bureaucracy in the very near future. Moreover, on several occasions in the book Terreblanche himself explicitly acknowledges the role played by administrative failure in the collapse of the RDP; for instance, he observes that ‘shortly after the ANC took power it became evident that the capacity needed for a developmental state did not exist’ (p.109. This kind of inexplicable logical inconsistency leaves the reader sceptical and increasingly wary about the naivety of *A History of Inequality in South Africa*.

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